INVESTMENTS THAT TRANSFORM

Integrated Report 2019

GRUPO ARGOS

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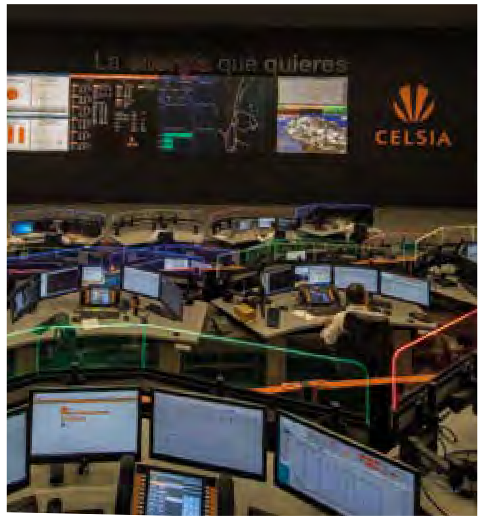
GRUPO ARGOS

Contents

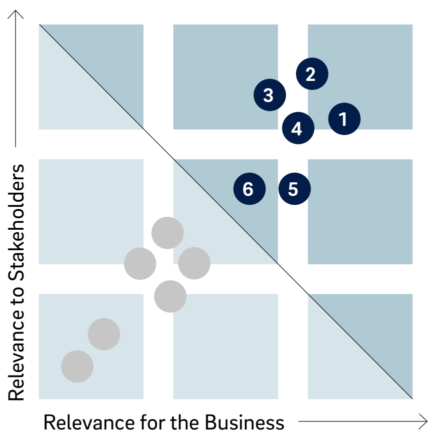


About this Report

This report is an exercise of transparency in which we communicate the progress in management of the most relevant economic, social, and environmental topics for our stakeholders. Through them, we state how we generate value for the Company, society and the planet.

Materiality

|102-47| The level of significance of the topics developed by this report was determined based on the Materiality Analysis we carried out in 2018, which was updated in 2019, with the aim to accurately reflect the six topics we consider to be our key drivers to create value.



1. **Strategic Oversight:** Page 58
2. **Financial Management:** Page 60
3. **Ethics and Corporate Governance:** Page 62
4. **Sustainability Vision:** Page 64
5. **Identity and Engagement:** Page 68
6. **Talent and Culture:** Page 70

On the cited pages, we describe each of the six value drivers, their relevance, the way we manage them, our progress and the most significant milestones of 2019. Similarly, we state our vision of the future for each one, through short, medium and long-term goals, as well as the related challenges and opportunities.

Our commitment to the United Nations 2030 Agenda is materialized through four of the 17 Sustainable Development Goals (SDGs), which we prioritize according to our capacity to directly contribute to the different global challenges that each one represents. For each value driver, we indicate the symbol(s) of the SDGs to which they contribute. For more information about our alignment with the global goals, please consult our appendices. Visit here.

Reporting Methodology

|102-54| This report has been written in accordance with the Global Reporting Initiative (GRI), essential option, and at the same time, follows the principles and guidelines of the Integrated Reporting Framework (IIRC). The financial statements are presented according to the International Financial Reporting Standards (IFRS) and the figures in U.S. dollars have been converted into Colombian pesos using the representative market exchange rate (TRM, for the Spanish original) for each item of the financial statements.

|102-55| The GRI Content Index is contained in the Appendices section, for which the numerical codes included at the beginning of some paragraphs serve as a guide and the Self-Declaration of Compliance with the main principles of the Integrated Reporting Framework (see pages 110 to 113).

Coverage

|102-45, 102-46| This report informs about our management, performance and main results as a manager of investments in infrastructure. In turn, it includes relevant information about our strategic businesses: cement (Cementos Argos S.A.), energy (Celsia S.A.) and road and airport concessions (Odinsa S.A.). Furthermore, it covers our investments in the urban development and coal businesses.

|102-49| Throughout this document, we specify whether the reported indicators correspond to a Grupo Argos indicator separately, to one of our businesses or to our consolidated business group.

Frequency

|102-50, 102-51, 102-52| This document was published in March 2020 and it describes our performance and results for the period between January 1 and December 31, 2019. The previous version was published in March 2019.

External Assurance

|102-32, 102-56| With the aim to prove the reliability of the reported information, we have subjected this publication to an accounting audit by the firm KPMG as Statutory Auditor of the Company. Senior Management reviewed and approved the Integrated Report and put Deloitte & Touche in charge of the limited assurance of the social, environmental and economic indicators. The applicable verification reports are on pages 116 and 117.

|102-48| Relevant information has not been restated with respect to previous reports. In the event that the calculation method has been updated for an indicator, it is specified in the respective section.

|102-53| This document is posted on the www.grupoargos.com website and it is complemented with a section of digital appendices. Consult them by scanning this code. Additionally, the public information for the 2019 period is included on our website.

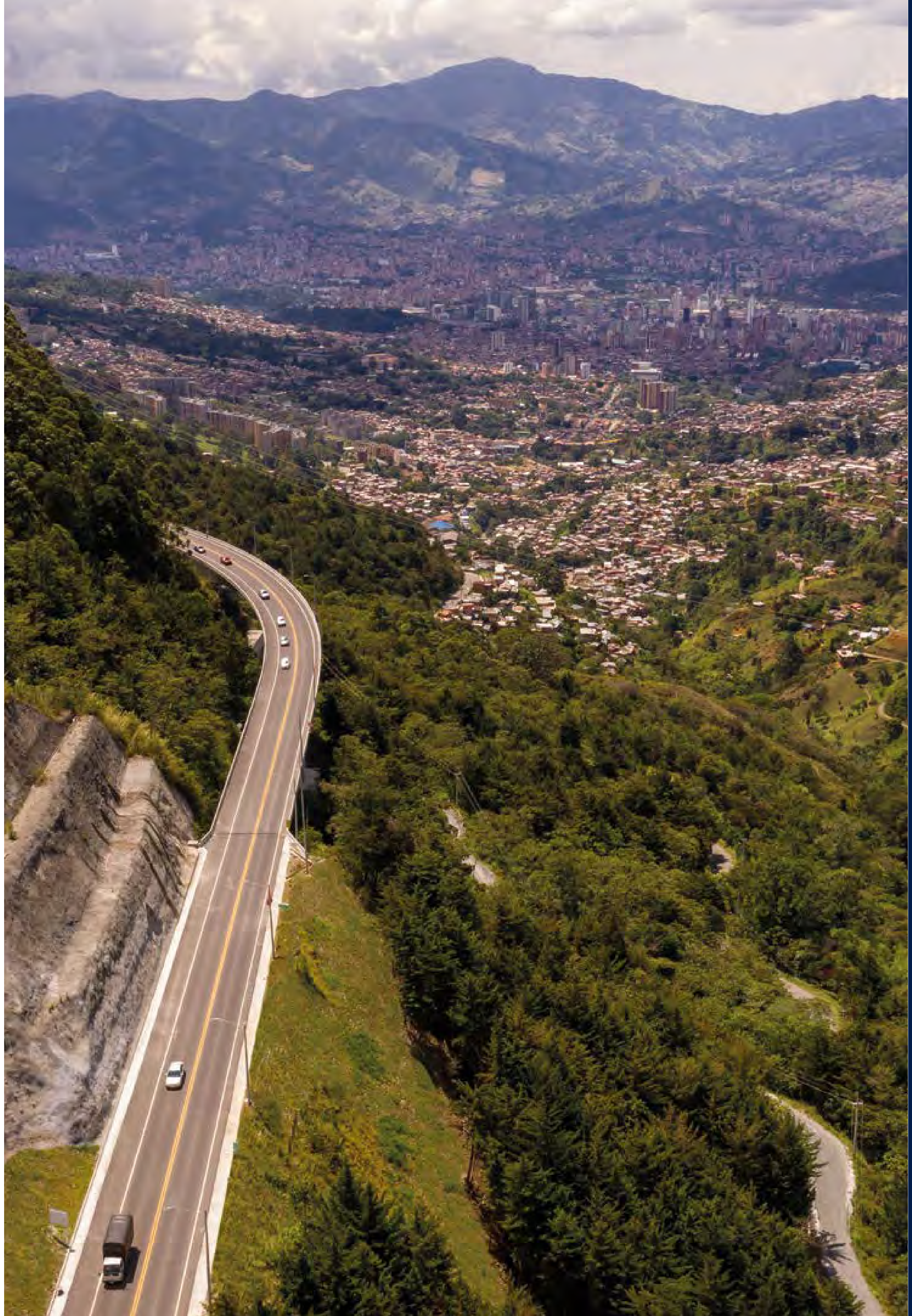
To consult the integrated reports of our strategic businesses, visit their websites: www.argos.co, www.celsia.com and www.odinsa.com.

Inquiries

If you have any queries or comments with respect to the content of this report, you can contact Cristina Arias, Sustainability Sr Director (cariase@grupoargos.com).

Argos Innovation Center
Medellín, Colombia

01



Túnel de Oriente
Medellín, Colombia

ABOUT US

"We are a leading asset manager that creates value by transforming financial, natural and human capital into tangible benefits for all its stakeholders."

JORGE MARIO VELÁSQUEZ
CEO

|102-2, 102-4, 102-6, 102-7, 102-8|

Highlights

CONSOLIDATED ASSETS
COP 51
trillion

CONSOLIDATED LIABILITIES
COP 24.5
trillion

CONSOLIDATED EQUITY
COP 26.5
trillion

MARKET CAPITALIZATION
COP 14.3
trillion

CONSOLIDATED REVENUE
COP 16.8
trillion

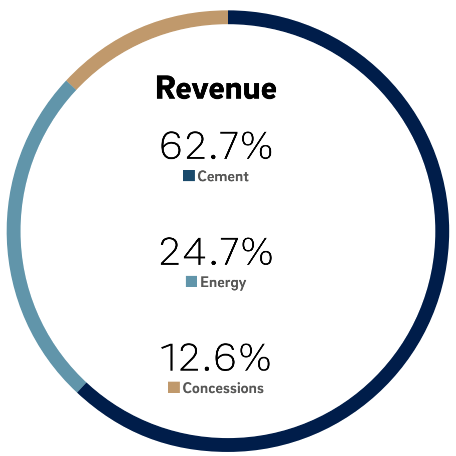
CONSOLIDATED EBITDA
COP 4.8
trillion

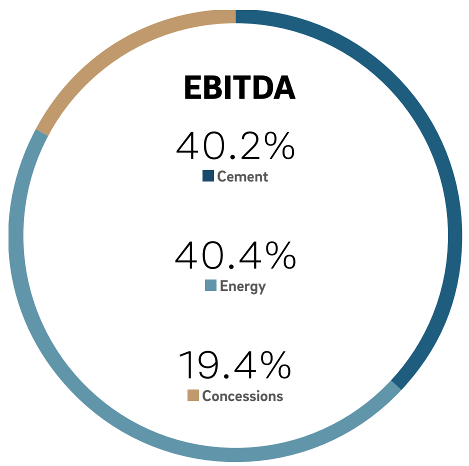
CONSOLIDATED NET PROFIT
COP 1.3
trillion

NET PROFIT OF THE CONTROLLING COMPANY
COP 690
billion

More than 13,000 employees are part of the business group

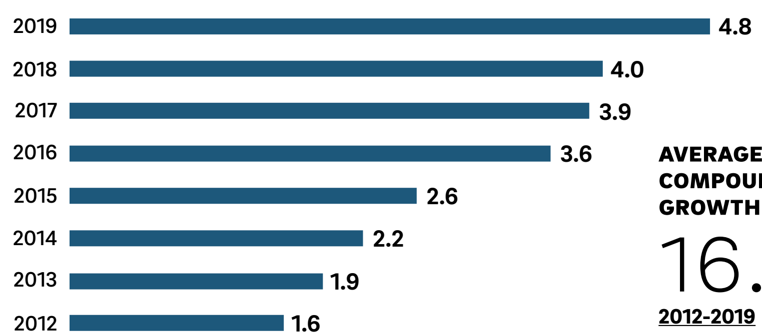
More than 9,400 shareholders





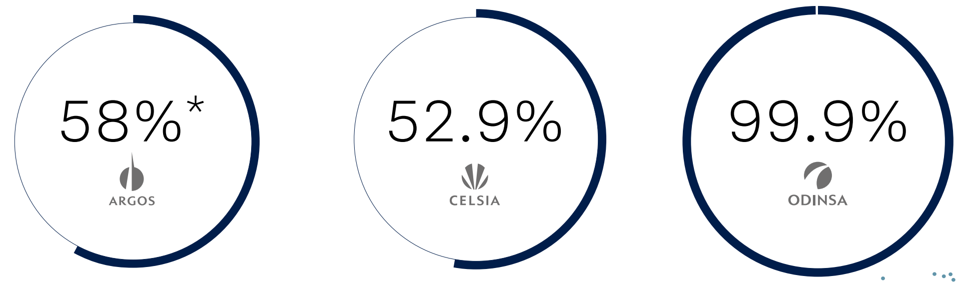
Consolidated Annual EBITDA

Figures in trillions



AVERAGE ANNUAL COMPOUND GROWTH
16.9%
2012-2019

Our Strategic Investments



* Outstanding common shares.

Portfolio

Real Estate

Urban Development
100%

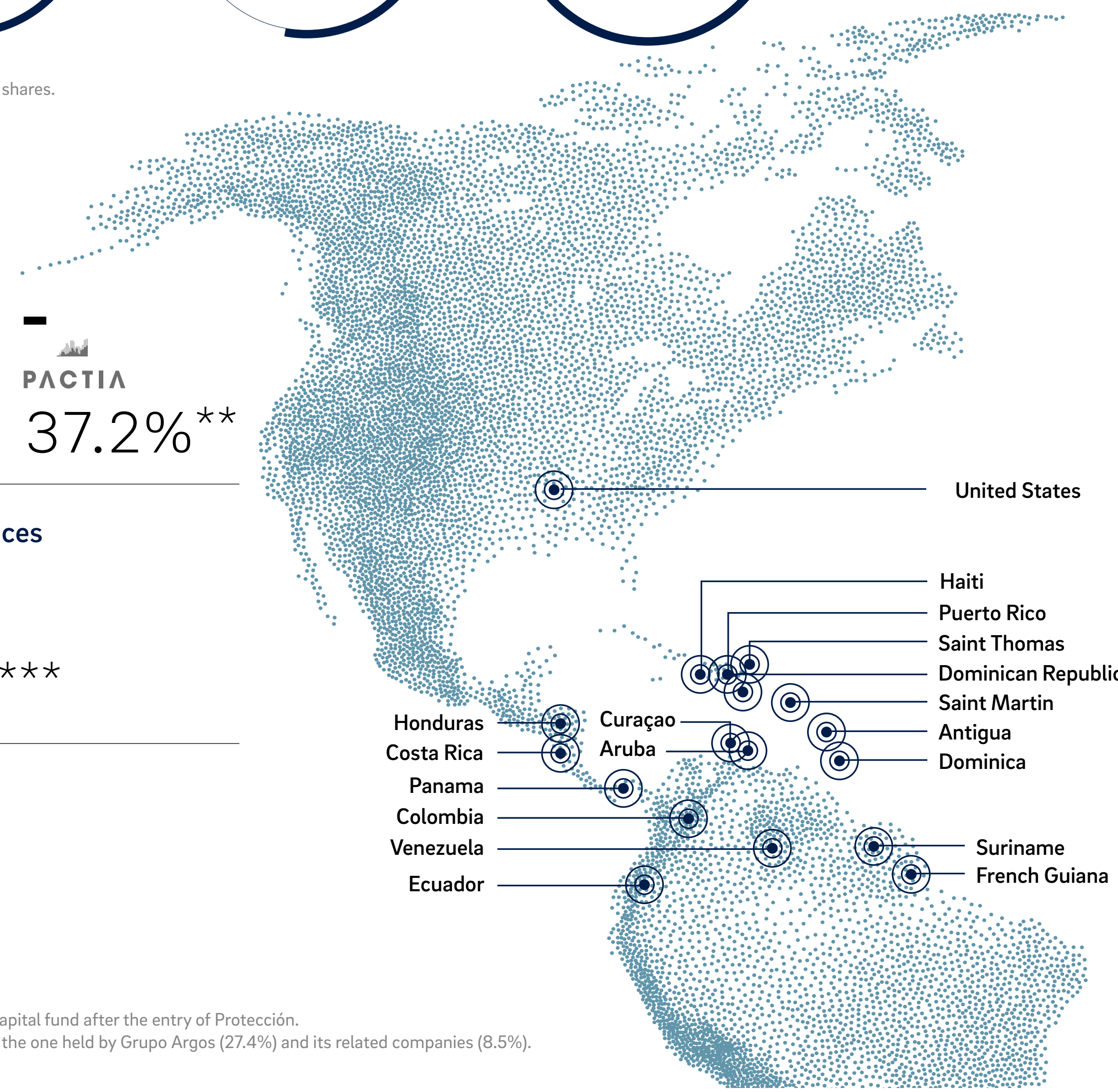
PACTIA
37.2%**

Financial Services

GRUPO sura
35.9%***

Food

Grupo nutresa
9.8%



** Share in the private capital fund after the entry of Protección.
*** This shareholding is the one held by Grupo Argos (27.4%) and its related companies (8.5%).

Memberships |102-12, 102-13|

wbcsd World Business Council for Sustainable Development and its Colombian chapter, Cecodes.

Latin American Companies Circle Corporate Governance Roundtable.

Acknowledgements

SAM Sustainability Award Gold Class 2020

Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM

INDEX Americas

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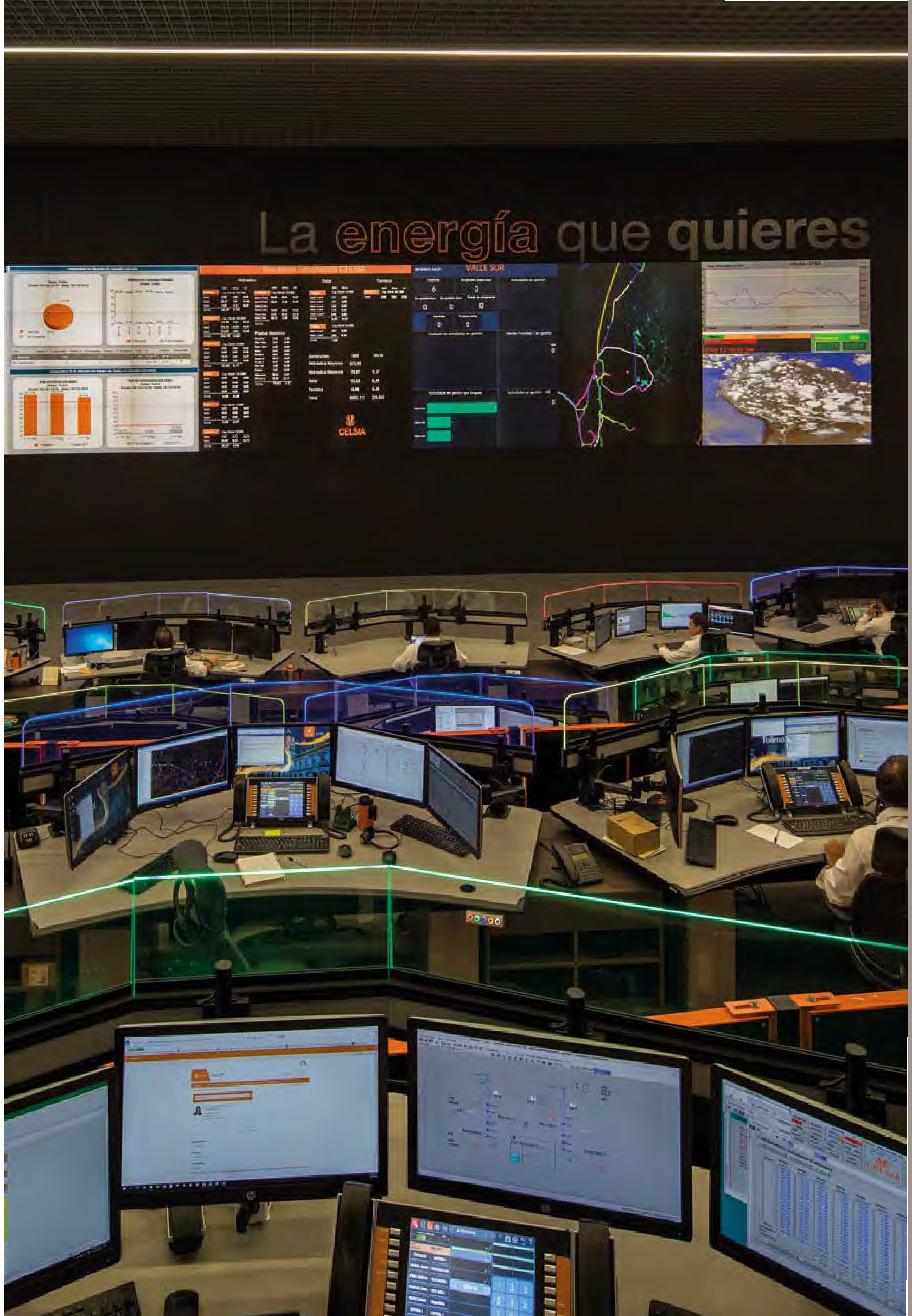
02



Núcleo de Operaciones de Visión Avanzada (Advanced Visions Operations Nucleus, NOVA)
Yumbo, Colombia

MANAGEMENT REPORT

“Grupo Argos has transformed into a top-level asset manager. As it generates value for its shareholders, it is positively changing the lives of millions of people through strategic investments in infrastructure.”

ROSARIO CÓRDOBA
Chairman of the Board

■
Guanacaste wind farm
Bagaces, Costa Rica

Management Report from the Board of Directors and the CEO

Dear Shareholders,

On behalf of the Board of Directors and the more than 13,000 employees committed to the purpose of positively transforming the lives of millions of people through our investments in the infrastructure sector, I am very pleased to present the 2019 results of Grupo Argos. Thanks to your trust and ongoing support of the Organization, we can now proudly say with great satisfaction that we are generating value for you, our stakeholders and society in general.

The year 2019 was one in which Grupo Argos consolidated its role as an asset manager that leads and empowers the strategy of its businesses. We keep positioning ourselves as an important infrastructure platform in the Americas, disciplined in the execution and allocation of capital, which attracts strategic investors to our assets portfolio.

Through a sustainable value generation model that balances economic, social and environmental matters, and thanks to the talent of a diverse and committed team, **in 2019, we achieved the highest consolidated EBITDA in the Organization's history, amounting to COP 4.8 trillion with 21% growth year-on-year** and a consolidated net profit of COP 1.3 trillion.

With this dedicated and careful management, we aim to benefit the collective interest, while operating as an integral and sustainable business. This conviction of building value for all our stakeholders was highlighted again in 2019 by the Dow Jones Sustainability Index, which for the third year in a row, ranked us as the world's most sustainable company in our sector.

Furthermore, **for the first time, Fitch Ratings rated Grupo Argos as an AAA issuer,** a decision based on the strengthening of our capital structure, on the return on investments and on the enhancement of our portfolio, as well as the stability and strengthening of the dividends received.

THE WORLD'S MOST SUSTAINABLE WITHIN OUR INDUSTRY

For the third year in a row, Grupo Argos was acknowledged as the most sustainable company in its industry in the Dow Jones Sustainability Index.

^ **Túnel Aburrá – Oriente concession**
Medellín, Colombia

› **Solar roof of the Convention Center**
Cartagena, Colombia

Cementos Argos plant
Rioclaro, Antioquia

Our Strategy

We are firmly convinced that infrastructure is a dynamic and promising sector. Therefore, **in 2019, we strengthened our strategy as asset managers, using financial, natural and human capital to find opportunities to create value.** Therefore, we keep efficiently and responsibly transforming different resources: minerals into construction products, water and wind into clean energy, and management capacity and ideas into new road and airport expansion projects. We are maximizing the return on investments, turning over assets and reallocating financial resources to our businesses.

Over the last year, we have seen how each factor that supports our long-term vision of the sector has been strengthened. Latin America, with a population of around 650 million people, continues to be one of the regions with the greatest growth potential, sustained by the increase in consumption and expansion of the middle class, which in the last decade, grew over 20% according to data from the World Bank.

Just to mention some aspects, cement consumption per capita is 262 kg in Latin America, about half the global average of 520 kg, which represents a great growth potential. In energy, we keep seeing a positive trend related to the move to electric transportation and the decarbonization of the global economy. It is estimated that sources of non-conventional renewable energy will increase 20% by 2050, with solar energy being the one making the greatest contributions, estimated to comprise more than 40% of the global composition of the renewable energy generation matrix.

In airports, the region has great expansion opportunities in passenger traffic, which is expected to be 6% a year, doubling the economic growth expectations. The needs for investment to upgrade the infrastructure in the United States are added to this, which are estimated to be USD 8.5 quintillion over the next 20 years.

We have the capacity to keep contributing to the construction of the region's infrastructure: **Our businesses operate in 18 countries of the Americas, where we manage more than COP 51 trillion in assets, which represent a unique portfolio that is difficult to replicate and has high growth potential.**

In 2019, we remained committed to our long-term strategy, which is based on two major central lines: on the one hand, **selective and profitable growth** and, on the other, the **improvement of our companies' profitability to maximize value.**

Our energy and concessions businesses made important progress in the central line of selective and profitable growth. For Celsia, it was a year of consolidating a vision that in less than a decade, enabled it to change from a highly diversified and unrelated portfolio to become one of the sector's most powerful platforms in the region, in which we project ourselves as leaders in innovation applied to customer service and developing the generation of renewable energy sources.

OUR STRATEGIC PRIORITIES

- Selective and Profitable Growth
- Maximization of Value

COP1.4

trillion

in partnerships with *Cubico Sustainable Investments*

This year, we managed to double our customer base, achieving 1.1 million; we made capital turnovers of COP 4.4 trillion; we generated an EBITDA of COP 1.3 trillion; and we closed strategic partnerships at COP 1.4 trillion with *Cubico Sustainable Investments*, a renowned global investor with which we aim to develop more than 400 MW of solar energy and expand our distribution business over the next two years.

At Odinsa, we also had a year marked by a strong focus on growth, managing to consolidate a platform that transported around 40 million passengers in its airports and 37 million vehicles on its freeways in Colombia and abroad. We decisively grew with the acquisition of important assets and with the structuring of new initiatives that will increase our concessions footprint, essential for the connectivity of the country and the region. An example of this is the acquisition of the Túnel Aburrá–Oriente concession, which connects the two most important urban centers of Antioquia: Valle de Aburrá and Valle de San Nicolás.

In terms of the second central line, focused on improving our companies' profitability, for the energy and concessions businesses, we focused on gaining greater value and generating profitability in our assets through initiatives to enhance capital structures. We progressed in the cement and concrete business to achieve increasingly lighter and more flexible operations, which are prepared and ready to respond to the market changes, with the aim to maintain leadership in the countries where we operate.

Túnel Aburrá–Oriente concession
Medellín, Colombia

El Dorado International Airport
Bogotá, Colombia

Cementos Argos plant
Cartagena, Colombia

Financial Results

The revenue and EBITDA achieved in 2019 are the highest in the company's history, which motivates us to keep strongly progressing in the Organization's management.

We ended 2019 with a **revenue that amounted to COP 16.8 trillion, increasing 18% year-on-year,** with positive contributions of all the strategic businesses. **The EBITDA amounted to COP 4.8 trillion, up 21%,** as a result of factors including Celsia's contribution, which amounted to COP 1.8 trillion, COP 671 billion above the contribution the previous year.

In this situation, the net profit amounted to COP 1.3 trillion, while the net profit of the controlling company reached COP 690 billion, which was affected asymmetrically by a greater income tax provision that increased from the previous year. This was largely to due the calculation of deferred tax, as well as the increase in capital gains tax, mainly generated by the non-recurring transactions to divest assets, which meant an additional record of COP 147 billion. It is worth noting that a large part of this provision will be formed using tax credits from previous years, because cash expenditure is substantially lower.

In turn, the separate results show changes given the portfolio divestments that Grupo Argos carried out in 2018 and they represent extraordinary income in this period of COP 655 billion. In 2019, the revenue amounted to COP 846 billion, manageable costs decreased 5% in real terms, the EBITDA was COP 615 billion and the net profit reached COP 483 billion.

REVENUE

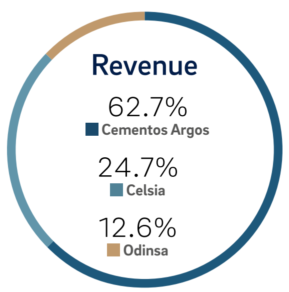
COP 16.8 trillion ^18%

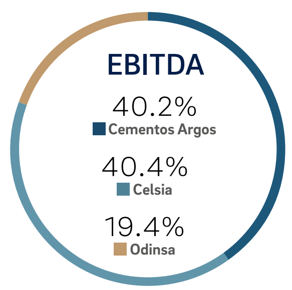
EBITDA

COP 4.8 trillion ^21%

	Dec-2018	Dec-2019	Variation (%) 2018-2019
Revenue	14,295	16,799	18%
EBITDA	3,947	4,788	21%
EBITDA margin	28%	28%	89 bps
Net profit	1,194	1,256	5%
Net profit of the controlling company	671	690	3%

Figures in COP billion





In the consolidated balance sheet, assets totaled COP 51 trillion, of which COP 43.9 trillion are non-current assets with 4.8% growth. Liabilities reached COP 24.5 trillion, while equity amounted to COP 26.5 trillion, up 3.6%. The details of the statement of income can be found from page 72 of this report.

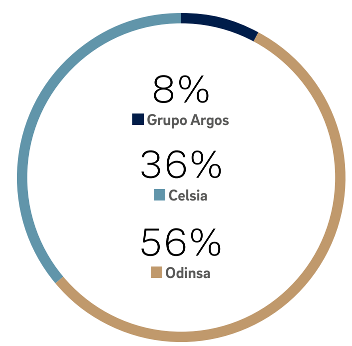
Emphasizing the leadership in management of consolidated liabilities, I want to highlight the capacity we developed as a business group to quickly and efficiently access the local and international capital markets. **In total, we carried out issuances, placements and transactions for more than COP 5.3 trillion,** which makes us dynamic agents of the financial market. This value is relevant if it is compared, for example, with the total volume of fixed-income issuances of the Colombian market, which amounted to COP 13.6 trillion. These movements represented a reduction of 16 basis points in the rates at the same time as we improved the debt maturity profile in one year.

Separately, **Grupo Argos carried out the straight bond placement with the highest demand in the real sector in Colombia** for a total amount of COP 450 billion. These resources, together with the cash surplus generated in the year, were used to replace the debt. This strategy **contributed financial flexibility by increasing the average life of the debt from 4.3 to 6.6 years without variations in the cost and eliminating maturities between 2019 and 2021.** Therefore, the leverage indicators closed at 2.5 times net debt over adjusted EBITDA.

At Odinsa, a business in which we added placements and financial transactions of COP 3 trillion in the period, we highlight the bond issuance carried out by the Mariscal Sucre International Airport concession, Quiport, in Ecuador, for a value of COP 1.3 trillion, becoming the first debt issuance carried out by a corporation in the last 20 years in that country. We also issued notes through the private placement in Opain of COP 1.4 trillion. Then, at the end of the year, we financed Autopistas del Café with COP 250 billion.

Celsia Solar Yumbo
Valle del Cauca, Colombia

Issuances, Placements and Financial Transactions



COP 5.3 trillion

Cementos Argos plant
Harleyville, United States

INCREASE IN CONSOLIDATED ASSETS

From **COP 10 trillion** in 2005 to

COP 51

trillion in 2019

THE LARGEST PRIVATE, NON-FINANCIAL, REAL SECTOR COMPANY IN COLOMBIA

Long-Term Value Creation

As an asset manager in an intensive capital business with a long-term vision, over the last 15 years, **Grupo Argos went from having a consolidated equity of COP 10 trillion in 2005 to a consolidated equity of more than COP 51 trillion at the end of 2019.** This figure positions us in assets as **the largest private, non-financial, real sector company in Colombia.**

The sum of the consolidated EBITDA between 2005 and 2019 amounts to COP 31 trillion, a figure which corresponds to more than half of Colombia's budget for the development of the fourth-generation road program. It is also worth highlighting that during this period of 15 years, the dividends for our shareholders have not been affected or interrupted by the business cycles. On the contrary, they have had an average sustained growth of 7.5% year-on-year, 3% above inflation.

In 2019, our common shares increased 5.3% in value, which added to the distributed dividends, is equivalent to a total return on investment of 7.4% for the shareholder. However, the sustained performance of the good financial results, which is an essential value of the company, differs from the performance of our securities on the Colombian securities market, taking into account the gap between the 23% compound growth of the EBITDA and the total return for the shareholder of 9.7% over the last 15 years. In efficient and developed markets, it is observed that historically, the price of securities grows at higher rates than their EBITDA. The above confirms the **important potential of structural appreciation of Grupo Argos shares.**

In this situation, we celebrate the result of the recent mission of the capital market, which has suggested a series of structural reforms to the securities market to strengthen and democratize it, correcting some aspects that limit the securities' capacity to reflect the businesses' value potential. Therefore, we have been emphatic about the need and importance of facilitating the legal and regulatory changes suggested by the mission.

Autopistas del Café
Colombian Coffee Region

We reached
1.1
million customers
with the purchase of the Tolima distribution assets

250 MW
of solar power generation in installation and development

COP 4.4
trillion
in transactions made in the energy business in 2019

The only company of
100%
Colombian origin to receive allocations in the Colombian government's renewable energy auction

Business Performance

Energy

The electricity sector is going through a time of transition in which new business opportunities arise resulting from emerging world trends. The development of non-conventional energy, enhancement of energy consumption, distributed generation, customer empowerment and the creation of products for a bespoke service are defining new ways of gaining value and serving the population.

These transformations of the sector drove us to redirect Celsia's strategy a couple of years ago with the aim to keep positioning the company as a player that stands out because of a solid asset base, its profitability and its innovation capacity in the Latin American electricity market. Now, we can say that **2019 was a transformational year in which we managed to establish large milestones in a long-term strategy, which enabled us to achieve a net profit of the controlling company of COP 473 billion, increasing 108%.**

During the year, we made asset purchase and sale transactions of COP 4.4 trillion. We highlight the divestment of the Termoflores assets for a company value of COP 1.4 trillion, which represented an Internal Rate of Return for the shareholders of more than 15% over the initial investment. These resources were reallocated for the **purchase of the Tolima distribution assets in a transaction of COP 1.7 trillion, which enabled us to double our customer base to achieve 1.1 million.** With this transaction, we managed to increase the EBITDA of the distribution business by 26%, obtaining more balanced and diversified results between generation and distribution.

Additionally, **we structured two platforms for the growth of the business with *Cubico Sustainable Investments*, one which groups the solar power generation assets and another with the distribution and transmission assets.** This partner will contribute capital and knowledge to empower the development of projects that we have structured for more than USD 1 billion.

We highlight other achievements, such as the installation and development of more than 250 MW of solar power generation, the progress in the construction of the San Andrés de Cuerquia power plant and the allocation of 768 GWh/year in the Colombian government's recent renewable energy auction. **Celsia is the only power generation company of 100% Colombian origin to be granted allocations and it is consolidating itself in the country as a leader of transformation in the sector in pursuit of a cleaner and more resilient energy matrix.** This allocation shall enable the construction of around 330 MW of wind power in La Guajira over the next two years.

Guanacaste wind farm
Bagaces, Costa Rica

Additionally, with the main objective of balancing its renewable portfolio and strengthening its matrix, Celsia will build a wellhead, gas-fired, thermal power plant with an installed capacity of 200 MW, which was allocated income from the reliability charge over 20 years in the last auction carried out.

Our energy business ended 2019 with a consolidated leverage indicator of net debt over EBITDA of 2.7 times, with a cash flow position of COP 385 billion, which enables the company to keep strengthening the built asset base.

Celsia's medium and long-term strategy is customer oriented and aims to consolidate its approach mainly in renewable energy, where we have projects that amount to around 700 MW. Additionally, the company will progress in the expansion and consolidation of distribution and transmission assets under the system of strategic partnerships and in the exploration of innovative value propositions for our customers.

Argos Innovation Center
Medellín, Colombia

Audi Field, construction built with Argos cement
Washington D.C., United States

Cement

The construction materials market is experiencing a structural transformation that requires ongoing changes to the value proposition for the sector's players. In the last decade, global cement consumption has grown more than 3% a year on average. However, there has been significant growth in the installed capacity. We have faced these changes as an opportunity to reinvent ourselves, increasing the differentiated value offer, innovating in products and services, carrying out work aimed at maximizing operational efficiency through greater integration and optimizing the asset portfolio. This strategy has enabled us to maintain our leadership and competitiveness in the markets where we operate.

The consolidated revenue amounted to COP 9.4 trillion, up 11%, while the EBITDA reached COP 1.8 trillion, up 14%, partly supported by the optimization strategies, which enabled us to reduce the administration expenses by 10%, eliminating the non-recurring expenses.

The company strengthened itself with efficiency initiatives that enabled an increase in the generation of EBITDA, an increase in the return on capital used, a reduction in its working capital cycle and the maintenance of a disciplined allocation of capital. At the end of the year, the business recorded a positive cash flow of COP 353 billion, which enabled a COP 430 billion reduction in its financial debt, accumulating a decrease of COP 950 billion in the last two years.

In Colombia, we achieved a revenue of COP 2.3 trillion with 3.8% growth from 2018. At the same time, we increased the profitability by 300 basis points, achieving an EBITDA of COP 522 billion.

COP 950

billion
reduction in financial debt of Cementos Argos during the last two years

Cementos Argos plant
Newberry, United States

In turn, the business in the United States continues to reap the effects of a strong economy, as reflected in the **higher volumes of cement and concrete, which increased 9.5% and 1.2%,** respectively, and which enabled us to increase income, achieving a total of USD 1.6 billion. The efforts made in efficiencies amounted to USD 10 million and contributed to a better **EBITDA, which closed at USD 268 million, up 12%.**

In Central America and the Caribbean, although it was a year with a lot of political uncertainty, which translated into a reduction in volumes and revenue, especially in Honduras and Panama, we keep viewing the potential of these regions with optimism, where we are decisively driving projects to strengthen operations.

Innovation will continue to be the cross-cutting line and a determining differential in the market. We can satisfactorily confirm that now, **more than 25% of the company's total revenue comes from innovation and it has been improved with the launch of more than 240 products in the last five years.** The acknowledgment that we received at Argos for the second year in a row as the most innovative company in Colombia drives us to keep innovating to ensure our long-term sustainability.

Our cement business keeps standing out, additionally, for its performance in the Dow Jones Sustainability Index as a leading company and example in sustainability. This acknowledgment is the result of the multiple initiatives that we have been rolling out, including the development of projects such as the **integration of 100% electric trucks** into the fleet to transport cement in urban areas; the **Energy Star certification** in the United States for the Harleyville, Newberry and Roberta plants; the development of the **project to capture CO_2 with microalgae;** the strengthening of our **digitalization strategy**; and the launch of the most environmentally friendly **Green Cement**, because during the production process, the carbon dioxide emissions are reduced up to 38% and energy consumption is reduced by 30%.

25%

of the revenue of Cementos Argos comes from innovation

MORE THAN

240

PRODUCTS

launched on the market in the last five years

Cementos Argos plant
Cartagena, Colombia

El Dorado International Airport
Bogotá, Colombia

Concessions

Our concessions business is developing in an environment that evolves positively. Latin America shows attractive demographic and economic characteristics. Over the last 18 years, the population has grown significantly in the region with an increase of around 14% in the middle class, which has translated into a greater demand for road and airport capacity. According to the estimations of the Inter-American Development Bank, this requires investments of 6% of the gross domestic product (GDP), 2.5% higher than the current investment.

The fruits of the sustained effort to strengthen the infrastructure are starting to be seen in Colombia, as demonstrated in the results of the Logistics Performance Index developed by the World Bank, in which the country climbed 36 places from 97th to 58th place between 2014 and 2018. Additionally, it is fifth in Latin America, climbing seven places from the previous ranking. This evolution is explained by the strengthening of the regulatory framework and the **increase in investment in the infrastructure sector from 0.6% of the GDP in 2002 to 2% in 2019.**

Colombia increased from 0.6% to
2%
of the GDP
its investment in the infrastructure sector

Autopistas del Café
Colombian Coffee Region

Pacífico 2
Bolombolo, Colombia

During the year, we achieved the addition of a new road concession, the optimization of the capital structure of two airport concessions and one road concession, the substantial progress in the construction of the Pacífico 2 fourth-generation project, and important developments in the structuring of three of the most important infrastructure projects in Colombia through the Private Initiatives model.

We highlight that in February 2019, we registered the **feasibility studies of the project to build a new airport in Cartagena.** Additionally, **in December, the National Infrastructure Agency (ANI, for the Spanish original) approved the start of the feasibility stage of the project to expand the airport system in Bogotá.** These initiatives shall enable the preparation of the airport infrastructure for the growing demand, so we view these steps with utmost enthusiasm. We hope to keep progressing in these projects that demonstrate our confidence in Colombia.

The project of the Bogotá Airport System entered into the feasibility stage

As we have already stated, we are pleased to tell you about **the acquisition of the majority of the shareholding in the Aburrá Oriente–Túnel de Oriente road connection during this period.** This transaction amounted to COP 335 billion and since 2020, it has become a **strong generator of EBITDA with an estimated contribution of COP 130 billion a year.** This mega infrastructure work is essential to keep driving the development and competitiveness of Antioquia and to keep generating well-being for its residents.

With respect to the construction of Pacífico 2 in southeast Antioquia, at the end of 2019, we achieved 82% progress in the works, 3% ahead of schedule for this phase of the project. It is highly satisfactory to know that **we are part of the first 4G project group that will be delivered to the country in the second half of 2020** and that the talent and commitment of around 2,000 people who have participated in the process will serve to improve competitiveness and connect the region more efficiently.

The consolidated revenue of Odinsa amounted to COP 762 billion, the EBITDA closed at COP 543 billion and the net profit at COP 192 billion, up 3%. These results respond to the **good operating performance of the concessions, with traffic that increased 8% on highways, achieving an average of 103,000 vehicles a day.** Likewise, we observed a growth in **passenger traffic, which amounted to 40 million,** where the outstanding performance of El Dorado International Airport stands out, which reported the total transportation of 35.1 million passengers, increasing at a rate of 6% from the previous year. This is more than twice the growth of the GDP.

40
million
passengers in airports

103
thousand vehicles a day

COP 335
billion
were invested for the acquisition of Túnel de Oriente

Túnel Aburrá – Oriente concession
Medellín, Colombia

Barú, Colombia

Construction of Hotel Calablanca
Barú, Colombia

WE WILL DEDICATE MORE THAN

300

hectares

of land in Barú to the protection of mangroves and tropical dry forest

Real Estate Business

Grupo Argos owns more than 3,000 hectares of land, which are located in Barú and Barranquilla, on the Colombian Caribbean coast. Around 2,000 hectares comprise more than 80% of the total commercial value of this portfolio. Since these assets were incorporated into the Company's balance sheet, we have identified their opportunity to generate value, also promoting sustainable and responsible projects with the communities and the environment.

In 2019, we closed 11 deals, amounting to COP 120 billion, which represent around 20% growth from the previous year. The cash flow during the year amounted to COP 92 billion, increasing 12% from 2018.

Additionally, we made important progress in our property in Barú, where we started to realize the dream of creating a world-class destination. **More than 1,000 hectares will be developed in multiple phases, where more than half of the territory will be used for environmental conservation, transport infrastructure and public facilities.** It is worth highlighting that 300 hectares will be used for the protection of mangroves and tropical dry forest.

One of the notable projects in the area is the construction of the Sofitel CalaBlanca hotel, which was started in 2019 and hopes to open its doors to Barú tourists in 2021. Added to the new Gran Decameron hotel, this initiative has sparked interest in the market, which has enabled us to progress in additional negotiations for hotel projects that will give us access to different segments, significantly increasing the value of our assets on the island.

In the real estate business in which we are partners in Pactia, in 2019, we made a capital injection of COP 176 billion, with which we strengthened the position of Grupo Argos in that entity. In the same way as our other businesses, **we have a decisive approach to the profitability of the portfolio.** The fund ended the year with assets under management that amounted to COP 3.9 trillion and represented a net profit, not including income from divestments, of COP 193 billion, up 13%.

Ana Gabriela Romero, winner of scholarship from Fundación Grupo Argos
Barú, Bolívar

We added to society
2.4
times
the benefit
we retained

We Create Value for Society

The private sector is an essential engine of development, being the main source of employment and investment, a fertile land for innovation and the main agent generating wealth and well-being. Therefore, **we are committed to solving the problems that we share as a society** and to achieve this, it is essential to **strengthen the public's trust in the institutions and productive sector** as key actors in path towards progress.

At Grupo Argos, create value by generating profits, driving the economy, protecting the planet and contributing to human development. That is why we set ourselves a task in which we are pioneers in the country, which consists of **quantifying the net value that we add to society with a tool that we have called the Value Added Statement (VAS).** Thanks to the sustainability vision that we contribute through Grupo Argos as a strategic manager, each one of our businesses has carried out the exercise internally. The results reflect substantial progress in responsible operation, the tangible benefits that result from cutting-edge practices, as well as the conviction to invest consciously.

Now, we are proud to tell you that the data collected for this year for Grupo Argos separately demonstrate that **during 2019, we delivered to society 2.4 times the value we retained in the same period, which represents an estimated net benefit of USD 220 million.** The economic dimension represented 55% of this value, a proportion that symbolizes the dynamization of the economy, which resulted from our payments of taxes, salaries, interest and dividends.

Additionally, with greater conviction about the need to maintain the natural capital we transform, we work to contribute to the **conservation of ecosystems through our businesses and through Fundación Grupo Argos.** An example of this is that now, **we are one of the organizations that has contributed the most to reforestation in Colombia with the planting of more than 6 million trees over the last four years.**

Our contribution to society was strengthened in 2019 with the progress of Fundación Grupo Argos, which established water as one of its strategic lines in the need to adapt to climate change in partnership with the communities and actors of the regions. To progress in this objective, we contributed to the reforestation of forests and mangroves in different areas of the country and we participated in the protection of more than 3,000 hectares through 97 conservation and production agreements with the communities and landowners.

This work is accompanied by efforts to transform the territory, which include our volunteering program, in which more than 2,000 employees have participated, as well as the scholarship program, which enables 200 young people in 11 departments of Colombia to have access to high-quality higher education and all-round support to improve their educational experience.

We would also like to highlight that **the results we present today are possible thanks to the commitment and professionalism of a team of staff with a purpose that continually transcends their work in the business.** Therefore, in 2019, we progressed in establishing the declaration of **our business culture, framed in the pillars of transcendence, inspiration, integrity and commitment,** which guide us in decision-making and describe our actions. Now, we have the competitive advantage of building through our strength as a business group to see further, to benefit from the multiple synergies of belonging to a multicultural and diverse organization and to make the regions where we operate a better place for everyone.

MORE THAN
6
million
trees planted

GRUPO ARGOS CULTURE

- Transcendence
- Inspiration
- Integrity
- Commitment

Belmira Water Basin with intervention by Fundación Grupo Argos through the *Cuenca Verde* (Green Basin) program
Antioquia, Colombia

Grupo Argos employees
Medellín, Colombia

Our Vision of the Future

We are optimistic about the future, as the sectors we participate in have solid foundations to grow. Therefore, in 2020, we will keep building dreams that drive development, we will keep generating and transmitting clean energy to light the houses of millions of people and we will keep generating connections to drive the well-being, productivity and development of the country. Ultimately, we will remain faithful to our purpose of investing in infrastructure projects that positively transform the lives of millions of people.

Dear shareholders, we are deeply grateful to you for your support and trust. This is your organization and we hope you will keep accompanying us in the construction of this vision of the future.

Thank you so much.

Rosario Córdoba Garcés
Ana Cristina Arango Uribe
Claudia Betancourt Azcárate
Armando Montenegro Trujillo
Carlos Ignacio Gallego Palacio
David Bojanini García
Jorge Alberto Uribe López
Board of Directors

Jorge Mario Velásquez Jaramillo
CEO

Legal and Corporate Governance Matters

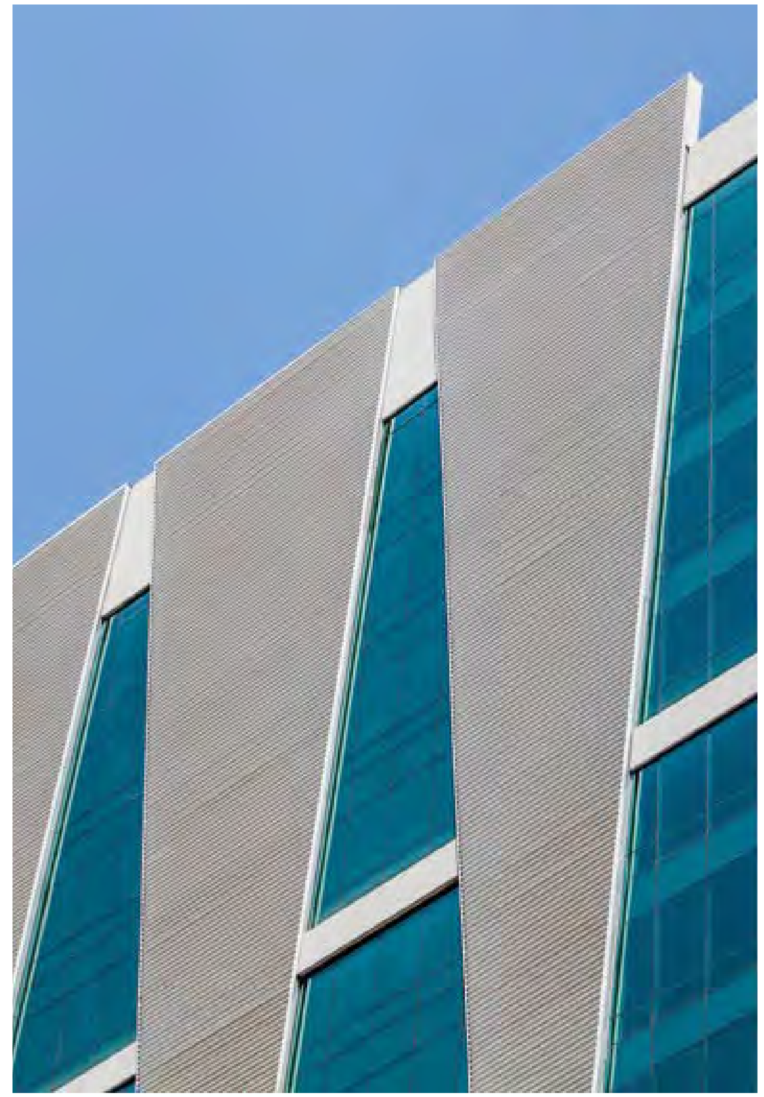
Grupo Argos observed the applicable legislation in terms of intellectual property and copyright, and the transactions carried out with managers and shareholders were done in observance of the applicable laws and in response to market conditions. Said transactions are described in Notes 38 and 41 of the separate and consolidated financial statements, respectively. In turn, the company permitted the free circulation of the invoices issued by suppliers.

The aspects listed in Article 446 of the Code of Commerce, the Business Group's Report, which is referred to in Article 29 of Law 222/1995, and the Annual Corporate Governance report are included in the documents delivered to the shareholders.

Grupo Argos has an internal control system to ensure the adequate preparation and presentation of financial information to its shareholders, the market and the public in general. During 2019, Management, the Risk Department, Internal Auditing Department, Statutory Auditor and Board of Directors, through their Audit, Finance and Risk Committee, assessed the Internal Control System and concluded that it operates adequately.

The other legal topics, including the court and administrative proceedings, are being attended to in a timely manner by Management and its legal advisors, and they do not present material decisions that affect the Company's financial situation.

Finally, the report on the implementation of recommendations of *Código País* survey is on the website: www.grupoargos.com.



Grupo Argos offices
Barranquilla, Colombia

Gran Manglar viaduct, construction built with Argos cement
Bolívar, Colombia

03

OUR BUSINESS

| 102-18, 102-19, 102-22, 102-26, 102-30 |

Board of Directors

The Board of Directors is our highest management body and has a general vision of all the businesses of the Business Group. It has a diverse composition in terms of gender, skills and experience, and it has the active participation of independent members.

Our Board of Directors defines the corporate strategy, supervises Management's activities and monitors the risks and opportunities that arise in economic, environmental and social topics.

Additionally, it supports the engagement system between the companies of the business group, which serves as a basis to establish the strategies, policies and other guidelines that apply to all our companies and aim to ensure unity of purpose and management.

All of the above for the best interests of our shareholders and other stakeholders, ensuring that they protect their rights and meet their expectations in a balanced way, with the highest standards of ethics, conduct and transparency.

For more information about how we create value through our ethics and corporate governance practices, please go to page 62.

1. ROSARIO CÓRDOBA
Private Competitiveness Council - Chair

Non-executive
Independent: Yes
Member of the Board since: 2011
Board committee:
- Audit, Finance and Risk Committee
- Sustainability and Corporate Governance Committee
- Appointment and Remuneration Committee

Other boards of directors: 2
- Fiduciaria Bogotá
- El Tiempo

Non-profit entities:
- Universidad Jorge Tadeo Lozano
- Fundación Santa Fe de Bogotá
- Fedesarrollo Steering Council
- Advisory Board of Innpulsa Mipyme

Education:
- Economics, Universidad de Los Andes
- Master's Degree in Economics, Universidad de los Andes

Experience:
- Chair of the Private Competitiveness Counsel
- Previous position: Editor in Chief of the *Dinero* magazine

2. DAVID BOJANINI
Grupo Sura S.A. - CEO

Non-executive
Independent: No
Member of the Board since: 2004
Board committee:
- Appointment and Remuneration

Other boards of directors: 4
- Grupo Nutresa S.A.
- Bancolombia S.A.
- Suramericana S.A.
- Sura Asset Management S.A.

Non-profit entities:
- Proantioquia
- Fundación Empresarios por la Educación
- Corporación Colombia Internacional
- Private Competitiveness Counsel
- Fededesarrollo
- Fundación Suramericana
- Fundación Nutresa

Education:
- Industrial Engineering, Universidad de Los Andes
- MBA with emphasis on Actuary, University of Michigan

Experience:
- CEO of Grupo Sura S.A.
- Previous position: CEO of Protección S.A.

3. CARLOS IGNACIO GALLEGO
Grupo Nutresa S.A. - CEO

Non-executive
Independent: No
Member of the Board since: 2014
Board committee:
- Sustainability and Corporate Governance

Other boards of directors: 4
- Grupo de Inversiones Suramericana S.A.
- Tresmontes Lucchetti S.A. (Chile)
- Estrella Andina S.A.S.
- La Recetta S.A.S.

Non-profit entities:
- Hospital Pablo Tobón Uribe
- Proantioquia
- Fundación Suramericana
- Universidad Eafit
- Universidad Católica de Oriente
- ANDI

Education:
- Civil Engineering, Universidad Eafit
- MBA, Universidad Eafit

Experience:
- CEO of Grupo Nutresa S.A.
- Previous position: Chief of Services at Nutresa S.A.

4. CLAUDIA BETANCOURT
Amalfi S.A. - General Manager

Non-executive
Independent: No
Member of the Board since: 2018
Board committee:
- Sustainability and Corporate Governance

Other boards of directors: 4
- Gases de Occidente S.A.
- Promigas S.A.
- Contecar S.A.
- Palmar de Altamira S.A.S.

Non-profit entities:
- Fundación Notas de Paz
- Fundación Scarpetta
- Propacífico

Education:
- Economics, Colegio Mayor de Nuestra Señora del Rosario

Experience:
- General Manager of Amalfi S.A.
- Previous position: Chief Risk Officer, Corporación Financiera del Valle S.A.

5. ANA CRISTINA ARANGO
Director

Non-executive
Independent: Yes
Member of the Board since: 2009
Board committee:
- Audit, Finance and Risk Committee

Other boards of directors: 2
- Distribuciones Agralba S.A.
- Productos del Caribe S.A.

Non-profit entities:
- Sociedad Benéfica Santana

Education:
- Civil Engineering, Universidad Eafit
- MBA, Universidad de Los Andes

Experience:
- Director of Inversiones El Yarumo S.A.S.
- Previous position: Financial Management Assistant at Cementos Ríoclaro S.A.

6. JORGE URIBE
Consultant

Non-executive
Independent: Yes
Member of the Board since: 2015
Board committee:
- Appointment and Remuneration

Other boards of directors: 3
- Carvajal S.A.
- Ingredion Inc.
- General Mills Inc.

Education:
- Administrative Engineering, Universidad Nacional
- MBA, Xavier University

Experience:
- Independent consultant
- Previous position: Global Productivity and Organization Transformation, Director, P&G

7. ARMANDO MONTENEGRO
BTG Pactual S.A. - Chairman

Non-executive
Independent: Yes
Member of the Board since: 2015
Board committee:
- Audit, Finance and Risk

Non-profit entities:
- Fedesarrollo

Education:
- Industrial Engineering, Universidad Javeriana
- Master of Economics and Latin American Studies, Ohio University
- PhD in Economics, New York University, USA

Experience:
- Chairman of BTG Pactual
- Previous position: Managing Director at Ágora Corporate Consultants
- Director of the National Planning Department

|102-20|

Steering Committee

The technical knowledge, experience and personal qualities of its members make our Steering Committee the competent governing body to ensure achievement of the strategy.

This committee advises the CEO on the Parent Company's decisions or those that have an impact on it. In turn, each one of its members individually leads the functions under their responsibility, as well as the related topics that affect the whole Business Group.

1. **JORGE MARIO VELÁSQUEZ**
   CEO
2. **ALEJANDRO PIEDRAHITA**
   Chief Officer of Strategy and Corporate Finance
3. **RAFAEL OLIVELLA**
   Chief Officer of Human Resources and Corporate Affairs
4. **CAMILO ABELLO**
   Senior Director of Sustainability

CEO Committee

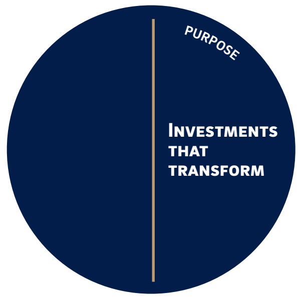
Through a profound knowledge of each one of the strategic businesses, decisions that affect the whole Business Group are discussed in this committee and efforts are coordinated to direct the shared mechanisms together.

The businesses' CEOs fully respond for the results of each company under the direction of their respective boards of directors and within the corporate context of Grupo Empresarial Argos.

1. **JORGE MARIO VELÁSQUEZ**
   CEO of Grupo Argos
2. **MARÍA CLARA ARISTIZÁBAL**
   Manager of the Urban Development Business
3. **JUAN ESTEBAN CALLE**
   CEO of Cementos Argos
4. **MAURICIO OSSA**
   CEO of Odinsa
5. **RICARDO SIERRA**
   CEO of Celsia

How We Create Value

Pacífico 2
Bolombolo, Colombia



What Inspires Us

Positively transform lives through the use of financial, human and natural capital in investments that generate better economic results, obtained while protecting our planet for future generations and generating well-being for society.

What Challenges Us

Be a leading infrastructure holding company in the Americas.

As an active investment manager that leads and transforms businesses, we have set out a strategy that pursues two essential purposes:

1. Grow selectively and profitably, seeking long-term sustainability.
2. Maximize the value we create for all our stakeholders.

Value Drivers

|102-15| We believe in the importance of playing an active role as an investment manager, which leads our Business Group to a consequent selective and profitable growth and maximization of value.

Therefore, we empower our strategic businesses thanks to the application of six key drivers, aiming to strengthen a series of skills that translate into more powerful strategies and greater talent in implementation. This result is achieved through group work between Grupo Argos, the boards of directors and the management of each one.

As part of our Work Model, we participate in the strategic decisions of our businesses and we accompany their disciplined implementation.

Furthermore, we support the processes of capital allocation and facilitate access to it, with which we foster greater financial strength.

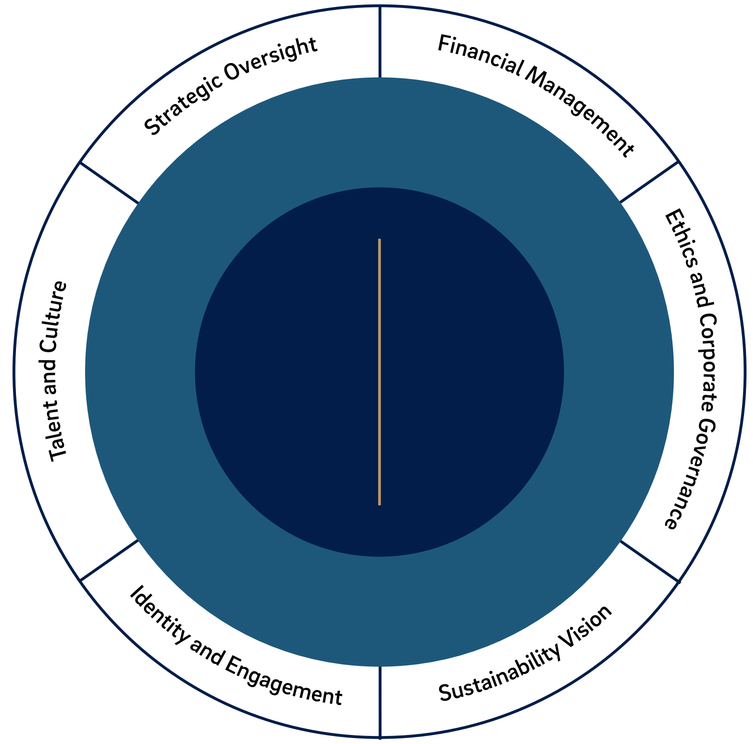
Through the Holding Company, we also ensure that our businesses have an impeccable corporate governance system, which operates to the highest standards and controls of ethics, conduct and transparency.

In turn, we transfer our conviction to invest consciously, operate responsibly and implement cutting-edge practices with the aim to create a positive and sustainable impact in the long term.

Meanwhile, our long history in the sector has enabled us to build a strong identity and wide network of relations, which enable our companies to participate in big investments, as well as attracting low-cost capital, new strategic partners and high-level human resources.

It is precisely this talent, accompanied by our Group Culture, which make possible the effective development of all our skills at the same time as a skill is constituted in itself. Therefore, we focus on attracting, developing and retaining talent for the whole Business Group.

Through these value-generating drivers, which are differentiated but interdependent, we elevate the strategic decisions of our businesses and we strengthen the differentiators that define us as a business group, making this a strong and competitive business block.



For more details about each one of our value drivers and their identification and prioritization process, please consult Chapter 4 of this report on page 54.

HOW WE PUT IT INTO PRACTICE

With the aim to materialize the application of our value drivers, we have built a management system comprised of a series of policies, processes and tools, as well as a work model that establishes that we work together as a business group, balancing autonomy and control with clear and explicit governance on the joint creation of value.

Celsia Solar Bolívar
Bolívar, Colombia

External Context

We understand the context and the speed at which the world moves in light of global trends, and we anticipate the risks and the opportunities that these pose in order to ensure the successful development of each one of our businesses.

Climate change and scarcity of natural resources	Social activism	Responsible consumption	Regulatory changes and state intervention	Increase in urbanization and mobility	Hyperconnectivity and digital transformation

Strategic Risks

|GA-ES01| Through a comprehensive understanding of the environment and a deep understanding of our business, we built a comprehensive risk model that enables us to manage them proactively. In this model, we have identified five strategic risks for which we established effective controls that minimize their probability of occurrence.

Additionally, we have quantitative methods for three of the five strategic risks. With this, we aim to estimate risk magnitudes that will enable us to focus our actions and optimize resources.

We constantly monitor the appearance of new risks and we work actively and decisively to convert them into great skills that make us more resilient and, therefore, more competitive. Consequently, our risk management demonstrates how we look after our most valuable assets.

Lower than expected profitability due to market dynamics or socio environmental issues that may prevent **the achievement of our companies' business plans.**

Loss of financial flexibility or impact on the relative performance of the portfolio due to the lack of an **adequate debt structure composition and capital allocation.**

Loss of portfolio's value due to the lack of **certainty and stability of the economic, political and regulatory environment.**

Loss of market capitalization due to negative media that affect the **strong company's reputation, which supports investor's confidence.**

Lack of key management skills due to inadequate **good retention, development and talent acquisition practices .**

To find out more information about our risk management, please consult the appendices. Visit here.

Stakeholders

|102-21| We have the conviction to create value for all our stakeholders. Therefore, and as a starting point, we propose establishing what adds value for each one of them.

Through the different engagement mechanisms, as well as our annual inquiry exercise, we collect their opinions about our business activities and we communicate the progress of our management. This continuous, transparent and differentiated dialog constitutes the foundation on which we build the mutual trust that enables us to be sustainable.

Based on the inquires we make, we create a series of differentiated value promises, which aim to meet their expectations and are translated into value for them.

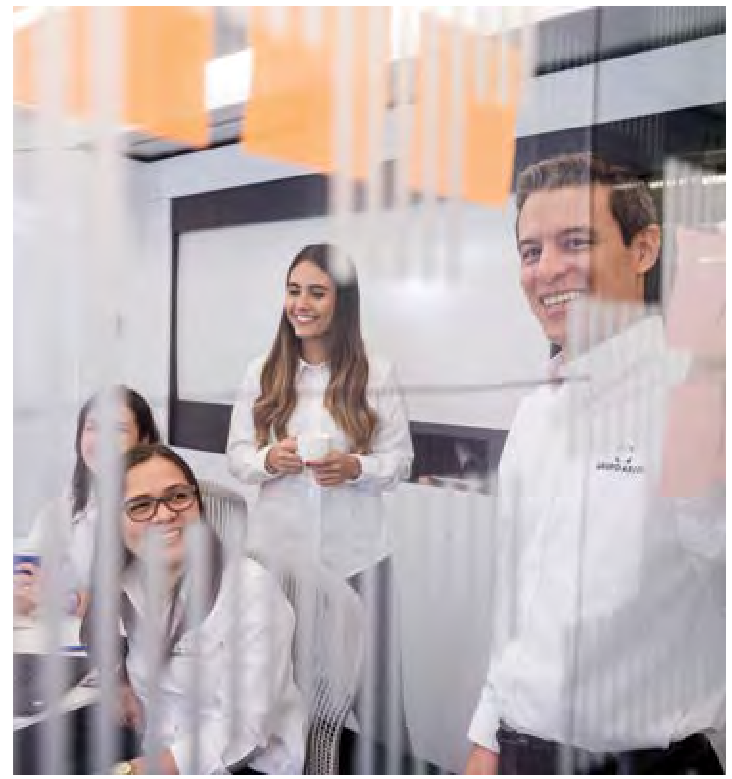
Value Promises

|102-43, 102-44, 102-40|

- **Shareholders and investors:** Make their investment profitable in the long term and include them in our purpose, strategy and performance as customers and owners.
- **Subsidiaries and businesses:** Increase their value individually and as part of the Business Group through the application of the key value drivers.
- **Strategic partners:** Contribute the necessary skills to make the most of joint investments in the framework of ethics, good conduct and transparency.
- **Employees:** Increase their level of commitment, develop their leadership, empower their inspiration and enable their results to transcend together with the Organization.
- **Environment:** Contribute to the preservation of life on the planet in the future, aiming to minimize our negative impacts and maximize our positive ones.
- **Authorities:** Maintain transparent and collaborative relations with public institutions in order to contribute to the development of the countries where we operate.
- **Suppliers:** Establish fair and sustainable business relations over time with the aim to benefit all the parties involved.
- **Associations:** Contribute to capacity building in the industry, as well as to the strengthening of the private sector as an essential agent of development.

We identify and prioritize our stakeholders according to their level of dependency and influence with respect to our business, as well as ours towards them. This process is carried out following the Stakeholder Engagement Standard (SES) published by the AccountAbility organization (AA1000).

Grupo Argos employees
Medellín, Colombia



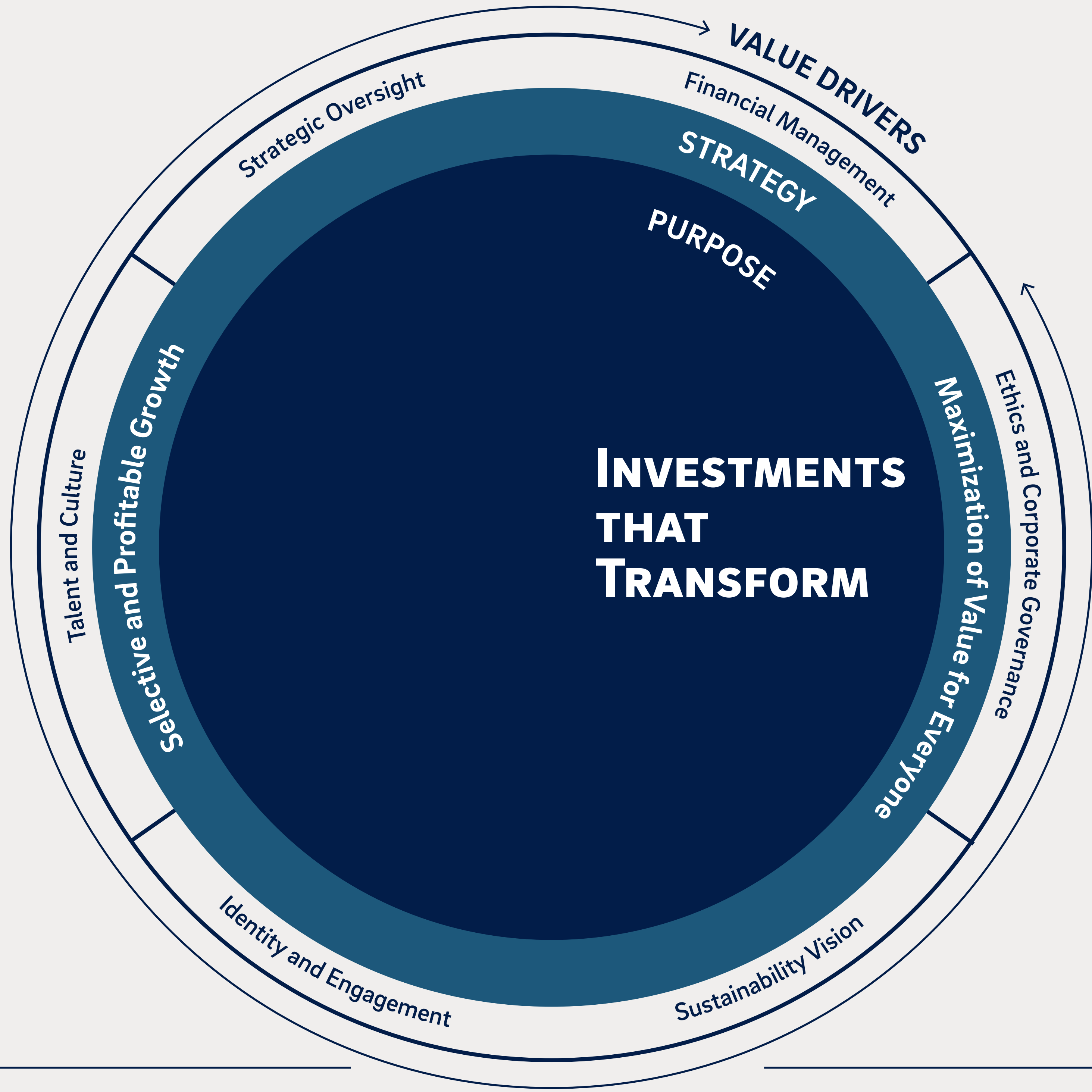
To find out about our Stakeholder Engagement System, consult the appendices. Visit here.

|102-9|

Value Creation Process

Inputs

Financial capital	• Dividends • Shares • Bonds • Loans • Divestments
Human capital	• Human resources
Natural capital	• Natural resources
Social and relational capital	• Stakeholder engagement
Intellectual capital	• Skills • Systems • Processes
Operating capital	• Buildings • Equipment • Vehicles • Infrastructure



Outputs

Added value
for society in general and for our stakeholders

Stakeholders

- Shareholders and investors
- Subsidiaries and businesses
- Strategic partners
- Employees
- Environment
- Authorities
- Suppliers
- Associations

EBITDA
COP 4.8 trillion

Net profit of the controlling company
COP 690 billion

Value added statement (VAS)
We delivered to society
2.4 times the value we retained in 2019 (USD 220 million)

Strategic Risks

Less profitability than expected due to market dynamics or socio-environmental phenomena that hinder **compliance with our companies' business plans.**

Loss of financial flexibility or impact on the relative performance of the portfolio due to the lack of an **adequate debt composition and capital allocation.**

Reduction in the portfolio's value due to the lack of **certainty and stability of the economic, political and regulatory environment.**

Effect on the share price due to media impacts that affect **reputation, which leverages investor trust.**

Lack of necessary key skills due to the lack or inadequate management of **good practices of attracting, retaining and developing talent.**

External Context	Climate change and natural resource depletion	Social activism	Responsible consumption	Regulatory changes and Government intervention	Increase in urbanization and mobility	Hyperconnectivity and digital transformation

|GA-ES03|

Value Added Statement - VAS

Through our business activities, we transform the different types of capital we use to operate into capital: financial, human, natural, social, intellectual and operating capital.

With the aim of establishing the net value we deliver to society, we measure our positive and negative impacts through a tool called the Value Added Statement (VAS).

This provides us with a comprehensive view on how we retain, add or reduce value, and it provides us with useful information that enables us to:

- **MAKE DECISIONS** that are more responsible and better informed
- **MANAGE RISKS** more accurately
- **ENHANCE TRANSPARENCY** for our stakeholders

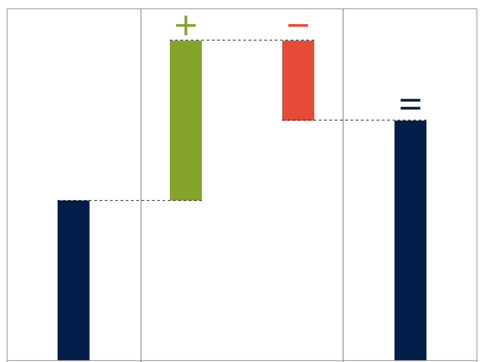
Model

Our VAS model estimates the net value during the fiscal year. The results are expressed in monetary terms in a bridge graph.

It starts with a blue bar, which represents the benefit we retained in the period.

The subsequent bars represent the economic, social and environmental externalities that are translated into benefits or costs for society.

These are expressed in U.S. dollars and are added up to obtain the net value, which is reflected in the blue bar at the end.



Employees of Grupo Empresarial Argos
Medellín, Colombia

All our strategic businesses are using the VAS method to establish their net contribution to society. In 2020, we will actively work to establish the value we add to society as a consolidated business group.

Economic Externalities

- **Salaries and benefits:** Dynamization of the economy through the employee payroll.
- **Interests and dividends:** Dynamization of the economy through the payment of interest to banks and investors, and the payment of dividends to our shareholders.
- **Taxes:** Dynamization of the economy through the payment of taxes to the government.

Social Externalities

- **Talent development:** Benefits for employees who receive higher salaries in the job market after having been trained.
- **Investments in communities:** Benefits for the community thanks to housing, community infrastructure and education projects, scholarships, etc.
- **Health and safety:** Costs for employees and their families from occupational injuries, fatalities and diseases.

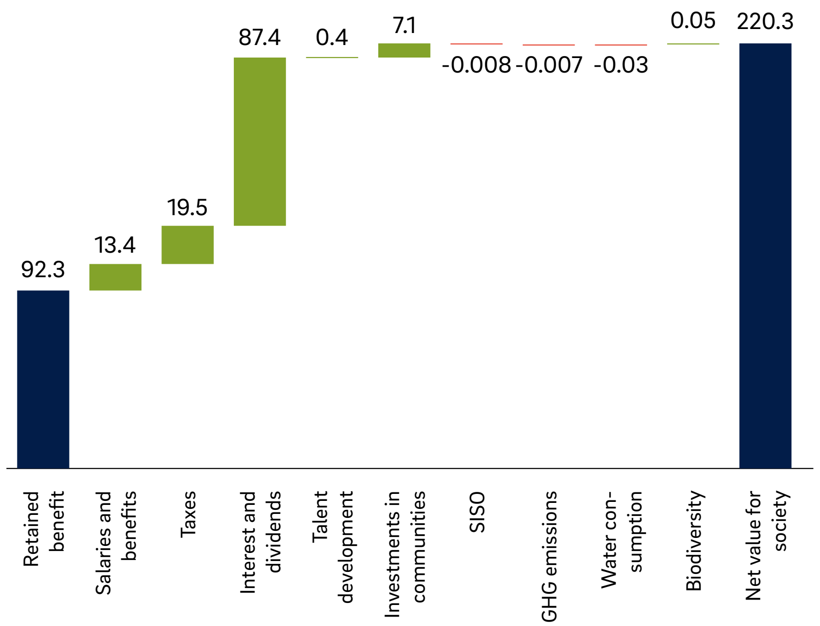
Environmental Externalities

- **Greenhouse gas (GHG) emissions:** Impact on the environment and people from GHG emissions (Scope 1 and 2 CO_2e emissions).
- **Air emissions:** Impact on people from atmospheric pollution related to NO_x, SO_x and particulate matter emissions.
- **Water consumption**: Impact on communities due to water scarcity caused by consumption.
- **Biodiversity:** Positive or negative impacts on biodiversity from mining operations and facilities, as well as offsetting and rehabilitation programs.
- **Avoided GHG emissions:** Avoided impacts on the environment and people due to initiatives such as the use of clean energy and the replacement of raw materials and fossil fuels.

To see the details, methodology and sources used in the VAS, please visit here.

Results

Grupo Argos 2019 Separate Value Added Statement (VAS)



2.4

times the retained benefit

2019 2.4

2018 1.8

We increased the value we add to society

33%

with respect to the previous year, when we added 1.8 times the value we retained

For the conversion of these figures, we used the average representative market exchange rate (TRM, for the Spanish original) of 2019, which was COP 3,283.21.

In 2019, we added to society 2.4 times the value we retained in the same period, which represents an estimated net value to society of USD 220 million.

In the economic aspect, we helped dynamize the economy through the payment of salaries, benefits, taxes, interest and dividends, generating an estimated benefit of USD 120.3 million. This represents 55% of the net added value and a significant contribution to the country's productivity and competitiveness.

Meanwhile, our training programs achieved an average of 45 hours per employee and an estimated benefit for them of USD 400,000. We contributed to community infrastructure through urban development works built by our urban development business, which added to citizen culture programs and sport units is equivalent to an estimated benefit for the community of USD 7.1 million. These two positive externalities added to the social costs of industrial safety and occupational health incidents are equivalent to an estimated net value of USD 7.5 million for the social dimension.

In the environmental dimension, the main impacts are due to water consumption and greenhouse gas emissions, which together comprise an estimated social cost of USD 41,000. The result was positive in biodiversity. There was an estimated benefit of USD 48,000, mainly due to the reforestation initiatives of our urban development business and less removal of soil. The above represents an estimated positive net value of USD 7,228.

Although the environmental result is positive, we constantly work to contribute to the conservation of ecosystems through our businesses and our Fundación Grupo Argos. To date, we have planted more than six million trees over the last four years.

Conscious Investment Model

We actively work to develop specific applications aimed at achieving the three goals of our VAS model. In 2019, we integrated the VAS method into our investment processes with the aim to make our decision-making more conscious, objective and informed. This new tool integrates financial criteria with the ESG criteria, which enables a comparison of the added value in financial terms with the value added to society.

Results

Cementos Argos 2019 Value Added Statement (VAS)

For Cementos Argos, the dynamization of the economy in 2019 represented an estimated benefit of USD 926.4 million. Furthermore, estimated net benefits of USD 9.7 million were generated by its social externalities.

Greenhouse gas emissions comprised 85% of the total costs generated for society in the period, estimated at USD 311 million. This is an example that the challenge in climate change for the cement industry is immense. For this reason, as part of its environmental strategy, Cementos Argos has developed a series of initiatives that help to reduce this impact. The monetized example of these efforts is the positive impact generated by the replacement of raw materials and fossil fuels with other alternatives, which is estimated to be USD 26.6 million. For more information about its management in climate change, visit its integrated report on the website: www.argos.co.

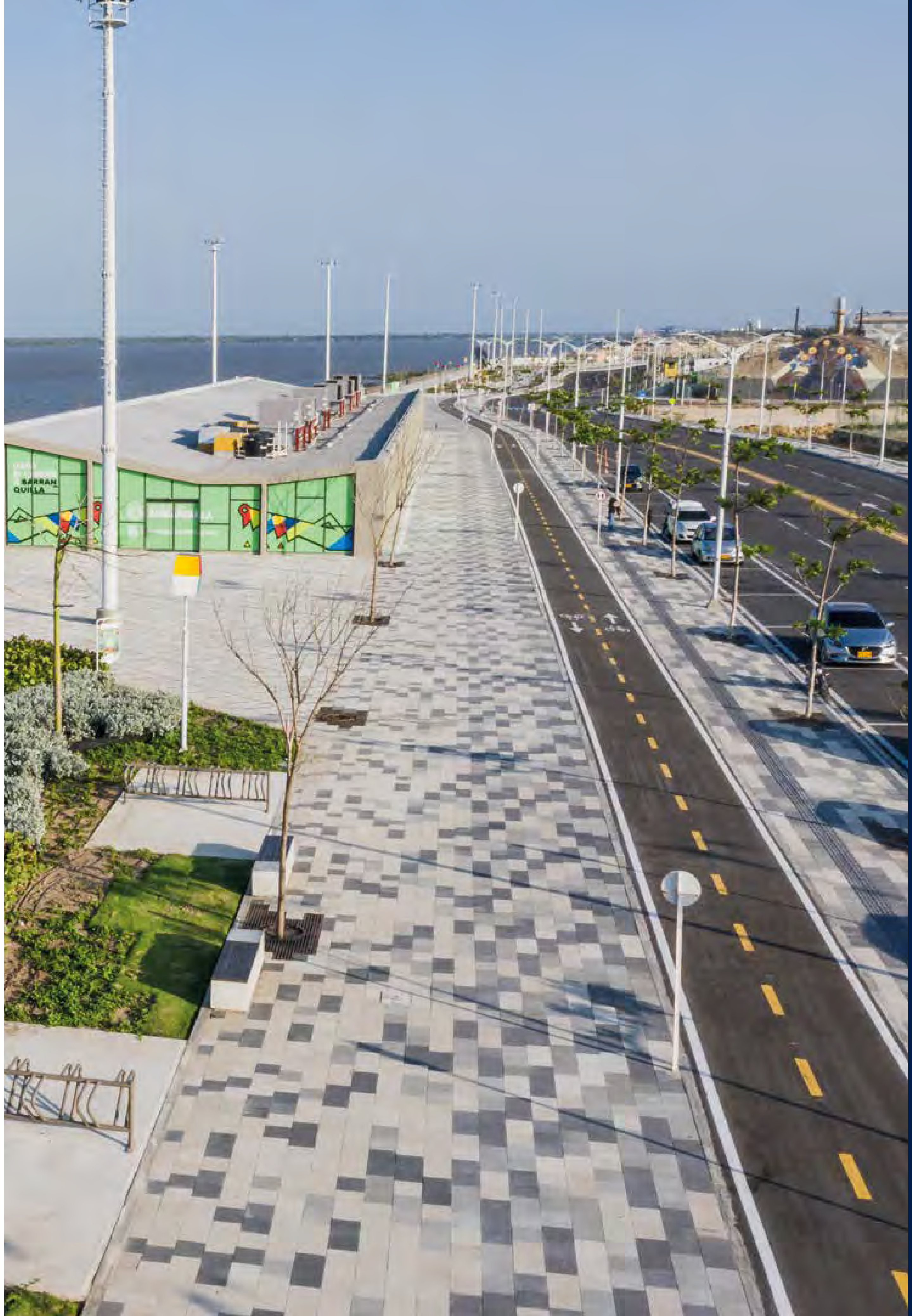
In turn, water consumption, atmospheric emissions and impacts on biodiversity represented 3%, 9% and 3% of the total social costs, respectively. The externalities of the environmental dimension represented an estimated total net cost of USD 341 million in 2019.

Applications

Cementos Argos was one of the pioneering companies in monetizing its externalities. Parallel to this, it has focused on developing applications related to quantification of its water risk, as well as the calculations of added value for its operations in different countries. Based on this exercise, analyses have been conducted that provide essential information for its customers' decision-making.

Currently, Cementos Argos is developing these applications with the aim to keep integrating the VAS method into its decision-making.

04



Magdalena River esplanade, construction built with Argos cement
Barranquilla, Colombia

VALUE DRIVERS

Celsia Solar Yumbo
Valle del Cauca, Colombia

Materiality Analysis

|102-47| The level of significance of the topics developed in this chapter was determined based on the Materiality Analysis we carried out in 2018, which was updated in 2019 with the aim to accurately reflect the six topics we consider to be our key drivers for value creation.

The prioritization process, which enabled us to establish our material topics, consists of five steps:

1. Identification of Topics to Prioritize

We made an initial compilation of topics starting with external sources, such as the Sustainable Development Goals, global trends and different sustainability standards and frameworks, as well as internal sources that include our strategy, risks and policies.

2. Identification of Stakeholders to Consult

We developed an analysis to establish the ideal mechanism and the key actors to consult, who are our prioritized stakeholders. For more information, visit here.

3. Internal and External Inquiries

We carried out open-dialog interviews with each one of our stakeholders, who expressed concerns and identified topics in which they could be affected.

4. Prioritization

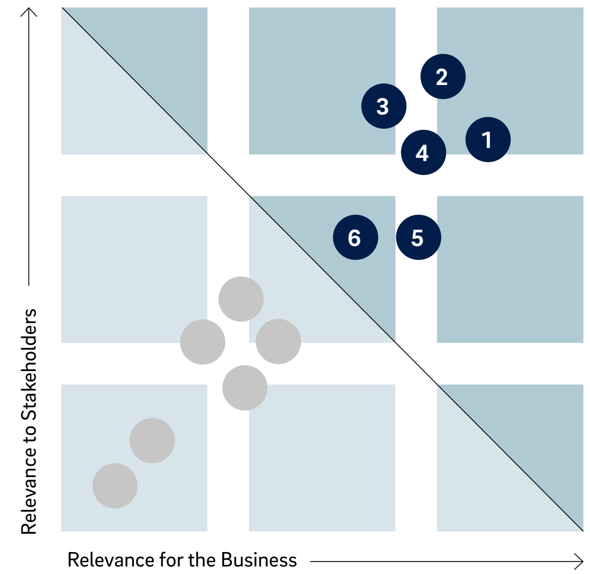
The information obtained in the previous stages enabled us to rate and assign a level of priority to each one of the identified topics, which we understand need to be actively managed.

5. Validation

We presented and validated the preliminary results with Senior Management and with our Board of Directors. The final result provides us with a roadmap that allows us to focus our resources on the important topics for everyone.

During the update of our Materiality Analysis, the previous nine material topics were restated as six value drivers.

Throughout this chapter, we explain the importance of each one of these drivers, as well the way in which we managed them, our progress and the most significant milestones of 2019. Similarly, we state our vision of the future through short, medium and long-term goals, as well as the related challenges and opportunities.



Value Drivers

1. Strategic Oversight: The empowerment of the Business Group's strategies through our expertise, general understanding and long-term vision, as well as our ability to promote new perspectives and synergies among our businesses.

2. Financial Management: The management of our investment portfolio through adequate allocation of resources and an efficient capital structure in all the companies of our Business Group.

3. Ethics and Corporate Governance: The system that establishes the correct management of our Business Group's companies, as well as the standards of ethics, conduct and transparency under which our directors, managers and employees must work.

4. Sustainability Vision: The set of strategies designed to ensure conscious investment, the adoption of cutting-edge practices and responsible operations with the planet and people in all of the Group's businesses.

5. Identity and Engagement: The strengthening of the Organization's reputation and effective positioning so that our stakeholders perceive, get to know, trust and support Grupo Empresarial Argos.

6. Talent and Culture: The set of initiatives that aim to attract, develop and retain the best talent as part of the pillars of transcendence, integrity, inspiration and commitment that constitute the culture of our Business Group.

The contribution to the private sector is crucial for the achievement of the Sustainable Development Goals (SDGs) that comprise the United Nations 2030 Agenda. Therefore, we have conducted a prioritization exercise parallel to our Materiality Analysis in which we selected four of the 17 SDGs according to our capacity to directly contribute to the global challenges that each one represents.

For more information on alignment with the SDGs and their specific targets, please visit here.

1 Strategic Oversight

The empowerment of the Business Group's strategies through our expertise, general understanding and long-term vision, as well as our ability to promote new perspectives and synergies among our businesses.

María Adelaida Molina
Transformation and PMO Manager
Cementos Argos

Interviews our CEO on this value driver:

Jorge Mario Velásquez
CEO
Grupo Argos

click here to read it

Our ongoing vocation as an active investment manager makes possible the transformation of our businesses in the long term

Value Creation

|103-1| Our strategic oversight enables our businesses to make important and long-term investments as part of a powerful business group strategy, which we facilitate and support with capital and management.

The guidelines and assistance in our businesses' decision-making, as well as the monitoring of their disciplined implementation, enables them to respond to their different competitive situations, while ensuring continuity and focus.

Additionally, the capacity to lead our businesses to set challenging goals and integrate new perspectives and trends makes them achieve better results and constantly evolve, anticipating and generating new opportunities.

Meanwhile, the alignment of the strategies of the Business Group's different subsidiaries ensures that we all work together to achieve our purpose.

Finally, transparent access to the information and knowledge of the Business Group's other companies provides a valuable opportunity to strengthen their own capacities.

This driver mitigates strategic risks, which enables us to:

- **Make viable the achievement** of our companies' business plans.
- **Have an adequate debt composition** and capital allocation.
- **Face possible uncertainty or instability** of the economic, political and regulatory environment.
- **Protect our reputation,** which leverages investor trust.
- **Attract and retain human resources** with the necessary key skills.

Management approach

|103-2| Our businesses' boards of directors discuss their respective strategies, as well as their implementation. In turn, the executive teams of Grupo Argos and each subsidiary regularly meet for a Strategy Committee meeting, which aims to ensure alignment between the strategy of each company and the strategy of the Holding Company. Additionally, the CEO Committee discusses the most important aspects that have an impact on all of the Business Group's companies.

Strategic Oversight consists of active management of the comprehensive risk models. As a holding company, we actively identify, measure and manage five strategic risks under the strategic management of our Board of Directors. In turn, each subsidiary manages the specific risks of its business, which are discussed in their committees and boards of directors.

El Dorado International Airport
Bogotá, Colombia

Milestones |103-2,103-3|

ARGOS

- Successfully made progress in the operating efficiency program in the USA called Building Efficiency and Sustainability for Tomorrow (BEST), which enables it to prepare for new market situations.
- Rationalized its footprint in the U.S. concrete business by divesting around 30 non-strategic plants for USD 95 million.

ODINSA

- Acquired control of the Túnel Aburrá-Oriente concession for COP 335 billion, which connects two important centers of development in the department of Antioquia.
- Closed 2019 with 82% progress in the Pacífico 2 road concession, 3% ahead of the initial schedule.
- Achieved the passing of its private Bogotá Airport System (SAB, for the Spanish original) to the feasibility stage with an estimated investment of USD 3,200 million.

WE ENHANCED

The quantification of our strategic risks, which enables us to establish an order of scale and focus our actions and capital.

CELSIA

- Acquired Enertolima for COP 1.7 trillion, which enabled it to double the number of customers served, achieving 1.1 million.
- Divested the Termoflores thermal power plant, located in Barranquilla, with an installed capacity of 610 MW and it will invest in the construction of a new wellhead, gas-fired, thermal power plant with an installed capacity of 200 MW, which will give greater flexibility to its generation portfolio.
- Participated in the non-conventional renewable energy auction and won the allocation to develop wind farms in north Colombia of 330 MW, which added to the multiple solar power projects underway will increase its capacity to generate non-conventional renewable energy by 768 GWh.
- Made two partnerships with the Cubico Sustainable Investments company of COP 1.4 trillion to increase its solar power generation and consolidate its vertical transmission.

Goals |103-2|

● Permanent ◐ Underway ○ Not Started

Short Term

- ◐ We will integrate ESG criteria into our investment decision-making thanks to the implementation of a conscious investment model.
- ◐ We will integrate ESG risks into our models with the aim to conduct more comprehensive analyses.
- ◐ Argos will continue its plan for the divestment of non-strategic assets with the aim to reduce its debt level.

Medium Term

- ◐ Celsia will consolidate its non-conventional renewable energy matrix with the development of new solar and wind power projects.
- ◐ Celsia will adopt the synergies resulting from the acquisition of Enertolima, the energy distribution business.
- ◐ We will achieve new partnerships with strategic partners for a more efficient and flexible capital structure.
- ◐ We will progress in the simplification and focusing of the strategic businesses.

Challenges and Opportunities

|103-3| We are convinced that infrastructure is a dynamic and promising sector and that we are a powerful player with the capacity to drive the region's growth.

Therefore, in the future, we will remain focused on the strategic coordination and strengthening of our Business Group's capacity. We will keep emphasizing selective and sustainable growth and maximization of value in our companies.

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

2 Financial Management

The management of our investment portfolio through adequate allocation of resources and an efficient capital structure in all the companies of our Business Group.

Ángela Hurtado
Managing Director, Senior Country Officer
JP Morgan, Colombia

Interviews our management team on this value driver:

Eduardo Sánchez
Corporate Finance Manager
Grupo Argos

click here to read it

Value Creation

|103-1| Our proper financial management contributes to the sustainability of our businesses, to our investments reflecting their value potential and to obtaining sufficient returns that benefit our shareholders, while contributing to the economic and social development of the companies where we operate.

In this way, we simplified the Group's corporate structure, we focused and strengthened the competitive position of our strategic businesses and we relied on the transactions of mergers, acquisitions and disinvestments to foster profitable and sustainable growth.

This driver mitigates our strategic risks, which enables us to:

- **Make viable the achievement** of our companies' business plans.
- **Have an adequate debt composition** and capital allocation.
- **Face possible uncertainty or instability** of the economic, political and regulatory environment.

Management approach

|103-2| We constantly assess the performance of our strategic businesses and their risk management to take measures that enable full achievement of the business and investment plans. We do this through the Steering Committee, and the committees and boards of directors of Grupo Argos and its businesses.

We annually review our capital allocation model to identify challenges and opportunities and to create plans and initiatives, which are endorsed by the businesses' boards of directors. With their implementation, we aim to improve our position in the strategic industries and increase the creation of value in the invested financial capital.

Additionally, we aim to optimize the capital structure so that the businesses have financial flexibility that enables them to cover their capital needs at an efficient cost and so they can adequately implement their strategies in the medium and long term.

Thanks to the improvement of the capital structure by making our investments profitable and enhancing our portfolio, in 2019, we received the AAA credit rating from Fitch Ratings

Milestones

|103-2,103-3|

ARGOS

As a result of the divestments of its non-strategic assets, reduced its gross debt by COP 430 billion and refinanced maturities for COP 1.2 trillion, equivalent to 18% of its debt.

CELSIA

- Maintained constant its Net debt / EBITDA ratio at 2.7x and its credit rating at AA+, even after the restructuring of its portfolio, which included the acquisition of Enertolima for COP 1.7 trillion and the sale of its Termoflores thermal power plant for USD 420 million.
- Issued bonds on the local market for COP 1.1 trillion with an excess demand of 1.9x and a maximum term of 20 years.

ODINSA

- Reduced its separate debt by 29% as a result of the cash-outs of the airport assets Opain and Quiport.
- Carried out the first corporate issuance in the last 20 years in Ecuador through Quiport for a value of USD 400 million.
- Through Opain, made a private placement of USD 415 million at a rate of 4.09%, maturing in 2026.
- Made a cash-out of the Autopistas del Café concession for COP 250 billion, which partly financed the acquisition of the Túnel Aburrá-Oriente concession.

Cuestecitas substation
La Guajira, Colombia

Progress |103-3, GA-EF 01|

Consolidated income
COP 16.8 trillion
for a growth of 18% from 2018; the EBITDA, COP 4.8 trillion (+21%); and the net profit of the controlling company, COP 690 billion (+3%).

We increased the average life of the debt:
2018: 4.9 years
2019: 6.4 years

We decreased the real cost of the debt:
2018: 3.6%
2019: 3.2%

We reduced the controllable expenses annually by
5%
2015-2019

WE ISSUED
Bonds for COP 450 billion on the local market with an excess demand of 2.5 times, the highest among issuers of the real sector. This has enabled us to extend debt maturities until 2022 and increase the average life to 6.4 years, with a stable cost at 7%, maintaining a constant Net debt / Dividends ratio of 2.7 times.

WE INCREASED
The differential between the dividends received and paid, amounting to COP 293 billion. This is thanks to the enhancement of the capital structure inside our concessions business, through cash-outs of airport assets, which meant we received COP 94 billion in extraordinary dividends from Opain in 2019.

Goals |103-2|

Permanent / Underway / Not Started

Short Term

- ◐ We will maintain a Debt/ Dividends ratio ≤ 3.5x.
- ◐ We will maintain a positive primary deficit*.

Medium Term

- ◐ We will achieve annual improvements in the ROCE indicator in the next three years.
- ◐ We will maintain the Holding Company's credit rating at AAA in Fitch Ratings.
- ◐ Over the next five years, we will achieve savings in the companies' mutual services through SUMMA of COP 100 billion and a zero growth effect in service costs in migrated processes.

Long Term

- ● We will maintain the AAA investment grade from Fitch Ratings.

*Primary deficit = free operating cash flow - taxes - interest - dividends.

Challenges and Opportunities

|103-3| To have a strong financial position during exogenous events, it is essential to maintain a balance between supporting the subsidiaries' growth plans and the balanced capital structure of the Holding Company. The above requires financial discipline, understanding that each subsidiary is at a different stage of maturity and that the future distribution of dividends will tend to stabilize, probably without extraordinary distributions like in the past.

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

3 Ethics and Corporate Governance

The system that establishes the correct management of our Business Group's companies, as well as the standards of ethics, conduct and transparency under which our directors, managers and employees must work.

Oliver Orton
Regional Advisory Manager, Corporate Governance / ESG, Latin America and the Caribbean
International Finance Corporation (IFC), World Bank Group

Interviews our management team on this value driver:

Rafael Olivella
Chief Officer of Human Resources and Corporate Affairs
Grupo Argos

click here to read it

Value Creation

|103-1| Having strong corporate governance and compliance systems fosters an environment of trust and transparency to maintain long-term relations with our stakeholders and ensure integrity in the businesses.

To ensure sustainability, we stay at the cutting edge, implementing the best practices, which allows us to define an expected behavior parameter and have current and dynamic Corporate Governance and compliance systems.

This driver mitigates our strategic risks, which enables us to:

- **Make viable the achievement** of our companies' business plans.
- **Protect our reputation,** which leverages investor trust.
- **Attract and retain human resources with the** necessary key skills.

Management Approach |103-2|

Ethics

The Compliance System is structured through unequivocal statements in the Business Code of Conduct about our commitment to transparency and good action in the businesses.

|102-17| Furthermore, we established the supporting mechanisms of the system, which are summarized in the commitment of the Organization's executives, in an effective Transparency Hotline and in the adequate monitoring of the corrective measures that can result from the reports made through it.

For the **7th** year in a row, we obtained the Investor Relations recognition from the Colombian Securities Exchange

|102-16| Integrity, ethics and transparency are everyone's responsibility. We motivate our stakeholders to live and breathe these values throughout Grupo Empresarial Argos. To achieve this, we have a governance structure called the Compliance System with the participation of members of Senior Management of Grupo Argos and its companies. This enables us to maintain unity of criteria, collectively and constantly analyzing best practices to promote a culture of risk prevention and ensure that sufficient resources are allocated for the good operation of the system.

Corporate Governance

Through our Corporate Governance Code we establish transparent management mechanisms with shareholders, the market and society in general.

We have the visions of patrimonial and independent members in our boards of directors, contributing to the due guidance of each one of the companies, generating positive results and ensuring an adequate corporate governance system.

Milestones |103-2,103-3|

ETHICS

- **WE UPDATED** – The protocol for responding to reports made through the Transparency Hotline, including the roles of investigation, monitoring and decision-making at all levels of the company.
- **WE UPDATED** – The structure and composition of the Central Conduct Committee and the Business Conduct Committee for greater specialization, diversity of visions and opinions, and a better breakdown of roles.
- **WE PROGRESSED** – In the automation of the controls related to the diligence process, aiming for standardization and effectiveness of management.
- **WE IMPLEMENTED** – A compliance control panel that enables validation of the system's effectiveness.

CORPORATE GOVERNANCE

- **WE AMENDED** – The Company By-laws and Corporate Governance Code with the aim to adopt best practices related to the addition of criteria to form the Board of Directors and its roles.
- **WE CARRIED OUT** – The training program of the Board of Directors at the University of California, Berkeley, on global trends and their impacts on the strategy of companies listed on the public securities markets.
- **WE CARRIED OUT** – The external evaluation of the Board of Directors with AT Kearney.

Goals |103-2|

● Permanent ◐ Underway ○ Not Started

Short Term

- ● We will progress in the strengthening of the Compliance System through ongoing communication of the items that comprise it and its adequate management.
- ◐ We will keep implementing the Policy for the Management of Operations with Related Companies.

Medium Term

- ◐ We will maintain active participation in forums, such as the Latin American Companies Circle Corporate Governance Roundtable, the Issuers Committee of the Colombian Stock Exchange and the Colombian Corporate Governance Institute.
- ◐ We will continue the process of harmonizing the applicable corporate governance practices inside Grupo Empresarial Argos.

Progress |103-3|

43%
|405-1| **Participation** of women in the Board of Directors

98%
Attendance of members at Board meetings

7.5 years
Time on average of Board Members

100%
Compliance with the Board of Directors action plan

Challenges and Opportunities

|103-3| The changing dynamics of the markets and regulations enable us to maintain increasingly more automated control mechanisms, which enable us to anticipate in real time the risks that arise in the environments where we operate.

Considering the different stages of development of each one of our businesses, we see the opportunity to constantly progress in the review and implementation of the applicable corporate governance practices in the market contexts in which we participate. For this, we have a work model of the Business Group, which facilitates relations with the businesses and the implementation of these initiatives.

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

4 Sustainability Vision

The set of strategies designed to ensure conscious investment, the adoption of cutting-edge practices and responsible operations with the planet and people in all of the Group's businesses.

Eduardo Atehortúa
Head of LATAM Principles for Responsible Investment (PRI)

Interviews our management team on this value driver:

Camilo Abello
Senior Director of Sustainability Grupo Argos

click here to read it

Value Creation

|103-1| We acknowledge the fact that by having a positive impact on our economy, our planet and the people who live in it, we are creating value for society in general, which also translates into greater value for our Company in the long term.

Our conviction to do business sustainably enables us to take advantage of the new transformational forces of our environment, such as the transition to a circular and low carbon economy, as well as awareness of responsible consumption and investment. These constitute great opportunities that play an essential role in our path to transformation and growth.

In turn, our efforts to minimize the negative impacts of our activities and maximize the positive ones benefit all our stakeholders and at the same time, enable the Business Group's businesses to be more resilient to risks and to be sustainable.

This driver mitigates our strategic risks, which enables us to:

- **Make viable the achievement** of our companies' business plans.
- **Face possible uncertainty or instability** of the economic, political and regulatory environment.
- **Protect our reputation,** which leverages investor trust.

Management Approach

|103-2| Each one of our businesses has a differentiated sustainability strategy that responds to the operating and market situations. However, all of them are part of the Grupo Argos Sustainability Vision, which is comprised of three pillars that enable us to maintain unity of criteria and management as a business group.

Conscious investment: We invest in businesses that contribute to the solution of global challenges and ensure the long-term creation of value for both the Company and society.

Cutting-edge practices: We develop innovative solutions with the aim to empower our current business models while we capitalize on new investment opportunities.

Responsible operation: We transform capitals in a balanced way, aiming to minimize our negative impacts and maximize our positive impacts in economic, environmental and social matters.

With the aim to establish our Responsible Operation pillar, we prioritized seven topics that we consider to be material across all our businesses.

1. Climate Change
2. Water
3. Ecosystems
4. Talent
5. Occupational Health and Safety
6. Ethics, Conduct and Transparency
7. Corporate Governance

Each company measures its performance, establishes its targets and designs individual action plans. The progress in these seven topics is presented on the following page, both separately and in a consolidated way.

Milestones |103-2,103-3|

WE DEVELOPED – The Conscious Investment Model, which enables us to integrate ESG criteria into our investment decision-making based on our VAS model.

CONSCIOUS INVESTMENT

WE SELECTED – Five companies in our Corporate Venture Model's portfolio with which we are making developments in: energy storage, creation of new financial assets of electricity infrastructure, IT platforms for innovative products and services for customers of the cement business, and shared micro-mobility models.

CUTTING-EDGE PRACTICES

WE OFFSET – 100% of the emissions of CO_2 by Grupo Argos, separately.

ARGOS – Launched *Cemento Verde* (Green Cement) on the market with an investment of more than USD 78 million, which emits 38% less CO_2 and uses 30% less energy.

CELSIA – Keeps consolidating itself as one of the main promoters of sustainable mobility in the country with the contribution of the fleet of electric buses for the MIO system in Cali and winning the bid for the provision of a fleet of 120 buses for the SITP system in Bogotá.

RESPONSIBLE OPERATION

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

For the third year in a row, we were acknowledged by the Dow Jones Sustainability Index as the world's most sustainable company in the sector, for which we received the Gold Class award in the Sustainability Yearbook, published by RobecoSAM and S&P Global, as well as Cementos Argos. In turn, Celsia received the Bronze Class award in the energy sector and Odinsa in its first voluntary participation came in tenth place in the engineering and construction sector.

Challenges and Opportunities

|103-2| In light of the challenge we are experiencing of the transition to a low-carbon economy, it is necessary to coordinate a strong climate change strategy, mitigate the related physical risks and risks of transition, and take advantage of the opportunities that arise. The dynamics of the markets and the trend towards responsible consumption lead us to focus not only on incremental innovations, but also on radical and disruptive innovations. In this area, our cutting-edge practices must consider alignment with the strategy, governability, capacity to gain value, risk management and new consumption trends.

Goals |103-2|

● Permanent ◐ Underway ○ Not Started

Short Term

- ○ We will carry out the pilot of our Conscious Investment Model in an acquisition or project.
- ◐ We will extend the coverage of our survey of VAS externalities to other companies of the Business Group.
- ○ We will collectively create a unified climate change strategy for the Business Group.
- ◐ We will integrate the ESG risks into our current risk models with emphasis on the risks resulting from climate change.
- ○ We will review the responsible operations goals for the Business Group in light of recent progress.
- ○ We will publish a compilation of important information for our investors in a document called ESG Databook.

Medium Term

- ◐ We will consolidate the net value we add to society as a Business Group.
- ◐ We will achieve co-creation between the actors of the Venture Model with the aim to develop disruptive products and services.
- ○ We will assess the investments of the Venture program to determine possible reinvestments or turnovers of the portfolio.

Long Term

- ◐ We will apply our Conscious Investment Model to all our acquisitions and projects.

Responsible Operation of the Business Group

ARGOS CELSIA ODINSA

For more information about this topic, please visit:
www.argos.co/sostenibilidad/reporte-anual
www.celsia.com/es/sostenibilidad/reportes
www.odinsa.com/sostenibilidad/

CLIMATE CHANGE

CEMENT

Launch of Cemento Verde (Green Cement)
↓38%
CO_2 emissions and ↓30% energy consumption

Reduction
↓15% CO_2 emissions, 2006 baseline

TARGET

Reduce
↓25%
tons of CO_2 per ton of cement material by 2025, 2006 baseline

ENERGY

Acknowledgment
of Business Leadership, "The First 100 for the Climate" awarded by the Panamanian Ministry of the Environment

Reduction
↓50%
CO_2 emissions, 2015 baseline

TARGET

Reduce
↓25%
tons of CO_2 per GWh by 2025, 2015 baseline

CONCESSIONS

Certification
CARBON ACCREDITATION PROGRAM
El Dorado International Airport: Level 2 (Reduction)
Mariscal Sucre International Airport: Level 3+ (Neutrality)

ECOSYSTEMS

Certifications
WILDLIFE HABITAT COUNCIL for the four cement plants and five terminals in the United States

Established Plans
78% of active and inactive quarries have a rehabilitation plan
68% of quarries in areas of high biodiversity value have a management plan for biodiversity

Rehabilitated Areas
87% of the area freed up from quarries has been rehabilitated

TARGET

Establish plans
100% of quarries with a rehabilitation plan to 2025
85% of quarries in areas of high biodiversity value with a management plan to 2025

Free up and Rehabilitate
85% of the area freed up from quarries will be rehabilitated by 2025

Planting
4.3 million
trees with the ReverdeC program from 2016

TARGET

Plant
10 million trees by 2025 with the ReverdeC program

Conserve
4 species by 2020: wax palm, river turtle, poison dart frog and golden frog

Planting
240 thousand
trees in the Pacífico 2 concession and location of fauna tracks

WATER

Reduction
↓25% Water consumption in cement
↓14% Water consumption in concrete
from 2015

Recirculation
99% of the water used

TARGET

Reduce
256 lt/ton and 216 lt/m³ in water consumption in cement and concrete, respectively, by 2025

Optimization
89 million m³
of water in hydroelectric power generation

Recirculation
25% of water for thermal power generation in the Termoflores power plant (asset divested in 2019)

TARGET

Optimize
124 million m³
of water in hydroelectric generation between 2016 and 2020

Reduction
↓43%
water consumption, equivalent to 4,119 m³ in Autopistas del Café

TALENT

Gender Equality
29%
of the leadership positions are filled by women

Geographical Diversity
39%
of employees in executive and managerial positions are not of Colombian nationality

TARGET

Gender Equality
↑35% proportion of women in leadership positions by 2025

Geographical Diversity
50% of employees in executive and managerial positions will not be of Colombian nationality by 2025

Acknowledgment
GOLD SEAL
in gender equality for operations in Panama

6TH
best company to work for in Colombia according to Great Place to Work

HEALTH AND SAFETY

***"Yo Prometo* (I Promise)" program**
32.9 Severity Index of employees and contractors
1.34 Frequency Index of employees and contractors
↓38% Absenteeism due to general illness of employees and contractors

TARGET

Frequency
Reduce the Frequency Rate to 1.2 by 2020

Reduce injuries 50% by 2025, 2019 baseline

Reduce absenteeism due to general illness 15% by 2025, 2019 baseline

"Yo Elijo Cuidarme (I Choose to Look after Myself)" program
↓39% Frequency Rate among employees
↓32% Severity Rate among employees,

TARGET

Severity and Frequency
↓10% the two indexes among employees and contractors by 2021, 2019 baseline

Frequency
↓21.8% and ↓57.3% among employees and contractors, respectively, 2019 baseline

ETHICS, CONDUCT AND TRANSPARENCY

Compliance System
67% of employees with knowledge of the Code of Conduct certified
65% of employees completed the conflict of interest declaration
80% of employees completed the declaration of assets and income

Compliance System
71% of employees with knowledge of the Code of Conduct certified
78% of employees completed the conflict of interest declaration
100% of employees completed the declaration of assets and income

Compliance System
100%
of employees completed the three transparency mechanisms:

Certification of knowledge of the Code of Conduct

Conflict of interest declaration

Declaration of assets and income

CORPORATE GOVERNANCE

Acknowledgment
5th year
in a row accredited with the IR Seal of the Colombian Securities Exchange for adopting best practices in information disclosure and investor relations

5th year
in a row certified as a Known and Recurrent Issuer by the Financial Superintendence of Colombia

Acknowledgment
7TH year
in a row accredited with the IR Seal of the Colombian Securities Exchange for adopting best practices in information disclosure and investor relations

For more information about our responsible operations targets, please visit here.

All variations shown correspond to 2018 vs. 2019, except when otherwise indicated.

CONSOLIDATED

Climate Change
|305-4| Reduce by 20% the direct CO_2 emissions / COP million of income
2015 Baseline
↓39% tons of CO_2 / COP million of income

Ecosystems
|GA-VS02| Protect 100% of important water supply sources for operations classified as high risk (10 sources)
2018 Baseline
80% 8/10 of supply sources protected

Water
|GA-VS01| Reduce by 50% water consumption in m³ / COP million of income
2015 Baseline
↓57% m³ of water consumed / COP million of income

Talent
- **Gender Diversity**
  |405-1| Achieve 27% participation of women in Senior Management
  2017 Baseline
  22% participation of women in Senior Management
- **Employee Engagement**
  |GA-VS04| Increase to 90% the score in employee engagement
  Ongoing Target
  89% level of employee engagement

Ethics, Conduct and Transparency
100% of our employees will annually complete the three mechanisms of the Compliance System
Ongoing Target
100% of employees completed the three mechanisms

2025 Target 2019 Progress

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

5 Identity and Engagement

The strengthening of the Organization's reputation and effective positioning so that our stakeholders perceive, get to know, trust and support Grupo Empresarial Argos.

Miguel Ángel Herrera
CEO and Partner
Ágora Public Affairs

Interviews our management team on this value driver:

Iván Trujillo
Manager of Institutional Relations and Communications
Grupo Argos

click here to read it

Value Creation

|103-1| The proactive and strategic management of the institutional relations and reputation contributes to knowledge, admiration, trust and support of Grupo Argos and its businesses among stakeholders. This enables us to attract and retain the best talent, generate transparent, long-term relations of trust, and have an adequate level of engagement with all our stakeholders. Additionally, it facilitates access to business networks and multiple synergies to empower our two strategic pillars: Selective and Profitable Growth and Maximization of Value for Everyone.

This driver mitigates our strategic risks, which enables us to:

- **Face possible uncertainty or instability** of the economic, political and regulatory environment.
- **Protect our reputation,** which leverages investor trust.
- **Attract and retain human resources** with the necessary key skills.

Management Approach

|103-2| We develop this strategy through five fronts:

- **Institutional relations:** Strengthen connections with professional associations, authorities and opinion leaders to build transparent, long-term relations of trust.
- **Internal communications:** Develop mechanisms, experiences, channels and strategies to drive the Business Group's cultural transformation.
- **External communications:** Strengthen connections with our stakeholders, spreading information through mass media and our own channels.
- **Brand:** position Grupo Argos as an umbrella and supporting brand to facilitate the transfer of value with the aim to empower the businesses' positioning capacity.
- **Coordination:** We coordinate and align the strategies to build reputation and presence in the Business Group's brand.

Milestones

|103-2,103-3|

WE IMPLEMENTED – Partnerships of more than COP 1,200 million.

WE DEVELOPED AND WE BUILT – The narrative to position the brand aimed at communicating the four strategic focus points: infrastructure, talent and culture, sustainability and the central work line of Fundación Grupo Argos.

WE CARRIED OUT – Three studies to assess the reputation, identifying our strength in our positioning as a multinational company with a good economic performance and recognition for its international dimension.

WE RENOVATED – The website, we redefined the digital brand strategy and we restructured our internal communications platform.

WE BUILT – A mechanism for monitoring the economic, legislative and regulatory environment that can have an important impact on Grupo Argos and its strategic businesses.

Progress |103-3|

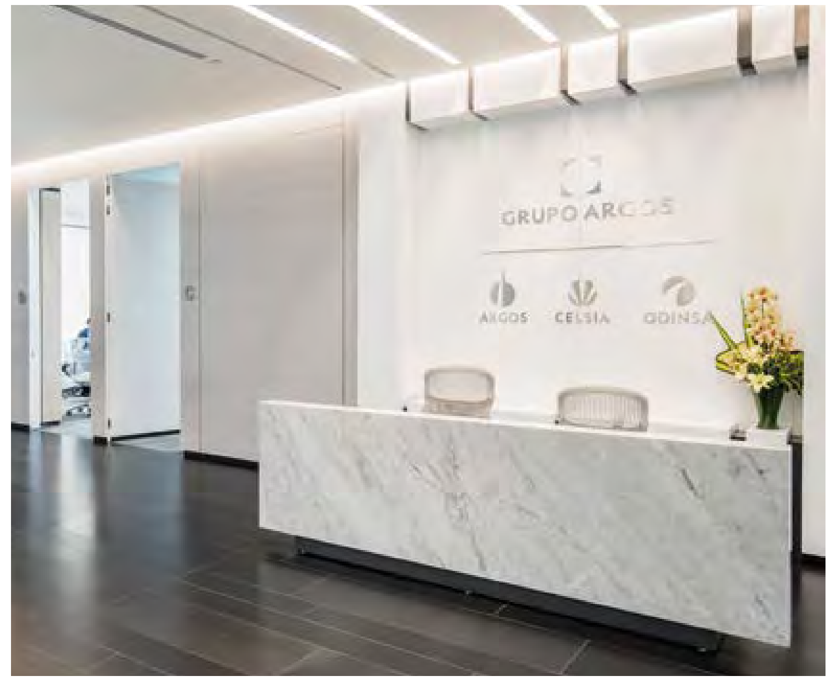
We developed partnerships to strengthen the journalistic exercise in Colombia through the Visionarios (Visionaries) program with the El Colombiano newspaper and the Semana-Grupo Argos Regional Journalism Award.

We carried out a survey of our reputation's baseline.

More than 700 **positive news items** published by media outlets.

Our CEO, Jorge Mario Velásquez, ranked as one of the ten Colombian business leaders with the best reputation.

60% of the information published by the Company is about topics related to the sustainability of the Business Group and the work carried out by Fundación Grupo Argos.



Goals |103-2|

Permanent | Underway | Not Started

Short Term

- (Permanent) We will develop the positioning campaign of the Grupo Argos brand.

Medium Term

- (Underway) Together with the Human Resources team, we will achieve the cultural transformation of Grupo Argos in all businesses and regions.

Long Term

- (Not Started) We will position Grupo Argos as a socially relevant company that contributes to the economic, environmental and social development of Colombia.

Grupo Argos offices
Bogotá, Colombia

Challenges and Opportunities

|103-3| Keep progressing in the positioning of Grupo Argos in public opinion as an important actor in the infrastructure sector.

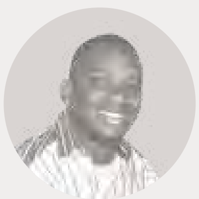
Achieve that our stakeholders know about and receive the contributions that Grupo Argos makes to social development and environmental conservation.

Drive the differentiation of Grupo Argos with its businesses' brands.

Shareholders and Investors | Subsidiaries and Businesses | Strategic Partners | Employees | Environment | Authorities | Suppliers | Associations

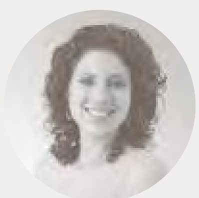
6 Talent and Culture

The set of initiatives that aim to attract, develop and retain the best talent as part of the pillars of transcendence, integrity, inspiration and commitment that constitute the culture of our Business Group.



José Erlin Guerrero
Socio-Environmental Director
Grupo Argos

Interviews our management team on this value driver:



Vivian Garcés
Talent and Culture Manager
Grupo Argos

click here to read it

Value Creation

|103-1| The proper management of talent and culture among the Company's employees promotes and facilitates the behaviors required to achieve the Grupo Argos Strategy. This leverage drives the development of comprehensive leaders and the formation of diverse and efficient teams committed to the purpose of positively transforming millions of lives through investments in infrastructure.

This driver mitigates our strategic risks, which enables us to:

- **Protect our reputation**, which leverages investor trust.
- **Attract and retain talent with the** necessary key skills.

Employees |102-7|

	Men	Women	Total
Grupo Argos	36	49	85
Cement	6,614	1,033	7,647
Energy	1,370	571	1,941
Concessions	1,861	803	2,664
Coal	32	11	43
SUMMA	180	292	472
Total	**10,093**	**2,759**	**12,852**

Management Approach |103-2|

We develop this strategy from the following fronts:

- We we implement a strategy for talent attraction, retention and development.
- We lead the cultural transformation of the Organization and promote diversity.
- We promote the development of our talent with processes such as training, feedback, performance appraisals and comprehensive compensation. We particularly support the development of our key talent for the successful succession of critical positions at Grupo Empresarial Argos.
- We ensure the development of the best IT and administrative resources so that our employees have all the tools to develop their work.
- We ensure the personal and professional well-being and growth of our talent, making them committed to and proud of working for Grupo Empresarial Argos.
- We align our compensation systems with the organizational objectives so that our human resources progress toward achievement of the strategy.

Grupo Empresarial Argos Progress |103-3|

More than 1,100 Potential Talent Assessments performed, to strengthen our employees' career and succession plans (24% increase)

Women in the key talent pool
26% in 2017
42% in 2019

|405-1| **Women in senior management positions**
21% in 2017
22% in 2019

We increased by **6% the number of employees** of different nationalities from 2017

182 employees in the key talent pool and with a development plan underway, 35% of them ready for executive positions.

More than 100 women have participated in leadership programs for equality and inclusion since 2017.

More than 700 online courses on 11 areas of knowledge.

602 employees moved among our businesses in the last three years (increase of 39% from 2018).

Milestones |103-2,103-3|

WE COVERED – |404-3| 100% of employees with performance appraisal, feedback and individual development plan

WE ESTABLISHED – The Grupo Empresarial Argos´ employee value preposition.

WE INCLUDED – 60% of employees in the formalization of the Group's culture.

WE STRENGTHENED – The culture and compensation systems that drive competitiveness and facilitate mobility.

We inspire and encourage the best talent with our attraction, culture and compensation programs

WE DEVELOPED – Training programs for all our employees on unconscious biases with the aim to improve inclusion for better decision-making.

WE CARRIED OUT – Training and mentorships for women of the Business Group on female leadership for equality and inclusion.

ARGOS AND CELSIA – Came in 2nd and 3rd place, respectively, out of local companies with the greatest commitment to diversity, published by the PAR ranking.

We strenghten our Holding Group through diversity

WE OBTAINED – An 89% level of employee engagement in the workplace survey.

WE ACHIEVED – Eighth place in 2019 in the Talent Attraction ranking published by the international consultancy firm Universum.

ODINSA – Came in 12th place in the Adecco Employers for Youth ranking.

ARGOS AND CELSIA – Came in 9th and 25th place, respectively, in the Merco Talento ranking.

We are one of the most attractive companies to work for

Goals |103-2|

● Permanent ◐ Underway ○ Not Started

Short Term

- ◐ We will strengthen the appropriation of the culture pillars for the Business Group.
- ◐ We will execute the Employer Brand strategy for the Business Group.
- ◐ We will design career plans for 100% of our employees.
- ◐ We will design and launch the Business Group's leadership program.

Medium Term

- ◐ We will assess and transform the talent attraction and retention processes to ensure their competitiveness in the future of the work.

Long Term

- ◐ We will increase the presence of women in Senior Management from 21% in 2017 to 27% in 2025 to achieve greater gender equality and enrich the decision-making processes.

Grupo Argos Progress |103-3|

|404-1| 45 **training hours** on average per employee per year.

100% of our critical vacancies were filled with in-house staff.

Challenges and Opportunities

|103-3| Consolidate our Group's culture framed in the pillars of commitment, integrity, inspiration and transcendence to keep materializing our higher purpose.

Adjust the processes of attraction, development and retention of talent to support the achievement of our strategy according to the requirements of the environment, the new generations and the future of the work.

Keep developing a diverse and trained group of successors for critical positions within the Business Group.

05

Mixers on Margaret Hunt Hill bridge
Dallas, United States

CONSOLIDATED FINANCIAL STATEMENTS

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Financial Position

As at December 31 | In millions of Colombian pesos

	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,474,008**	2,647,532
Derivative financial instruments	7	**5,786**	10,392
Trade and other accounts receivable	8	**2,653,211**	2,124,022
Inventories, net	9	**1,252,938**	1,291,909
Tax assets	10	**359,762**	383,767
Biological assets	20	**9,157**	9,360
Other financial assets	11	**123,626**	72,948
Prepaid expenses and other non-financial assets	12	**195,625**	244,963
Current assets		7,074,113	6,784,893
Non-current assets held for sale	13	**76,744**	40,030
TOTAL CURRENT ASSETS		**7,150,857**	**6,824,923**
Non-current assets			
Trade and other accounts receivable	8	**2,493,612**	2,632,020
Inventories, net	9	**37,204**	36,747
Goodwill	14	**3,011,272**	3,142,650
Right-to-use assets (property, plant and equipment), net	22	**1,071,329**	-
Intangible assets, net	15	**4,974,447**	3,958,849
Property, plant and equipment, net	16	**19,082,640**	19,332,437
Investment properties	17	**2,317,216**	2,298,386
Investments in associates and joint ventures	18	**8,919,368**	8,653,207
Derivative financial instruments	7	**3,675**	309
Deferred tax	10	**481,596**	515,693
Biological assets	20	**48,444**	48,225
Other financial assets	11	**1,286,634**	1,193,298
Prepaid expenses and other non-financial assets	12	**120,140**	11,137
TOTAL NON-CURRENT ASSETS		**43,847,577**	**41,822,958**
TOTAL ASSETS		**50,998,434**	**48,647,881**

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Financial Position

As at December 31 | In millions of Colombian pesos

	Notes	2019	2018
LIABILITIES			
Current liabilities			
Borrowings	21	**1,587,714**	2,613,133
Lease liabilities	22	**164,605**	-
Employee benefit liabilities	23	**250,091**	241,141
Provisions	24	**336,153**	337,855
Trade and other accounts payable	25	**2,734,393**	2,449,899
Tax liabilities	10	**266,715**	210,324
Derivative financial instruments	7	**16,353**	525
Bonds and compound financial instruments	26	**951,924**	665,719
Other financial liabilities		**16,030**	-
Other non-financial liabilities	27	**460,758**	484,219
TOTAL CURRENT LIABILITIES		**6,784,736**	**7,002,815**
Non-current liabilities			
Borrowings	21	**5,118,140**	6,364,008
Lease liabilities	22	**898,276**	-
Deferred tax	10	**1,361,035**	1,345,771
Employee benefit liabilities	23	**441,254**	435,568
Provisions	24	**238,392**	306,615
Trade and other accounts payable	25	**268,515**	278,509
Derivative financial instruments	7	**48,719**	22,750
Bonds and compound financial instruments	26	**8,838,335**	6,854,570
Other non-financial liabilities	27	**510,775**	464,538
TOTAL NON-CURRENT LIABILITIES		**17,723,441**	**16,072,329**
TOTAL LIABILITIES		**24,508,177**	**23,075,144**

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Financial Position

As at December 31 | In millions of Colombian pesos

	Notes	2019	2018
EQUITY			
Share capital	28	**53,933**	53,933
Share issue premium	28	**1,354,759**	1,354,759
Retained earnings		**9,022,034**	9,147,229
Reserves	29	**3,513,161**	3,001,515
Income for the year		**689,565**	671,327
Other equity components	30	**(165,142)**	(178,650)
Other comprehensive income	29	**2,364,976**	2,375,778
Equity attributable to majority shareholders		**16,833,286**	**16,425,891**
Minority holdings	32	**9,656,971**	9,146,846
TOTAL EQUITY		**26,490,257**	**25,572,737**
TOTAL LIABILITIES AND EQUITY		**50,998,434**	**48,647,881**

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

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Johana Novoa Cucunuba
Statutory Auditor | Professional
License No. 166943-T
Member of KPMG S.A.S.
(See report dated February 26, 2020)

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Income

Years ending on December 31 | In millions of Colombian pesos, except for earnings per share

	Notes	2019	2018
Revenue from ordinary activities	33	**16,798,588**	**14,294,675**
Cost of ordinary activities	34	**(12,265,012)**	(10,211,393)
Gross profit		**4,533,576**	**4,083,282**
Administration expenses	35	**(1,572,758)**	(1,350,938)
Sales expenses	36	**(280,020)**	(262,184)
Structural expenses		**(1,852,778)**	**(1,613,122)**
Other income (expenses), net	37	**395,675**	129,551
Profit from operational activities		**3,076,473**	**2,599,711**
Financial expenses, net	38	**(1,213,041)**	(1,062,686)
Profit before tax		**1,863,432**	**1,537,025**
Income tax	10	**(607,295)**	(342,907)
NET PROFIT		**1,256,137**	**1,194,118**

	Notes	2019	2018
Attributable to:			
Majority holdings		**689,565**	**671,327**
Minority holdings		**566,572**	522,791
Earnings per share of continuing operations (*)	39		
Attributable to the ordinary controlling company's shareholders:			
Basic (*)		**804**	783
Diluted (*)		**804**	783

*Figures in Colombian pesos The accompanying notes are an integral part of the consolidated financial statements.

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Grupo Argos S.A. and subsidiaries

Consolidated Statement of Other Comprehensive Income

Years ending on December 31 | In millions of Colombian pesos

	2019	2018
NET PROFIT	**1,256,137**	**1,194,118**
Entries that will not be reclassified after presenting the income for the period	81,980	(175,185)
Gains and losses from equity investments	**83,847**	(192,300)
Deferred taxes on equity investments	**219**	(493)
New measurements of employee defined benefit liabilities	**(19,969)**	236
Deferred taxes for employee defined benefits	**5,274**	1,998
Gains and losses due to property, plant and equipment revaluation	**(487)**	391
Deferred tax due to property, plant and equipment revaluation	**93**	109
Share in associates and joint ventures, net	**13,003**	14,874
Entries that will be reclassified after presenting the income for the period	(71,863)	763,477
Earnings from cash flow hedging instruments, net	**12,011**	(95,218)
Deferred taxes from cash flow hedges	**9,305**	60,741
Exchange difference when converting foreign operations	**(25,164)**	816,306
Deferred tax when converting foreign operations	**(1,029)**	4,344
Share in associates and joint ventures, net	**(66,986)**	(22,696)
OTHER COMPREHENSIVE INCOME, AFTER TAX	**10,117**	**588,292**
TOTAL COMPREHENSIVE INCOME	**1,266,254**	**1,782,410**
Attributable to:		
Majority holdings	688,668	893,673
Minority holdings	**577,586**	888,737

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Grupo Argos S.A. and subsidiaries

Consolidated Statement of Changes in Equity

Years ending on December 31 | In millions of Colombian pesos

	Capital and share issue premium	Legal reserve	Other reserves	Other comprehensive income	Accumulated income and income for the period	Other equity components	Attributable to controlling shareholders	Minority holdings	Total equity
PRESENTED BALANCE AS AT DECEMBER 31, 2017	**1,408,692**	**29,665**	**2,800,179**	**2,159,131**	**9,655,665**	**(7,225)**	**16,046,107**	**8,261,041**	**24,307,148**
Cumulative effect of the adoption of new standards (Note 3.1.1)	-	-	-	-	(21,284)	-	(21,284)	(4,076)	(25,360)
Cumulative effect of the adoption of new standards by means of the equity method for associates and joint ventures (Note 3.1.1)	-	-	-	-	(33,388)	-	(33,388)	(4,562)	(37,950)
Adjusted balance as at January 1, 2018	1,408,692	29,665	2,800,179	2,159,131	9,600,993	(7,225)	15,991,435	8,252,403	24,243,838
Income for the period	-	-	-	-	671,327	-	671,327	522,791	1,194,118
Other comprehensive income for the period, after tax	-	-	-	222,346	-	-	222,346	365,946	588,292
Comprehensive income for the period	-	-	-	222,346	671,327	-	893,673	888,737	1,782,410
Issuance of capital and convertible instruments	-	-	-	-	-	-	-	697,513	697,513
Ordinary cash dividends declared	-	-	-	-	(211,691)	-	(211,691)	(405,744)	(617,435)
Preferred cash dividends declared	-	-	-	-	(69,479)	-	(69,479)	(23,174)	(92,653)
Appropriation of reserves	-	-	171,671	-	(171,671)	-	-	-	-
Equity method for associates and joint ventures	-	-	-	-	-	4,036	4,036	631	4,667
Transfer from other comprehensive income to accumulated earnings	-	-	-	(5,708)	-	5,708	-	-	-
Purchase and sale of minority holdings	-	-	-	-	-	(172,982)	(172,982)	(212,084)	(385,066)
Other variations	-	-	-	9	(923)	(8,187)	(9,101)	(51,436)	(60,537)
BALANCE AS AT DECEMBER 31, 2018	**1,408,692**	**29,665**	**2,971,850**	**2,375,778**	**9,818,556**	**(178,650)**	**16,425,891**	**9,146,846**	**25,572,737**

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Changes in Equity

Years ending on December 31 | In millions of Colombian pesos

	Capital and share issue premium	Legal reserve	Other resserves	Other comprehensive income	Accumulated income and income for the period	Other equity components	Attributable to controlling shareholders	Minority holdings	Total equity
PRESENTED BALANCE AS AT DECEMBER 31, 2018	**1,408,692**	**29,665**	**2,971,850**	**2,375,778**	**9,818,556**	**(178,650)**	**16,425,891**	**9,146,846**	**25,572,737**
Cumulative effect of the adoption of new standards (Note 3.1.2)	-	-	-	-	5,595	-	5,595	5,928	11,523
Adjusted balance as at January 1, 2019	1,408,692	29,665	2,971,850	2,375,778	9,824,151	(178,650)	16,431,486	9,152,774	25,584,260
Income for the period	-	-	-	-	689,565	-	689,565	566,572	1,256,137
Other comprehensive income for the period, after tax	-	-	-	(897)	-	-	(897)	11,014	10,117
Comprehensive income for the period	-	-	-	(897)	689,565	-	688,668	577,586	1,266,254
Issuance of capital and convertible instruments	-	-	-	-	-	-	-	164,496	164,496
Ordinary cash dividends declared	-	-	-	-	(225,890)	-	(225,890)	(520,243)	(746,133)
Preferred cash dividends declared	-	-	-	-	(74,140)	-	(74,140)	(24,638)	(98,778)
Appropriation of reserves	-	-	511,646	-	(511,646)	-	-	-	-
Equity method for associates and joint ventures	-	-	-	-	-	53,039	53,039	5,313	58,352
Transfer from other comprehensive income to accumulated earnings	-	-	-	(9,797)	9,797	-	-	-	-
Purchase and sale of minority holdings	-	-	-	-	-	(36,789)	(36,789)	(99,522)	(136,311)
Business combinations	-	-	-	-	-	-	-	446,220	446,220
Other variations	-	-	-	(108)	(238)	(2,742)	(3,088)	(45,015)	(48,103)
BALANCE AS AT DECEMBER 31, 2019	**1,408,692**	**29,665**	**3,483,496**	**2,364,976**	**9,711,599**	**(165,142)**	**16,833,286**	**9,656,971**	**26,490,257**

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

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Grupo Argos S.A. and subsidiaries

Consolidated Statement of Cash Flows

Years ending on December 31 | In millions of Colombian pesos

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	**1,256,137**	**1,194,118**
Adjustments for:		
Income from dividends and shares	**(49,033)**	(55,103)
Income tax expenses recognized in the income for the period	**607,295**	342,907
Share in results of associates and joint ventures	**(488,763)**	(485,181)
Financial expenses recognized in the statement of income for the period, net	**977,001**	837,854
Expenses recognized for employee benefits and provisions	**93,241**	140,752
Profit from the sale of non-current assets	**(723,013)**	(135,928)
Profit from fair value measurements	**(105,887)**	(196,283)
Profit from bargain purchase, net	**(40,411)**	-
Impairment of financial assets, net	**38,539**	4,491
Impairment of non-current assets and inventory, net	**124,503**	12,216
Depreciation and amortization of non-current assets	**1,711,055**	1,346,956
Unrealized exchange difference, recognized with financial instruments in the statement of income	**(85,510)**	(7,432)
Other adjustments to reconcile the statement of income for the year	**(11,953)**	(61,167)
	3,303,201	2,938,200
Changes in working capital for:		
Trade and other accounts receivable	**111,558**	922,834
Inventories	**1,045**	(144,616)
Other assets	**25,668**	(1,896)
Trade and other accounts payable	**(148,493)**	(416,793)
Other liabilities	**(53,014)**	(78,280)
Cash generated from operations	3,239,965	3,219,449
Income tax paid	**(483,962)**	(409,816)
Received dividends and shares	**561,408**	150,519
CASH FLOW GENERATION FROM OPERATIONS, NET	**3,317,411**	**2,960,152**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Financial interest received	**60,218**	43,671
Acquisition of property, plant and equipment	**(1,370,868)**	(1,173,265)
From the sale of property, plant and equipment	**805,395**	183,907
Acquisition of investment properties	**(15,739)**	(242)
From the sale of investment properties	**60,821**	41,965
Acquisition of intangible assets	**(114,603)**	(98,947)
From the sale of intangible assets	**214**	3,922
Acquisition of other non-current assets	**(50)**	-
From the sale of other non-current assets	**8,044**	24,088
Acquisition of control over subsidiaries and other businesses	**(1,706,883)**	-
Sale of businesses with loss of control	**1,233,221**	245,145
Acquisition of shares in associates and joint ventures	**(289,143)**	(114,524)
From the sale of shares in associates and joint ventures	**142,005**	-
Acquisition of financial assets	**(335,624)**	(87,639)
From the sale of financial assets	**278,490**	38,400
Loans granted to third parties	**(85,355)**	-
Payments made to financial derivatives	**-**	(1,628)
Other cash inflows/outflows	**5,857**	115,969
CASH FLOW USED IN INVESTMENT ACTIVITIES, NET	**(1,324,000)**	**(779,178)**

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Cash Flows

Years ending on December 31 | In millions of Colombian pesos

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares and other capital instruments from subsidiaries	118,910	674,283
Issuance of bonds and structured notes	2,964,277	638,747
Payment of bonds, structured notes and commercial papers	(663,168)	(648,490)
Acquisition of other financing instruments	5,131,832	6,517,699
Payment of other financing instruments	(7,479,846)	(7,394,049)
Payment of lease liabilities	(200,467)	-
Purchase of shares in subsidiaries' property that do not result in gain of control	(136,231)	(383,021)
From the sale of shares in subsidiaries' property that do not result in loss of control	-	81
Return on subordinated debt	(82,875)	(66,481)
Payments made to financial derivatives	(25,327)	-
Collections from financial derivatives	51,663	-
Dividends paid from common shares	(686,029)	(562,710)
Dividends paid from preferred shares	(122,008)	(114,794)
Interest paid	(1,116,773)	(997,750)
Other cash inflows/outflows	39,463	38,351
CASH FLOW USED IN FINANCING ACTIVITIES, NET	(2,206,579)	(2,298,134)
DECREASE IN CASH AND CASH EQUIVALENTS, NET	(213,168)	(117,160)
Cash and cash equivalents at the beginning of the period	2,647,532	2,632,400
Effect of varying exchange rates on cash and cash equivalents held in foreign currency	39,644	132,292
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 6)	2,474,008	2,647,532

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

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Johana Novoa Cucunuba
Statutory Auditor | Professional License No. 166943-T
Member of KPMG S.A.S.
(See report dated February 26, 2020)

Certification by the Company's Registered Agent

Medellín, February 26, 2020

To Grupo Argos S.A. shareholders
In my capacity as Registered Agent, I hereby attest that the Consolidated Financial Statements as at December 31, 2019, made public contain no flaws, inaccuracies or material misstatements that could prevent the true financial position or transactions made by Grupo Argos S.A. during the corresponding period from being known.

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Certification by the Company's Registered Agent and Accountant

Medellín, February 26, 2020

To Grupo Argos S.A. shareholders
The undersigned Registered Agent and Accountant of Grupo Argos S.A. (hereinafter the Company) do hereby attest that before making the Company's Consolidated Financial Statements as at December 31, 2019 and 2018, available to you and third parties, we have certified the following statements contained therein:

a) All assets and liabilities included in the Company's financial statements as at December 31, 2019 and 2018, exist, and all the transactions included therein were made during the years ending on those dates.

b) The economic actions undertaken by the Company during the years ending on December 31, 2019 and 2018, 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 at December 31, 2019 and 2018.

d) All elements have been recognized at their appropriate values according to the Generally Accepted Accounting and Financial Reporting Standards in Colombia.

e) All the economic actions that affect the Company have been properly classified, described, and disclosed in the financial statements.

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

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AUDM&SMDE-EFI2020-5429-P-28055

STATUTORY AUDITOR'S REPORT

To the Shareholders
Grupo Argos S.A.

Opinion

I have audited the consolidated financial statements of Grupo Argos S.A. (the Group), which comprise the consolidated statement of financial position at December 31, 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and their respective notes, which include significant accounting policies and other explanatory information.

In my opinion, the aforementioned consolidated financial statements attached to this report, present fairly, in all material aspects, the consolidated financial position of the Group as of December 31, 2019, the consolidated financial performance, and its consolidated cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year, except for the application of IFRS 16 – Leases, which entered into force on January 1, 2019.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Accounting Professionals Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Assurance Information Standards accepted in Colombia together with the ethical requirements that are relevant to my audit of the consolidated financial statements established in Colombia and I have fulfilled my ethical responsibilities in accordance with these requirements and aforementioned IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Evaluation of the recognition of the effects of business combinations (see note 42 to the consolidated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
On 31 May 2019, through Celsia S.A., one of the Group's subsidiaries, the acquisition of the commercial establishment of *Compañía Energética del Tolima S.A. E.S.P.* was completed, which included the business of distributing and marketing electrical energy in the department of Tolima. This acquisition generated the recognition of goodwill for $48,749 million COP. Moreover, on 8 October 2019, the Group, through its subsidiary *Odinsa S.A.*, signed a purchase agreement for 52.6195% of the shares of the *concession Túnel Aburrá Oriente S.A.* (the Concessionaire), for $334,316 million COP. Upon partial compliance with the conditions set forth in the contract, on 16 December 2019, the Group obtained control of this entity. In accordance with IFRS 3 - Business Combinations, the recognition of identifiable assets acquired and liabilities assumed as a result of a business acquisition are measured at acquisition-date fair value and any excess value over the consideration paid results in the recognition of goodwill I considered the assessment of business combinations as a key audit matter because they involve significant assumptions in determining fair values that incorporate relevant judgments, particularly regarding expected business developments, discount rates applied to cash flow projections and the allocation of goodwill to the assets acquired, as appropriate.	My audit procedures to evaluate the appropriate recognition of the effects of business combinations included, but were not limited to, the following: – Evaluation of the competence, objectivity and ability of external specialists hired by the Group to determine the fair values of the identified assets and liabilities assumed at the acquisition dates. – Evaluation, with the involvement of valuation professionals with industry knowledge and experience, of the methodology adopted by the Group to determine the fair values of the assets acquired and liabilities assumed, the underlying assumptions in the respective valuations and the mathematical accuracy of the valuation models. In addition, the appropriateness of the allocation of purchase prices and goodwill, as appropriate, to the cash-generating units identified as part of the acquisitions. – Evaluation, with the involvement of professionals with knowledge and experience of legal matters, of the legal validity of the agreements entered into with certain shareholders of *Concesión Túnel Aburrá Oriente S.A.*, on the basis of which control is obtained over this entity. – Assessing whether the disclosures in the consolidated financial statements consider the relevant information to reflect the effects of business combinations.

Evaluation of the valuation of investment properties in accordance with IAS 40 - Investment Properties (see note 17 to the consolidated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Company's consolidated statement of financial position at 31 December 2019 includes a significant amount of investment property of $2,317,216 million COP, represented primarily by land measured at fair value through profit or loss. The Group hires qualified external experts for the periodic determination of the fair value of its investment properties, who employ significant judgement in the determination of key valuation assumptions such as: the use of market comparable, the estimation of future cash flows, the discount rates applied and the expected market growth. The main reasons for considering this a key audit matter are (1) there was significant judgment by the Group in determining the key assumptions for the valuation of investment properties and (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the valuations performed, as well as audit effort involving the use of professionals with specialized skills and knowledge in property valuation.	My audit procedures for assessing the valuation of investment properties in accordance with IAS 40 included, but were not limited to, the following: - Evaluation of the design, implementation and operating effectiveness of the key control established by the Group to determine and recognize the fair value of investment properties, specifically in the review and approval by the Real Estate Strategy Department of appraisals performed by external professionals with specialist knowledge in real estate valuation hired by the Group. - Assessment of the competence and capacity of external professionals hired by the Company, that determined the fair value of the investment properties. - Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in assessing the key assumptions used by the external professionals hired by the Company to determine the fair value of investment properties, and whether the procedures and techniques applied comply with IFRS 13 - Fair Value Measurement, and International Valuation Standards.

Evaluation of goodwill impairment (see note 14 to the consolidated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Group's consolidated statement of financial position includes goodwill for $3,011,272 million COP, resulting from acquisitions made in the current and prior years, on which an impairment assessment is required annually in accordance with IAS 36 - Impairment of Assets. This represents a key audit matter due to the materiality of the goodwill balance, and because it involves the determination of complex and subjective judgments made by the Group in relation to the growth of long-term sales, projected costs and operating margins in the different regions where the Group operates, as well as in the determination of the discount rates used to discount future cash flows.	My audit procedures for the testing of goodwill impairment included, but were not limited to, the following: – Evaluation of the consistency in the distribution of goodwill in the various cash-generating units (CGUs) identified by the Group in relation to the previous year's allocation. – Professionals with relevant industry knowledge and experience assisted me in (1) evaluating the key assumptions used in the impairment tests performed by the Group, including input data, (2) performing independent recalculations supported by information obtained from external sources on the discount rates and macroeconomic variables used, (3) comparing the results of the calculations obtained with those performed by the Group and (4) performing a sensitivity analysis including a possible reasonable reduction in key variables. – Comparison of the previous year's budget with the actual data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's management. – Assessing whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.

Evaluation of the valuation of service concession arrangements (see note 44 to the consolidated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Group has entered into concession agreements for the construction, operation and transfer of infrastructure, which are within the scope of IFRIC 12 - Service Concession Arrangements. The remuneration of these arrangements depends on the terms and conditions of each contract; some incorporate certain mechanisms that give the Group the unconditional right to receive a guaranteed minimum revenue (financial asset), while other arrangements give rise to exposure of the investment in the underlying assets to the traffic risk inherent in the transaction (intangible asset). As of 31 December 2019, the Group's consolidated statement of financial position includes financial assets of $2,347,941 million COP and intangible assets of $3,866,055 million COP, derived from the concession contracts signed. This represents a key audit matter due to the materiality of the balances related to these arrangements, and because their valuation requires significant judgement by the Group in the determination of discount rates and the selection of key input data such as projections of capital investments and operating expenses, incorporated into the financial models used as the basis for the valuation of the amounts derived from each concession contract.	My audit procedures for the evaluation of the valuation of service concession agreements included the involvement of professionals with relevant industry knowledge and experience who assisted me in 1) analyzing the methodology used in the valuation of assets derived from concession contracts, and whether it is consistent with IFRIC 12 and the valuation practices usually used in the market, 2) the identification of the key assumptions included in the financial models and the evaluation of the economic merits of each relevant assumption, 3) the comparison of the key assumptions with market data, if available, and 4) the recalculation of the financial asset/intangible asset, as well as the discount rates used and comparison of the results with those obtained by the Group.

Other matters

The consolidated financial statements as of and for the year ending December 31, 2018 are presented solely for comparative purposes, were audited by another public accountant who in his report expressed an unqualified opinion on those financial statements in their report dated February 22, 2019.

Responsibilities of management and those in charge with corporate governance for the consolidated financial statements

Management is responsible for the preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.
As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group ceases to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements are reasonably presented.

- I obtained appropriate and sufficient audit evidence with respect the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements. I am responsible for directing, supervising and performing the Group audit. I am solely responsible for my audit opinion.

I communicate with those charged with the Company's governance regarding, among other matters, the planned scope and timing for the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements for independence, and to communicate to them all relationships and other matters that may reasonably be considered to influence my independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine the matters that were of most significance in the audit of the consolidated financial statements for the current period and, therefore, are the key audit matters. I describe these matters in my report unless the law or regulation precludes public disclosure of the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to overweight the public interest benefits of such communication.

(Original version issued in Spanish and signed by)
Johana Novoa Cucunubá
Statutory Auditor of Grupo Argos S.A.
Professional License 166943 - T
Member of KPMG S.A.S.

February 26, 2020

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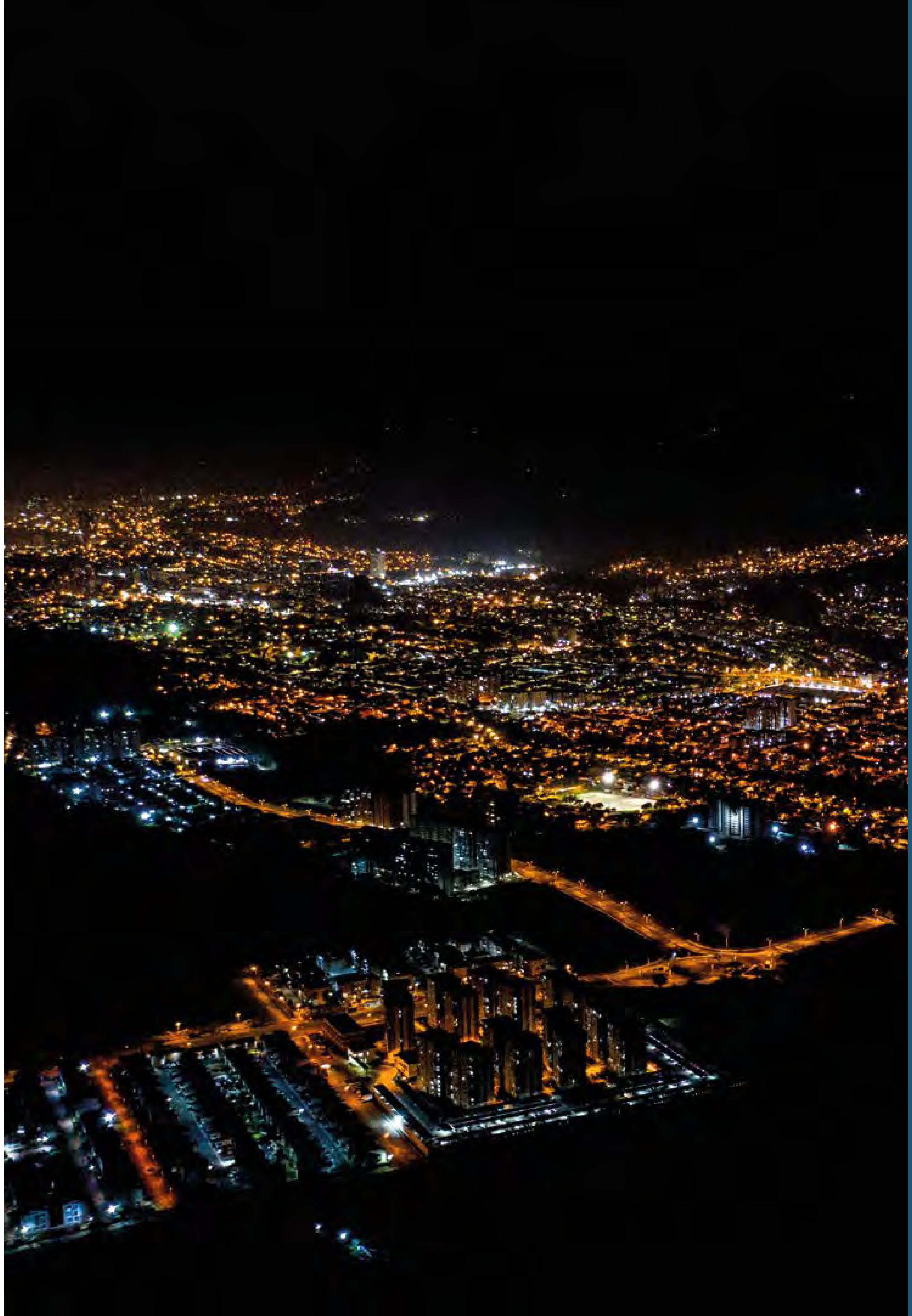

Ibagué, Colombia

SEPARATE FINANCIAL STATEMENTS

Grupo Argos S.A.

Separate Statement of Financial Position

As at December 31 | In millions of Colombian pesos

	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents	6	**1,729**	4,850
Derivative financial instruments	7	**-**	2,932
Trade and other accounts receivable, net	8	**223,804**	166,415
Inventories, net	9	**169,602**	172,868
Tax assets	10	**30,237**	6,284
Prepaid expenses and other non-financial assets	12	**1,189**	1,656
Current assets		426,561	355,005
Non-current assets held for sale	18	24,478	-
TOTAL CURRENT ASSETS		**451,039**	**355,005**
Non-current assets			
Trade and other accounts receivable, net	8	**96,511**	107,903
Inventories, net	9	**37,204**	36,747
Right-to-use assets (property, plant and equipment), net	20	**12,817**	-
Intangible assets, net	13	**107,005**	119,633
Property, plant and equipment, net	14	**1,452**	2,022
Investment properties	15	**2,108,346**	2,105,213
Investments in associates and joint ventures	16	**5,248,263**	5,072,386
Investments in subsidiaries	17	**8,925,402**	9,070,962
Other financial assets	11	**1,167,807**	1,076,533
Prepaid expenses and other non-financial assets	12	**4,666**	-
TOTAL NON-CURRENT ASSETS		**17,709,473**	**17,591,399**
TOTAL ASSETS		**18,160,512**	**17,946,404**

Grupo Argos S.A.

Separate Statement of Financial Position

As at December 31 | In millions of Colombian pesos

	Notes	2019	2018
LIABILITIES			
Current liabilities			
Borrowings	19	**4,252**	119,106
Lease liabilities	20	**2,036**	-
Employee benefit liabilities	21	**12,404**	11,414
Provisions	22	**322**	701
Trade and other accounts payable	23	**93,764**	90,551
Tax liabilities	10	**1,974**	23,811
Derivative financial instruments	7	**42**	175
Bonds and compound financial instruments	24	**8,274**	121,691
Other non-financial liabilities	25	**53,332**	25,419
TOTAL CURRENT LIABILITIES		**176,400**	**392,868**
Non-current liabilities			
Borrowings	19	**497,757**	738,047
Lease liabilities	20	**10,264**	-
Deferred tax	10	**195,402**	182,086
Employee benefit liabilities	21	**2,785**	1,865
Derivative financial instruments	7	**-**	85
Bonds and compound financial instruments	24	**1,105,207**	655,517
TOTAL NON-CURRENT LIABILITIES		**1,811,415**	**1,577,600**
TOTAL LIABILITIES		**1,987,815**	**1,970,468**
Equity			
Share capital	26	**53,933**	53,933
Share issue premium	26	**1,354,759**	1,354,759
Retained earnings		**8,701,448**	8,686,431
Reserves	27	**3,513,161**	3,001,515
Income for the year		**482,739**	811,676
Other equity components	28	**301,188**	374,968
Other comprehensive income	27	**1,765,469**	1,692,654
TOTAL EQUITY		**16,172,697**	**15,975,936**
TOTAL LIABILITIES AND EQUITY		**18,160,512**	**17,946,404**

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

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Johana Novoa Cucunuba
Statutory Auditor | Professional License No. 166943-T
Member of KPMG S.A.S.
(See report dated February 26, 2020)

Grupo Argos S.A.

Separate Statement of Comprehensive Income

Years ending on December 31 | In millions of Colombian pesos, except for earnings per share

	Notes	2019	2018
Revenue from ordinary activities	30	845,609	1,379,703
Cost of ordinary activities	31	(99,480)	(308,397)
Gross profit		746,129	1,071,306
Administration expenses	32	(141,761)	(139,750)
Sales expenses	33	(1,234)	(1,581)
Structural expenses		(142,995)	(141,331)
Other (expenses) income, net	35	(4,481)	27,750
Profit from operational activities		598,653	957,725
Financial expenses, net	36	(102,653)	(111,050)
Profit before tax		496,000	846,675
Income tax	10	(13,261)	(34,999)
NET PROFIT		482,739	811,676

	Notes	2019	2018
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (*)			
Attributable to shareholders			
Basic	37	563	947
Diluted	37	563	947

*Figures in Colombian pesos
The accompanying notes are an integral part of the financial statements.

Jorge Mario Velásquez Jaramillo
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Grupo Argos S.A.

Separate Statement of Other Comprehensive Income

Years ending on December 31 | In millions of Colombian pesos

	Notes	2019	2018
NET PROFIT		482,739	811,676
Entries that will not be reclassified after presenting the statement of income for the period	27.2	98,637	(299,427)
Gains and losses from equity investments		85,877	(195,418)
New measurements of employee defined benefit liabilities		(5,809)	2,145
Deferred taxes for employee defined benefits		876	(1,152)
Share in other comprehensive income of subsidiaries, net		17,693	(105,002)
Entries that will be reclassified after presenting the statement of income for the period	27.2	(16,719)	431,783
Effect of cash flow hedging instruments		(235)	189
Deferred tax from cash flow hedging instruments		60	(47)
Share in other comprehensive income of subsidiaries, net		(16,544)	431,641
OTHER COMPREHENSIVE INCOME, AFTER TAX	27.2	81,918	132,356
TOTAL COMPREHENSIVE INCOME		564,657	944,032

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

Jorge Mario Velásquez Jaramillo
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Grupo Argos S.A.

Separate Statement of Changes in Equity

Years ending on December 31 | In millions of Colombian pesos

	Capital and share issue premium	Legal reserve	Other reserves	Other comprehensive income	Accumulated results	Income for the year	Other equity components	Total equity
PRESENTED BALANCE AS AT DECEMBER 31, 2017	**1,408,692**	**29,665**	**2,800,179**	**1,564,175**	**9,149,828**	**-**	**592,604**	**15,545,143**
Cumulative effect of the adoption of new standards recognized through the equity method (Note 3.1.1)	-	-	-	-	(8,761)	-	-	(8,761)
Adjusted balance as at January 1, 2018	1,408,692	29,665	2,800,179	1,564,175	9,141,067	-	592,604	15,536,382
Income for the period	-	-	-	-	-	811,676	-	811,676
Other comprehensive income for the period, after tax	-	-	-	132,356	-	-	-	132,356
Comprehensive income for the 2018 period	-	-	-	132,356	-	811,676	-	944,032
Ordinary cash dividends declared	-	-	-	-	(211,691)	-	-	(211,691)
Preferred cash dividends declared	-	-	-	-	(69,479)	-	-	(69,479)
Appropriation of reserves	-	-	171,671	-	(171,671)	-	-	-
Transfers to accumulated earnings	-	-	-	1,795	(1,795)	-	-	-
Other variations	-	-	-	(5,672)	-	-	(217,636)	(223,308)
BALANCE AS AT DECEMBER 31, 2018	**1,408,692**	**29,665**	**2,971,850**	**1,692,654**	**8,686,431**	**811,676**	**374,968**	**15,975,936**
PRESENTED BALANCE AS AT DECEMBER 31, 2018	**1,408,692**	**29,665**	**2,971,850**	**1,692,654**	**9,498,107**	**-**	**374,968**	**15,975,936**
Cumulative effect of the adoption of new standards recognized through the equity method (Note 3.1.2)	-	-	-	-	5,595	-	-	5,595
ADJUSTED BALANCE AS AT JANUARY 1, 2019	**1,408,692**	**29,665**	**2,971,850**	**1,692,654**	**9,503,702**	**-**	**374,968**	**15,981,531**
Income for the period	-	-	-	-	-	482,739	-	482,739
Other comprehensive income for the period, after tax	-	-	-	81,918	-	-	-	81,918
Comprehensive income for the 2019 period	-	-	-	81,918	-	482,739	-	564,657
Ordinary cash dividends declared	-	-	-	-	(225,890)	-	-	(225,890)
Preferred cash dividends declared	-	-	-	-	(74,140)	-	-	(74,140)
Appropriation of reserves	-	-	511,646	-	(511,646)	-	-	-
Transfers to accumulated earnings	-	-	-	(9,103)	9,103	-	-	-
Other variations	-	-	-	-	319	-	(73,780)	(73,461)
BALANCE AS AT DECEMBER 31, 2019	**1,408,692**	**29,665**	**3,483,496**	**1,765,469**	**8,701,448**	**482,739**	**301,188**	**16,172,697**

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

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Johana Novoa Cucunuba
Statutory Auditor | Professional
License No. 166943-T
Member of KPMG S.A.S.
(See report dated February 26, 2020)

Grupo Argos S.A.

Separate Statement of Cash Flow

Years ending on December 31 | In millions of Colombian pesos

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT	**482,739**	**811,676**
Adjustments for:		
Income from dividends and shares	**(142,147)**	(129,234)
Income tax expenses recognized in the statement of income for the period	**13,261**	34,999
Equity method in the subsidiaries' statement of income	**(433,902)**	(436,069)
Financial expenses recognized in the statement of income for the period, net	**99,782**	110,096
(Profit) loss recognized for employee benefits and provisions	**(373)**	22
Profit from the sale of non-current assets	**(68,857)**	(403,944)
Profit from fair value measurements	**(59,507)**	(110,619)
Depreciation and amortization of non-current assets	**16,390**	22,102
Impairment loss (recovery) of financial assets recognized in the statement of income for the period, net	**939**	(27)
Impairment of non-current assets and inventory, net	**293**	-
Unrealized exchange difference, recognized with financial instruments in the statement of income	**(42)**	(253)
Other adjustments	**(1,001)**	294
	(92,425)	**(100,957)**
Changes in working capital for:		
Trade and other accounts receivable	**(106,460)**	25,101
Inventories	**48,011**	2,344
Other assets	**361**	15,653
Trade and other accounts payable	**(5,943)**	(5,457)
Other liabilities	**8,030**	(49,080)
Cash used for operations	**(148,426)**	**(112,396)**
Dividends received	**511,473**	432,150
Income tax paid	**(17,029)**	(30,987)
CASH FLOW GENERATION FROM OPERATING ACTIVITIES, NET	**346,018**	**288,767**

Grupo Argos S.A.

Separate Statement of Cash Flow

Years ending on December 31 | In millions of Colombian pesos

	2019	2018
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Financial interest received	9,052	7,074
Acquisition of property, plant and equipment	(95)	(93)
Acquisition of investment properties	(15,739)	-
From the sale of investment properties	54,002	41,547
Acquisition of intangible assets	-	(262)
Acquisition of subsidiaries	(2,019)	(1,083,930)
From the sale of shares in subsidiaries	134,687	659,583
Acquisition of shares in associates and joint ventures	(176,717)	(588)
From the sale of shares in associates and joint ventures	399	-
Acquisition of financial assets	(7,912)	(8,147)
Return on subordinated debt	71,062	57,000
Refund of contributions	4,395	100,945
CASH FLOW GENERATED (USED) BY INVESTMENT ACTIVITIES, NET	**71,115**	**(226,871)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond issuance	450,000	-
Payment of bonds and commercial papers	(115,850)	(350,000)
Increase of other financing instruments	434,300	1,179,276
Reduction of other financing instruments	(790,342)	(786,799)
Payment of lease liabilities	(1,808)	-
Collections from financial derivatives with financial liability hedging	2,538	-
Dividends paid from common shares	(222,756)	(209,260)
Dividends paid from preferred shares	(72,115)	(67,620)
Interest paid	(104,203)	(121,732)
CASH FLOW USED IN FINANCING ACTIVITIES, NET	**(420,236)**	**(356,135)**
DECREASE IN CASH AND CASH EQUIVALENTS, NET	**(3,103)**	**(294,239)**
Cash and cash equivalents at the beginning of the period	4,850	299,082
Effect of varying exchange rate on cash and cash equivalents held in foreign currency	(18)	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,729**	**4,850**

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

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo
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(See attached certificate)

Johana Novoa Cucunuba
Statutory Auditor | Professional License No. 166943-T
Member of KPMG S.A.S.
(See report dated February 26, 2020)

Certification by the Company's Registered Agent

Medellín, February 26, 2020

To Grupo Argos S.A. shareholders
In my capacity as Registered Agent, I hereby attest that the Separate Financial Statements as at December 31, 2019, made public contain no flaws, inaccuracies or material misstatements that could prevent the true financial position or transactions made by Grupo Argos S.A. during the corresponding period from being known.

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent

Certification by the Company's Registered Agent and Accountant

Medellín, February 26, 2020

To Grupo Argos S.A. shareholders
The undersigned Registered Agent and Accountant of Grupo Argos S.A. (hereinafter the Company) do hereby attest that the Company's Separate Financial Statements as at December 31, 2019 and 2018, have been faithfully taken from the accounting books, and that before making them available to you and others, we have certified the following statements contained therein:

a) All assets and liabilities included in the Company's financial statements as at December 31, 2019 and 2018, exist, and all the transactions included therein were made during the years ending on those dates.

b) The economic actions undertaken by the Company during the years ending on December 31, 2019 and 2018, 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 at December 31, 2019 and 2018.

d) All elements have been recognized at their appropriate values according to the Generally Accepted Accounting and Financial Reporting Standards in Colombia.

e) All the economic actions that affect the Company have been properly classified, described, and disclosed in the financial statements.

Jorge Mario Velásquez Jaramillo
CEO | Registered Agent
(See attached certificate)

Claudia Patricia Álvarez Agudelo
Accountant | Professional License No. 69447-T
(See attached certificate)

Johana Novoa Cucunuba
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(See report dated February 26, 2020)

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AUDM&SMDE-EFI2020-5428-P-28054

STATUTORY AUDITOR'S REPORT

To the Shareholders
Grupo Argos S.A.

Statutory auditor´s report on the audit of the financial statements

Opinion

I have audited the separated financial statements of Grupo Argos S.A. (the Company), which comprise the separated statement of financial position as of December 31, 2019 and the separated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and their respective notes, that include significant accounting policies and other explanatory information.

In my opinion, the aforementioned separated financial statements, faithfully taken from the books and attached to this report, present fairly, in all material aspects, the separated financial position of the Company as of December 31, 2019, the separated financial performance, and its separated cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Separated Financial Statements section of my report. I am independent of the Company, in accordance with the Code of Ethics for Accounting Professionals Issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Assurance Information Standards accepted in Colombia together with the ethical requirements that are relevant to my audit of the separated financial statements established in Colombia and I have fulfilled my ethical responsibilities in accordance with these requirements and the aforementioned IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

KPMG

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Evaluation of the valuation of investment properties according to IAS 40 - Investment Properties (see note 15 to the separated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Company's separate statement of financial position at 31 December 2019 includes a significant amount of investment property of $2,108,346 million COP, represented primarily by land measured at fair value through profit or loss. The principal reasons for considering this a key audit matter are (1) there was significant judgment by the Company in determining the key assumptions for the valuation of investment properties and (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the valuations performed, as well as the audit effort involving the use of professionals with specialized skills and knowledge in property valuation.	My audit procedures to assess the valuation of investment properties according to IAS 40 included, but were not limited to, the following: - Evaluation of the design, implementation and operating effectiveness of the key controls established by the Company to determine and recognise the fair value of investment properties, specifically in the review and approval by the Real Estate Strategy Department, of appraisals performed by external professionals with specialized knowledge in real estate valuation hired by the Company. - Assessment of the competence and capacity of external professionals hired by the Company, that determined the fair value of the investment properties. - Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in assessing the key assumptions used by the external professionals hired by the Company to determine the fair value of investment properties, and whether the procedures and techniques applied comply with IFRS 13 - Fair Value Measurement, and International Valuation Standards.

KPMG

Evaluation of the recoverability of investments in subsidiaries and a significant associate (see notes 16 and 17 to the separated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Company's separate statement of financial position as of 31 December 2019 includes investments in subsidiaries and a significant associate of $13,293,515 million COP, which represent 73% of the Company's total assets. I have identified the evaluation of the recoverability of these investments as a key audit matter because it involves significant judgment in identifying indicators of impairment for these investments. Additionally, due to the materiality of the balance, it is considered one of the areas of greatest attention in the audit.	My audit procedures for assessing the recoverability of investments in subsidiaries and a significant associate included, but were not limited to, the following: - Identification of events, facts and/or circumstances that evidence the existence of any indicators of impairment in relation to investments in subsidiaries based on impairment testing of the various cash generating units in the context of an audit of the consolidated financial statements. - Evaluation of the work performed by the audit team of the significant subsidiaries in the identification of possible indications of impairment in the investments in subsidiaries. - Professionals with relevant industry knowledge and experience assisted me in (1) evaluating the key assumptions used in the impairment testing performed by the Company on its investment in this significant associate, including the input data, (2) performing independent recalculations supported by information obtained from external sources on the discount rate and macroeconomic variables used, and (3) comparing the results of the calculations obtained, with those performed by the Company.

Other matters

The separated financial statements as of and for the year ended December 31, 2018 are presented solely for comparative purposes, were audited by another public accountant who in his report expressed an unmodified opinion on those financial statements in their report dated February 22, 2019.

Responsibility of management and those charged with corporate governance for the separated financial statements

Management is responsible for the preparation and reasonable presentation of this separated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing , implementing and maintaining such internal control as management deems necessary to enable the preparation of separated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

In preparing the separated financial statements, Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separated financial statements

My objectives are to obtain reasonable assurance about whether the separated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separated financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the separated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the separated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separated financial statements, including the disclosures, and whether the separated financial statements represent the underlying transactions and events so that the separated financial statements are reasonably presented.

I communicate with those charged with corporate governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, the related safeguards.

From the matters communicated with those charged with corporate governance, I determine those matters that were of most significance in the audit of the separated financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
Based on the result of my tests, in my concept during 2019:

a) The Company's accounting has been kept pursuant to legal regulations and to accounting techniques.

b) The operations recorded in the accounting ledgers reflects the Company´s bylaws and the decisions of the Assembly of Shareholders.

c) The correspondence, account vouchers, minutes ledger and shares registry ledger are duly kept and maintained.

d) There is concordance between the financial statements that accompany this opinion and the management report prepared by the management, which includes a statement by management of the free flow of invoices issued by vendors or suppliers.

e) The information contained in the payment declarations of contributions to the Comprehensive Social Security System, in particular the information relating to the affiliates and their income contribution base, has been taken from accounting records and supports. The Company is not in arrears for the concept of contributions to the Comprehensive Social Security System.

KPMG

To comply with the requirements of Articles 1.2.1.2. and 1.2.1.5. of the Regulatory Decree 2420 of 2015, in development of the responsibilities of the Statutory Auditor contained in numerals 1° and 3° of Article 209 of the Code of Commerce, related to the evaluation of whether the acts of the Company's directors are in accordance with the bylaws and orders or instructions of the Shareholders' Assembly, and whether there exists adequate measures of internal control, conservation and custody of the Company's assets or those of third parties in its possession, I issued a separate report dated February 26, 2020.

(Original version issued in Spanish and signed by)
Johana Novoa Cucunubá
Statutory Auditor of Grupo Argos S.A.
Professional License 166943 - T
Member of KPMG S.A.S.

February 26, 2020

Data from Article 446, Section 3 of the Code of Commerce

(In Colombian pesos o U.S. dollars, when indicated otherwise)

	2019
1. Expenses in favor of management personnel	41,963,442,684
1.1. Salaries, security payments and other expenses	40,856,970,697
1.2. Representation expenses	305,471,987
1.3. Board of Directors professional fees	801,000,000
2. Professional fees paid to advisors and managers	8,229,338,267
2.1. Technical advice	5,285,712,384
2.2. Legal advice	2,355,266,958
2.3. Financial advice	588,358,925
3. Transfers free of charge	5,490,529,535
4. Advertising expenses	1,743,541,721
5. Public relations expenses	1,306,716,531
6. Investments and assets abroad	60,091,889,126
6.1. Assets abroad	8,500,945,855
6.2. Investments in foreign companies	51,590,943,271
7. Investments in domestic companies	15,289,881,057,539
7.1. Investments in subsidiaries	8,889,039,590,461
7.2. Investments in joint ventures and associates	5,248,262,857,932
7.3. Other investments	1,152,578,609,146
8. Liabilities in foreign currency	588,939,678

Helicoidal bridge, Autopistas del Café
Risaralda, Colombia

APPENDICES

Grupo Argos S.A.

GRI Content Index 2019 Integrated Report

"In accordance with - Core" option of the GRI Standards

General Standard Disclosures

GRI	Description	Location
FOUNDATION		
101	Foundation: a. Reporting Principles b. Using the GRI Standards for sustainability reporting c. Making claims related to the use of the GRI Standards	
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Grupo Argos S.A.
102-2	Activities, brands, products and services	About Us, p. 9
102-3	Location of headquarters	Carrera 43A, # 1A Sur 143. Medellín, Colombia
102-4	Names of the countries where the organization operates or has significant operations	About Us, p. 9
102-5	Ownership and legal form	Grupo Argos S.A.
102-6	Markets served, including geographic locations, sectors served and types of customers and beneficiaries	About Us, p. 9
102-7	Scale of the organization (employees, operations, sales, capitalization, products and services provided)	About Us, p. 8, 9 and 70
102-8	Information on employees and other workers	About Us, p. 8 and Talent and Culture Appendix
102-9	A description of the organization's supply chain	How We Create Value, p. 48
102-10	Significant changes to the organization and its supply chain during the reporting period	Management Report, p. 13
102-11	Precautionary Principle or approach	Integrated Report Appendix
102-12	External initiatives	How We Create Value, p. 9
102-13	Membership of associations	How We Create Value, p. 9
STRATEGY AND RISKS		
102-14	Statement from the most senior decision-maker of the organization about the relevance of sustainability	Management Report, p. 13
102-15	A description of key impacts, risks, and opportunities	How We Create Value, p. 45
GA-ES01	Strategic Risks	How We Create Value, p. 46
GA-ES02	Emerging Risks	Integrated Report Appendix
GA-ES03	Value Added Statement (VAS)	How We Create Value, p. 50 and 51
ETHICS AND INTEGRITY		
102-16	The organization's values, principles, standards and norms of behavior	Ethics and Corporate Governance, p. 62
102-17	Internal and external mechanisms for advice and concerns about ethics	Ethics and Corporate Governance, p. 62
CORPORATE GOVERNANCE		
102-18	Governance structure of the organization, including committees of the highest governance body	Ethics and Corporate Governance, p. 40
102-19	Process for delegating authority for economic, environmental, and social topics	Ethics and Corporate Governance, p. 40
102-20	Executive-level responsibility for economic, environmental, and social topics	Ethics and Corporate Governance, p. 42 and 43
102-21	Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	How We Create Value, p. 47 Integrated Report Appendix
102-22	Composition of the highest governance body and its committees	Ethics and Corporate Governance, p. 40
102-23	Whether the chair of the highest governance body is also an executive officer in the organization	Integrated Report Appendix
102-24	Nomination and selection processes for the highest governance body and its committees	Integrated Report Appendix
102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Integrated Report Appendix
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics	Ethics and Corporate Governance, p. 40; Integrated Report Appendix
102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	Integrated Report Appendix
102-28	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. Whether such evaluation is independent or not, and its frequency	Integrated Report Appendix
102-29	Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks and opportunities	Integrated Report Appendix
102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics	Board of Directors, pp. 40 and 41. Integrated Report Appendix
102-31	Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities	Integrated Report Appendix
102-32	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered	Integrated Report Appendix
102-33	Process for communicating critical concerns to the highest governance body	Integrated Report Appendix
102-34	Total number and nature of critical concerns that were communicated to the highest governance body. Mechanism(s) used to address and resolve critical concerns.	Integrated Report Appendix
102-35	Remuneration policies for the highest governance body and senior executives	Integrated Report Appendix
102-36	Process for determining remuneration	Integrated Report Appendix
102-37	How stakeholders' views are sought and taken into account regarding remuneration. If applicable, the results of votes on remuneration policies and proposals.	Integrated Report Appendix
STAKEHOLDER ENGAGEMENT		
102-40	A list of stakeholder groups engaged by the organization	How We Create Value, p. 47
102-42	Identifying and selecting stakeholders	How We Create Value, p. 47
102-43	The organization's approach to stakeholder engagement	How We Create Value, p. 47
102-44	Key topics and concerns that have been raised through stakeholder engagement	How We Create Value, p. 47
REPORTING PRACTICE		
102-45	A list of entities included in the organization's consolidated financial statements or equivalent documents	About this Report, p. 5
102-46	The process for defining the report content and the topic boundaries	Materiality Analysis, p. 5
102-47	List of material topics	Materiality Analysis, pp. 4 and 56
102-48	Restatements of information given in previous reports, and the reasons for such restatements	About this Report, p. 5
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	About this Report, p. 5
102-50	Reporting period	About this Report, p. 5
102-51	Date of most recent report	About this Report, p. 5
102-52	Reporting cycle	About this Report, p. 5
102-53	The contact point for questions regarding the report or its contents	About this Report, p. 5
102-54	Claims of reporting in accordance with the GRI Standards	About this Report, p. 4
102-55	GRI Content Index	GRI Content Index
102-56	External assurance	External Assurance Letter

General Standard Disclosures

GRI	Description	Location
DRIVER 1: STRATEGIC OVERSIGHT		
103	Management Approach (DMA)	Strategic Oversight, pp. 58 and 59
103-1	Explanation of the material topic and its boundary	Strategic Oversight, p. 58
103-2	The management approach and its components	Strategic Oversight, pp. 58 and 59
103-3	Evaluation of the management approach	Strategic Oversight, p. 59
DRIVER 2: FINANCIAL MANAGEMENT		
103	Management Approach (DMA)	Financial Management, pp. 60 and 61
103-1	Explanation of the material topic and its boundary	Financial Management, p. 60
103-2	The management approach and its components	Financial Management, p. 60
103-3	Evaluation of the management approach	Financial Management, pp. 60 and 61
GA-EF01	Gross Debt / Dividends	Financial Management, p. 61
DRIVER 3: ETHICS AND CORPORATE GOVERNANCE		
103	Management Approach (DMA)	Ethics and Corporate Governance, pp. 62 and 63
103-1	Explanation of the material topic and its boundary	Ethics and Corporate Governance, p. 62
103-2	The management approach and its components	Ethics and Corporate Governance, pp. 62 and 63
103-3	Evaluation of the management approach	Ethics and Corporate Governance, p. 63
205-1	Operations assessed for risks related to corruption	Integrated Report Appendix
205-2	Communication and training about anti-corruption policies and procedures	Integrated Report Appendix
205-3	Confirmed incidents of corruption and actions taken	Integrated Report Appendix
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Integrated Report Appendix
307-1	Non-compliance with environmental laws and regulations	Integrated Report Appendix
419-1	Non-compliance with laws and regulations in the social and economic area	Integrated Report Appendix
GA-EG01	Possible breaches of the Code of Conduct	Integrated Report Appendix
GA-EG02	Diversity criteria in the selection of the Board of Directors	Integrated Report Appendix
GA-EG03	General and specific experience of the Board members in the industry	Integrated Report Appendix
GA-EG04	Commitment to Human Rights	Integrated Report Appendix
DRIVER 4: SUSTAINABILITY VISION		
103	Management Approach (DMA)	Sustainability Vision, pp. 64 and 65
103-1	Explanation of the material topic and its boundary	Sustainability Vision, p. 64
103-2	The management approach and its components	Sustainability Vision, pp. 64 and 65
103-3	Evaluation of the management approach	Sustainability Vision, p. 65
302-1	Energy consumption within the organization	Integrated Report Appendix
302-3	Energy intensity	Integrated Report Appendix
303-3	Water withdrawal by source	Integrated Report Appendix
303-5	Water consumption	Integrated Report Appendix
305-1	Direct GHG emissions (Scope 1)	Integrated Report Appendix
305-2	Indirect GHG emissions (Scope 2)	Integrated Report Appendix
305-4	GHG emissions intensity	Sustainability Vision, p. 66 and Integrated Report Appendix
405-1	Diversity of governance bodies and employees	Sustainability Vision, p. 66; Talent and Culture, p. 70.
GA-VS01	Water consumption (m^3) / COP million of income	Sustainability Vision, p. 66 and Integrated Report Appendix
GA-VS02	Percentage of water supply sources protected	Sustainability Vision, p. 66 and Integrated Report Appendix

GRI	Description	Location
GA-VS03	Employee commitment	Sustainability Vision, p. 67
DRIVER 5: IDENTITY AND ENGAGEMENT		
103	Management Approach (DMA)	Identity and Engagement, pp. 68 and 69
103-1	Explanation of the material topic and its boundary	Identity and Engagement, p. 68
103-2	The management approach and its components	Identity and Engagement, pp. 68 and 69
103-3	Evaluation of the management approach	Identity and Engagement, pp. 68 and 69
415-1	Political contributions	Integrated Report Appendix
GA-IR01	Taxes paid	Integrated Report Appendix
DRIVER 6: TALENT AND CULTURE		
103	Management Approach (DMA)	Talent and Culture, pp. 70 and 71
103-1	Explanation of the material topic and its boundary	Talent and Culture, p. 70
103-2	The management approach and its components	Talent and Culture, pp. 70 and 71
103-3	Evaluation of the management approach	Talent and Culture, pp. 70 and 71
102-41	Collective bargaining agreements	Integrated Report Appendix
401-1	New employee hires and employee turnover	Integrated Report Appendix
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Integrated Report Appendix
404-1	Average hours of training per year per employee	Talent and Culture, p. 71; Integrated Report Appendix
404-3	Percentage of employees receiving regular performance and career development reviews	Integrated Report Appendix
405-1	Diversity of governance bodies and employees	Sustainability Vision, p. 66; Talent and Culture, p. 70.
405-2	Ratio of basic salary and remuneration of women to men	Integrated Report Appendix
412-2	Employee training on human rights policies or procedures	Integrated Report Appendix
403-9	Work-related injuries	Integrated Report Appendix
403-10	Work-related ill health	Integrated Report Appendix
GA-SST01	Frequency rate of work-related ill health of employees	Integrated Report Appendix
GA-SST02	Frequency rate of work-related ill health of contractors	Integrated Report Appendix
GA-SST03	Frequency rate of employee injuries in time lost	Integrated Report Appendix
GA-SST04	Frequency rate of contractor injuries in time lost	Integrated Report Appendix

To see the appendices of the Integrated Report, scan this code.

Deloitte.

Independent Review Memorandum

Independent Review of the 2019 Integrated Report – Grupo Argos

Responsibilities of the Management of Grupo Argos and Deloitte

The preparation of the 2019 Integrated Report of Grupo Argos, between January 1st and December 31 of 2019, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company.

We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Annual Management Report.

Scope of Our Work

We have carried out the review of the content adaptation of Grupo Argos Integrated Report 2019, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

Standards and review processes

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of Grupo Argos that have participated in the elaboration of the Integrated Report 2019, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with Grupo Argos employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined, based on the materiality exercise according to the GRI Standards
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI, DJSI and Grupo Argos internal indicators included in the 2019 Integrated Report, and proper compilation from the data supplied by Grupo Argos the sources of information.

Confirmation that the 2019 Integrated Report of Grupo Argos has been prepared in accordance with GRI Standards: Core option "in accordance".

General contents:

It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.

Specific contents:

We review the management approach, the GRI, DJSI and internal contents of its material issues:

	GRI content and / or own indicator of Grupo Argos
Ethics and Corporate Governance	205-1, 205-2, 205-3, GA-EG04 Human Rights Engagement
Sustainability Vision	302-1, 303-5, 305-1, 305-2, 405-1, GA-VS01 Water consumption (m3) / million pesos (COP) of incomes, GA-VS3 Geographical diversity.
Identity and Relationship	415-1
Talent and Culture	401-1, 404-1, 404-3, 412-2, 403-9, 403-10

Conclusions

Based on the work carried out described in this report, the procedures carried out and the evidence obtained, no subject matter has come to our knowledge that leads us to think that the indicators within the scope of the review and included in the 2019 Integrated Report of Grupo Argos for the period between January 1 and December 31, 2019, have not met all the requirements for the preparation of reports, in accordance with the essential option of the Global Reporting Initiative (GRI) Standards. For those indicators of the GRI Standards where Grupo Argos did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.

Alternative lines of actions

Deloitte has provided Grupo Argos a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

Declaration of Independence

We confirm our independence from Grupo Argos. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with Grupo Argos, its subsidiaries and its stakeholders.

Deloitte asesores y consultores
Jorge Enrique Múnera D.
Partner | Bogotá, april 2020

Self-Assessment of the Application of Integrated Reporting Principles and Disclosures

The 2019 Integrated Report has been prepared following the principles and elements of the International Integrated Report Council (IIRC) to report to stakeholders the material topics that affect the Organization's capacity to generate value and its coordination with the business model and strategy, considering the different risks and opportunities that arise for the Business Group.

Integrated Reporting Guidelines Applied

Strategic Approach and Future Direction

Since the business model and the way in which the Holding Company creates value are presented from the beginning of the report, it provides information on the Organization's strategy and how it relates to the capacity to generate value in the short, medium and long term. The Our Business section presents the objectives and components of Grupo Argos' value creation process, which are part of sustainable action, as well as their use and effects on the capitals presented throughout the report, and the contribution of the management of said objectives and the strategic risks. The chapters describe the actions carried out and to be implemented by the Parent Company and its subsidiaries in the short, medium and long term for the achievement of the Holding Company's objectives. Grupo Argos will keep working to disclose its long-term goals in a timely manner and present the analyses conducted with respect to the perspectives of its businesses and investments in the national and international sphere.

Information Connectivity

This report has been structured to provide a holistic approach on the combinations, interrelationships and dependencies between the factors that affect the Organization's capacity to create value over time, as well as the connections between them and the objectives and performance of the Holding Company and its subsidiaries with respect to the material aspects. The material aspects have been grouped in the economic, social or environmental dimensions, which include Grupo Argos' strategic guidelines for its subsidiaries and the management of the Holding Company in each material aspect.

Stakeholder Engagement

The Grupo Argos 2018 Integrated Report provides information on the nature, mechanisms and quality of the Organization's relations with its key stakeholders in the Stakeholder Engagement section, including how and to what extent the Organization understands, takes into account and responds to the legitimate expectations and interests of stakeholders to generate a value proposition and maintain permanent dialogs. In addition, throughout the report, we have highlighted how the management of material topics responds to these expectations and interests.

Materiality

A materiality analysis was conducted in 2018, in which representatives of different stakeholders were consulted, as well as sources of information on different local and international practices and standards, which enabled the identification of three priority topics, six significant topics and six emerging or maintenance topics. The results have been incorporated into this 2019 report, presenting qualitative and quantitative information better adapted to each material topic and to the positive and negative impacts generated by the Holding Company, and the way in which these are taken into account in the value creation process and in the investment or divestment decisions.

Concision

Progress has been made in adherence to the Integrated Reporting Framework by presenting a report that more clearly and concisely presents the most significant matters for the Holding Company and the relations that exist between them, the business model, the strategy and the way in which the Holding Company creates value in the short, medium and long term, as well as how the stakeholders have an impact on the management of the material topics.

Bogotá, Colombia

Medellín, Colombia

Reliability and Completeness

To prove the reliability of the reported information, we have subjected the reported data to an accounting audit by the KPMG S.A.S. firm, as Statutory Auditor of the Company. Senior Management reviewed and approved the Integrated Report and also put Deloitte & Touche in charge of the limited assurance of the social, environmental and economic indicators.

Compatibility and Consistency

By applying the guidelines of the Global Reporting Initiative (GRI) Standards “in accordance” with the Core option, information has been reported based on what is constant over time and in a way that will allow the historical comparison of the Holding Company and its subsidiaries, as well as with other organizations of the sector. Below are the elements of the Integrated Report's framework that have been applied in the creation of this report.

	Aspects Included	Section
General Vision of the Organization and the External Environment	Business model and its relationship with the creation of value	Our Business
	Grupo Argos’ share portfolio	Management Report
	Geographical presence of the holding company’s businesses	About Us
Corporate Governance	Structure of the Board of Directors and the Steering Committee	About Us / Board of Directors, Steering Committee, CEO Committee Chapter: Ethics and Corporate Governance
	Committees and responsibilities of the Board of Directors	
	Good practices for the Board of Directors: appointment, election, remuneration, training and evaluation of the Board of Directors	
	Codes and guides for ethical behavior in the Holding Company	Chapter: Ethics and Corporate Governance
Business Model	Business model and its relationship with the creation of value	Our Business
Risks and Opportunities	Strategic risks and mitigation activities of the Holding Company	Our Business / How We Generate Value Chapter: Sustainability Vision
	ESG risks and opportunities of the Holding Company	
Strategy and Allocation of Resources	Business model for obtaining results	Our Business Sustainability Vision
	Sustainability Strategy	
Performance	Financial performance of subsidiaries	Management Report. Chapter: Efficient Management of Capital, Financial Statements
	Performance and results for the Holding Company and its subsidiaries in the triple bottom line accounting framework	Chapters: Sustainability Vision, Talent and Culture, Ethics and Corporate Governance
Future Projection	In stakeholder engagement	Our Business / Stakeholders
	In management of ethics, transparency and anti-corruption mechanisms	Chapter: Ethics and Corporate Governance
	In financial capital management	Management Report. Chapter: Efficient Management of Capital, Financial Statements
	In intellectual capital management	Chapter: Sustainability Vision
	In industrial capital management	About Us: Celsia 2019 Integrated Report, Cementos Argos 2019 Integrated Report, Odinsa 2019 Annual Report
	In natural capital management	Chapter: Sustainability Vision
	In human capital management	Chapter: Talent and Culture
	In share capital management	Chapter: Sustainability Vision, Talent and Culture, Fundación Grupo Argos Report
Basis for Preparation and Presentation	Contextualization and progress of the Integrated Report	About this Report
	Identification of material aspects as regards sustainability and value creation	Our Business / How We Generate Value, Materiality Analysis

In conclusion, there has been positive progress with respect to compliance with the Integrated Reporting Framework compared to 2018 and the necessary steps have been taken to ensure the integrity thereof. Even so, the Business Group is aware of the challenges and opportunities for improvement to move increasingly closer to full compliance with the framework.

Camilo Abello Vives
Senior Director of Sustainability

GRAPHICAL AND DESIGN EDITING
Taller de Edición
www.tallerdeedicion.co

PRINTING
Marquillas S.A.

The Grupo Argos teams took part in the preparation of this Integrated Report, under the coordination of Sustainability and Communications.

Grupo Argos S.A. and subsidiaries

Consolidated financial statements
as at 31 December 2019 and 2018

CONTENTS

Grupo Argos S.A. and subsidiaries

Consolidated statement of financial position

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,474,008	2,647,532
Derivative financial instruments	7	5,786	10,392
Trade and other receivables	8	2,653,211	2,124,022
Inventories, net	9	1,252,938	1,291,909
Tax assets	10	359,762	383,767
Biological assets	20	9,157	9,360
Other financial assets	11	123,626	72,948
Prepaid expenses and other non-financial assets	12	195,625	244,963
CURRENT ASSETS		**7,074,113**	**6,784,893**
Non-current assets held for sale	13	76,744	40,030
TOTAL CURRENT ASSETS		**7,150,857**	**6,824,923**
NON-CURRENT ASSETS			
Trade and other receivables	8	2,493,612	2,632,020
Inventories, net	9	37,204	36,747
Goodwill	14	3,011,272	3,142,650
Right-of-use assets (property, plant and equipment), net	22	1,071,329	-
Intangibles assets, net	15	4,974,447	3,958,849
Property, plant and equipment, net	16	19,082,640	19,332,437
Investment property	17	2,317,216	2,298,386
Investments in associates and joint ventures	18	8,919,368	8,653,207
Derivative financial instruments	7	3,675	309
Deferred tax	10	481,596	515,693
Biological assets	20	48,444	48,225
Other financial assets	11	1,286,634	1,193,298
Prepaid expenses and other non-financial assets	12	120,140	11,137
TOTAL NON-CURRENT ASSETS		**43,847,577**	**41,822,958**
TOTAL ASSETS		**50,998,434**	**48,647,881**

Grupo Argos S.A. and subsidiaries

Consolidated statement of financial position

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2019	2018
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	21	1,587,714	2,613,133
Lease liabilities	22	164,605	-
Employee benefits liabilities	23	250,091	241,141
Provisions	24	336,153	337,855
Trade and other payables	25	2,734,393	2,449,899
Tax liabilities	10	266,715	210,324
Derivative financial instruments	7	16,353	525
Bonds and compound financial instruments	26	951,924	665,719
Other financial liabilities		16,030	-
Other non-financial liabilities	27	460,758	484,219
TOTAL CURRENT LIABILITIES		**6,784,736**	**7,002,815**
NON-CURRENT LIABILITIES			
Financial liabilities	21	5,118,140	6,364,008
Lease liabilities	22	898,276	-
Deferred tax	10	1,361,035	1,345,771
Employee benefits liabilities	23	441,254	435,568
Provisions	24	238,392	306,615
Trade and other payables	25	268,515	278,509
Derivative financial instruments	7	48,719	22,750
Bonds and compound financial instruments	26	8,838,335	6,854,570
Other non-financial liabilities	27	510,775	464,538
TOTAL NON-CURRENT LIABILITIES		**17,723,441**	**16,072,329**
TOTAL LIABILITIES		**24,508,177**	**23,075,144**

Grupo Argos S.A. and subsidiaries

Consolidated statement of financial position

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2019	2018
EQUITY			
Share capital	28	53,933	53,933
Additional paid-in capital	28	1,354,759	1,354,759
Retained earnings		9,022,034	9,147,229
Reserves	29	3,513,161	3,001,515
Profit for the year		689,565	671,327
Other components of equity	30	(165,142)	(178,650)
Other comprehensive income	29	2,364,976	2,375,778
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**16,833,286**	**16,425,891**
Non-controlling interests	32	9,656,971	9,146,846
TOTAL EQUITY		**26,490,257**	**25,572,737**
TOTAL LIABILITIES AND EQUITY		**50,998,434**	**48,647,881**

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

Jorge Mario Velásquez Jaramillo
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Legal representative
(See attached certification)

Claudia Patricia Álvarez Agudelo
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Professional card No. 69447-T
(See attached certification)

Johana Novoa Cucunuba
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(See report of 26 February 2020)

Grupo Argos S.A. and subsidiaries

Consolidated statement of income

Years ended as at 31 December | Figures stated in millions of Colombian pesos, except earnings per share

	Notes	2019	2018
REVENUE	33	**16,798,588**	**14,294,675**
Cost of ordinary activities	34	(12,265,012)	(10,211,393)
GROSS PROFIT		**4,533,576**	**4,083,282**
Administrative expenses	35	(1,572,758)	(1,350,938)
Selling expenses	36	(280,020)	(262,184)
STRUCTURE EXPENSES		**(1,852,778)**	**(1,613,122)**
Other income, net	37	395,675	129,551
PROFIT FROM OPERATING ACTIVITIES		**3,076,473**	**2,599,711**
Financial expenses, net	38	(1,213,041)	(1,062,686)
PROFIT BEFORE TAX		**1,863,432**	**1,537,025**
Income tax	10	(607,295)	(342,907)
NET PROFIT		**1,256,137**	**1,194,118**
Attributable to:			
CONTROLLING INTERESTS		**689,565**	**671,327**
Non-controlling interests		566,572	522,791
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (*)	39		
Attributable to common shareholders of the owner company:			
Basic (*)		804	783
Diluted (*)		804	783

(*) Figures stated in Colombian pesos.

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Grupo Argos S.A. and subsidiaries

Consolidated statement of other comprehensive income

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	2019	2018
NET INCOME	**1,256,137**	**1,194,118**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**81,980**	**(175,185)**
Gains or losses of equity investments	83,847	(192,300)
Deferred tax on equity investment	219	(493)
Remeasurement of employee defined benefit liabilities	(19,969)	236
Deferred tax on employee defined benefit liabilities	5,274	1,998
Gains or losses on property, plant and equipment revaluation	(487)	391
Deferred tax on property, plant and equipment revaluation	93	109
Share in associates and joint ventures	13,003	14,874
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**(71,863)**	**763,477**
Net profit from instruments under cash flow hedges	12,011	(95,218)
Deferred tax on cash flow hedges	9,305	60,741
Exchange differences on translating foreign operations	(25,164)	816,306
Deferred tax on translating foreign operations	(1,029)	4,344
Share in associates and joint ventures	(66,986)	(22,696)
OTHER COMPREHENSIVE INCOME, NET OF TAX	**10,117**	**588,292**
TOTAL COMPREHENSIVE INCOME	**1,266,254**	**1,782,410**
Attributable to:		
CONTROLLING INTERESTS	**688,668**	**893,673**
Non-controlling interests	577,586	888,737

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Grupo Argos S.A. and subsidiaries

Consolidated statement of changes in equity

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Share capital and additional paid-in capital	Legal Reserve	Other Reserves	Other Compre-hensive Income	Retained earnings and profit for the year	Other components of equity	Attributable to owners of the controlling company	Non-controlling interests	Total Equity
Balance disclosed as at 31 December 2017	**1,408,692**	**29,665**	**2,800,179**	**2,159,131**	**9,655,665**	**(7,225)**	**16,046,107**	**8,261,041**	**24,307,148**
Accumulated effect of the adoption of new standards (Note 3.1.1)	-	-	-	-	(21,284)	-	(21,284)	(4,076)	(25,360)
Accumulated effect of the adoption of new standards by the equity method for associates and joint ventures (Note 3.1.1)	-	-	-	-	(33,388)	-	(33,388)	(4,562)	(37,950)
Adjusted balance as at 1 January 2018	**1,408,692**	**29,665**	**2,800,179**	**2,159,131**	**9,600,993**	**(7,225)**	**15,991,435**	**8,252,403**	**24,243,838**
Profit for the period	-	-	-	-	671,327	-	671,327	522,791	1,194,118
Other comprehensive income for the period, net of tax	-	-	-	222,346	-	-	222,346	365,946	588,292
Comprehensive income for the period	**-**	**-**	**-**	**222,346**	**671,327**	**-**	**893,673**	**888,737**	**1,782,410**
Issuance of shares and convertible instruments	-	-	-	-	-	-	-	697,513	697,513
Ordinary cash dividends declared	-	-	-	-	(211,691)	-	(211,691)	(405,744)	(617,435)
Preferred cash dividends declared	-	-	-	-	(69,479)	-	(69,479)	(23,174)	(92,653)
Appropriation of reserves	-	-	171,671	-	(171,671)	-	-	-	-
Equity method for associates and joint ventures	-	-	-	-	-	4,036	4,036	631	4,667
Transfer from other comprehensive income to retained earnings	-	-	-	(5,708)	-	5,708	-	-	-
Purchases and sales to non-controlling interests	-	-	-	-	-	(172,982)	(172,982)	(212,084)	(385,066)
Other variations	-	-	-	9	(923)	(8,187)	(9,101)	(51,436)	(60,537)
Balance as at 31 December 2018	**1,408,692**	**29,665**	**2,971,850**	**2,375,778**	**9,818,556**	**(178,650)**	**16,425,891**	**9,146,846**	**25,572,737**

GRUPO ARGOS

Grupo Argos S.A. and subsidiaries

Consolidated statement of changes in equity

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Share capital and additional paid-in capital	Legal Reserve	Other Reserves	Other Compre-hensive Income	Retained earnings and profit for the year	Other components of equity	Attributable to owners of the controlling company	Non-controlling interests	Total Equity
Balance disclosed as at 31 December 2018	**1,408,692**	**29,665**	**2,971,850**	**2,375,778**	**9,818,556**	**(178,650)**	**16,425,891**	**9,146,846**	**25,572,737**
Accumulated effect of the adoption of new standards (Note 3.1.2)	-	-	-	-	5,595	-	5,595	5,928	11,523
Adjusted balance as at 1 January 2019	**1,408,692**	**29,665**	**2,971,850**	**2,375,778**	**9,824,151**	**(178,650)**	**16,431,486**	**9,152,774**	**25,584,260**
Profit for the period	-	-	-	-	689,565	-	689,565	566,572	1,256,137
Other comprehensive income for the period, net of tax	-	-	-	(897)	-	-	(897)	11,014	10,117
Comprehensive income for the period	**-**	**-**	**-**	**(897)**	**689,565**	**-**	**688,668**	**577,586**	**1,266,254**
Issuance of shares and convertible instruments	-	-	-	-	-	-	-	164,496	164,496
Ordinary cash dividends declared	-	-	-	-	(225,890)	-	(225,890)	(520,243)	(746,133)
Preferred cash dividends declared	-	-	-	-	(74,140)	-	(74,140)	(24,638)	(98,778)
Appropriation of reserves	-	-	511,646	-	(511,646)	-	-	-	-
Equity method for associates and joint ventures	-	-	-	-	-	53,039	53,039	5,313	58,352
Transfer from other comprehensive income to retained earnings	-	-	-	(9,797)	9,797	-	-	-	-
Purchases and sales to non-controlling interests	-	-	-	-	-	(36,789)	(36,789)	(99,522)	(136,311)
Business combinations	-	-	-	-	-	-	-	446,220	446,220
Other variations	-	-	-	(108)	(238)	(2,742)	(3,088)	(45,015)	(48,103)
Balance as at 31 December 2019	**1,408,692**	**29,665**	**3,483,496**	**2,364,976**	**9,711,599**	**(165,142)**	**16,833,286**	**9,656,971**	**26,490,257**

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

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(See report of 26 February 2020)

Grupo Argos S.A. and subsidiaries

Consolidated statement of cash flows

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT	**1,256,137**	**1,194,118**
Adjustments by:		
Dividend and interest income	(49,033)	(55,103)
Income tax expense recognized through profit or loss	607,295	342,907
Share in results of associates and joint ventures	(488,763)	(485,181)
Financial expense, net recognized through profit for the period	977,001	837,854
Expenses recognized in respect to employee benefits and provisions	93,241	140,752
Gain on disposal of non-current assets	(723,013)	(135,928)
Gain on fair value measurement	(105,887)	(196,283)
Gain on acquisition on advantageous terms	(40,411)	-
Impairment, net of financial assets	38,539	4,491
Impairment, net of non-current assets and inventory	124,503	12,216
Depreciation and amortization of non-current assets	1,711,055	1,346,956
Unrealized foreign exchange gains and losses on financial instruments	(85,510)	(7,432)
Other adjustments to reconcile profit for the year	(11,953)	(61,167)
	3,303,201	**2,938,200**
CHANGES IN WORKING CAPITAL OF:		
Trade and other receivables	111,558	922,834
Inventories	1,045	(144,616)
Other assets	25,668	(1,896)
Trade and other payables	(148,493)	(416,793)
Other liabilities	(53,014)	(78,280)
CASH GENERATED BY OPERATIONS	**3,239,965**	**3,219,449**
Income tax paid	(483,962)	(409,816)
Dividends and interests received	561,408	150,519
NET CASH FLOW FROM OPERATING ACTIVITIES	**3,317,411**	**2,960,152**

CASH FLOW FROM INVESTING ACTIVITIES		
Financial interest received	60,218	43,671
Acquisition of property, plant and equipment	(1,370,868)	(1,173,265)
Proceeds from the sale of property, plant and equipment	805,395	183,907
Acquisition of investment property	(15,739)	(242)
Proceeds from the sale of investment property	60,821	41,965
Acquisition of intangible assets	(114,603)	(98,947)
Proceeds from the sale of intangible assets	214	3,922
Acquisition of other non-current assets	(50)	-
Proceeds from the sale of other non-current assets	8,044	24,088
Acquisition of control of subsidiaries and other businesses	(1,706,883)	-
Sale of businesses with loss of control	1,233,221	245,145
Acquisition of interests in associates and joint ventures	(289,143)	(114,524)
Proceeds from the sale of investments in associates and joint ventures	142,005	-
Acquisition of financial assets	(335,624)	(87,639)
Proceeds from the sale of financial assets	278,490	38,400
Loans granted to third parties	(85,355)	-
Payments for financial derivative arrangements	-	(1,628)
Other cash inflows / outflows	5,857	115,969
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(1,324,000)**	**(779,178)**

Grupo Argos S.A. and subsidiaries

Consolidated statement of cash flows

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	2019	2018
NET CASH FLOW USED IN FINANCING ACTIVITIES		
Issue of shares and other capital instruments	118,910	674,283
Issue of bonds and structured notes	2,964,277	638,747
Payment of bonds, structured notes and commercial papers	(663,168)	(648,490)
Acquisition of other financing instruments	5,131,832	6,517,699
Payment of other financing instruments	(7,479,846)	(7,394,049)
Payment of lease liabilities	(200,467)	-
Acquisition of non-controlling interests in subsidiaries	(136,231)	(383,021)
Proceeds from the sale of non-controlling interests in subsidiaries	-	81
Restitution of subordinated debt	(82,875)	(66,481)
Payments for financial derivative arrangements	(25,327)	-
Proceedings from financial derivative arrangements	51,663	-
Dividends paid on ordinary shares	(686,029)	(562,710)
Dividends paid on preferential shares	(122,008)	(114,794)
Interest paid	(1,116,773)	(997,750)
Other cash inflows / outflows	39,463	38,351
NET CASH FLOW GENERATED BY FINANCING ACTIVITIES	**(2,206,579)**	**(2,298,134)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(213,168)**	**(117,160)**
Cash and cash equivalents at the beginning of the period	2,647,532	2,632,400
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	39,644	132,292
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (Note 6)	**2,474,008**	**2,647,532**

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

Jorge Mario Velásquez Jaramillo
CEO
Legal representative
(See attached certification)

Claudia Patricia Álvarez Agudelo
Accountant
Professional card No. 69447-T
(See attached certification)

Johana Novoa Cucunuba
Statutory auditor
Professional card No. 166943-T
Member of KPMG S.A.S.
(See report of 26 February 2020)

Certification
of the Legal Representative
of the Company

Medellin, 26 February 2020

To the shareholders of Grupo Argos S.A.

In my capacity as Legal Representative, I hereby certify that the consolidated financial statements as of the closing date of 31 December 2019 that are being disclosed do not contain defects, inaccuracies or material errors that would prevent knowing the true financial position or the transactions performed by Grupo Argos S.A. during the corresponding period.

Jorge Mario Velásquez Jaramillo
CEO
Legal representative
(See attached certification)

Certification
of the Legal Representative and
the accountant of the Company

Medellin, 26 February 2020

To the shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company), certify that the consolidated financial statements of the Company as at 31 December 2019 and 2018, before making them available to you and third parties, the following statements contained therein have been verified:

a) Assets and liabilities included in the Company's financial statements as at 31 December 2019 and 2018 exist and all transactions included in said statements have been made during the years ended on those dates.

b) The economic events completed by the Company during the years ended 31 December 2019 and 2018 have been recognized in the financial statements.

c) Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (obligations), obtained or at the expense of the Company as at 31 December 2019 and 2018.

d) All items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.

Jorge Mario Velásquez Jaramillo
CEO
Legal representative
(See attached certification)

Claudia Patricia Álvarez Agudelo
Accountant
Professional card No. 69447-T
(See attached certification)

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AUDM&SMDE-EFI2020-5429-P-28055

STATUTORY AUDITOR'S REPORT

To the Shareholders
Grupo Argos S.A.

Opinion

I have audited the consolidated financial statements of Grupo Argos S.A. (the Group), which comprise the consolidated statement of financial position at December 31, 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and their respective notes, which include significant accounting policies and other explanatory information.

In my opinion, the aforementioned consolidated financial statements attached to this report, present fairly, in all material aspects, the consolidated financial position of the Group as of December 31, 2019, the consolidated financial performance, and its consolidated cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year, except for the application of IFRS 16 – Leases, which entered into force on January 1, 2019.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Accounting Professionals Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Assurance Information Standards accepted in Colombia together with the ethical requirements that are relevant to my audit of the consolidated financial statements established in Colombia and I have fulfilled my ethical responsibilities in accordance with these requirements and aforementioned IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

KPMG

Evaluation of the recognition of the effects of business combinations (see note 42 to the consolidated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
On 31 May 2019, through Celsia S.A., one of the Group's subsidiaries, the acquisition of the commercial establishment of *Compañía Energética del Tolima S.A. E.S.P.* was completed, which included the business of distributing and marketing electrical energy in the department of Tolima. This acquisition generated the recognition of goodwill for $48,749 million COP. Moreover, on 8 October 2019, the Group, through its subsidiary *Odinsa S.A.*, signed a purchase agreement for 52.6195% of the shares of the *concession Túnel Aburrá Oriente S.A.* (the Concessionaire), for $334,316 million COP. Upon partial compliance with the conditions set forth in the contract, on 16 December 2019, the Group obtained control of this entity. In accordance with IFRS 3 - Business Combinations, the recognition of identifiable assets acquired and liabilities assumed as a result of a business acquisition are measured at acquisition-date fair value and any excess value over the consideration paid results in the recognition of goodwill I considered the assessment of business combinations as a key audit matter because they involve significant assumptions in determining fair values that incorporate relevant judgments, particularly regarding expected business developments, discount rates applied to cash flow projections and the allocation of goodwill to the assets acquired, as appropriate.	My audit procedures to evaluate the appropriate recognition of the effects of business combinations included, but were not limited to, the following: – Evaluation of the competence, objectivity and ability of external specialists hired by the Group to determine the fair values of the identified assets and liabilities assumed at the acquisition dates. – Evaluation, with the involvement of valuation professionals with industry knowledge and experience, of the methodology adopted by the Group to determine the fair values of the assets acquired and liabilities assumed, the underlying assumptions in the respective valuations and the mathematical accuracy of the valuation models. In addition, the appropriateness of the allocation of purchase prices and goodwill, as appropriate, to the cash-generating units identified as part of the acquisitions. – Evaluation, with the involvement of professionals with knowledge and experience of legal matters, of the legal validity of the agreements entered into with certain shareholders of *Concesión Túnel Aburrá Oriente S.A.*, on the basis of which control is obtained over this entity. – Assessing whether the disclosures in the consolidated financial statements consider the relevant information to reflect the effects of business combinations.

KPMG

<table>
<tr><th colspan="2">Evaluation of the valuation of investment properties in accordance with IAS 40 - Investment Properties (see note 17 to the consolidated financial statements)</th></tr>
<tr><th>Key Audit Matter</th><th>How my audit addressed the key audit matter</th></tr>
<tr><td>The Company's consolidated statement of financial position at 31 December 2019 includes a significant amount of investment property of $2,317,216 million COP, represented primarily by land measured at fair value through profit or loss.

The Group hires qualified external experts for the periodic determination of the fair value of its investment properties, who employ significant judgement in the determination of key valuation assumptions such as: the use of market comparable, the estimation of future cash flows, the discount rates applied and the expected market growth.

The main reasons for considering this a key audit matter are (1) there was significant judgment by the Group in determining the key assumptions for the valuation of investment properties and (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the valuations performed, as well as audit effort involving the use of professionals with specialized skills and knowledge in property valuation.</td><td>My audit procedures for assessing the valuation of investment properties in accordance with IAS 40 included, but were not limited to, the following:

- Evaluation of the design, implementation and operating effectiveness of the key control established by the Group to determine and recognize the fair value of investment properties, specifically in the review and approval by the Real Estate Strategy Department of appraisals performed by external professionals with specialist knowledge in real estate valuation hired by the Group.

- Assessment of the competence and capacity of external professionals hired by the Company, that determined the fair value of the investment properties.

- Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in assessing the key assumptions used by the external professionals hired by the Company to determine the fair value of investment properties, and whether the procedures and techniques applied comply with IFRS 13 - Fair Value Measurement, and International Valuation Standards.</td></tr>
</table>

KPMG

Evaluation of goodwill impairment (see note 14 to the consolidated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Group's consolidated statement of financial position includes goodwill for $3,011,272 million COP, resulting from acquisitions made in the current and prior years, on which an impairment assessment is required annually in accordance with IAS 36 - Impairment of Assets. This represents a key audit matter due to the materiality of the goodwill balance, and because it involves the determination of complex and subjective judgments made by the Group in relation to the growth of long-term sales, projected costs and operating margins in the different regions where the Group operates, as well as in the determination of the discount rates used to discount future cash flows.	My audit procedures for the testing of goodwill impairment included, but were not limited to, the following: – Evaluation of the consistency in the distribution of goodwill in the various cash-generating units (CGUs) identified by the Group in relation to the previous year's allocation. – Professionals with relevant industry knowledge and experience assisted me in (1) evaluating the key assumptions used in the impairment tests performed by the Group, including input data, (2) performing independent recalculations supported by information obtained from external sources on the discount rates and macroeconomic variables used, (3) comparing the results of the calculations obtained with those performed by the Group and (4) performing a sensitivity analysis including a possible reasonable reduction in key variables. – Comparison of the previous year's budget with the actual data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's management. – Assessing whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36.

Evaluation of the valuation of service concession arrangements (see note 44 to the consolidated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Group has entered into concession agreements for the construction, operation and transfer of infrastructure, which are within the scope of IFRIC 12 - Service Concession Arrangements. The remuneration of these arrangements depends on the terms and conditions of each contract; some incorporate certain mechanisms that give the Group the unconditional right to receive a guaranteed minimum revenue (financial asset), while other arrangements give rise to exposure of the investment in the underlying assets to the traffic risk inherent in the transaction (intangible asset). As of 31 December 2019, the Group's consolidated statement of financial position includes financial assets of $2,347,941 million COP and intangible assets of $3,866,055 million COP, derived from the concession contracts signed. This represents a key audit matter due to the materiality of the balances related to these arrangements, and because their valuation requires significant judgement by the Group in the determination of discount rates and the selection of key input data such as projections of capital investments and operating expenses, incorporated into the financial models used as the basis for the valuation of the amounts derived from each concession contract.	My audit procedures for the evaluation of the valuation of service concession agreements included the involvement of professionals with relevant industry knowledge and experience who assisted me in 1) analyzing the methodology used in the valuation of assets derived from concession contracts, and whether it is consistent with IFRIC 12 and the valuation practices usually used in the market, 2) the identification of the key assumptions included in the financial models and the evaluation of the economic merits of each relevant assumption, 3) the comparison of the key assumptions with market data, if available, and 4) the recalculation of the financial asset/intangible asset, as well as the discount rates used and comparison of the results with those obtained by the Group.

Other matters

The consolidated financial statements as of and for the year ending December 31, 2018 are presented solely for comparative purposes, were audited by another public accountant who in his report expressed an unqualified opinion on those financial statements in their report dated February 22, 2019.

Responsibilities of management and those in charge with corporate governance for the consolidated financial statements

Management is responsible for the preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.
As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group ceases to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements are reasonably presented.

- I obtained appropriate and sufficient audit evidence with respect the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements. I am responsible for directing, supervising and performing the Group audit. I am solely responsible for my audit opinion.

I communicate with those charged with the Company's governance regarding, among other matters, the planned scope and timing for the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements for independence, and to communicate to them all relationships and other matters that may reasonably be considered to influence my independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine the matters that were of most significance in the audit of the consolidated financial statements for the current period and, therefore, are the key audit matters. I describe these matters in my report unless the law or regulation precludes public disclosure of the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to overweight the public interest benefits of such communication.

(Original version issued in Spanish and signed by)
Johana Novoa Cucunubá
Statutory Auditor of Grupo Argos S.A.
Professional License 166943 - T
Member of KPMG S.A.S.

February 26, 2020

Grupo Argos S.A. and subsidiaries

Notes to the **consolidated financial statements**

As at 31 December 2019 and 2018.
In millions of Colombian pesos, except where otherwise indicated

NOTE 1: **OVERVIEW**

Grupo Argos S.A. (hereinafter the company), is a Colombian company incorporated by public deed N°472 of 27 February 1934, of the Second Notary of Medellín. Its main domicile is in the city of Medellin (Colombia), with address carrera 43A 1A sur 143. Its term expires on 27 February 2033, extendable.

The purpose of the Company is to invest in all types of movable and immovable property, and especially in shares, quotas or parts of interest or any other kind of participation in companies, bodies, organizations, funds or any other legal entity that permits investment of resources. It may also invest in fixed or variable income papers or documents, whether or not they are registered on the public securities market. In any case, the issuers and/or receivers of the investment may be public, private or mixed, national or foreign. The Company can form civil or commercial companies of any kind or join as a partner those already established. The association permitted by this provision may include companies whose activity is different from its own, provided that it is convenient for its interests.

In addition, the company has sufficient capacity to act as a promoter, investor, structurer or developer of real estate projects of any kind, for which it may acquire movable or immovable assets necessary for the development of the corporate business, which may have the character of fixed or movable assets according to their purpose.

Grupo Argos S.A. is the parent company of Grupo Empresarial Argos and, through its subsidiaries, it participates in strategic sectors of the economy: cement, energy, concessions and large-scale infrastructure, coal and real estate.

Its legal status corresponds to an anonymous company, registered in the Colombian Stock Exchange with a solid investment portfolio. The company has strategic investments in companies whose shares and bonds are listed on the stock exchange, such as Cementos Argos S.A. and Celsia S.A. (formerly Celsia S.A. E.S.P), as well as in companies with bonds listed in the stock market as Odinsa S.A. (whose shares were listed in the Colombian Stock Market until 13 March 2018) and other companies not listed. In the Colombian stock market, Grupo Argos S.A. is an issuer of ordinary and preferential shares, targeting the public represented by strategic investors, private investment funds, pension funds, brokerage firms and investors in general (individuals and companies), interested in participating in the country's stock market.

These consolidated financial statements present the financial information of Grupo Argos S.A., Cementos Argos S.A., Celsia S.A. (formerly Celsia S.A. E.S.P.), Odinsa S.A., with their respective subsidiaries, Opain S.A. and other minor subsidiaries (hereinafter the Group), and have been prepared by applying uniformly or by standardization for all companies the basis of presentation and significant accounting policies described in Note 2 Basis of presentation and significant accounting policies.

On 26 February 2020 the Board of Directors authorized the issuance of the Consolidated Financial Statements of the Group for the year ended 31 December 2019 and their respective comparatives.

NOTE 2: **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

2.1 Compliance status

The consolidated financial statements for the years ended 31 December 2019 and 31 December 2018 have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia NCIF, which are based on International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB), as of the second half of 2017. The NCIF were established by Law 1314 of 2009, regulated by Decree 2420 of 2015, amended on 23 December 2015 by Regulatory Decree 2496, on 22 December 2016 by Regulatory Decree 2131, on 22 December 2017 by Regulatory Decree 2170, on 28 December 2018 by Regulatory Decree 2483 and on 13 December 2019 by Regulatory Decree 2270.

Additionally, in compliance with laws, decrees and other regulations in force, the Company applies the following accounting criteria issued specifically for Colombia by the regulatory entities:

- External Circular Letter 36 of 2014 of the Superintendence of Finance of Colombia by means of which it indicates the accounting treatment of positive net differences generated in the first application of the NCIF (Colombian Financial Reporting Standards), may not be distributed to wipe out losses, make capitalization processes, distribute profits and/or dividends, or be recognized as reserves and may only be available when they have been effectively made with third parties, different from those who are related parties, according with the principles of the NCIF. Negative net differences shall not count towards the legal controls applicable to preparers of financial information issuing securities subject to control.

- Decree 2496 of 23 December 2015, which determines that the parameters for establishing post-employment benefits in accordance with IAS 19, Employee Benefits, should correspond to Decree 2783 of 2001 as the best market approximation; for the year 2016, Decree 2131 of 22 December 2016, eliminated the obligation to apply these assumptions for the measurement of post-employment benefits, and continues to be applicable only for financial disclosure purposes. Decree 1625 of 2016 determines that the calculation of pension liabilities must be disclosed in accordance with the parameters established in that standard and in the case of partial pension commutations in accordance with Decree 1833 of 2016 and the differences with the calculation made in accordance with IAS 19 Employee Benefits.

This is the first set of annual financial statements to incorporate the effects and provisions of IFRS 16 Leases. IFRS 16 Leases was applied using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulative effect of initial application is recognized through accumulated income at the date of initial application. Changes in significant accounting policies related to this standard are described in Note 2.3 Significant accounting policies.

2.2 Basis of preparation

The Group has defined in its bylaws to make an audit of its accounts, prepare and distribute general purpose financial statements once a year, as of 31 December of each period. The Consolidated Financial Statements are expressed in Colombian pesos as this is the functional currency, which corresponds to the currency of the main economic environment in which the company operates, and the presentation currency of the parent company for all purposes, rounded to the nearest million, unless otherwise indicated.

For legal purposes in Colombia, the Separate Financial Statements are the basis for the distribution of dividends and other appropriations.

The Group's Consolidated Financial Statements as of 31 December 2019 and 2018, have been prepared on an accrual basis of accounting, except for the cash flow statement. The measurement basis is historical cost; however, some financial instruments, associates considered as investment entities, investment property and biological assets are measured at fair value at the end of each reporting period, the land and buildings component of property, plant and equipment for administrative use is measured at revalued cost every four years as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in the exchange of goods and services in the initial measurement.

The Group must make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue, costs and expenses, and their respective disclosures at the date of the consolidated financial statements. Note 4 Significant accounting judgments and key sources of estimates provides details of the significant accounting judgments and key sources of estimates.

Fair value measurements:

Fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The fair value of some financial assets and liabilities, investment property and biological assets is determined at a date near the date of presentation of the financial statements for recognition and disclosure.

Judgments include inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

In estimating fair value, the Group considers the characteristics of the asset or liability if market participants take those characteristics into account when making the measurement at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on the basis indicated, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, if any, lease transactions, within the scope of IFRS 16 Leases and measurements that have certain similarities to fair value but are not, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

Fair value measurements are categorized into Level 1, 2 or 3 based on the extent to which the inputs to those measurements are observable, and in accordance with the significance of those inputs to the measurements as a whole, which are described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities for which the entity has access at the measurement date.

- Level 2 inputs are those other than the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.

- Level 3 input data is unobservable data for an asset or liability that reflects the assumptions that market participants would use in pricing the asset or liability including the assumption of risk.

The Group has applied the accounting policies, judgements, estimates and significant accounting assumptions described in Note 2 Basis of presentation and significant accounting policies and Note 4 Significant accounting judgements and key sources of estimates. The judgements include data such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Consolidation principles:

The investments over which the Group has control are consolidated by means of the full integration method, in which all assets, liabilities, equity, income, costs and expenses of the subsidiaries are added to the financial statements of the parent or controlling company, after elimination in the parent or controlling company of the investment made by the latter in the equity of the subsidiaries, as well as the reciprocal operations and balances existing at the date of preparation of the consolidated financial statements and the homologation of the accounting policies of the subsidiaries to those of the Group.

An investee is controlled when it has power over, is exposed to or is entitled to variable returns from its involvement in the investee and has the capacity to influence those returns through its power over the investee. In determining whether or not to control an investee, an assessment is made of whether facts and circumstances indicate that there are changes in one or more of the three elements of control mentioned above. In assessing control, consideration is given to, among other things, existing substantive voting rights, contractual arrangements between the entity and other parties for relevant activities, and the rights and ability to appoint and remove key management personnel, among other aspects.

When a majority of the voting rights of an investee is not held, power over the investee is determined when the voting rights are sufficient to give the investee the practical ability to manage the relevant activities of the investee. The Group considers all relevant facts and circumstances in assessing whether or not voting rights in an investee are sufficient to give it power, including:

- The size of the percentage of voting rights relative to the size and dispersion of the percentages of other voting rights holders.
- Potential direct and indirect voting rights held by the Group, other shareholders or other parties
- Rights arising from contractual arrangements.
- Any additional facts or circumstances indicating that the Group has, or does not have, the current ability to direct the relevant activities at the time decisions need to be made, including voting patterns at previous shareholders' meetings.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which the Group obtains control over the subsidiary until the date on which control is lost. Revenues and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of income and other comprehensive income covering the period from the date on which the Group obtains control until the date on which control over the subsidiary is relinquished.

Changes in a parent's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of Group and non-controlling interests are adjusted to reflect changes in its relative share of the subsidiary. Any difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the controlling interest.

When control of a subsidiary is lost, assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity are derecognized. The resulting gain or loss is recognized in the statement of income for the period and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of the retained interest, and

- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

Amounts previously recognized through other comprehensive income in relation to that subsidiary are recorded as if the Group had sold the relevant assets directly (i.e. reclassified to profit or loss or transferred to another category of equity as specified and/or permitted by the applicable IFRS).

The fair value of the investment retained in the former subsidiary, at the date when control was lost, shall be considered as the fair value for the purposes of the initial recognition of a financial asset in accordance with IFRS 9 Financial Instruments, or where applicable the cost of the initial recognition of an investment in an associate or joint venture. If the retained interest in the former subsidiary is accounted for using the equity method, the portion of the gain or loss arising from the remeasurement at fair value is recognized through profit or loss for the period only to the extent of the interest in the new associate; if the retained interest is accounted for in accordance with IFRS 9 Financial Instruments, the portion of the gain or loss is recognized in full in profit (or loss) for the period.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from Group equity. Profit (or loss) for the period and other comprehensive income are also attributed to non-controlling and controlling interests. The total comprehensive income of the subsidiaries is attributed to the owners and to the non-controlling interests even if the results in the non-controlling interests have a negative balance.

Management should make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues, costs and expenses, as well as the disclosures of assets and liabilities at the date of the consolidated financial statements. Note 4 provides details of significant accounting judgments and key sources of estimates made by management.

A structured entity is one that is designed so that voting and similar rights are not the primary factor in deciding who controls the entity, for example, if any voting rights relate solely to administrative tasks and the relevant activities are governed by contractual arrangements.

2.3 Significant accounting policies

Below are the significant accounting policies applied by the Group in the preparation of its consolidated financial statements:

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method when control is transferred to the group. The consideration transferred and the identifiable assets acquired, liabilities and contingent liabilities assumed of the acquiree are generally recognized at fair value at the acquisition date, the acquisition costs are recognized in the statement of income for the period and goodwill is recognized as an asset in the consolidated statement of financial position.

The consideration transferred is measured as the sum of the acquisition-date fair values of the assets delivered, liabilities assumed, and equity instruments issued by the Group, including the fair value of any contingent consideration, to obtain control of the acquiree. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized through profit or loss.

The identifiable assets acquired, liabilities and contingent liabilities assumed are recognized at their fair value at the acquisition date, except:

- Deferred tax assets or liabilities and assets or liabilities relating to employee benefit arrangements recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

- Assets or groups of assets for disposal that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest and, when applicable, the fair value of any previously held interest in the acquiree over the net value of the assets acquired. When the consideration transferred is less than the fair value of the net assets of the acquiree, the corresponding gain is recognized through profit or loss at the acquisition date.

Non-controlling interests that represent ownership interests and guarantee their holders a proportionate share of the entity's net assets in the event of liquidation may be measured initially at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The selection of the measurement model is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities that result from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred in a business combination. Changes in the fair value of contingent consideration that qualify as an adjustment to the measurement period are adjusted retrospectively against goodwill. Measurement period adjustments are adjustments arising from additional information obtained during the measurement period, which may not exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments to goodwill are made and no gain or loss is recognized through profit or loss.

The subsequent recognition of changes in the fair value of contingent consideration that do not qualify as adjustments of the measurement period depends on how the contingent consideration is classified:

- Contingent consideration that is classified as equity is not discounted to subsequent reporting dates and its subsequent settlement is recorded within equity.
- Other contingent consideration that is within the scope of IFRS 9 Financial Instruments shall be measured at fair value at the reporting date and changes in fair value shall be recognized through profit or loss in accordance with this IFRS.
- Other contingent consideration that is not within the scope of IFRS 9 Financial Instruments shall be measured at fair value at the reporting date and changes in fair value shall be recognized through profit or loss in accordance with this IFRS.

In the case of business combinations achieved in stages, the Group's equity interest in the acquiree is restated to its fair value at the acquisition date (i.e. the date on which the Group obtained control) and the resulting gain or loss, if any, is recognized through profit or loss for the period. Amounts resulting from the interest in the acquiree before the acquisition date that had previously been recognized through other comprehensive income are reclassified to profit or loss for the period, provided that such treatment is appropriate, as if the interest had been disposed of.

If the initial accounting for a business combination is not completed by the end of the financial period in which the combination occurs, the Group reports the provisional amounts of the items for which the accounting is incomplete. During the measurement period, the acquirer recognizes adjustments to the provisional amounts or recognizes additional assets or liabilities needed to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognized at that date, which are disclosed.

Goodwill acquired in a business combination is allocated at the acquisition date to the cash-generating units expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree are allocated to those units.

Goodwill is not amortized; it is measured at cost less any accumulated impairment losses.

The cash-generating units to which goodwill is allocated are tested for impairment annually, or more frequently, if there is an indication that the unit may be impaired.

If the cash-generating unit's recoverable amount is less than the unit's carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the unit's other assets, on a pro rata basis, based on the carrying amount of each asset in the unit.

Impairment losses are recognized in the statement of income. An impairment loss recognized for goodwill purposes may not be reversed.

In the event of disposal of a cash-generating unit, the attributable amount of goodwill is included in the calculation of the withdrawal gain or loss.

2.3.2 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows include cash and cash equivalents and highly liquid investments that are readily convertible to a specified amount of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

2.3.3 Financial assets

Upon initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income - debt instruments; fair value through other comprehensive income - equity instruments; or fair value through profit or loss.

Financial assets are initially recognized at fair value; for financial assets measured at amortized cost, directly attributable transaction costs are included. Financial assets are not reclassified after initial recognition, unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group subsequently measures financial assets at amortized cost or fair value, depending on the business model for managing the financial assets and the characteristics of the contractual cash flows of the instrument.

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to hold it to obtain the contractual cash flows and the terms of the business model give rise on specific dates to cash flows that are solely payments of principal and interest on the value of the outstanding principal.

Financial assets other than those at amortized cost are subsequently measured at a) fair value through other comprehensive income (OCI), if they are debt instruments that are held within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, and the contractual terms of the asset give rise on specific dates to cash flows that are solely payments of principal and interest on the amount of principal; and b) fair value through profit or loss, being these all other financial assets that do not meet the criteria for classification at amortized cost or at fair value through other comprehensive income (OCI). This category includes all derivative financial assets. However, the Group may elect at initial recognition and on an irrevocable basis, to present gains or losses from measuring financial assets at fair value through other comprehensive income (OCI), for investments in equity instruments that are not held for trading purposes, on an investment-by-investment basis.

The Group has chosen to measure some of its investments in equity instruments at fair value through other comprehensive income (OCI). In the disposal of investments at fair value through other comprehensive income (OCI), the accumulated value of the gains or losses is transferred directly to retained earnings, not reclassified to profit or loss. Dividends received in cash from these investments are recognized in the statement of income.

The Group recognizes concession arrangements that represent an unconditional contractual entitlement to receive a State-guaranteed cash flow as a financial asset (receivable) within the scope of IFRIC 12 Service Concession Arrangements. This interpretation requires the investment in public infrastructure be recognized as a financial asset and is measured at the present value of the respective guaranteed cash flows discounted at the interest rate determined in the concession arrangement.

2.3.3.1 Impairment of financial assets

The Group records expected credit losses on its debt securities, trade receivables, contract assets and lease receivables at the end of the reporting period. In the calculation of expected credit losses under IFRS 9 Financial Instruments, the Group applies a simplified approach on a collective basis for the Cement and Energy segments, which allows it not to track changes in credit risk, but rather to recognize a loss provision based on expected credit losses over the lifespan of the asset at each reporting date, i.e., to recognize expected credit losses resulting from possible events of default over the expected lifespan of the financial instrument. For the Concessions segment, the general approach is used to calculate the expected credit losses of financial assets measured at amortized cost; therefore, expected credit losses are recognized over the lifespan of the asset or over the next twelve months, if there has not been a significant increase in risk, evaluated on a collective or individual basis.

Where there is objective evidence that a financial asset is impaired, the Group recognizes an individual impairment loss provision and excludes the item from collective evaluation under the expected credit loss model.

To determine expected credit losses, the Group has used a methodology in accordance with the nature and characteristics of each of its businesses, namely:

- **Cement:** to determine expected credit losses, the cement segment uses a provision matrix based on the number of days a trade receivable is past due, i.e., by grouping the portfolio by default days ranges and applying to the current balance of receivables at the measurement date for each default range an expected default percentage. The percentage of default given the days of default of the portfolio was determined using the transition matrix methodology according to the Markov chain theory. The portfolio of each subsidiary is segmented into two homogeneous groups, industrial business and mass business.

- **Energy:** when monitoring credit risk in this segment, clients are grouped according to their characteristics, including business segment, type of market and type of service. Loss rates are based on the historical behavior of collections through averages per month and per class of service. Trade and other receivables relate mainly to energy customers in the regulated and unregulated market, in the residential, commercial, industrial and official sectors.
  Due to the conditions prevailing in the wholesale market (energy exchange and bilateral arrangements with third parties), an individual analysis of impairment is performed on the associated receivable, ranging from a

preliminary study of the third parties to the coverage of the portfolio with collateral or promissory notes, the latter only in the case of well-qualified third parties.

- **Concessions:** for receivables with sovereign states, in which a public entity is the debtor, the following risk parameters are taken:
    - The probability of default assigned to the receivable corresponds to the average probability of default of the country where the counterparty is located, according to the rating of the sovereign risk of the counterparty.
    - The standards of the Basel Committee on Banking Supervision are used to estimate the loss given default, which assigns a loss of 45% to debts with sovereign states.
    - The loss is calculated for the entire unsecured amount exposed.

    For receivable in the concession segment with related parties or other receivables, where no historical recovery data exists, the following estimate is made to obtain the risk parameters:
    - The probability of default is estimated by applying Altman's financial stress test for an emerging market company, considering the ratios of working capital, retained earnings, earnings before taxes and interests (EBIT) and total assets, as well as the debt-to-equity ratio.
    - The standards of the Basel Committee on Banking Supervision are used to estimate the loss given default, which assign a loss of 75% to debt with related parties or other receivables.
    - Loss is calculated for the entire unsecured amount exposed.

    In the case of airport concessions, the estimation of expected credit losses on commercial and non-commercial receivable is made using historical data to estimate the loss rate, based on the average migration rate of the portfolio between 30-day age ranges.

Loss is recognized through administrative and selling expenses in the Group's consolidated statement of income. When there is confirmation that the receivable will not be collectible, the gross carrying amount of the account is derecognized against the associated provision.

Financial assets - Subsequent measurement and profit and loss

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized through profit or loss. Any gain or loss from derecognition is recognized through profit or loss.
Debt investments at fair value through other comprehensive income (OCI)	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized through profit or loss. Other net gains and losses are recognized through other comprehensive income (OCI). On disposal of these assets, the accumulated gains and losses in OCI are reclassified to profit or loss.
Equity investments at fair value through other comprehensive income (OCI)	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of income unless the dividend clearly represents a recovery of a portion for the investment cost. Other net gains and losses are recognized through other comprehensive income OCI and are never reclassified to income for the period.

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognized through profit or loss.

2.3.3.2 Derecognition of financial assets

A financial asset, or a portion thereof, is derecognized from the consolidated statement of financial position when the contractual rights to the cash flows from the financial asset expire or when the financial asset is transferred, and the transfer qualifies for derecognition.

A financial asset is transferred if the contractual entitlements to receive the cash flows of an asset have been transferred or if the contractual rights to receive the cash flows of the financial asset are retained but the entity assumes a contractual obligation to pay them to one or more recipients. When the Group transfers a financial asset, it shall assess the extent to which it retains the risks and rewards of ownership of the asset.

When a financial asset or part of it is derecognized, the difference between its carrying amount and the sum of the consideration received (including any new asset obtained less any liability assumed) must be recognized through profit or loss. The accumulated gain or loss that has been recognized directly through equity within other comprehensive income (OCI), and is related to financial assets derecognized, must be reclassified to retained earnings.

2.3.4 Inventories

Are classified as inventories those goods acquired with the intention of selling them in the ordinary course of business or of consuming them in the process of providing services, or those that were classified as investment property in the acquisition and are then intended for sale in the ordinary course of business.

The inventory of raw materials, work in process, finished product, unmanufactured merchandise for sale, and real estate inventory is initially measured at cost of acquisition plus expenses and disbursements necessary to place the asset in condition to be sold. The Group recognizes a decrease in the value of inventories if the cost is higher than the net realizable value. When a real estate inventory is transferred from investment property to inventories, the transfer is made at fair value, which corresponds to the new cost of the inventory for purposes of applying IAS 2 Inventories.

Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and estimated costs necessary to make the sale. Inventories include goods in stock that do not require transformation, materials such as minor spare parts and accessories for the rendering of services, and goods in transit and held by third parties.

The Group recognizes inventories when sold, at book value, as costs in the period in which the corresponding income is recognized. In the case of inventories used in the rendering of services (operation and maintenance), this is recognized as a cost or expense in the results of the period in which they are consumed.

2.3.5 Intangible assets

Intangible assets are recorded at cost in accordance with IAS 38 Intangible Assets; those with indefinite lifespans are not amortized and those with defined lifespans are amortized based on the straight-line method over their estimated lifespans, or the unit-of-production method. The estimated lifespan and the method of amortization are reviewed at the end of each reporting period, with the effect of any changes in the estimate recorded on a prospective basis. At the end of each period, the Group assesses intangibles with definite lifespans to determine whether they exhibit impairment signs and performs impairment test for intangibles with indefinite lifespans.

Subsequent expenditures on intangible assets are capitalized only when future economic benefits increase, incorporated into the specific asset related to these expenditures. All other expenditures, including expenditures to generate goodwill and trademarks internally, are recognized through profit or loss when incurred.

Amortization begins when the asset is available for use, it is calculated on the basis of the cost of the asset less its residual value on a straight-line basis or by the unit-of-production method over the asset's estimated lifespan, and is recognized in the consolidated statement of income in the item selling cost and administrative and selling expenses, as appropriate, and impairment is recognized in the statement of income in the other expenses item.

Estimated lifespan and amortization methods, for the current and comparative period, of the Group's intangible assets are as follows:

Intangible	Lifespan ranges in years	Depreciation method
Concessions (1)	4 and 75	unit-of-production / straight-line
Rights	4 and 35	Straight-line
Brands	2 and 20	Straight-line
Customer lists and customer-related intangibles	5 and 15	Straight-line
Licenses, patents and *software*	1 and 10	Straight-line
Other intangible assets	1 and 50	Straight-line

(1) The term of concessions and licenses is established in accordance with the concession arrangement. The estimated lifespan of an intangible asset in a service concession agreement corresponds to the period from the start of the infrastructure operation stage by the Group until the end of the concession period.

a. **Intangible assets from service concession arrangements.** The Group recognizes an intangible asset arising from a service concession arrangement, within the scope of IFRIC 12 Service Concession Arrangements, when it has the right to charge for the use of the concession infrastructure. On initial recognition, an intangible asset under a service concession arrangement is recognized at cost. After initial recognition, the intangible asset measured at cost includes capitalized borrowing costs, less amortization and accumulated impairment. Costs are capitalized until the concession is put into service.

b. **Separately acquired intangible assets.** The cost of separately acquired intangible assets comprises their purchase price, including non-recoverable indirect taxes, after deduction of any discount or markdown, and also includes any costs directly attributable to preparing the asset for its intended use.

   When payment for an intangible asset is deferred beyond normal credit terms, its cost is the equivalent of the cash price, and the difference between the amount and total payments is recognized as interest expense over the period of the credit unless it is capitalized in accordance with IAS 23 Borrowing Costs.

c. **Internally generated intangible assets.** Disbursements arising from research activities are recognized as an expense in the period in which they are incurred.

   An internally generated intangible asset resulting from development activities, or from the development phase of an internal project, is recognized if and only if the following conditions are met:

   - It is technically possible to complete production of the intangible asset so that it can be made available for use or sale.
   - The intention is to complete the intangible asset, for use or sale.
   - There is capacity to use or sell the intangible asset.
   - The intangible asset will generate probable future economic benefits.
   - Availability of adequate technical, financial or other resources to complete the development and to use or sell the intangible asset.
   - That the expenditure attributable to the intangible asset during its development can be measured reliably.

   The amount initially recognized for an internally generated intangible asset is the sum of the expenditure incurred from the time the asset meets the conditions for recognition. When an internally generated intangible asset cannot be recognized, development expenditure is charged to profit or loss the period in which it is incurred.

d. **Intangible assets acquired in a business combination.** When an intangible asset is acquired in a business combination and recognized separately from goodwill, its cost is its fair value at the acquisition date.

e. **Exploration and evaluation expenditures.** The Group recognizes as expenses those disbursements incurred before demonstrating the technical feasibility and commercial viability of the exploitation project, and which are directly related or associated with the activity of exploration and evaluation of the mineral resource.

After the technical feasibility and commercial viability of the exploitation project has been demonstrated, exploration-related expenditure is recognized at cost as incurred and is classified in a separate category called "assets for the exploration and evaluation of mineral resources", separating tangible or intangible assets, depending on the nature of the assets acquired, and applying this classification consistently.

The Group ceases to classify an asset for exploration and evaluation when the technical reliability and commercial viability of extracting a mineral resource are demonstrable.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net proceeds from the sale and the carrying amount of the asset, are recognized through income at the time the asset is derecognized.

2.3.6 Impairment of tangible and intangible assets

At the end of each reporting period, the Group assesses the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered any impairment. If so, the recoverable amount of the asset is calculated to determine the extent of the impairment (if any). When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. When a reasonable and consistent basis for allocation is identified, common assets are also allocated to the individual cash-generating units or allocated to the smallest group of cash-generating units for which a reasonable and consistent basis for allocation can be identified.

Intangible assets with an indefinite lifespan or not yet available for use should be tested for impairment annually, or with a higher frequently if there is any indication that they may be impaired.

The Group determines the recoverable amount of an asset or cash-generating unit by comparing the higher between:

- Its fair value less selling costs.
- Its value in use.

If either of these two values exceeds the book value of the asset under analysis, no impairment is considered, and it is not necessary to estimate the other.

Sometimes it is not possible to determine the fair value of the asset less selling costs. In this case the entity could use the asset's value in use as its recoverable amount. If there is no reason to believe that an asset's value in use significantly exceeds its fair value less costs to sell, the latter is considered to be its recoverable amount.

The recoverable amount of an individual asset cannot be determined when:

- The asset's value in use cannot be estimated to be close to its fair value less selling costs (for example, when future cash flows from continuing use of the asset cannot be determined because they are negligible).

- The asset does not generate cash inflows that are largely independent of those from other assets.

In such cases, the value in use and, therefore, the recoverable amount, may be determined only for the cash-generating unit.

Criteria for estimating fair value

The Group uses an appropriate valuation model, or an indicator of the fair value of assets, to determine fair value and must take into account the following criteria, with evidence supporting those estimates:

- The existence of a price within a formal commitment to sell, in a transaction carried out under conditions of mutual independence, adjusted by the incremental costs directly attributable to the sale or disposal of the asset.

- If there is no formal commitment to sell, but the asset is traded in an active market, fair value is the market price less selling or disposal costs.

- If there is neither a firm sale agreement nor an active market, fair value is calculated based on the best information available to reflect the value that the Group can obtain (such as replacement cost at new less impairment) at the date of the statement of financial position, in an arm's length transaction between knowledgeable, willing parties, after deducting selling or disposal costs. To determine this value, the Group considers the results of recent transactions with similar assets in the same sector.

For cases in which it is not possible to estimate the fair value reliably, the recoverable value is the value in use.

Criteria for the estimation of value in use

The following elements should be reflected in the calculation of the value in use:

- The estimated future cash flows of the asset or cash-generating unit, based on the time the Group expects to use the asset or the period of the cash-generating unit, if defined.
- The expectations about possible variations in the amount or timing of those future cash flows.
- The time value of money.
- The price for the uncertainty inherent in the asset.
- Other factors, such as the illiquidity that market participants would reflect in pricing the future cash flows that the Group expects to derive from the asset.

The following variables should be excluded from the estimate of future cash flows that the Group expects to obtain:

- Cash outflows relating to obligations recorded as liabilities or costs and expenses generated during construction of the asset.
- Future cash inflows or outflows that are expected to arise from a future restructuring in which the Group is not yet committed; or the improvement or increase in the asset's performance.
- Flows related to tax payments or payments related to the financing of the asset.
- Cash inflows from other assets that are largely independent of the cash inflows from the asset in question.

Future cash flows are discounted to their present value using a pre-tax discount rate corresponding to current market rates and that reflects the time value of money and the risks specific to the cash-generating unit or group of cash-generating units.

If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately through profit or loss, except if the asset is recorded under the revaluation model, in which case the impairment loss must be considered as a decrease in the revaluation, until it is completely exhausted if necessary, and any outstanding impairment must be recorded against profit or loss.

The Group assesses whether previously recognized impairment losses no longer exist or have decreased; in this case, the carrying amount of the cash-generating unit or groups of cash-generating units is increased to the revised estimate of the recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment been previously recognized. This reversal is recognized as income in the statement of income for the period, except for goodwill, the impairment of which is not reversed under any circumstance.

2.3.7 Property, plant and equipment, net

Property, plant and equipment includes the value of land, buildings and constructions, machinery, furniture and office equipment, computer, communications and transportation equipment and other facilities owned by the Group, which are used in the operation of the entity.

The Group recognizes an item of property, plant and equipment when it is probable that the asset will generate future economic benefits, it is expected to be used over a period of more than one year, all risks and rewards inherent to the asset have been received and its value can be reliably measured.

The initial recognition of property, plant and equipment is recorded at acquisition cost, which includes professional fees, direct dismantling and removal costs (when applicable) and, in the case of qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy, as well as any other directly attributable expenses, less trade discounts, rebates and other similar items. Such properties are classified in the appropriate categories of property, plant and equipment upon completion and when they are ready for their intended use. Spare parts and permanent maintenance equipment are recognized as an item of property, plant and equipment when they meet the recognition criteria.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment, if any, except for the homogeneous group of land and buildings for administrative use, which are measured by the revaluation model, which is applied every four years. Properties under construction for production or service provision purposes are recorded at cost, less any recognized impairment loss.

Depreciation begins when the asset is available for use, and is calculated on a straight-line basis over the estimated technical lifespan of the asset as follows:

- Constructions and buildings — 40 to 80 years
- Generation Plants — 20 to 100 years
- Communication routes — 20 to 40 years
- Machinery and equipment — 15 to 30 years
- Substations, lines and networks — 40 to 50 years
- Furniture and office, computing and communications equipment — 2 to 10 years
- Transport equipment — 3 to 10 years
- Furniture, vehicles and tools — 2 to 10 years

An item of property, plant and equipment shall be derecognized on disposal or when future economic benefits are no longer expected to arise from the continuing use of the asset. The gain or loss arising from the decommissioning or disposal of a property, plant and equipment asset is calculated as the difference between the gain or loss on the sale of the asset and the asset's carrying amount and recognized through profit or loss.

Estimates of the residual values, lifespans and depreciation methods of assets are reviewed and adjusted prospectively at each financial year end, if required.

Provisions for decommissioning, restoration and rehabilitation

The Group recognizes a provision as part of the cost of an item of property, plant and equipment when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built or operated, equivalent to the present value of the estimated future costs that are expected to be incurred to perform the dismantlement or restoration.

The provision for dismantling or restoration is recognized at the present value of estimated future expenditures to settle the obligation. Cash flows are discounted at a risk-free pre-tax rate.

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

2.3.8 Investment property

Investment property are those real estate properties held to generate value and/or to lease, but not for sale in the normal course of business, use in the production or supply of goods or services, or for administrative purposes.

An investment property is initially measured at cost, which comprises: the purchase price and all costs directly attributable to the investment property. The cost of investment property built by the Group includes: materials, direct labor and other directly attributable costs to bring the asset to its intended use by management, including capitalizable borrowing costs.

Costs arising from the maintenance of the asset are excluded from the initial recognition of an investment property. Such costs should be recognized through profit or loss of the period in which they are incurred. Also should be excluded:

- Commissioning costs (unless necessary to bring the investment property into use conditions).
- Operating losses incurred before the investment property achieves the planned level of occupancy.
- Abnormal amounts of waste materials, labor, or other resources incurred in the construction or development of the property.

In its subsequent measurement, the Group measures investment property under the fair value model, i.e. taking as a reference the price that will be received upon disposal of the asset in a market transaction, at a given measurement date.

To determine fair value, the Group engages independent experts with recognized professional capacity and experience in the valuation of real estate.

Changes in the fair value of investment property is recognized through profit or loss in the period in which they arise.

Investment property may be transferred to property, plant and equipment or inventories; at the time of transfer they are reclassified to their fair value, which becomes the cost for accounting purposes.

An investment property is withdrawn or derecognized from the statement of financial position at the time of its disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Disposal of investment property may occur either by sale or by incorporation into a financial lease. Any gain or loss on the sale of investment property (calculated as the difference between the consideration obtained on disposal and the carrying amount of the asset) is recognized through profit or loss in the period in which the withdrawal or disposal occurs. When an investment property that was previously classified as property, plant and equipment is sold, any amount included in the revaluation reserve in other comprehensive income (OCI) is transferred to accumulated profit.

2.3.9 Investment in associates and joint arrangements

An associate is an entity over which the Group exercises significant influence, i.e. the power to participate in the financial policy and operating decisions of the investee without having control or joint control.

A joint arrangement is one in which there is joint control, i.e. decisions on relevant activities require the unanimous consent of the parties sharing control and may be a joint venture or a joint operation.

A joint venture is an arrangement whereby the parties involved are entitled to the net assets.

A joint operation is an arrangement whereby the parties involved are entitled to assets and income and obligations in respect of liabilities and expenses relating to the terms of the arrangement.

Profit and net assets of the associate or joint venture are included in the consolidated financial statements using the equity method, unless the investment or a portion of it is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations or associates considered to be investment entities, which are accounted for at fair value using the exception in IAS 28 Investments in Associates and Joint Ventures, paragraph 19.

Under the equity method, the investment is initially recorded at cost, then adjusted for changes in the Group's share of the associate's or joint venture's results and other comprehensive income (OCI).

When the equity method is applicable, the necessary adjustments are made to bring the accounting policies of the associate or joint venture into line with those of the Group and the Group's share of the unrealized gains or losses arising from transactions between the Group and the associate or joint venture is not included, except for losses that evidence impairment. The equity method is applied from the date on which the investee becomes an associate or joint venture. Any resulting excess value between the price paid and the equity value of the associate or joint venture acquired is included in the carrying amount of the investment and is not amortized or tested individually for impairment.

When the Group's share of the losses of an associate or joint venture exceeds the value of the investment, which includes any long-term interest that, in substance, is part of the Group's net investment in the associate or joint venture, its share of future losses is no longer recognized. Additional losses are recognized provided that a legal or implicit obligation has been incurred or payments made on behalf of the associate or joint venture.

The Group recognizes a joint operation, when the contractual arrangement is structured through a separate vehicle or otherwise, by assessing the entitlements granted to the Group over the assets and obligations with respect to the liabilities relating to the arrangement and does not grant rights to the net assets of the arrangement.

In recognizing a joint operation, the Group considers aspects such as the legal form of the separate vehicle, the terms of the contractual arrangement and, where appropriate, other factors and circumstances.

The contractual arrangement in which the Group participates should establish the entitlements of the parties to the assets and the obligations with respect to the liabilities relating to the arrangement, the entitlements to income and the obligations with respect to the expenses corresponding to the parties.

The Group should recognize the following in its financial statements in relation to its participation in a joint operation:

- Its assets, including its interest in jointly held assets.
- Its liabilities, including its share of jointly incurred liabilities.
- Its income, including its share of jointly earned income.
- It expenses, including its share of jointly incurred expenses.

The Group must account for the assets, liabilities, income and expenses relating to its participation in a joint operation, in accordance with the applicable policies and the terms of the arrangement.

When the Group is a joint operator and performs sales transactions or contributions of assets to a joint operation, it should account for the transaction as follows:

- Recognize gains and losses from this transaction only to the extent of the other parties' interests in the joint operation.
- If the transaction provides evidence of a reduction in the net realizable value of the assets or of impairment, the Group recognizes all losses.

When the Group is a joint operator and enters into a transaction to purchase assets from a joint operation, it must account for the transaction as follows:

- It recognizes its share of the profits and losses only when it resells those assets to a third party.
- If the transaction provides evidence of a reduction in the net realizable value of the assets or of impairment, its share of those losses must be recognized.

When the Group is a party to a joint operation, but does not have joint control over it, it should account for its interest in the joint venture in the manner described above only if it is entitled to the assets and obligations in respect of the liabilities relating to the joint operation.

2.3.10 Borrowing costs

Borrowing costs attributed directly to the acquisition, construction or production of qualifying assets, which are assets that require a substantial time span before they are ready to use or sale (more than one year), are added to the cost of these assets until such time as they are ready to use or sale. The Group considers that a substantial time span is one that is greater than one year.

Income received from the temporary investment of resources pending use in the construction or production of qualifying assets is deducted from the cost of loans to be capitalized as an increase in the cost of the asset.

All other borrowing costs are recognized in profit or loss during the period in which they are incurred.

2.3.11 Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount is recovered through a sale transaction rather than through continuing use. These assets or groups of assets are presented separately as current assets and liabilities in the statement of financial position at the lower of carrying amount or fair value less costs to sell and are not depreciated or amortized from the date of classification.

Any impairment loss recognized on a group of assets for disposal is allocated first to the goodwill associated with that group of assets, when applicable; and then to the other assigned assets pro rata on the basis of their book value. This loss is not distributed to financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment on the initial classification of assets as held for sale and subsequent gains and losses arising from the new measurements are recognized through profit or loss.

The condition for the classification of an asset as a non-current asset held for sale (or disposal group) is considered to be met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its current state subject only to terms that are customary and adapted for sales of such assets (or disposal group). Management must be committed to the sale, which should be recognized as a completed sale within one year of the date of classification.

When there is a sales plan involving the loss of control in a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale provided that the above described criteria are met, regardless of whether a non-controlling interest in its former subsidiary will be retained after the sale.

When the Group is committed to a sales plan that involves the sale of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment to be sold is classified as held for sale when the above described criteria are met.

The Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that is not classified as held for sale continues to be accounted for under the equity method; if at the time of sale of the retained portion of the associate or joint venture there is a loss of significant influence or joint control, the use of the equity method is discontinued and any retained interest in the associate or joint venture is recognized in accordance with the applicable regulations following its classification.

Where the Group commits to distribute an asset (or disposal group) to the owners, that non-current asset (or disposal group) is classified as held for distribution to the owners. For this to be the case, the assets must be available for immediate distribution in their current condition, and the distribution must be highly probable, i.e. activities to complete the distribution must have commenced and be expected to be completed within one year from the date of classification.

The measurement criteria of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are not applicable to investment property measured at fair value, financial assets within the scope of IFRS 9 Financial Instruments, deferred tax assets, assets arising from employee benefits, among others indicated by this IFRS.

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

2.3.12 Biological assets

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

The Group measures biological assets, both at the beginning and at the end of the period, at fair value less selling costs. The fair value of a biological asset is given by the quoted price in an active market. If there are different active markets for the same biological asset, the fair value of the asset will be the price given in the most relevant active market.

If no active market exists, the Group uses the following information to determine fair value, provided it is available and it will select the most reliable one:

- The price of the most recent market transaction, assuming there is no significant change in economic circumstances between the date of the transaction and the end of the reporting period,
- The market price of similar assets, adjusted to reflect existing differences,
- Industry benchmarks, such as the value of plantations expressed in terms of areas, units of capacity, weight or volume.

Gains or losses arising from the initial recognition of a biological asset or agricultural produce at fair value less selling costs and from a change in this value are included in profit or loss for the consolidated period when they arise.

2.3.13 Leases

The Group applied IFRS 16 Leases as from 1 January 2019, the change in accounting policy was made using the modified retrospective approach, in accordance with the transitional provisions allowed in the standard, and therefore, comparative information has not been restated and continues to be reported in accordance with IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease, recognizing at 1 January 2019 the cumulative effect of the transition from IAS 17 Leases to IFRS 16 Leases directly in equity in retained earnings. Accounting policies under IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease are disclosed separately.

Accounting policy applicable from 1 January 2019

The Group recognizes leases, subleases and contracts with similar characteristics and circumstances taking into account the capacity of the lessor or lessee, the underlying asset and the term of the arrangement.

At the beginning of an arrangement, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange of a consideration. To assess whether a contract transfers the right to control the use of identified assets, the Group uses the definition of a lease in IFRS 16 Leases. This policy applies to contracts in force as at 1 January 2019.

a. **The Group as a lessee.** As the lessee, at the commencement or amendment of a contract containing a lease component, the Group assigns the consideration in the contract to each lease component on the basis of its relative independent prices.

   The Group initially recognizes at the commencement date of the lease a right-of-use asset representing the right to use the underlying asset of the contract and a lease liability representing its obligation to make the payments agreed in the contract.

   Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted with the remeasurements of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made before the inception date of the contract less any lease incentives received. Unless the Group is reasonably confident of obtaining ownership of the leased asset at the end of the lease term, assets recognized for the right of use are amortized on a straight-line basis over the lease term. Right-of-use assets are subject to impairment. Right-of-use assets associated with investment property are measured initially at cost, and subsequently at fair value, in accordance with the Group's accounting policy for subsequent measurement of investment property.

   At the commencement date of the lease, the Group recognizes lease liabilities measured at present value of the lease payments to be made over the term of the lease. Lease payments include fixed payments (including essentially fixed payments) less lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments include the exercise price of a purchase option when the Group has reasonable assurance that it will be exercised and penalties for cancellation of the lease, if the term of the lease reflects that the Group will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the value of the lease liabilities is increased to reflect the accumulation of interest and is reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the term of the lease, a change in the fixed payments in substance of the lease, or a change in assessment to acquire the underlying asset.

The Group recognizes the depreciation expense for right-of-use assets and allocates the lease payments between the finance expense and the reduction of the lease obligations. Interest expense is charged directly to income, unless it is directly attributable to qualifying assets, in which case it is capitalized in accordance with the general policy for borrowing costs.

The Group presents the leased assets and liabilities separately in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property item.

The Group presents interest expense on lease liabilities separately from the depreciation charge on the leased asset. Interest expense on the lease liability is a component of finance costs, which are presented separately in the consolidated statement of comprehensive income.

In the consolidated statement of cash flows, the Group classifies cash payments for principal and interest on lease payments as financing activities and payments for short-term leases and low-value asset leases as operating activities.

Short-term leases and low-value asset leases.

The Group recognizes lease payments for contracts with a lease term of 12 months or less and without a purchasing option, or contracts with an underlying asset of low value (i.e., assets with a new value of USD 3,500 or less for operating assets and USD 5,000 or less for administrative assets) as lease expense less related lease incentives on a straight-line basis over the lease term, unless another systematic basis of allocation is more representative of the time pattern of the lessee's benefit.

b. The Group as a lessor.

At the commencement or amendment of a contract containing a lease component, the Group assigns the consideration in the contract to each lease component on the basis of its relative independent prices.

As the lessor, at the commencement of the lease, the Group classifies the leases as finance or operating leases, assessing the extent to which risks and rewards of ownership of the asset affect it. The Group classifies a lease as a finance lease when substantially all the risks and rewards of ownership are transferred, and as an operating lease when substantially all the risks and rewards of ownership are not transferred.

The Group recognizes amounts owed by lessees under finance leases as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated over the accounting periods to reflect a consistent and regular rate of return on the company's net investment in the leases.

Lease income under operating leases is recognized using the straight-line method over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

Accounting policy applicable before 1 January 2019

The Group classifies leases by assessing the extent to which the risks and rewards of ownership of the asset affect the lessor or the lessee. The Group classifies a lease as a finance lease when substantially all the risks and rewards of ownership are transferred, and as an operating lease when substantially all the risks and rewards of ownership are not transferred.

As the lessee, the Group initially recognizes an asset acquired under a finance lease in the statement of financial position, based on its nature, at the lower of its fair value and the present value of the minimum lease payments payable, and recognizes a short or long-term liability for the same amount. Subsequently, the asset is measured in accordance with the property, plant and equipment policy (see property, plant and equipment policy), and the liability is measured at amortized cost.

As the lessor, the Group recognizes amounts owed by lessees under finance leases as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated over the accounting periods to reflect a regular rate of return on the company's net investment in the leases.

Lease income under operating leases is recognized using the straight-line method over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

2.3.14 Financial liabilities and equity instruments

a. **Classification as debt or equity.** Debt and equity instruments are classified as financial liabilities or equity, in accordance with the substance of the contractual arrangement and the definitions of financial liability and equity instrument.

b. **Equity instruments.** An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognized at the value received, net of direct issue costs.

   Repurchase of the Group's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in the results of the purchase, sale, issue or cancellation of own equity instruments.

c. **Compound instruments.** Components of compound instruments, such as mandatory convertible bonds issued by the Group, are classified separately as financial liabilities and equity, depending on the substance of the contractual arrangement and the definitions of financial liability and equity instrument. A conversion option that will be cancelled through the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's equity instruments is considered an equity instrument.

   At the date of issue, the fair value of the liability component is calculated using the prevailing market interest rate for similar non-convertible debt. This amount is recorded as a liability on an amortized cost basis, using the effective interest method, until it is extinguished upon conversion or upon maturity of the instrument.

   The portion classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument. This value is recognized and included in equity, net of income tax effects, and cannot be re-measured subsequently. Additionally, the portion classified as equity remains in equity until it has been exercised, in which case, the balance recognized through equity is transferred to additional paid-in capital. When the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognized through equity is transferred to retained profits. No gain or loss should be recognized through profit or loss upon conversion or expiration of the conversion option.

   Transaction costs related to the issuance of convertible instruments are allocated to the liability and equity components, in proportion to the distribution of the gross amounts received. Transaction costs related to the equity component are recognized directly in equity. Transaction costs related to the liability component are included in the book value of the liability and are amortized over the life of the convertible instruments using the effective interest rate method.

d. **Financial liabilities.** Are classified at fair value through profit or loss or at amortized cost, using the effective interest method. The Group determines the classification of financial liabilities at initial recognition.

i.Financial liabilities at fair value through profit or loss:

A financial liability is classified as held for negotiation if:

- It has been acquired primarily for the purpose of short-term repurchase.
- At initial recognition it forms part of a portfolio of financial instruments managed by the Group and there is evidence of a recent current pattern of short-term profits.
- It is a derivative that has not been designated as a hedging instrument or as financial guarantee.
- It is an embedded derivative that is recognized separately, unless it is designated as an effective hedging instrument.

A financial liability that is not held for negotiation could also be designated as a financial liability at fair value through profit or loss at initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that may arise.
- The financial liability forms part of a group of financial assets or liabilities, or both, which is managed - and its performance is evaluated - on the fair value basis, in accordance with the risk management documented by the Group in its investment strategy, with the information provided internally on that basis.
- It is part of an arrangement that contains one or more embedded instruments. IFRS 9 Financial Instruments allows the entire combined contract to be designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recorded at fair value, with any gain or loss arising from the remeasurement recognized through the results of the period. The net gain or loss recognized through profit or loss incorporates any interest paid on the financial liability. The fair value is determined in the manner described in the fair value measurement policy, described in paragraph 2.

ii. Other financial liabilities. Other financial liabilities (including borrowings, trade payables and others) are subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating the financial expense over the term. The effective interest rate is the discount rate that exactly matches the cash flows receivable or payable (including all fees and points paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts) estimated over the expected life of the financial liability, or when appropriate, a shorter period, with the net carrying amount at initial recognition.

iii. **Financial derivatives.** The Group holds financial derivative instruments to cover its exposures to foreign currency and interest rate risk. Financial derivatives are measured at fair value through profit or loss. Some derivatives embedded in other financial instruments or contracts (embedded derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and are not recorded at fair value.

Certain transactions with derivatives that do not qualify for hedge accounting are treated and reported as derivatives held for negotiating, even though they provide an effective hedge for managing risk positions.

Derecognition of financial liabilities. The Group derecognizes a financial liability if, and only if, the obligations expire, are cancelled or fulfilled. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in the statement of income for the period.

2.3.15 Hedge accounting

The Group continues applying the hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement, in accordance with the exceptions permitted by the adoption of IFRS 9 Financial Instruments.

For derivatives that qualify for hedge accounting, at the inception of the hedging relationship, the Group designates and formally documents the relationship, the risk management objective and the strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the fair value of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or in the cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine whether they have been effective over the reporting periods for which they were designated.

For hedge accounting purposes and those applicable to the Group, hedges are classified and accounted for as follows, once the criteria for hedge accounting are met:

a. **Fair value hedge.** When hedging exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

   Change in the fair value of a derivative that is a hedging instrument is recognized in the statement of comprehensive income in the statement of income section, as finance cost or income. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recognized in the statement of comprehensive income in the statement of income section as finance cost or finance income.

b. **Cash flow hedge.** When hedging exposure to changes in cash flows attributed either to a particular risk associated with a recognized asset or liability or to a highly probable forecast transaction, or to foreign exchange risk in an unrecognized firm commitment.

   The purpose of cash flow hedge accounting is to recognize in other comprehensive income (OCI), the changes in fair value of the hedging instrument in order to apply them to the statement of income when and at the rate that the hedged item affects them.

   The effective portion of the gain or loss on the measurement of the hedging instrument is immediately recognized through other comprehensive income (OCI), while the ineffective portion is recognized in the statement of income as finance cost.

   The amounts recognized through other comprehensive income (OCI) are reclassified to income when the hedged transaction affects income, as well as when the hedged finance income or expense is recognized, or when the forecasted transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized through other comprehensive income (OCI) are reclassified to the initial book value of the non-financial asset or liability. If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized through other comprehensive income is reclassified to profit or loss.

   If the hedging instrument expires or is sold, terminated, or exercised without a successive replacement or renewal of a hedging instrument by another hedging instrument, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized through other comprehensive income (OCI) remains there until the forecast transaction or firm commitment affects profit or loss.

c. **Hedge of net investment in a foreign operation.** When hedging differences in foreign currency arising between the functional currency of the foreign operation and the functional currency of the parent company, regardless of whether the net investment is held directly or through an intermediate parent company.

   Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized through other comprehensive income (OCI) to the extent that the hedge is effective and presented in the equity translation reserve. To the extent that the hedge is not effective, such differences are recognized through profit or loss. When part of the hedge of a net investment is eliminated, the corresponding amount recognized through other comprehensive income (OCI) is transferred to income as part of the gain or loss on disposal.

2.3.16 Employee benefits

Post-employment benefit and defined contribution plans. The Group recognizes liabilities for pension, pension securities and bonds, retirement premiums and other post-employment benefits in accordance with the requirements of IAS 19 Employee Benefits.

The Group recognizes benefit plans classified as contribution plans in consolidated results as an administrative, sales or cost of goods sold as the related service is rendered. Contributions paid in advance are recognized as an asset, to the extent that a cash refund or reduction in future payments is available.

The Group recognizes benefit plans classified as defined benefit plans as an asset or liability in the statement of financial position. This is done by the difference between the fair value of the plan assets and the present value of the plan obligation, using the Projected credit unit Method to determine the present value of its defined benefit obligation and the related current service cost, and where applicable, past service cost, at least annually. Plan assets are measured at fair value, which is based on market price information and, in the case of listed securities, is the published market price.

The Projected Credit Unit treats each period of service as generating an additional unit of benefit entitlement and measures each unit separately to conform to the final liability. The Group discounts the total value of the obligation for post-employment benefits, even if a portion of the obligation is to be paid within 12 months of the reporting period.

Actuarial gains or losses, returns on plan assets and changes in the effect of the asset ceiling, excluding amounts included in net interest on net defined benefit liabilities (assets), are recognized through other comprehensive income (OCI). Actuarial gains or losses include the effects of changes in actuarial assumptions as well as experience adjustments. The net interest on the net defined benefit liability (asset) comprises interest income on the plan assets, interest costs on the defined benefit obligation and interest expense on the effect of the asset ceiling.

Current service cost, past service cost, any settlement or curtailment of the plan are recognized in the statement of income in the period in which they arise.

The estimate of the post-employment benefit liability is made by an independent actuary.

Short-term benefits. Short-term benefits are those that the company intends to pay to employees within 12 months after the end of the period in which the employee has rendered services, some examples are salaries, wages, bonuses, vacations, paid absences, among others.

The Group records short-term benefits in the reporting period based on the undiscounted amount of the balances expected to be paid in consideration of the work performed by the employee.

Termination benefits. These are benefits granted to employees when it is decided to terminate the employment contract before the normal retirement date, or when the employee accepts an offer of benefits in exchange for the termination of the employment contract. Termination benefits are recognized as an expense in the results of the period when the Group cannot withdraw the offer related to the benefits or when the Group recognizes the costs for a restructuring, whichever occurs first. If the benefits are not expected to be settled in full within 12 months after the end of the reporting period, they are discounted.

2.3.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that resources will be required to settle the obligation and a reliable estimate can be made of the value of the obligation. In cases where the provision is expected to be partially or fully reimbursed, the reimbursement is recognized as a separate asset only in cases where such reimbursement is practically certain, and the amount of the receivable can be reliably measured.

Provisions are measured by management's best estimate of future expenditures required to settle the present obligation and are discounted using a risk-free rate. The provision expense is presented in the statement of income, net of any reimbursement. The increase in the provision due to the passing of time is recognized as a financial expense in the statement of income.

The Group recognizes present obligations arising from an onerous contract as provisions for the lesser of expected costs to terminate the contract or the expected net cost to continue with the contract. An onerous contract is one in which the unavoidable costs of fulfilling the obligations involved exceed the economic benefits expected to be received from the contract. The Group recognizes any impairment loss on the assets associated with the contract.

A restructuring provision is recognized when the Group has approved a detailed and formal restructuring plan and the restructuring itself has commenced or has been publicly announced. Future operating costs are not provisioned.

Contingent liabilities

Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control are not recognized in the statement of financial position but are disclosed as contingent liabilities.

Contingent liabilities acquired in a business combination are initially recognized at their fair values at the acquisition date. At the end of subsequent reporting periods, these contingent liabilities are measured at the higher of the amount that would have been recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less any accumulated amortization recognized in accordance with IFRS 15 Revenue from Contracts with Customers.

2.3.18 Taxes

Income tax expense represents the sum of current and deferred tax.

a. **Current income tax.** Current income tax assets and liabilities for the period are measured at amounts expected to be recovered or paid to the tax authority. The tax expense is recognized as current, in accordance with the comparison made between the taxable income and the accounting profit or loss affected by the income tax rate for the current year and in accordance with the provisions of the country's tax regulations. The current tax expense includes at least the amount settled by the presumptive income system in those periods in which there is no taxable income, which is zero or less than 1.5% of the taxable equity (0.5% for year 2020 and 0% from 2021 and onward) for companies located in Colombia. The tax rates and regulations used to compute such values are those enacted or approved at the end of the reporting period and that generate taxable income. Current tax assets and liabilities are offset for presentation purposes provided that they are related to the same tax authority, there is a legal right to do so and the Group intends to settle them simultaneously.

b. **Deferred tax.** Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the financial statements and the corresponding tax bases used to determine taxable income. The deferred tax liability is generally recognized for all temporary tax differences. The deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the entity can charge the deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that does not affect either taxable profit or accounting profit.

   The Group must recognize a deferred tax liability for taxable temporary differences relating to investments in associates and interests in joint ventures, except where it is able to control the reversal of the temporary difference and where there is a possibility that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized and that there is a possibility that the temporary difference will reverse in the foreseeable future.

   The carrying amount of a deferred tax asset should be reviewed at the end of each reporting period and reduced, if the Group considers it probable that sufficient taxable profit will not be available in the future to allow the asset to be recovered in full or in part.

   Deferred tax assets and liabilities should be measured using the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the end of the reporting period.

Measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax arising from the initial accounting for a business combination is treated as a net identifiable asset associated with the application of purchase accounting.

2.3.19 Foreign currency

a. **Foreign currency transactions.** Transactions in currencies other than the entity's functional currency (foreign currency) are recorded using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates prevailing at the date the fair value was determined. Non-monetary items that are measured at historical cost are not retranslated.

   Exchange differences on monetary items are recognized in the results of operations in the period in which they arise, except for:

   - Exchange differences arising from loans denominated in foreign currencies related to assets under construction for future productive use, which are included in the cost of such assets as an adjustment to interest costs on such loans denominated in foreign currencies, provided they do not exceed the borrowing costs of a liability with similar characteristics in the functional currency
   - Exchange rate differences arising from transactions related to exchange rate risk hedges
   - Equity instruments measured at fair value through other comprehensive income (except in the case of impairment when foreign currency differences that have been recognized through other comprehensive income are reclassified to income)
   - A financial liability designated as a hedge of the net investment in a foreign operation provided that the hedging is effective
   - Cash flow hedges provided the hedging is effective, which are recognized through other comprehensive income OCI.

b. **Translation of a foreign business.** Financial statements of subsidiaries that present a different functional currency are translated into Colombian pesos. Transactions and balances of a foreign operation are translated into the parent company's functional currency as follows:

   - Assets and liabilities are translated into Colombian pesos at the closing rate;
   - Profit or los items are translated into Colombian pesos based on the average rate for the period, and,
   - Equity transactions in foreign currency are converted to Colombian pesos at the exchange rate of the day of the transaction.

   Exchange differences arising from the translation are recognized directly in other comprehensive income (OCI) in equity and are reclassified to the statement of income when the investment is sold:

   - On disposal of the Group's interest in a foreign operation, which involves a partial sale of an interest in a joint venture or an associate that includes a foreign operation of which the retained interest is converted into a financial asset, all accumulated exchange differences in equity related to that operation attributable to the Group's owners are reclassified to profit or loss.

   - On partial disposal of a subsidiary (which includes a foreign operation), the entity reattributes the proportionate share of the cumulative amount of the exchange differences to the non-controlling interests and they are not recognized through profit or loss for the period.

   Goodwill and net identifiable assets and liabilities acquired in a foreign business combination are treated as assets and liabilities of a foreign operation and are translated at the exchange rate prevailing at the end of each reporting period. Any exchange differences arising are recognized through other comprehensive income (OCI).

2.3.20 Income recognition

The Group's income arises mainly from the sale of goods, the rendering of services, returns on investments and the equity method of investments with a recognition of income at a given time. The majority of the Group's revenue arise from fixed-price contracts and, therefore, the value of revenue to be obtained from each contract is determined by reference to those fixed prices.

a. **Sale of goods.** A single performance obligation is established for the sale of goods. The Group recognizes revenue when the obligation is satisfied, i.e. when control of the goods or services underlying the performance obligation has been transferred to the customer, at some point in time. This performance obligation is fulfilled at the time of delivery of the asset to the customer. There is no significant financing component associated with the sale of goods. Revenue is reduced by discounts or rebates and other similar allowances estimated for the customers.

   The Group sells developed property with revenue generally recognized over time, since the customer receives the benefits of the performance obligation as the asset is partially delivered. In these cases, the Group recognizes revenue based on the progress of the percentage of the asset delivered, which is estimated by comparing the costs executed at the date of the project with the total budgeted costs.

b. **Rendering of services.** The Group provides certain services that are sold on their own under contracts with customers or grouped together with the sale of goods to a customer. In both scenarios, revenue from service contracts is recognized by reference to the stage of completion of the contract, which is determined as follows:

   - Installation fees are recognized as revenue by reference to the stage of completion of the installation, determined as the proportion of the total estimated installation period that has elapsed at the end of the reporting period.
   - Fees for services included in the price of products sold are recognized by reference to the proportion of the total cost of the service provided for the product sold.

c. **Income from dividends and interests.** Dividend income from investments is recognized once the rights to receive said payment have been established. In the case of associates and joint ventures, it is recorded as a reduction in value of the investment. For all other equity investments, it is recorded through profit or loss.

   Interest income on a financial asset is recognized when it is probable that the Group will receive the economic benefits associated with the transaction and the value of the income from ordinary activities can be measured reliably. Interest income is recorded on a time basis, with reference to the principal outstanding and the applicable effective interest rate.

d. **Income from equity method.** Corresponds to the recognition of the participation in the results of associated companies and joint ventures. This is recognized at the end of the reporting period taking into account the percentage of equity interest and the profits or losses obtained by the associates and joint ventures.

e. **Lease income.** The policy for recognition of income from investment property under operating leases is described in the lease policy.

f. **Toll income.** Toll income is recognized at the time of collection from users who use the concessioned road. The Group deducts from its income the portion associated with the financial asset for the projected income of the model determined in accordance with IFRIC 12, Service Concession Arrangements.

g. **Income from sales of energy and natural gas.** Income is recognized through profit for the year through the causation system when an increase in future economic benefits, related to an increase in assets or a decrease in liabilities, has arisen and its value is reliably measurable. When income is recognized, all costs and expenses associated with it are recognized.

   Income from the energy generation activity is derived mainly from sales of energy through bilateral contracts to the regulated and unregulated market, the Stock Exchange, the secondary frequency regulation service (AGC) and the Reliability Charge. Through Resolution CREG 071 of 2006, the current methodology for the remuneration of the Reliability Charge to the generators of the Wholesale Energy Market (MEM) was approved.

   The methodology for remuneration of the transmission activity is known as regulated income, through which the maximum annual income that remunerates each transmitter is established, in accordance with the assets that they effectively possess in the National Transmission System (STN). This income is collected through charges for the use of the STN, which are paid by the marketers (demand) of the National Interconnected System (SIN). The collection and recovery resulting from the application of charges for use of the STN is handled centrally through the STN's Liquidator and Account Manager, who invoices and settles the charges for use.

For the purposes of remuneration of the distribution activity, the CREG defines the remuneration to be applied, which is reviewed every five years in accordance with the provisions of the regulations. The methodology established for remuneration has an associated quality scheme.

The marketer's income comes from buying energy from the Wholesale Energy Market (MEM) and selling it to end users, for which it carries out billing, measurement, collection, portfolio management and customer service activities, among others.

Income from the sale of energy in the regulated and unregulated market is recognized based on the kilowatts consumed by customers, both billed and unbilled; the sale of related services is recognized when billed. Energy not invoiced at the end of the month is estimated on the basis of internal and external information, the latter supplied by the energy market regulator.

Income from natural gas sales is recognized on the basis of the nominations established in the gas resale agreements.

In the case of foreign subsidiaries, energy sales are recognized when the energy produced is delivered to customers in accordance with the monthly settlements prepared by the National Dispatch Center (CND) and based on the prices and quantities of kilowatt-hours contracted or sold in the occasional market. Capacity income is recognized monthly based on contracts with electricity distribution companies or sold on the occasional market or the reserve market.

Energy not invoiced at the end of the month is estimated based on internal and external information, the latter supplied by the energy market regulator National Dispatch Center (CND). Relevant estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

h. **Construction contracts.** The Group performs construction activities with revenue generally recognized over time, since the customer receives the benefits of the performance obligation as the activity is performed. When the outcome of a construction contract can be estimated with sufficient reliability, revenue and costs associated with the contract should be recognized by reference to the stage of completion of the activity produced by the contract at the end of the reporting period, measured based on the proportion that contract costs incurred in the work performed at that date represent to the total estimated contract costs, except where such proportion is not representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that value can be reliably measured, and their reception is considered probable.

When the outcome of a construction contract cannot be estimated with sufficient reliability, revenue should be recognized only to the extent that it is probable that costs incurred under the contract will be recovered. Contract costs should be recognized as an expense in the period in which they are incurred.

When there is a possibility that total contract costs exceed total revenue, the estimated loss is immediately recognized as an expense.

When contract costs incurred to date plus recognized gains less recognized losses exceed the amount billed, the excess is shown as the value owed by customers for the work contract. For contracts where invoices based on the progress of work exceed contract costs incurred to date plus recognized gains less recognized losses, the excess is shown as amounts owed by the Group to customers for the work contract. Amounts received before related work is performed are included in the consolidated statement of financial position as a liability. Amounts billed for work performed, but not yet settled by the customer, are included in the consolidated statement of financial position under trade and other receivables.

The Group estimates revenue in the reporting period that have not yet been billed, assessing the degree of progress of construction projects that can be reliably measured and whose economic benefits are likely to be achieved. The cost method is that used to determine the degree of progress of construction projects in progress.

i. **Government subsidies.** Government subsidies should not be recognized until there is reasonable assurance that the Group will comply with the conditions attached; and that the subsidies will be received. Government subsidies are initially recognized at fair value.

Government grants whose main condition is that the Group buys, builds or otherwise acquires non-current assets are recognized as deferred income through the statement of financial position and are transferred to income on a systematic basis over the lifespan of the assets. Government grants must be recognized as income or loss on a systematic basis over the periods necessary to match them with the related costs.

Any government subsidies to be received as compensation for expenses or losses already incurred, or for the purpose of providing immediate financial support to the Group, without related subsequent costs, are recognized through profit as other income when they become receivable.

The benefit of a government loan at a below-market interest rate is treated as a subsidy, measured as the difference between the benefit received and the fair value of the loan based on the market interest rate in effect at the date.

j. **Contract balances**

a. **Contract assets:** a contract asset is the right to receive consideration in exchange for goods or services transferred to the customer, when that right is conditional on a different variable being present over time. If the Group transfers control of goods or services to a customer before the customer pays the consideration, a contract asset is recognized for the consideration earned that is conditional on the performance of one or more variables.

b. **Trade receivables:** a receivable represents the Group's unconditional right to a consideration for the transfer of goods or services to a customer. It is unconditional because only the passing of time is required for payment of the consideration.

c. **Contract liabilities:** a contract liability is the obligation to transfer goods or services to a customer for which the Group has previously received consideration from the customer. The payment of a consideration by a customer before the Group transfers goods or services to the customer is recognized as a contract liability at the time the payment is made or when the payment is due (whichever occurs first). Contract liabilities are recognized as income once the Group transfers the goods or services to the customer.

2.3.21 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur in expenses, whose operating results are regularly reviewed by the Group's highest operating decision maker to make decisions about resources to be allocated to the segment, assess its performance and for which differentiated financial information is available.

Management has determined its operating segments based on the financial information provided to the Group's steering committees, whose members are used to make operating decisions for the purpose of allocating resources and evaluating their performance. The Steering Committee evaluates the performance of the operating segments based on each segment's net sales, operating income, EBITDA and net income. Total assets and liabilities by operating segment are not evaluated internally for management purposes and are not disclosed by the Group.

2.3.22 Materiality

In accordance with IAS 1 Presentation of Financial Statements, the Group considers information to be material if its omission or inappropriate expression could influence the decisions of users of the consolidated financial information.

2.3.23 Statement of cash flow

The Group prepares the statement of cash flows using the indirect method based on net profit (loss), broken down into three sections:

a. **Cash flows from operating activities:** flows from operations that constitute the company's main source of revenue, and from those activities that cannot be classified as investing or financing activities. These flows include, among others, taxes, transaction costs for acquisitions of subsidiaries, dividends received from associates, joint ventures and financial instruments and interest received on service concession arrangements recognized as financial assets.
b. **Cash flows from investing activities:** flows from the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents. These flows include, among others, flows related to the acquisition of subsidiaries, associates and joint ventures (excluding for subsidiaries, transaction costs that are presented as cash flows from operating activities), contingent considerations paid for business combinations during the measurement period and up to the amount of the identified liability, cash flows from sales of subsidiaries with loss of control, associates and joint ventures; acquisitions and disposals of intangible assets and property, plant and equipment (including transaction costs and deferred payments at the time of receipt or delivery of the flows), interest received from investments, except for interest received under service concession arrangements recognized as financial assets that are presented as operating activities.
c. **Cash flows from financing activities:** flows from activities that result in a change in the company's capital structure, whether from own resources or from third parties. These flows include, among others, issues of equity instruments, repayment of contributions and payments of subordinated debt classified as equity instruments, obtaining and repaying loans, issuing bonds and commercial papers and cancelling them, transactions between shareholders that do not involve obtaining and/or losing control (including transaction costs and any deferred payment at the effective time of receipt or delivery of the flows), repayment of principal on leases, interest paid associated with financing costs (including withholding taxes assumed and paid on loans entered into with foreign entities and except for interest that is capitalized as part of the cost of an asset that is presented as investing activities), derivatives that hedge financial liabilities and dividend payments.

NOTE 3: STANDARDS ISSUED BY THE IASB

3.1. Incorporated in Colombia

3.1.1 Incorporated in Colombia as of 1 January 2018 - Decrees 2496 of 2015 and 2131 of 2016

As from 1 January 2018, the following standards entered into force in the technical standard framework containing some amendments issued by the IASB during 2016, allowing their early application:

Financial Reporting Standard	Subject of the amendment	Detail
IAS 7 Statement of Cash Flows	Disclosure initiatives	Clarifies disclosures for assessing changes in responsibilities resulting from funding activities.
IAS 12 Income Taxes	Recognition of deferred tax assets for unrealized losses	Clarifies the following aspects: • Unrealized losses on debt instruments measured at fair value and valuated for tax purposes result in a temporary difference, regardless of whether the holder of the debt instrument expects to recover the book value of the debt instrument through sale or use. • The carrying amount of an asset does not limit the estimation of possible future taxable profit. • Estimates of future taxable profit exclude tax deductions resulting from the reversal of deductible temporary differences. An entity evaluates a deferred tax asset in combination with other deferred tax assets. When tax legislation restricts the use of tax losses, the entity would evaluate a deferred tax asset in combination with other deferred tax assets of the same type.
IFRS 9 Financial Instruments	Issuance of new standard	Issued as a comprehensive standard that includes previously issued requirements and additional amendments to introduce a new expected loss model and limited changes to the classification and

Financial Reporting Standard	Subject of the amendment	Detail
		measurement requirements for financial assets. It envisages the following phases: Phase 1: all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Phase 2: the impairment model, in accordance with IFRS 9 Financial Instruments, reflects expected credit losses as opposed to incurred credit losses in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Phase 3: the three types of hedge accounting mechanisms included in IAS 39 Financial Instruments: Recognition and Measurement are maintained. The effectiveness test has been revised and replaced by the "economic relationship" principle. Additional disclosure requirements have been added to the entity's risk management activities.
IFRS 15 Revenue from Contracts with Customers	Issuance of new standard	A unique model for dealing with revenue from customer contracts. Its basic principle is that an entity must recognize revenue to represent the transfer or promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services, with 5 steps for recognition. Subsequently, amendments were included that clarify how: • Identify a performance obligation (the promise to transfer a good or service to a customer) in a contract. • Determine whether a company is the principal (the supplier of a good or service) or an agent (responsible for arranging the good or service to be provided); and • Determining whether income from a concession should be recognized at a given point in time or over time. This standard replaces the following standards: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real estate, IFRIC 18 Transfers of Assets from Customers, SIC 31 - Barter Transactions Involving Advertising Services.

Implementation of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments

The Group applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments for the first time from 1 January 2018. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. Other amendments were applied for the first time in 2018, but do not have an impact on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers:

IFRS 15 Revenue from Contracts with Customers requires recognition of revenue when promised goods or services are transferred to customers for amounts that reflect the consideration the entity expects to receive in exchange for those goods or services, through the application of a five-step approach: step 1: identify the customer contract(s); step 2: identify the performance obligations within the contract; step 3: determine the transaction price; step 4: assign the transaction price to each performance obligation based on the individual relative sale price of each good or service; and step 5: recognize revenue when (or to the extent that) the entity meets performance obligations by transferring control over the promised goods and services to the customer. Performance obligations can be satisfied at one point in time or over a period of time. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group and its subsidiaries applied IFRS 15 Revenue from Contracts with Customers, recognizing the cumulative effect of the initial application of this standard on retained earnings at 1 January 2018, the initial date of application of IFRS 15 Revenue from Contracts with Customers. The Group has taken advantage of the following practical solutions established by this IFRS:

- Not to adjust the value of the consideration to be received for significant financing components when, at the beginning of the contract, the period between the time the Group transfers a good or service and the time the customer pays for that good or service is expected to be less than or equal to one year.
- Recognize as an expense the incremental costs of obtaining a contract when the amortization period of the asset, if recognized, would be less than or equal to one year.

Due to the application of the equity method in subsidiaries, the adoption of this standard generated a net effect in equity attributable to positive controlling interest of $11,666, which includes the accounting of a deferred tax of ($7,372), and a net effect in non-controlling interest of ($57). This impact corresponds mainly to the construction activities of the functional units of the associate Concesión La Pintada.

IFRS 9 Financial Instruments:

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. In the early stages of the revision of IAS 39 Financial Instruments: Recognition and Measurement, the requirements for the classification and measurement of financial liabilities and for derecognition of financial instruments were amended: classification and measurement; impairment; and hedge accounting. The Accounting and Financial Reporting Standards Accepted in Colombia -NCIF, adopted the requirements for the classification and measurement of financial instruments, as of 1 January 2015, through Law 1314 of 2009, regulated by Decree 2420 of 2015, amended on 23 December 2015 by Regulatory Decree 2496 and on 22 December 2016 by Regulatory Decree 2131 so both requirements were adopted by the Group in advance in its first financial statements under IFRS.

Subsequently, new requirements were included to account for accounting hedges, determine the impairment of financial assets using the expected credit loss model and limited modifications were made to the classification and measurement requirements by introducing the fair value through equity category for certain debt instruments. These requirements were applied by the Group as described below:

Application of the expected credit loss model for the impairment of financial assets:

As from 1 January 2018, the Group adopts the new requirements for impairment of financial instruments in IFRS 9 Financial Instruments. The impairment model under IFRS 9 Financial Instruments reflects expected credit losses, as opposed to credit losses incurred under IAS 39 Financial Instruments: Recognition and Measurement, in the scope of impairment in IFRS 9 Financial Instruments, it is no longer necessary for a credit event to occur before credit losses are recognized.

The Group applied the new impairment requirements in IFRS 9 Financial Instruments to its debt securities, trade and lease receivables on a retrospective basis with the option not to restate comparative information. The Group recognized at 1 January 2018 the difference from the transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 Financial Instruments directly in equity in retained earnings, presenting a net effect in equity attributable to controlling interests of ($66,338) and a net effect in non-controlling interests of ($8,581). This impact corresponds mainly to the associate Grupo de Inversiones Suramericana S.A. In calculating expected credit losses under IFRS 9 Financial Instruments, the Group applied a simplified approach, which allows it not to monitor changes in credit risk, but rather to recognize a loss provision based on expected credit losses over the lifespan of the asset at each reporting date, i.e., to recognize expected credit losses resulting from possible events of default over the expected lifespan of the financial instrument. Where there is objective evidence that a financial asset is impaired, the Group recognizes an individual impairment loss provision and excludes the item from collective evaluation under the expected loss model.

Implementation of hedge accounting requirements

The general hedge accounting requirements in IFRS 9 Financial Instruments maintain the three types of hedge accounting mechanisms of IAS 39 Financial Instruments: Recognition and Measurement, Cash Flow, Fair Value and Net Foreign Investment, the requirement to measure and recognize any ineffectiveness of the hedge through profit or loss and to document the hedge at inception. However, IFRS 9 Financial Instruments introduces changes related to the performance of effectiveness tests and includes a wider range of hedging instruments and risks to be hedged.

IFRS 9 Financial Instruments introduces the option of applying the hedge accounting guidelines of this IFRS or continuing to apply the hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 16 Hedges of a Net Investment in a Foreign Operation, provided that the policy is applied consistently to all hedging relationships. The Group will continue to apply the hedge accounting requirements established by IAS 39 Financial Instruments: Recognition and Measurement, as permitted by IFRS 9 Financial Instruments and, therefore, there is no financial impact of transition.

3.1.2. Incorporated in Colombia as of 1 January 2019 - Decree 2170 of 2017 and Decree 2483 of 2018

Financial Reporting Standard	Subject of the amendment	Detail
Amendment to IAS 40 Investment Property	Investment property transfers	A property is required to be transferred to (or from) investment property only when there is a change in its use. The amendment clarifies that a change in management's intentions for the use of a property does not, in isolation, provide evidence of a change in use.
IFRS 16 Leases	Issuance of new standard	Establishes the principles for the recognition, measurement, presentation and disclosure of leases, with the objective of establishing a single model for the recognition of leases for lessees and lessors, providing relevant information that faithfully represents such transactions. IFRS 16 Leases replaces the following standards and interpretations: • IAS 17 Leases • IFRIC 4 Determining whether an Arrangement contains a Lease • SIC 15 Operating Leases - Incentives. • SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 Leases was issued by the IASB in January 2016 and is effective for annual periods beginning on or after 1 January 2019.
IFRS 2 Share-based Payment	Classification and Measurement of Share-based Payment Transactions	IFRS 2 Share-based Payment did not contain any guidance on how the conditions of profit consolidation affect the fair value of cash-settled share-based payment liabilities. The IASB has added a guide that introduces the accounting requirements for cash-settled share-based payments, which follow the same approach used for share-based payments.
IFRS 4 Insurance Contracts	Possibility of applying exceptions	The amendment allows companies that issue insurance contracts two options for the application of the standard in relation to designated financial assets: • Reclassify from profit or loss to other comprehensive income OCI some of the income and/or expenses of designated financial assets; • The provisional application of IFRS 9 Financial Instruments until the effective date of IFRS 17 Insurance Contracts

Financial Reporting Standard	Subject of the amendment	Detail
Annual Improvements to the Standards Cycle 2014-2016	Amendments adopted by the IASB	IFRS 1 First-time Adoption of International Financial Reporting Standards: this amendment eliminates short-term exemptions in relation to comparative information of first-time adopters, information to be disclosed in transfers of financial assets, information to be disclosed on financial instruments, information to be disclosed on employee benefits, among others, and some short-term improvements of the 2012-2014 cycle, since in practice, they only applied in the year in which they became effective in the past. IFRS 12 Disclosures of Interests in Other Entities: this improvement clarifies the scope of interaction of this IFRS with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in that it does not require the breakdown of summary financial information for interests in entities held for sale (or classified as discontinued operations). IAS 28 Investments in Associates and Joint Ventures: the amendment offers an extension to the option of recognizing at fair value investments in associates or joint ventures carried out by or through a venture capital entity by stating that this choice can be made separately for each associate or joint venture at initial recognition.
Amendment to IAS 28 Investments in Associates and Joint Ventures	Requirement for the treatment of long-term interests	Clarifies that the requirements of IFRS 9 Financial Instruments are applicable to long-term interests in associates and joint ventures, including impairment requirements.
Amendment to IFRS 9 Financial Instruments	Modifies the requirements for the treatment of early contract cancellation rights	allows the measurement at amortized cost (or at fair value through other comprehensive income OCI, depending on the business model) of rights for the early termination contracts or instruments even if they present negative compensation payments.
Annual Improvements to the Standards Cycle 2015-2017	Amendments adopted by the IASB	IFRS 3 Business Combinations: clarifies that when an entity acquires control over a business that was previously recognized as a joint operation, it must consider the requirements of a business combination achieved in stages, including the remeasurement of the previous interest. IFRS 11 Joint Arrangements: states that if an entity obtains joint control over a joint operation in which it had an interest, but did not control it, the entity shall not remeasure its previous interest. IAS 12 Income Taxes: this improvement describes how an entity should account for the effects of tax payments on financial instruments classified as equity in the statement of income for the period. IAS 23 Borrowing Costs: the amendment clarifies that if an entity obtained a loan specifically to finance an asset and the loan remains outstanding when the qualifying asset is ready for use or sale, the outstanding amount becomes part of the funds the entity took as a generic loan and will be part of the amount for determining the capitalization rate.
Practice Paper No. 2	Making Judgments of Materiality or	The purpose of the document is to provide reporting entities with guidelines on making judgments of materiality or relative importance

Financial Reporting Standard	Subject of the amendment	Detail
	Relative Importance	when preparing general purpose financial statements in compliance with International Financial Reporting Standards.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Specify the concept of transaction date	The interpretation specifies that: • The transaction date for determining the applicable exchange rate is that of initial recognition of the asset in the case of advance payments and of the liability in the case of deferred income. • If there are multiple payments or receipts of income, the transaction date will be determined for each of them.

Application of IFRS 16 Leases:
IFRS 16 Leases, issued in January 2016 and effective for periods beginning on or after 1 January 2019, with early adoption permitted provided that IFRS 15 Revenue from Contracts with Customers is applied. IFRS 16 Leases replaces existing standards IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC 15 Operating Leases - Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 Leases sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases under a single model similar to that used for accounting for finance leases under IAS 17 Leases. IFRS 16 Leases includes two exceptions to the general principle of recognition, namely short-term leases (leases with a term of twelve months or less) and low-value leases. At the commencement of the lease term, the lessee is required to recognize a liability representing the contractual obligation to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees should recognize separately the finance charge for the liability and the depreciation charge for the right-of-use.

Lessees are also required to re-measure the liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine such payments). Generally, the lessee shall recognize the value of the re-measured liability as an adjustment to the right-of-use asset.

The lessor's accounting under IFRS 16 Leases remains substantially unchanged from the current accounting under IAS 17 Leases. Lessors will continue to classify leases using the same principle of classification in IAS 17 Leases and distinguish between two types of leases: operating and finance leases. IFRS 16 Leases also requires lessees and lessors to make more extensive disclosures than are required by IAS 17 Leases.

A lessee may choose to apply the standard using either full retrospective application or a modified retrospective approach.

Significant mandatory changes in accounting policies:
Grupo Argos and its subsidiaries applied IFRS 16 Leases from 1 January 2019. The Group applied the change in accounting policy using the modified retrospective approach, in accordance with the transitional provisions allowed in the standard, under which the cumulative effect of the initial application of the standard is recognized directly through consolidated equity in consolidated retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 was not restated and continues to be presented, as presented above, in accordance with IAS 17 Leases and related interpretations. In addition, the general disclosure requirements in IFRS 16 Leases have not been applied to the comparative information. The choice not to restate financial information available because of the transitional provisions for implementing IFRS 16 Leases does not have a material effect on future periods. Details of the change in accounting policy are disclosed below:

a. Definition of a lease: previously, the Group determined at the beginning of the contract whether an arrangement was or contained a lease in accordance with IFRIC 4 Determining whether an Arrangement Contains a Lease. The Group now assesses whether an arrangement is or contains a lease based on the definition of a lease in IFRS 16 Leases.

On transition to IFRS 16 Leases, the Group chose to apply the practical solution of not reassessing whether an arrangement is, or contains, a lease at the date of initial application. Instead, the standard allows IFRS 16 Leases to be applied only to contracts previously identified as leases. Contracts that were not identified as leases under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease were not reassessed to determine whether a lease exists under IFRS 16 Leases. Therefore, the definition of a lease under IFRS was applied only to leases entered into or amended on or after 1 January 2019.

b. The Group as lessee: as a lessee, the Group leases a significant number of assets, including property, production equipment, including heavy machinery, vehicles, including concrete mixer trucks and equipment, and riverine fleet. In accordance with the above accounting policies, the Group classified the leases as operating or finance leases based on the assessment of whether the Group transferred significantly all the risks and rewards associated with ownership of the underlying asset. Under the new guidelines of IFRS 16 Leases, the Group recognizes right-of-use assets in leases and lease liabilities for the majority of these leases.

On initial recognition, the Group recognized a lease liability equal to the present value of the minimum lease payments payable discounted at the lessee's incremental borrowing rate at the transition date, 1 January 2019, and an asset equal to the lease liability adjusted for any prepaid expenses or payable liabilities recognized in the consolidated statement of financial position under IAS 17 Leases.

Grupo Argos and its subsidiaries opted to apply the following practical solutions available under IFRS 16 Leases:

- Not to apply the recognition requirements, at the inception date, to contracts with a lease term equal to or less than 12 months and without a purchase option or to contracts whose underlying asset is of low value (i.e., assets whose new value is equal to or less than USD 3,500 for operating assets and USD 5,000 for administrative assets).
- Exclude initial direct costs of measuring right-of-use assets at the initial date.
- Use retrospective reasoning if the contract contains extension or termination options.
- Not to reassess whether an arrangement is or contains a lease and use the analyses under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

At the date of transition to IFRS 16 Leases, the Group had leases classified as finance leases under IAS 17 Leases.

For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined by the carrying amount of the asset and lease liability under IAS 17 Leases immediately before that date.

c. The Group as lessor: the Group is not required to make any adjustments on transition to IFRS 16 Leases for leases in which it acts as lessor, except for subleases.

Impact of applying IFRS 16 Leases

On transition to IFRS 16 Leases, on 1 January 2019, the Group recognized additional right-of-use assets in leases, including investment property and additional lease liabilities in its consolidated financial statements, recognizing the difference in consolidated retained earnings. The impact on the transition is summarized below:

	2019
Right-of-use assets at 31 December 2018, property, plant and equipment	-
Right-of-use assets under lease (increase of 2.3% of assets) (1)	1,126,862
Less, onerous contracts reclassified as a reduction of Right-of-use assets	(69,053)
Prepaid expenses reclassified as an increase in the right-of-use assets	274
Improvements to third-party property reclassified as increase in right-of-use assets	61,664
Finance lease assets under IAS 17 reclassified as an increase in right-of-use assets	120,669
Right-of-use assets at 1 January 2019, property, plant and equipment	**1,240,416**
Lease liabilities at 31 December 2018, property, plant and equipment	-
Lease liabilities (4.9% increase of liabilities) (1)	1,126,862
Finance lease liabilities under IAS 17 reclassified as increase in lease liabilities	107,445
Lease liabilities at 1 January 2019, property, plant and equipment	**1,234,307**
Deferred tax liability recognized through retained earnings	(3,177)
Intangible assets and liabilities under favorable and unfavorable lease arrangements, net	2,020
Onerous contracts recognized as a reduction in retained earnings	12,666
Other adjustments	14
Effect of the transition to IFRS 16 on retained earnings	**11,523**
Controlling interests	5,595
Non-controlling interests	5,928

Deferred tax liability recognized with a charge to retained earnings, controlling interests	(1,603)
Deferred tax liability recognized with a charge to retained earnings, non-controlling interests	(1,574)

(1) Compared to figures reported as of 31 December 2018

Given the choice not to restate the Group's comparative information due to the first-time adoption of IFRS 16 Leases, it should be considered that:

- The consolidated statement of income at 31 December 2018 presents lease expenses of $261,481, of which $213,021 was included as selling costs and $48,460 as selling and administrative expenses. In this period, no expenses or costs are presented for depreciation of right-of-use assets, nor interest expenses associated with lease liabilities that under IAS 17 Leases were classified as operating leases.
- The consolidated statement of income at 31 December 2019 presents depreciation of right-of-use assets for $195,687, of which $157,508 was included as selling costs and $38,179 as selling and administrative expenses. Also included are interest expenses associated with lease liabilities for $59,951.

The adoption of IFRS 16 Leases has a positive impact on operating income, offset by an increase in interest expense which leads to a near-neutral result in net profit.

When measuring lease liabilities that were classified as operating leases, the Group discounted the lease payments using its incremental interest rate at 1 January 2019.

The weighted average rate applied is 4.31% for dollar-denominated contracts and 7.35% for Colombian peso-denominated contracts.

	1 January 2019
Total minimum lease payments in non-cancellable operating leases	**1,431,845**
Effect of rebate using the incremental interest rate as of January 1, 2019	(297,403)
Plus, finance lease liabilities under IAS 17 reclassified as an increase in lease liability	107,445
(less) Exemption from recognition for leases of low value assets	(4,247)
(less) Exemption from recognition for leases with less than 12 months duration	(3,333)
(plus) Reasonably certain renewal options to be exercised	-
Lease liabilities recognized at 1 January 2019	**1,234,307**

Other standards incorporated in Colombia as of 1 January 2019 did not generate significant impacts on the Group's consolidated financial statements.

3.1.3. Standards incorporated in Colombia as of 1 January 2020 - Regulatory Decree 2270 of December 2019

Financial Reporting Standard	Subject of the amendment	Detail
Amendment to IAS 19 Employee Benefits	Posting changes, reductions and settlements to a plan	The amendment requires entities to use updated assumptions to calculate current service cost and net interest for the remainder of the period from the modification, curtailment or settlement of a plan. It also requires entities to recognize any reduction in surplus as part of past service cost or settlement gain or loss.
Amendment to IFRS 3 Business Combinations	Improve definition of the concept of "Business"	The amendment clarifies that in order to consider the set of activities and assets acquired as a business, they must include at least one input element and a substantive process that together with the input is capable of creating outputs or results. To do so, an entity must: • Determine whether the fair value of the assets acquired is concentrated in a single identifiable asset or in a group of identifiable assets of a similar nature. • Determine whether that asset or group of assets includes a substantial process and in company, can generate a result.

Financial Reporting Standard	Subject of the amendment	Detail
Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Materiality	The information is material if its omission, deviation or concealment has the potential to influence the decisions that users of general-purpose financial statements make about those financial statements .
IFRIC 23 Uncertainty over Income Tax Treatments	Accounting for uncertain tax treatments	This interpretation explains how to recognize current and deferred tax assets and liabilities if there is uncertainty about a tax treatment. An entity manages uncertainties in accordance with: • The available basis for supporting its position • The approach that the tax authority is expected to take in an audit of the matter.
Conceptual Framework	General update	It updates definitions of concepts related to: • Measurement: to include factors to be taken into account when selecting measurement bases. • Presentation and disclosure: to determine events in which an income or expense is classified in other comprehensive income OCI. • Non-recognition: to determine when assets or liabilities should be removed from the financial statements. Additionally, it renews the definitions of assets and liabilities and the criteria for including them in the financial statements. Likewise, it adds or clarifies the meaning of other concepts such as "controlled resource", "economic resource" and "expected flow", among others.

IFRIC 23 Uncertainty over Income Tax Treatments

In order to provide greater clarity in the accounting treatment of income taxes, in June 2017 the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments, which clarifies how to apply the recognition and measurement requirements of IAS 12 Income Taxes when there is uncertainty in the treatments of this tax. An entity shall recognize and measure its current or deferred tax asset or liability by applying the requirements of IAS 12 Income Taxes on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and the tax rates determined by applying this Interpretation. In Colombia, this IFRIC is effective from 1 January 2020.

IFRIC 23 Uncertainty over Income Tax Treatments requires the assumption that the tax authority having the right to examine, and challenge tax treatments will examine the treatment and will have full knowledge of all related information. If Grupo Argos or any of its subsidiaries concludes that it is not likely that an uncertain tax treatment will be accepted by the tax authority, it must reflect the effect of the uncertainty on its accounting, adjust income tax expense, and current and deferred tax assets and liabilities.

The impact of the uncertain tax position should be measured using either the most likely amount method or the expected value method depending on whether the Group believes that the uncertain position will be resolved. This IFRIC allows for its initial application with retrospective effect, impacting retained earnings (or another component of equity, as appropriate). The Group will opt for application in these terms and is currently analyzing the expected effect of its application.

It is required to continue disclosing, in accordance with IAS 1 Presentation of Financial Statements, the judgments and estimates made in determining uncertain tax treatments.

3.2. Issued by the IASB not incorporated in Colombia

The following standards have been issued by the IASB, but have not yet been incorporated by Decree in Colombia:

Financial Reporting Standard	Subject of the amendment	Detail
IFRS 17 Insurance Contracts	It seeks to unify the delivery of results from insurance sector entities around the world.	They combine features of a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information on these features, IFRS 17 Insurance Contracts: • combines current measurement of future cash flows with recognition of benefits over the period in which the services are provided under the contract; • Presents the results of the insurance service (including the presentation of insurance income) separately from the income or expense of the insurance finance; and • Requires an entity to make an accounting policy choice to recognize all insurance finance income or expense through profit or loss, or to recognize part of that income or expense in other comprehensive income (OCI). According to the IASB's timetable, IFRS 17 Insurance Contracts becomes effective on 1 January 2021, allowing early application, provided that IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are also applied.

The Group will quantify the impact on the consolidated financial statements in a timely manner, so that once the Decree incorporating this standard into the Colombian Technical Regulations Framework is issued, all the necessary activities for its implementation will be carried out.

During 2019 the Group has not adopted any standards or improvements to standards in advance.

NOTE 4: **SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATES**

In applying the Group's accounting policies, which are described in Note 2 Basis of presentation and significant accounting policies, management must make judgements and estimates that affect the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed regularly by the management. Revisions to accounting estimates are recognized in the period of revision, if the revision only affects that period, or in future periods if the revision affects both the current period and subsequent periods.

4.1. Significant judgements and estimates when applying accounting policies that do not present a significant risk of significantly affecting the subsequent period

In accordance with paragraph 122 of IAS 1 Presentation of Financial Statements, the following are the judgements and significant estimates made by the management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements. These judgements and estimates differ from the estimates referred to in paragraph 125 of the same IFRS, since in the management's opinion they are not identified as presenting a significant risk of causing significant adjustments in the subsequent accounting period.

4.1.1 Interests in other entities

The Group has equity investments in companies that under IFRS are classified as subsidiaries, associates, joint ventures and financial instruments, according to the degree of relationship with the investee: control, significant influence and the type of joint venture. The degree of relationship was determined in accordance with IFRS 10 Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures and IFRS 11 Joint Arrangements.

The significant judgements and assumptions applied in making this classification are described below:

Subsidiaries - Entities over which the Group has control

In determining control, the Group assesses the existence of power over the entity, exposure, or entitlement, to variable returns from its involvement with the entity and the ability to use its power over the entity to influence the value of the returns. Judgement is applied in determining the relevant activities of each entity and the capacity to make decisions about these activities; for this, the purpose and design of the entity is assessed, the activities that most impact its performance are identified and how decisions about the relevant activities are made. The assessment of decision-making considers existing voting rights, potential voting rights, contractual arrangements between the entity and other parties, and the rights and ability to appoint and remove key management personnel, among other aspects. Judgement is also applied in identifying variable returns and exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic benefits from the entity, remuneration for managing the entity's assets or liabilities, fees and exposure to loss from providing credit or liquidity support.

The judgements and assumptions made to determine that the Group controls a company even when less than half the voting rights are retained are:

(a) Investment in SURCOL HOUDSTERMAATSCHAPPIJ N.V. Management has assessed the degree of influence that the Group has over SURCOL HOUDSTERMAATSCHAPPIJ N.V. and determined that it exercises control over the entity even though it maintains an indirect percentage of ownership, through the subsidiary Cementos Argos, equal to 50%, given the representation on the Board of Directors and the contractual terms of the arrangement, which establish that the Group has the current capacity to decide on the activities that most impact the performance of the entity in accordance with the terms.

(b) Investment in P.A. Ganadería Rio Grande. Management has evaluated the degree of influence that the Group has over this entity and determined that it exercises control over the entity even though it maintains a percentage of ownership equal to 13.39%, given that the Group is exposed to the variable returns from this investment and has the capacity to influence them through the exercise of its power by making relevant decisions.

The judgements and assumptions made to determine that the Group does not control a company even though it holds more than half of the voting rights are:

(a) Investment in Corporación de Cemento Andino C. A. and its subsidiaries Andino Trading Corporation, Comercializadora Dicemento C. A. and Depoan S. A.; and the companies Intership Agency Venezuela C.A. and Surandina de Puertos C.A. Management has evaluated the degree of influence that the Group has over the above-mentioned entities located in Venezuela and determined that it does not exercise control over the entities even though it maintains a percentage of ownership in excess of 50%, given the divestment of assets of Corporación de Cemento Andino, which was declared of public utility and social interest by the Venezuelan government on 13 March 2006. The Group is in the process of litigating to recover the companies.

(b) Investment in La Pintada S.A.S. Management has assessed the degree of influence that the Group has over La Pintada S.A.S. and determined that it does not exercise control over the entity, even though it holds more than 50% of the shares, since making relevant business decisions requires a special decision-making majority of 80% of the shares subscribed, thus forming a relationship of significant influence.

(c) Consorcio Constructor Nuevo Dorado and Consorcio Mantenimiento Opain. Management has assessed the degree of influence that the Group has over these consortiums and determined that it does not exercise control over them even though it holds a percentage of more than 50%, given that the quorum for financial and administrative decisions requires the favorable vote of all the consortiums, giving rise to a relationship of joint control.

(d) Patrimonio Autónomo (autonomous equity) Hacienda Niquía. Management assessed the degree of influence that the Group has over this entity and determined that it does not exercise control over it even though it holds an interest of over

50%, since the Group does not have the current capacity to decide on the activities that most impact the entity's performance.

(e) Caoba Inversiones S.A.S. Due to the mechanisms of joint governance established in the establishing of the company, management determined that it does not exercise control over the company even though it maintains a percentage of participation greater than 50%.

Associates - Entities over which the Group has significant influence

Judgment is applied in assessing significant influence. The Group is deemed to have significant influence over an associate when it has the power to intervene in the associate's financial and operating policy decisions. To this end, the Group considers the existence and effect of potential voting rights that may be exercised or converted at that time, including potential voting rights held by other companies, in order to assess whether it exercises significant influence over an investment. It should not consider those that cannot be exercised or converted until a future date, or until a future event has occurred.

Joint arrangements as a joint operation or a joint Venture

Once the existence of a joint arrangement is determined by assessing the contractual arrangement in which two or more parties exercise joint control in an arrangement, the Group applies significant judgements and assumptions to determine whether the arrangement is a joint venture or a joint operation; That is, (i) if a joint operation exists despite having a separate vehicle, for example, if the Group is granted rights to the assets and obligations in respect of the liabilities relating to the arrangement and not rights to the net assets of the arrangement; or (ii) if a joint venture exists, through a contractual arrangement that is structured through a separate vehicle or not and grants rights to the net assets of the arrangement but not rights to the assets and obligations relating to the arrangement.

The Group should consider the following in recognizing a joint venture when it is formed through a separate vehicle: (i) the legal form of the separate vehicle; (ii) the terms of the contractual arrangement; and (iii) where appropriate, other factors and circumstances.

4.1.2 Functional currency

Management uses its judgment in determining its functional currency. The determination of the Parent Company's functional currency and each of its investments in subsidiaries, associates and joint ventures is determined by evaluating the principle and indicators set forth in IAS 21 The Effects of Changes in Foreign Exchange Rates.

4.1.3 Cash generating units

In performing impairment tests on non-financial assets, assets that do not individually generate cash inflows that are largely independent of the cash flows generated by the other assets or groups of assets must be grouped to the cash-generating unit to which the asset belongs, which is the smallest identifiable group of assets that generates cash inflows for the company, which are largely independent of the cash flows derived from the other assets or groups of assets. Management uses its judgement in determining cash-generating units for the purposes of impairment testing in accordance with IAS 36 Impairment of Assets.

The determination of cash generating units - CGUs - was made based on the company's strategic definition as an infrastructure holding company engaged in the cement, energy, real estate, investment, coal and concession businesses, regardless of where they operate or have assets to perform corporate purpose. Considering the relevance of each business and its capacity to generate cash flows, the CGUs are associated with each company which groups together the various investments of each business. In order to strengthen its businesses, the Group determines the allocation of capital to be invested by industry and carries out its return on investment capacity analysis from the same perspective. For the purposes of the analysis of permanence in a business, it always considers the sector in which it participates and not the assets individually. However, each business analyzes its CGU's independently, according to the grouping of assets or businesses that synergistically contribute to the business.

4.1.4 Hedge accounting

Management applies its judgment to establish whether a hedging relationship meets the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting, as well as the assessment of hedge effectiveness and sources of ineffectiveness. The Group applies fair value and cash flow hedge accounting in its financial statements to cover primarily foreign currency and interest rate risk. The decision to apply hedge accounting may have a significant impact on the Group's financial statements.

4.1.5 Determination of the term of the lease with renewal options and leases whose term is automatically extended at the end of the original term.

Under certain leases, the Group has the option to lease the assets for additional periods. The Group applies its judgement in assessing whether it is reasonably safe to exercise the renewal option, i.e. it considers all the relevant factors that create an economic incentive to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances under its control that affect its ability to exercise (or not exercise) the renewal option. In addition, the Group enters into leases contracts that are automatically renewed at the end of the original lease term for another term of the same duration, or on a month-to-month basis, without any action being taken by the Group or the lessor. The Group also enters into leases that are automatically extended at the end of each year or on the original termination date for another full term. For these contracts, the Group estimates the term of the lease based on the existence of economic incentives, past experience, the expectation of use of the asset and the intention to continue the lease, without prejudice to the lessor's ability to exercise its legal rights and terminate the lease at any time. This judgment has a significant impact on the consolidated financial statements.

4.1.6 Distinction between investment property and inventories

The Group requires the application of professional judgment to determine whether a property meets the requirements to be classified as investment property or to be classified as inventory. Given the nature of the assets currently held by the Group, this classification may be difficult. Therefore, the parent has developed criteria to exercise such judgment in a manner consistent with the standard, such as:

- The separation of whether the property is held for income or capital appreciation or for sale in the ordinary course of operations.
- Land held for undetermined future use is considered to be held for capital appreciation and, therefore, is held as investment property.
- The commencement of a development with intent to sell it in the ordinary course of business is considered a change in use and therefore involves the transfer of investment property to inventory.
- When the Group decides to dispose of an investment property without carrying out a specific development, it maintains the asset in investment property until it is derecognized and does not treat it as an inventory item.

4.1.7 Current income tax

The Group recognizes current income tax amounts in the consolidated financial statements given the volume of transactions. The determination of current tax is based on management's best interpretation of current and applicable laws and best practices in the jurisdictions in which it operates. The reasonableness of this estimate depends on management's ability to integrate complex tax and accounting standards and to consider changes in applicable laws.

Uncertain tax positions are situations where the tax treatment is not clear, either because there is no express regulation on the matter or because, in contrast to the applicable treatment, there are different jurisprudential and doctrinal interpretations that do not allow for legal certainty for the taxpayer. The Group could have uncertain tax positions mainly because of the deductibility of certain expenses, or because of the differential treatment of some profits in tax returns. To date, no provision is recognized for uncertain tax positions classified as remote or possible for the legal proceedings instituted by the relevant entity. The probability analysis is based on expert opinions and the interpretation of the tax regulations in force in the applicable jurisdiction.

4.1.8 Provision for expected credit losses on trade receivables

To calculate expected credit losses, the Group applies the parameters established in the policy on impairment of financial assets to each operating segment (see Note 2.3.3.1 Impairment of financial assets).

The assessment of the key assumptions observed for each business, projections of economic conditions and expected credit losses constitute significant estimates. The value of expected credit losses is sensitive to changes in circumstances and the economic environment. The Group's historical information on credit losses and its economic projections may not be representative of the risk of default by a current customer in the future. Information on the Group's expected credit losses is disclosed in Note 8 on trade and other receivables, net.

4.1.9 Pension plans and other post-employment defined benefit plans

The liability for pension plans and other post-employment benefits is estimated using the projected credit unit technique, which requires the use of financial and demographic assumptions, including, but not limited to, discount rates, inflation rates, expected salary increases, life expectancy and employee turnover rates. The estimate of the liability, as well as the determination of the values of the assumptions used in the valuation, is made by an independent external actuary, considering the market conditions existing at the measurement date.

Given the long-term horizon of these benefit plans, the estimates are subject to a degree of uncertainty. Any change in actuarial assumptions directly impacts the value of the pension obligation and other post-employment benefits.

4.1.10 Decommissioning, retirement or rehabilitation liabilities

The provision for decommissioning, retirement or restoration is recognized at the present value of the expected costs to settle the obligation using estimated cash flows. In the process of measuring the present value of the obligation, management makes estimates of future disbursements to perform the decommissioning, retirement or rehabilitation activities, the estimated dates on which the disbursements will be made and the estimation of financial assumptions such as the inflation rate and the discount rate. Given the long-term horizon of the decommissioning obligations, estimates are subject to a significant degree of uncertainty and could affect the amounts reported in the consolidated financial statements.

4.1.11 Recognition of revenue and costs from construction activities

Since the causation of revenue and costs from construction activities that have not yet been invoiced is related to the execution of contracts, the estimate of the proportion that corresponds to the reporting period is assigned by evaluating the degree of progress of the construction projects through the cost method. These estimates do not normally vary significantly from subsequent actual measurements.

4.1.12 Fair value of financial instruments and financial derivatives other than Level 1

The Group uses assumptions that reflect the most reliable fair value of financial instruments including financial derivatives, which do not have an active market or for which no market price is observable, using valuation techniques that are widely known in the market.

Fair value measurements are made using a fair value hierarchy that reflects the significance of the inputs used in the measurement (Note 2.2 Basis of Preparation) for Level 2 and Level 3 input data, the management must apply its judgment in selecting the appropriate valuation method for the asset or liability being measured and maximize the use of observable inputs.

The assumptions are consistent with market conditions at the time of measurement and the information that market participants would consider in estimating the price of the instrument. Management believes that the valuation models selected, and the assumptions used are appropriate in determining the fair value of financial instruments. However, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset or liability not being exactly the same as the price at which the asset or liability could be delivered or settled at the measurement date. In addition, changes in internal assumptions and the rates used in the measurement may significantly affect the fair value of financial derivatives. The frequency of measurement of these instruments is monthly.

4.1.13 Estimation of lifespan and residual values of property, plant and equipment and intangible assets

As described in Note 2 Basis of presentation and significant accounting policies, the Group reviews at least annually the estimated lifespans and residual values of property, plant and equipment and intangible assets. When there is evidence of changes in the conditions or expected use of an item of property, plant and equipment or intangible assets, management makes a new estimate of the lifespan of the item. The estimate of lifespans of property, plant and equipment and intangible assets is determined based on the asset's historical performance, management's expectation of use of the asset and existing legal restrictions on use. The estimation of lifespans requires management judgment.

The accounting policy for property, plant and equipment and intangible assets the estimation pf lifespan is indicated.

4.1.14 Revalued value of land and buildings for administrative use classified as property, plant and equipment

For determining the revalued value, the Group opted to hire independent experts with recognized professional capacity and experience in real estate valuation.

For the valuation process, these experts select one of the three approaches mentioned in IFRS 13 Fair Value Measurement according to the characteristics of the property and its use:

- Market approach
- Cost approach
- Income approach

4.2. Key data on uncertainty in estimates that present a significant risk of significantly affecting the following period

Following are the assumptions made about the future and other sources of uncertainty used in applying the accounting policies for the preparation of the financial statements for the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the subsequent accounting period:

4.2.1 Provisions, contingent assets and liabilities

Certain contingent conditions may exist at the date the financial statements are issued, which may result in a loss for the Group and, in the case of contingent assets, an income for the Group, but will only be resolved in the future when one or more events occur or may occur.

The Group considers that a past event has given rise to a present obligation if, taking into account all the evidence available at the reporting date, it is probable that a present obligation exists, independent of future events. A provision is recognized when it is more likely than not that an event will occur. Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control are not recognized in the statement of financial position, but are disclosed as contingent liabilities; the occurrence of events that are estimated to be remote is not recorded or disclosed. The occurrence of events giving rise to contingent assets is not recorded but disclosed (Note 24 Provisions and Note 43 Contingent assets and liabilities).

To determine the possibility of the occurrence of a present obligation, the professional judgment of internal and external specialist lawyers is involved. In estimating the provision, management considers assumptions such as, but not limited to, inflation rates, attorneys' fees, estimated duration of the lawsuit, statistical information of processes with similar characteristics, among others.

4.2.2 Assessment of goodwill impairment

The Group performs at least annual tests for impairment of goodwill. Evaluation of goodwill requires the estimation of the recoverable amount of the cash-generating unit or group of cash-generating units to which goodwill has been assigned. Estimating the recoverable amount requires estimating the future cash flows of the cash-generating unit or group of cash-generating units, and financial assumptions such as the inflation rate, discount rate and growth rate in perpetuity (Note 14 Goodwill).

In the process of measuring expected future cash flows, management makes estimates of future operating results. Changes in valuation assumptions may result in adjustments to goodwill for future reporting periods, if impairment occurs. In addition, it is required to estimate the fair value of the cash-generating unit, discounting transaction costs. The recoverable amount over which an impairment assessment is made is the higher of value in use, estimated from future cash flows, and fair value less transaction costs.

4.2.3 Identifiable assets, intangibles and liabilities assumed in a business combination

At the acquisition date, identifiable assets, intangible assets, liabilities assumed and any contingent assets or liabilities arising from a business combination are included on a fully consolidated basis in the Group's financial statements at their fair values. In measuring fair value, management makes assumptions about future operating results, key assumptions such as the discount rate and the rate of growth in perpetuity. The estimation of the fair value of the assets and liabilities acquired, as well as the determination of the values of the assumptions used in the measurement is made by an independent external appraiser. Any subsequent change in estimates affects goodwill provided that the change qualifies as an adjustment to the measurement period. Any other change is recognized in the statement of income.

The fair value of intangible assets of concessions acquired through business combinations is estimated using a discounted cash flow (DCF) valuation approach. The estimation of fair value requires the estimation of key assumptions used in the projections of future cash flows of these assets, and the discount rate.

For determining the fair value, the Group opted to hire independent experts with the necessary skills and experience in this kind of transactions.

4.2.4 Impairment of assets, property, plant and equipment and intangibles

The Group assesses at each annual closing date of the statement of financial position or at any time whether there is any indication of impairment of assets. If such an indication exists, the Group estimates the recoverable amount of the asset or the cash-generating unit.

For assessing the appropriateness of performing the full impairment test, the Group will perform an annual review of the critical business variables that affect the fair value of the assets in each market. The indicator matrix is defined for each geography or market in which the business is conducted and is reviewed periodically with the different areas to ensure its validity. The general indicators are:

- Observable evidence that the value of the assets has decreased over the period significantly more than would be expected as a result of the passing of time or normal use.
- Changes in the legal, social, ecologic or market environment that may reduce the value of the asset.
- Changes in prices that affect future income.
- Changes in their capacity to generate income.
- Changes in its total cost.

The purpose of the impairment test is to determine the recoverable value, which is the higher of fair value less disposal costs and value in use, as mentioned in Note 2 numeral 2.3.6 Impairment of tangible and intangible assets.

4.2.5 Fair value of investment property

In order to determine the fair value, the Group opted to hire independent experts with recognized professional capacity and experience in the valuation of real estate.

For the valuation process, these experts select one of three approaches: market approach, cost approach, income approach (Note 17 Investment Property).

4.2.6 Deferred income tax

The Group recognizes deferred income tax amounts in the consolidated financial statements given the volume of transactions. The determination of deferred tax is based on management's best interpretation of current and applicable laws and best practices in the jurisdictions in which it operates. The reasonableness of this estimate depends on management's ability to integrate complex tax and accounting standards, to consider changes in applicable laws, and to evaluate, for purposes of recognition of the deferred tax asset, the existence of sufficient taxable income to realize it.

The Group applies its judgment not to recognize in its separate financial statements deferred tax liabilities on investments in subsidiaries, taking into account that it is able to control the timing of the reversal of temporary differences and it is probable that these will not reverse in the foreseeable future.

NOTE 5: **RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS**

The Group has made changes to the presentation of items in the comparative consolidated statement of income and comparative consolidated statement of financial position, which, although not material or of relative importance to the Group, allow the financial position and results of operations to be adequately reflected and improve the comparability of financial information.

		As at 31 December 2019	As at 1 January 2019	As at 31 December 2018
Revenue	(1)	**16,798,588**	**14,294,675**	**14,314,013**
Gross profit	(1)	**4,533,576**	**4,083,282**	**4,102,620**
Profit from operational activities	(1)	**3,076,473**	**2,599,711**	**2,619,049**
Financial expenses, net	(1)	(1,213,041)	(1,062,686)	(1,082,024)
Earnings before taxes		**1,863,432**	**1,537,025**	**1,537,025**
Net profit		**1,256,137**	**1,194,118**	**1,194,118**

(1) corresponds to the reclassification, from the expense for exchange difference to revenue, by effect of the reclassification of the equity to profit or loss of the cash flow hedges of foreseen transactions of the subsidiary Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S.A. for $19,337.

		As at 31 December 2019	As at 1 January 2019	As at 31 December 2018
Tax assets	(2)	359,762	383,767	410,799
Total current assets	(2)	**7,150,857**	**6,824,923**	**6,851,955**
Deferred tax assets	(3)	481,596	515,693	555,133
Total non-current assets	(3)	**43,847,577**	**41,822,958**	**41,862,398**
Total assets	(2 y 3)	**50,998,434**	**48,647,881**	**48,714,353**
trade liabilities and other payable	(4)	2,734,393	2,449,899	2,348,111
Tax liabilities	(2)	266,715	210,324	237,356
Other non-financial liabilities	(4)	460,758	484,219	586,007
Total current liabilities	(2)	**6,784,736**	**7,002,815**	**7,029,847**
Deferred tax liabilities	(3)	1,361,035	1,345,771	1,385,211
Total non-current liabilities	(3)	**17,723,441**	**16,072,329**	**16,111,769**
Total liabilities	(2 y 3)	**24,508,177**	**23,075,144**	**23,141,616**

(2) Corresponds to the offsetting of current tax assets and liabilities for $27,032.

(3) Refers to the offsetting of deferred tax assets and liabilities for $39,440.

(4) Corresponds to the reclassification of other non-financial liabilities to financial liabilities, in the item of trade liabilities and other payables, of amounts payable to Agencia Nacional de Infraestructura - ANI due to the increase in the restricted cash equivalent accounts of the subsidiary Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S.A. for $101,788.

Additionally, for financial information disclosure purposes, changes were made to the comparative figures of the Group, in order to improve the comparability of information between periods.

NOTE 6: **CASH AND CASH EQUIVALENTS**

The total balance of this item at the end of the reporting period, as shown in the consolidated statement of cash flows, can be reconciled to the related items in the consolidated statement of financial position as follows:

	2019	2018
Cash and banks	2,066,731	2,304,786
Cash equivalents (1)	407,277	342,746
Total cash and cash equivalents	**2,474,008**	**2,647,532**
The following is the value of restricted cash and cash equivalents not available for use:		
Current restricted cash and cash equivalents (2)	1,317,859	1,195,698
Total cash and cash equivalents of restricted use	**1,317,859**	**1,195,698**

(1) Cash equivalents correspond to resources available to the Group, managed through mutual funds and collective portfolios $308,781 (2018 $289,153), trusts $67,779 (2018 $27,868), fixed-term certificates of deposit "CDT" $0 (2018 $25,725) and other cash equivalents $30,717 (2018 $0).

(2) Restricted cash for the Group is as follows:

a) Concesión Vial de los Llanos S.A. for $369,791 (2018 $294,445), for the resources of the sub-accounts constituted in the project that are of exclusive disposition of the grantor Agencia Nacional de Infraestructura, (hereinafter ANI), with minutes in which it certifies the fulfillment of the conditions for its release, in accordance with the terms of the concession contract No. No. 004 of 2015 are at the disposal of ANI and are contractually assigned with a special purpose in the sub-accounts that were constituted within the project account and ANI such as land, networks, principal, environmental compensation, tolls, auditing, contractual support, minor works, commercial exploitation income, ANI and MACS surpluses. These amounts must be immediately available in accordance with the provisions of the contract with ANI in order to be used or assigned to the grantor and these amounts may be available as assessed for each purpose for more than one year and may also be transferred as provided by ANI, which has the power to immediately dispose of them.

b) Accounts created in accordance with the concession contract between Opain S.A. and ANI for $137,990 (2018 $137,344), where the disposal and administration of the resources corresponds directly to ANI, in accordance with the terms of the contract.

c) Boulevard Turístico del Atlántico S.A. for $199,172 (2018 $236,727), which comes from the collection of tolls and payment of the minimum guaranteed income restricted by multilateral institutions (Inter-American Development Bank (IDB), the French Development Agency (PROPARCO), the Investment Bank (EIB) and the Andean Development Corporation (CAF)), which must be deposited in savings accounts at a foreign financial institution, and must be used for operation, maintenance and debt payment, among others.

This cash has a special and specific use according to the contract, which establishes the general conditions of the financing "*Master Security and Accounts Agreement*" section 5, *Accounts*, in which it defines which can be the use and the form of exit of this one in case of being required; for this, the concepts and the minimal amounts that must remain in every account are detailed in this way:

- "*Debt Service Reserve*", minimum amount: three quarters of debt payment less a USD 5 million letter of credit. Approximated quarterly value of USD 11 million
- "*Asset Renewal*", incremental balance for periods of 4 years, according to chapter 1.1 (e)
- "*Major Maintenance*", 10-year period incremental balance according to chapter 1.1 (f)
- "*O&M Expense Reserve*", according to chapter 1.1 (d)
- "*Excess Revenue Account*", minimum balance of USD 1 million

Each time one of these funds is used, it must be returned according to the contract in order to avoid default.

d) Autopistas del Café S.A. for $138,296 (2018 $121,063), for the resources of the sub-accounts constituted in the project that are at the disposal of ANI, with minutes that certifying compliance with the conditions for their release, in accordance with contract terms.

e) Autopistas del Nordeste Cayman Limited for $132,578 (2018 $131,036) corresponds to cash received for the reimbursement of bonds that maintain restrictions to be used in certain operating activities, in accordance with the trust agreement. These funds are deposited with the Bank of New York Mellon.

This cash has a special and specific use according to the contract that establishes the general conditions of the "*Collateral Trust Indenture*" financing, section 6, *Accounts*, which defines the use and form of exit from it, in case it is required, for which the concepts and minimum amounts that must remain in each account are detailed as follow:

- "*Debt Service Reserve*", minimum amount USD 14 million
- "*Major Maintenance*", 10-year periods incremental balance according to chapter 2-B
- "*Asset Renewal*", 7-year periods incremental balance, according to chapter 2-A
- "*Excess Revenue Account*", minimum balance of USD 1 million
- "*MIGA Reserve*", minimum amount, next quarter's premium payment.

Each time one of these funds is used, it must be refunded according to the contract in order to avoid default.

f) Restricted funds of Bahía Las Minas Corp. and Alternegy S.A., whose resources are restricted and deposited in Banco General S.A. BG Trust and Banco Banistmo for $87,958 (2018 $93,558), which are part of the guarantee of the Public Bond Issue for USD 175 million and USD 320 million, respectively.

g) Funds in accordance with specific conditions of the financial liabilities payable by Opain S.A. to guarantee half-yearly payments; with a balance at the end of the period amounting to $192,202 (2018 $162,890).

h) Túnel Aburra Oriente S.A. concession for $28,767 (2018 $0) corresponding to the resources of the sub-accounts constituted in the project that are exclusively for the execution of the Conexión Vial Túnel Aburra Oriente project and that are mainly at the disposal of the grantor (Government of Antioquia), and which have an average interest rate of 3.77% EAR.

i) Caribbean Infraestructura Company for $14,876 (2018 $13,645) corresponding to the cash held in the accounts that guarantee payment of the principal debt plus interest with the Lenders, as well as the resources that guarantee the major maintenance of the road.

Although of restricted use, the concession has access to the resources in cases where the balance reserved for the operation, i.e., the administration expenses and maintenance costs in the *Cash Operating Account*, were not sufficient to cover such expenses and costs. In this case, the *Maintenance Reserve Account* is used, or when the balance in the *Florin Revenue Account* were not sufficient to pay the debt service, the *Debt Service Reserve Account* is used.

j) Balances with restricted use in Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacifico S.A. E.S.P. - EPSA S.A. E.S.P.) and Celsia Tolima S.A. E.S.P, for $14,610 (2018 $4,822), for resources from the Financial Support Fund for the Electrification of Interconnected Rural Areas - FAER, delivered by the Ministry of Mines and Energy for the construction of networks, complementary health plan, agreement with the municipality of Jamundí for the collection of public lighting rates, housing fund (from the collective agreement and the union), Toluviejo Substation and Plan Luz.

k) On 29 May 2019, Zona Franca Argos S.A.S., a subsidiary of the Group, set up a trust as restricted cash and cash equivalents for $1,619 (2018 $0). The purpose of this operation is to administer money destined to the contracting of the controller of the works for the investment that is being carried out for the expansion of the company's private port in the city of Cartagena, in compliance with the obligations of the concession contract signed by ANI.

l) Cementos Argos S.A. had restricted cash and cash equivalent balances due to arrangements with the Administrative Department of Science, Technology and Innovation (Colciencias), which establish that contribution of resources and programmed disbursements are restricted to the activities described in the specific contracts for $0 (2018 $168).

Restricted cash has a differential treatment and is immediately available according to the contractual conditions, however, according to the concepts for which it was disposed can in some cases exceed a period of 12 months.

At December 2019, the Group presents the following significant transactions that did not involve cash movements:

- In-kind contribution of assets for the transfer of the Caribbean Plan 5 made by Celsia S.A. (formerly Celsia S.A. E.S.P.) to the company Caoba Inversiones S.A.S. for $186,625.
- Receivable from Prime Colombia for the sale of Zona Franca by Celsia S.A. (formerly Celsia S.A. E.S.P.) for USD 35 million ($114,700), the recovery of which was agreed in a contract that establishes payment by means of energy supply.

As of December 2018, there were no significant transactions that did not involve cash movements.

NOTE 7: **FINANCIAL INSTRUMENTS**

7.1 Capital risk management

The Group's capital structure is based on net financial debt consisting of short- and long-term financial obligations, bonds and commercial papers, and equity, consisting of issued shares, both preferred and ordinary, reserves, retained earnings and other equity components, as disclosed in Note 21 Financial obligations, Note 26 Bonds and compound financial instruments, Note 28 Share capital, Note 29 Reserves and other comprehensive income and Note 30 other equity components.

The Group manages its capital to ensure its ability to continue as a going concern. It also strategically designs an efficient and flexible capital structure, consistent with growth, investment and credit rating plans. To this end, it has established indicators of leverage, coverage, solvency and profitability. This structure is reviewed periodically or whenever there are significant changes in the Group's strategy.

Similarly, the Group manages capital risk through the rotation of portfolio assets and the management of healthy debt levels (measured mainly in terms of net financial debt/adjusted EBITDA) that enable it to develop its strategy and seek to maximize the generation of value for shareholders. Adjusted EBITDA seeks to eliminate non-cash effects in the consolidated statement of income, for this reason the effect of the equity method is eliminated, and dividends received are included, among other adjustments.

The Group is not subject to external capital requirements, which is why all decisions on leverage and target capital levels are made with the premise of generating value for shareholders, while maintaining the investment grade credit rating. In addition, the duration and composition of the debt is consistent with the capital cycles of each of the Group's investments.

7.2 Financial instrument categories

	2019	2018
Prepayment for the purchase of financial assets (Note 11)	2,883	-
Financial Assets		
Financial assets measured at amortized cost (Note 8)	5,146,823	4,756,042
Cash and cash equivalents (Note 6)	2,474,008	2,647,532
Financial assets at fair value through other comprehensive income (*) (Note 11)	1,198,501	1,101,935
Financial assets at fair value through profit or loss (Note 11)	208,876	164,311
Derivatives in Hedging Relationships	9,461	10,701
Total financial assets	**9,040,552**	**8,680,521**
Financial assets classified as non-current assets held for sale (Note 13)	1,532	15,039
Total financial assets including non-current assets held for sale	**9,042,084**	**8,695,560**

Financial liabilities		
Financial liabilities measured at amortized cost	19,515,051	19,225,838
Derivatives in Hedging Relationships	65,072	23,275

Total financial liabilities	**19,580,123**	**19,249,113**

(*) The increase in equity investments corresponds mainly to the valuation adjustment of Grupo Nutresa shares of $85,963 during the period from January to December 2019.

7.2.1 Financial liabilities measured at amortized cost

	2019	2018
Bonds outstanding and structured notes (Note 26)	9,717,596	7,451,746
Financial liabilities (Note 21)	6,705,854	8,977,141
Trade liabilities and other payable (Note 25)	3,002,908	2,728,408
Preferential shares classified as compound financial instruments (Note 26)	72,663	68,543
Other financial liabilities	16,030	
Total financial liabilities measured at amortized cost	**19,515,051**	**19,225,838**

Trade and other payables show changes in their comparative figures (Note 5 Reclassification of items in the financial statements).

7.2.2 Reclassification of financial assets

During the current and prior periods, the Group has not made any changes in the business model for managing and administering financial assets, and therefore no financial assets have been reclassified from the fair value category to amortized cost, or vice versa.

7.2.3 Offsetting of financial assets and liabilities

At 31 December 2019 and 2018 the Group did not offset financial assets and liabilities and has no relevant offsetting agreements.

7.3 Financial risk management objectives

The Group's financial policies are defined by the Corporate Financial Committee and managed by the financial vice-presidencies of each company, and seek to ensure a sound financial structure and to maintain the Group's exposure to market risk, liquidity and credit at tolerable levels, depending on the nature of the operations and in accordance with the policies, exposure limits and attribution defined. The Group is exposed to exchange rate, interest rate, credit and liquidity risks. The risk is mitigated towards tolerable exposure levels through the use of natural hedging or financial derivatives, to the extent that the market permits. It is not a policy of the Group to use financial derivatives for speculative purposes.

Special operations such as acquisitions and issuance of shares or bonds may temporarily exceed the limit established by management, a situation that is controlled through permanent monitoring of volatility and the execution of investment plans associated with the specific transaction performed.

7.3.1 Market risk

Among the financial risks are market risks. These risks are derived from fluctuations in macroeconomic and microeconomic variables that can generate fluctuations in the value of assets and liabilities with an impact on profit and therefore on profitability for shareholders.

In the management of its financial instruments, the Group is exposed to risk factors such as exchange rates, interest rates and price levels. These risks are managed in accordance with the Group's policy guidelines and market risk exposures are measured using various quantitative models, such as Value at Risk (VaR), scenario simulation and sensitivity analysis. There have been no changes in the Group's exposure to market risks or in the way in which such risks have been managed and measured.

7.3.2 Foreign exchange risk management

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

The exchange risk exposure analysis is performed on the operations of subsidiaries whose functional currency is different from the Colombian peso. Those subsidiaries located in countries with foreign exchange controls present low volatility in exchange rate fluctuations. Exposure in the consolidated statement of financial position is determined by calculating the net dollar position, comprised of the monetary liabilities and assets in dollars of such companies, and is intended to minimize the volatility of the foreign currency item in the consolidated statement of income.

Interest on loans is denominated in the currency of the loan. Generally, loans are denominated in currencies that match the cash flows generated by the Group's underlying operations, primarily the Colombian peso, but also other foreign currencies. This provides an economic hedging without the use of derivatives and therefore hedge accounting does not apply in these circumstances.

With respect to other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is maintained at an acceptable level of foreign currencies at market rates where necessary to address short-term imbalances.

Cash flow exposure is monitored by analyzing the offsetting of income and expenses in foreign currency, seeking to generate equivalent income and expenses during the period in order to minimize purchases or sales of dollars in the spot market.

7.3.2.1 Foreign currency sensitivity analysis

The Group's general policy is to limit the effects of exposure to exchange rate risk. When the Group carries out investment, financing and operating activities, it is possible to manage this risk by selecting the appropriate hedging instrument. The following options are available for this purpose:

- Natural hedges, consisting of taking two positions that are reflected in the assets and liabilities in the statement of financial position, such as a dollar investment and a dollar liability.
- Financial hedges, realized with derivative instruments such as forwards, futures, options, swaps, among others.

The Group monitors the concentration of foreign exchange risk in order to avoid volatility in the consolidated financial statements and to monitor target exposure limits. For this purpose, sensitivity analyses and Monte Carlo simulations are performed on the exchange rate, based on the monetary cycles in which it is present. The results of these analyses have a direct influence on the capital structure, in particular with respect to the functional currencies of the debt, reference indices and the contracting of derivative instruments.

The Group performs various sensitivity analyses in order to quantify the impact of exchange rates on consolidated results. In general terms, the Group benefits from increases in exchange rates, which is largely explained by the weight of the investments in Cementos Argos S.A., Celsia S.A. (formerly Celsia S.A. E.S.P.), Odinsa S.A. and the exposure that these companies have to the markets of the United States, the Caribbean and Ecuador. The hedging structures of the Group allow it to maintain a balanced net position in the statement of income and financial position.

7.3.2.2 Foreign currency derivative contracts

Derivative instruments that arise within a financial hedging relationship, whose value depends on the price of an asset (e.g. a bond, share, product or commodity), of an interest rate, an exchange rate, an index (e.g. of shares, of prices), or any other quantifiable variable (which is called the underlying), may be constituted in such a way as to allow Group companies to anticipate and hedge risks or changes that may occur in the future, in such a way as to reduce volatility.

Financial derivatives are recognized in the consolidated statement of financial position at their fair values, taking into account the market curves in force at the measurement date and the cash flow structure of these instruments. Accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as an accounting hedge instrument.

Following is a detail of the foreign currency and interest rate derivatives outstanding at 31 December of the reporting period:

Type of instrument	Subsidiary	Hedged item	Underlying rate	Notional value of the underlying - Amount of the derivative instrument (*) 2019	Notional value of the underlying - Amount of the derivative instrument (*) 2018	Rate of the derivative instrument	Expiration of the derivative instrument	Fair value of the asset (liability) derivative instrument 2019	Fair value of the asset (liability) derivative instrument 2018
Interest rate swap	Cementos Argos S.A.	Club Deal ITAU	LIBOR 3m + 1.85%	USD 300,000,000	USD 300,000,000	4,92%	24-Oct-2023	(48,719)	(22,665)
Forward purchase	Cementos Argos S.A.	Financial obligations		USD 30,165,514	-	3,485.39	20-Feb-2020	(6,083)	
Forward purchase	Cementos Argos S.A.	Financial obligations		USD 20,116,782	-	3,409.41	22-Jan-2020	(2,614)	
Forward purchase	Cementos Argos S.A.	Financial obligations		USD 10,055,109	-	3,525.04	26-Feb-2020	(2,410)	
Forward purchase	Cementos Argos S.A	Financial obligations		USD 15,488,930	-	3,433.78	28-May-2020	(2,057)	
Forward purchase	Cementos Argos S.A.	Financial obligations		USD 10,056,366	-	3,455.30	11-Feb-2020	(1,743)	
Forward purchase	Cementos Argos S.A.	Financial obligations		USD 8,018,933	-	3,395.68	09-Jan-2020	(945)	
Interest rate swap	Cementos Argos S.A.	Bilateral Loan ING	LIBOR 3m + 1.50%	USD 50,000,000	USD 100,000,000	4.13%	12-Mar-2020	(289)	309
Purchase Forward	Cementos Argos S.A.	Financial obligations		USD 21,123,198	-	3,297.22	25-Mar-2020	(170)	
Interest rate swap	Grupo Argos S.A.	Ordinary bonds	CPI	COP 100,000,000,000	COP 100,000,000,000	3,72%	10-Jun-2020	(42)	(260)
Forward purchase	Odinsa S.A.	Financial obligations		USD 15,000,000	-	2,939.96	29-May-2020	5,431	
Interest rate swap	Cementos Argos S.A.	Loan Davivienda	LIBOR 6m + 2.25%	USD 60,000,000	-	3.79%	21-Aug-2026	3,675	-
Forward purchase	Cementos Argos S.A.	Financial obligations		USD 12,161,093	-	3,249.79	21-Jan-2020	355	
Interest rate swap	Grupo Argos S.A.	Ordinary bonds	CPI		COP 200,000,000,000	3,46%	10-Dic-2019		394
Interest rate swap	Cementos Argos S.A.	Loan EKF	LIBOR 6m + 0.1%		USD 7,648,639	1,38% NSV	26-Jun-2019		201
Forward purchase	Odinsa S.A.	Financial obligations			USD 15,000,000	2,866.56	04-Apr-2019		5,889
Forward purchase	Grupo Argos S.A.	Financial obligations	LIBOR 12m + 0.3%		USD 31,528,180	3,244.51	29-Oct-2019		2,505
Forward purchase	Cementos Argos S.A.	Financial obligations			USD 10,078,450	3,200.75	06-Mar-2019		579
Forward purchase	Cementos Argos S.A.	Financial obligations			USD 8,644,864	3,206.53	14-Feb-2019		424
Forward purchase	Cementos Argos S.A.	Financial obligations			USD 5,529,186	3,196.85	14-Feb-2019		325
Forward purchase	Grupo Argos S.A.	Financial obligations	LIBOR 12m + 0.3%		USD 525,294	3,212.33	29-Apr-2019		33
Forward purchase	Cementos Argos S.A.	Financial obligations			USD 5,000,000	3,270.52	26-Feb-2019		(65)
Forward purchase	Cementos Argos S.A.	Financial obligations			USD 5,145,423	3,271.36	26-Feb-2019		(71)
Forward purchase	Cementos Argos S.A.	Financial obligations			USD 10,000,000	3,271.76	26-Feb-2019		(142)
Forward sale	Sator S.A.S.	Receivables			USD 400,000	3,305.66	06-Feb-2019		22
Forward sale	Sator S.A.S.	Receivables			USD 500,000	3,290.30	06-Feb-2019		20
Forward sale	Sator S.A.S.	Receivables			USD 500,000	3,242.54	09-Jan-2019		(4)
Forward sale	Sator S.A.S.	Receivables			USD 500,000	3,229.24	09-Jan-2019		(10)
Forward sale	Sator S.A.S.	Receivables			USD 500,000	3,221.51	09-Jan-2019		(14)
Forward sale	Sator S.A.S.	Receivables			USD 500,000	3,208.83	09-Jan-2019		(20)
Forward sale	Sator S.A.S.	Receivables			USD 500,000	3,221.51	09-Jan-2019		(24)
Total foreign currency and interest rate derivatives, net								**(55,611)**	**(12,574)**
Current asset derivative financial instruments								5,786	10,392
Non-current asset derivative financial instruments								3,675	309

Current liability derivative financial instruments	(16,353)	(525)
Non-current liability derivative financial instruments	(48,719)	(22,750)
Total foreign currency and interest rate derivatives, net	**(55,611)**	**(12,574)**

* Figures stated in Colombian pesos or US dollars.

Derivative instruments entered into by the Group to cover exchange risk are generally designated as cash flow hedging instruments. The value recognized through other comprehensive income for the valuation of these derivative instruments is detailed in Note 29 Reserves and other comprehensive income.

The following table details the notional principal amounts and remaining terms of the outstanding foreign exchange forward and swap contracts at the end of the reporting period.

	Notional value of the hedged item in Colombian pesos		Fair value of the asset (liability) derivative instrument	
	2019	**2018**	**2019**	**2018**
Cash flow hedging				
1 year or less	465,963	302,820	(10,236)	9,447
Derivative contracts in foreign currency	**465,963**	**302,820**	**(10,236)**	**9,447**

7.3.3 Interest rate risk management

The Group is exposed to interest rate risks because it borrows money at rates that can be fixed or variable. This risk is managed based on market readings of the macroeconomic environment and of the counterparties, monitoring risk premiums, investment returns and the cost of debt, in real terms.

At the end of 2019, the balance of the Group's consolidated debt corresponding to financial obligations and to bonds and compound financial instruments is $16,496,113 (2018 $16,497,430). The Group is largely exposed to changes in the general consumer price index (CPI) and the intervention rate of the economies in which it participates.

Contracts derived from interest rates and inflation indexes

Derivative instruments entered into by the Group to cover interest rate risk are designated as cash flow hedging instruments. The value recognized through other comprehensive income (OCI) for the valuation of these derivative instruments is detailed in Note 29 Reserves and other comprehensive income.

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

	Notional value of the hedged item in Colombian pesos		Fair value of the asset (liability) derivative instrument	
	2019	**2018**	**2019**	**2018**
Cash flow hedging				
1 year or less	263,857	224,856	(331)	595
1 to 5 years	983,142	1,399,900	(48,719)	(22,616)
5 years or more	196,628	-	3,675	-
Interest rate derivative contracts	**1,443,627**	**1,624,756**	**(45,375)**	**(22,021)**

7.3.4 Credit risk management

The credit risk derived from financial assets that involve the risk of default by the counterparty is reduced by evaluations and valuations of clients with exposure, or that require credit and/or collateral beyond established limits. At 31 December 2019 and 2018, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for authorizing credit to customers.

In sales in which the organization determines its counterpart in advance and it is lawful to agree on special conditions that allow it to mitigate the risk of default, the Group adjusts its respective offers (price, form of payment, etc.) to reflect the valuation made to the counterpart, as well as the amount exposed in each of those transactions. Exposure to credit risk is constantly monitored in accordance with the payment behavior of debtors.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are financial institutions with high credit ratings assigned by risk rating agencies. The Group applies quota allocation models to avoid concentration of resources in a single entity or security and performs impairment analyses on its investments and assets, including receivables.

The Group's financial assets were not impaired, with the exception of trade and other accounts receivable, the impairment of which is explained in Note 8 Trade and other receivables, net.

7.3.5 Liquidity risk management

Liquidity risk is generated when there is no close relationship between the capital structure and the return on investments. This risk is managed on the basis of financial planning and cash management exercises, with permanent monitoring of the cash flow of the Group and its subsidiaries. Likewise, through the design and monitoring of working capital needs and capital structure, the Group efficiently plans sources and uses, guaranteeing financial flexibility, risk management and return.

To minimize liquidity risk in possible renewals of financial obligations, the Group plans maturity concentrations by month so as not to accumulate very high maturities in a given month of the year. In addition, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including domestic banks, international banks, commercial finance companies, stockbrokers and issuers of bonds and commercial papers in the capital market as a recurrent issuer.

7.3.5.1 Maturity analysis of non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been designed on the basis of undiscounted cash flows of financial liabilities based on the date on which the Group must make payments. The tables include both interest and capital cash flows. To the extent that interest is at a floating rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Group must make payment.

	Weighted average effective rate	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
As at 31 December 2019						
Non-interest-bearing financial liabilities	-	2,655,133	251,099	13,346	2,919,578	2,919,578
Floating rate instruments	6.95%	2,541,466	8,755,259	8,386,108	19,682,833	13,479,205
Fixed-rate instruments	6.94%	409,855	1,450,149	2,659,080	4,519,084	3,041,769
Other liabilities	LIBOR 6M+1.60	18,325	9,769	200,108	228,202	74,499
Total		**5,624,779**	**10,466,276**	**11,258,642**	**27,349,697**	**19,515,051**

The contractual flows of lease liabilities are disclosed in Note 22 on Leases.

	Weighted average effective rate	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
As at 31 December 2018						
Non-interest-bearing financial liabilities	-	2,633,291	12,396	129,125	2,774,812	2,774,812
Floating rate instruments	8.33%	76,111	355,553	293,074	724,738	480,126
Fixed-rate instruments	6.58%	3,557,540	9,751,255	6,487,803	19,796,598	14,061,334
Other liabilities	7.62%	634,923	1,269,223	164,005	2,068,151	1,854,386

Total	6.41%	2,239	9,530	202,642	214,411	55,180
As at 31 December 2019		**6,904,104**	**11,397,957**	**7,276,649**	**25,578,710**	**19,225,838**

7.3.5.2 Maturity of derivative financial instruments

The following table details the maturity of the Group's derivative financial instruments. The table has been designed based on the discounted net contractual cash flows that are cancelled on a net basis, and the discounted gross cash flow on those derivatives that require a gross payment. Where the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to projected interest rates as illustrated by the yield curves at the end of the reporting period. At 31 December 2019 and 2018 the Group does not have any derivative contracts that are settled on a gross amount basis.

	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
As at 31 December 2019					
Forward	(10,236)	-	-	(10,236)	(10,236)
Swaps	(331)	(48,719)	3,675	(45,375)	(45,375)
Total	**(10,567)**	**(48,719)**	**3,675**	**(55,611)**	**(55,611)**

	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
As at 31 December 2018					
Forward	9,447	-	-	9,447	9,447
Swaps	595	(22,616)	-	(22,021)	(22,021)
Total	**10,042**	**(22,616)**	**-**	**(12,574)**	**(12,574)**

7.4 Collaterals

Collateral guarantees for financial assets and liabilities provided by the Group are detailed below:

- In 2019, the market value of the Group's financial assets pledged as collateral for financial liabilities is $1,656,413 (2018 $1,690,390). These collaterals correspond to 41,924,303 shares (2018 45,973,889 shares) of Grupo de Inversiones Suramericana S.A. and 9,093,972 shares (2018 9,093,972 shares) of Grupo Nutresa S.A. A number of 13, 364,075 of the shares (2018 27,798,683 shares) pledged back the loans disbursed during 2019 ($92,500 maturing in 2022) and during 2018 ($460,000 maturing in 2023). The remaining shares have been pledged for an indefinite period of time in order to provide the Group with financial flexibility.

- The bond issue of Grupo Alternegy S.A.'s subsidiary for USD 287.48 million is backed as joint and several joint debtors by Bontex S.A. and Planta Eólica de Guanacaste S.A. with a local and foreign guarantee that includes mainly (i) mortgage on the material assets of the issuer and the guarantors (real estate and personal property); (ii) pledge on 100% of the shares of the promoter's plants (Celsia S.A. (formerly Celsia S.A. E.S.P.)); (iii) allocation of all revenues (PPAs and spot sales) with a payment cascade mechanism and; (iv) assignment of insurance and material contracts of the issuer and the guarantors.

- In 2019, the Group pledged as collateral for financial liabilities the shares of Autopista del Nordeste Cayman Ltda. in the issuance of the bonds of this subsidiary for an original amount of USD 162 million. This issuance was used to finance the construction of the concessioned highway in the Dominican Republic and imposed certain restrictions that limit the ability of this subsidiary to incur additional debt.

- Bahía Las Minas Corp. a subsidiary of the Group, in the incorporation of the bond issue in Panama for USD 53.42 million corresponding to the series (A and B1) has a guarantee trust agreement as part of the long-term financing arrangement as collateral for the debt of the section B; the obligations acquired through the issue of the bonds and the syndicated credit line, as a result of these agreements, have been considered a collateral trust with the following assets:

- Funds related to bank accounts for specific purposes such as foreclosure, excess cash, withholding, debt service reserve, debt service, insurance, transfers, guarantees, purchase and sale of energy and capacity, and operating and maintenance expenses, which are deposited in Banco General, S.A. - BG Trust Inc.
- First mortgage and antichresis in favor of BG Trust Inc. in its capacity as trustee, up to the amount of 200,000,000 Balboas.
- Mortgage of movable property in favor of BG Trust Inc. up to the amount of 5,000,000 Balboas, on all the equipment, spare parts and inventory of parts and pieces owned by the Company.
- Commercial pledge on 51,000,000 ordinary shares without par value, of the company Bahía Las Minas, Corp. organized and existing in accordance with the laws of Panama.
- Ceding in favor of BG Trust Inc. of all cash from sales of energy and/or capacity, whether in the occasional or regional market, contract sales or sales for export, as well as all contracts related to the project, performance bonds and insurance policies, letters of credit and other collaterals.

- In 2015, the Group pledged as collateral for financial liabilities all of the shares it holds in the subsidiary Argos Puerto Rico LLC to Banco Popular Dominicano, a situation that persists as of the date of this report. The value of the net assets of the subsidiary as of 31 December 2019 is $148,657 (2018 $139,368).

- In 2018, an agreement was signed between Odinsa Holding Inc., Marjoram and US Bank Administrative Agent of Marjoram loans, by which Odinsa Holding Inc. granted a pledge of 41,000 shares subscribed and paid in Marjoram in favor of the Administrative Agent. This pledge was cancelled in January 2020 due to the payment of the financial liabilities.

- Additionally, there is an open pledge without first degree holding for 305,804 (2018 305,804) shares of Opain S.A., according to the "Pledge Agreement" entered into with its lenders.

7.5 Fair value of financial assets and liabilities

The following is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments:

	Carrying amount	Fair value	Carrying amount	Fair value
	2019		2018	
prepayments on investment purchases (i)	2,883	2,883	-	-
Financial assets, measured at:				
Fair value through other comprehensive income (OCI)				
Equity investments (ii) (1)	1,200,033	1,200,033	1,116,974	1,116,974
Derivative financial instruments	4,030	4,030	2,231	2,231
Fair value through profit or loss				
Investments (2)	208,876	208,876	164,311	164,311
Derivative financial instruments	5,431	5,431	8,470	8,470
Amortized cost				
Cash and cash equivalents (3)	2,474,008	2,474,008	2,647,532	2,647,532
Trade and other receivables (3)	5,146,823	6,595,955	4,756,042	6,053,407
Total	**9,042,084**	**10,491,216**	**8,695,560**	**9,992,925**
Financial liabilities, measured at:				
Amortized cost				
Bonds in circulation (4)	9,717,596	10,004,565	7,451,746	7,647,673
Financial obligations (4)	6,705,854	6,790,738	8,977,141	9,055,927
Suppliers and payables (3)	3,002,908	3,011,506	2,728,408	2,729,190
Preferential shares classified as debt (4)	72,663	70,972	68,543	72,891
Other financial liabilities (3)	16,030	16,030	-	-
Fair value				
Derivative financial instruments	65,072	65,072	23,275	23,275
Total	**19,580,123**	**19,958,883**	**19,249,113**	**19,528,956**

(i) Prepayments for the purchase of investments from Bird Rides for $2,883.
(ii) Equity investments measured at fair value through other comprehensive income include mainly Nutresa Group shares of $1,149,192 (2018 $1,063,229). The increase in equity investments corresponds mainly to the valuation adjustment during the period from January to December 2019 of $85,963. Included in the book value and fair value of this group of investments are investments in shares of the companies Colombates for 2019; and Colombates and Carton de Colombia in 2018, classified by Group as non-current assets held for sale for $1,531 (2018 $15,039), (Note 13 Non-current assets held for sale and discontinued operations).

(1) The fair values of these equity investments are derived from quoted prices in active markets (Colombian Stock Exchange). However, there are some minor equity investments measured at fair value through other comprehensive income, which considering that there is no Level 1 input data (quoted prices), the Group assumes the position of keeping them at cost; in addition, the costs involved in carrying out the valuation would be greater than the benefits obtained.

(2) Fair values of these investments are derived from: a) prices quoted on active markets and b) available resources provided by the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.) to SURA SAC LTD for the management of the risk related to the property damage insurance policy. Certain equity investments are measured at fair value on a non-recurring basis only when a market value is available. The Group considers that this omission of the recurrent measurement of these investments is immaterial for the presentation of its financial statements.

(3) The Group assessed that the fair values of cash and short-term deposits, receivables, dividends receivable and payable, suppliers, payables and other current liabilities approximate their book values due largely to the short-term maturities of these instruments.

(4) Financial liabilities for financial obligations, outstanding bonds and Preferential shares classified as debt are measured at amortized cost using the contractual flows of the obligations according to the agreed terms.

The significant variables used in measuring the fair value of financial instruments at 31 December 2019 and 2018 are presented below:

	Hierarchy Level	Valuation technique	Significant variables
Financial assets, measured at:			
Fair value through other comprehensive income			
Equity investments	Level 1	(ii)	Quotation price
Derivative financial instruments	Level 2	(iii)	Interest rate swap curve for dollar-denominated rates, to discount flows in dollars; and BRI swap curve for peso-denominated rates, to discount flows in pesos. LIBOR, CPI, TRM.
Fair value through profit or loss			
Investments	Level 1	(ii)	Quotation price
Derivative financial instruments	Level 2	(iii)	Foreign exchange rate fixed in the contract. Exchange rate calculated on the day of valuation. Forward market points "forward" peso-foreign currency on the valuation date. Number of days between the valuation date and the maturity date. Zero coupon interest rate.
Amortized cost			
Cash and cash equivalents	Level 1	(ii)	Not applicable
Commercial and other accounts	Level 2	(i)	The discount rate used corresponds to the effective rate agreed and indexed to the CPI.
Financial liabilities, measured at:			
Amortized cost			
Financial obligations	Level 2	(i)	The discount rate used corresponds to the market rate for loans in similar conditions.
Bonds in circulation	Level 2	(i)	Interest rate structure through the zero-coupon curve for similar issuers

Preferential shares classified as debt	Level 2	(i)	The discount rate used corresponds to the Cementos Argos peso bond curve in accordance with the maturities of the preferential shares.
Non-current suppliers and payable	Level 2	(i)	The discount rate used corresponds to the effective rate agreed upon and indexed to the CPI.
Fair value			
Derivative financial instruments	Level 2	(iii)	Interest rate swap curve for dollar-denominated rates, to discount flows in dollars; and BRI swap curve for peso-denominated rates, to discount flows in pesos. Libor, CPI, TRM

Below are the valuation techniques used to measure the Group's financial assets and liabilities at fair value for disclosure purposes:

i. Discounted cash flows: future cash flows are discounted to present value using the discount rate for the financial instrument measured at the measurement date according to the days of maturity.

ii. Quoted market prices: the fair values of these investments are determined by reference to quoted prices published in active markets for the financial instrument at issue.

iii. Operating cash flow projection model: the method uses the cash flows inherent to the derivative financial instrument, projected with the treasury stock curves of the issuing state of the currency with which each flow is expressed and then discounted to present value, using market rates for derivative financial instruments disclosed by the competent authorities of each country. The difference between the cash flow and the cash outflow represents the net value of the derivative at the evaluated cut-off date.

7.6 Reconciliation between changes in liabilities and cash flows arising from financing activities

	Bonds and other financial liabilities (1)	Bonds and compound financial instruments	Lease liabilities	Derivative (Assets) / liabilities for financial liabilities hedging	Dividend liabilities	Total
31 December 2018	**8,977,141**	**7,520,289**	**-**	**12,574**	**187,440**	**16,697,444**
Changes in cash flows from financing activities						
Issuance of bonds and structured notes	-	2,964,277	-	-	-	2,964,277
Payment of bonds and commercial papers	-	(663,168)	-	-	-	(663,168)
Increase in other financing instruments (2)	5,051,241	-	-	-	-	5,051,241
Decrease in other financing instruments (2)	(7,414,839)	-	-	-	-	(7,414,839)
Payments for lease liabilities	-	-	(200,467)	-	-	(200,467)
Payments made to financial derivative contracts with coverage of financial liabilities	-	-	-	(25,327)	-	(25,327)
Collections from financial derivative contracts with financial liability hedging	-	-	-	51,663	-	51,663
Dividends paid on ordinary shares	-	-	-	-	(686,029)	(686,029)
Dividends paid on preferential shares	-	(2,239)	-	-	(119,769)	(122,008)
Interest paid (2)	(437,701)	(613,267)	(62,568)	-	-	(1,113,536)
Total changes by cash flows from financing activities (3)	**(2,801,299)**	**1,685,603**	**(263,035)**	**26,336**	**(805,798)**	**(2,158,193)**
Business combinations	428,537	-	266	-	-	428,803
Loss of control of a subsidiary or business	(310,869)	-	(6,254)	-	-	(317,123)
Currency Conversion	30,482	5,821	(1,952)	567	4,090	39,008
Effect by conversion	38,472	(65,031)	1,885	(12,614)	-	(37,288)
Changes in fair value	2,003	-	-	13,130	-	15,133
New leases	-	-	1,163,953	-	-	1,163,953
Interest caused	462,640	629,600	60,531	15,473	-	1,168,244
Other changes	(105,223)	13,977	107,487	145	843,737	860,123
31 December 2019	**6,721,884**	**9,790,259**	**1,062,881**	**55,611**	**229,469**	**17,860,104**

(1) Includes $16,030 of other financial liabilities.

(2) Additional cash flow inflows and outflows associated with other liabilities are presented for an increase in other financing instruments of $80,591, a decrease in other financing instruments of $65,007, and interest paid of $3,237.
(3) Does not include cash inflows and outflows associated with equity transactions for $60,733.

NOTE 8: **TRADE AND OTHER RECEIVABLES, NET**

The balance of trade and other receivables, net, as at 31 December comprises:

	2019	2018
Trade receivables		
Clients	1,820,419	1,615,515
Other receivables		
Receivables from related parties (Note 41)	539,441	148,516
Services and other receivables (1)	2,887,183	3,125,039
Employee receivables	67,042	65,004
Provision for expected credit losses and impairment for doubtful accounts (2)	(167,262)	(198,032)
Total trade and other receivables	**5,146,823**	**4,756,042**
Current	2,653,211	2,124,022
Non-current	2,493,612	2,632,020
Total trade and other receivables	**5,146,823**	**4,756,042**

(1) Service and other receivables mainly include accounts receivable from concession contracts of $2,347,941 (2018 $2,579,638), corresponding to the financial assets of the concessions Autopistas del Nordeste S.A., Boulevard Turístico del Atlántico S.A., Autopistas del Café S.A., and Caribbean Infrastructure Company.

(2) Includes provision for expected credit losses from related parties of $7,980 (2018 $7,469).

Trade receivables are mainly generated from the cement industry, the production of concrete mixes and any other materials or items based on cement, lime or clay, the acquisition and disposal of minerals or ore deposits. Also, the sale of services for the generation and marketing of electricity, services for the resale of natural gas and the sale of other goods and services.

Long-term receivables are measured at amortized cost under the effective interest rate method and short-term receivables are presented at their nominal amount.

Following is a detail of changes in the provision for expected credit losses on trade and other receivables as of 31 December:

Changes in the provision for expected credit losses and doubtful accounts	2019	2018
Balance at the beginning of the year presented	**(198,032)**	**(197,107)**
Cumulative effect for the transition to the expected credit loss model of IFRS 9	-	(27,423)
Expected credit losses	(50,114)	(28,803)
Foreign currency translation profit or loss	(5,730)	(26,344)
Derecognition of amounts considered uncollectible	47,149	66,794
Amounts recovered during the year	-	2,458
Reversal of expected credit losses	14,386	19,421
Loss of control of a subsidiary (1)	29,585	-
Other changes	(4,506)	(7,028)
Balance at the end of the year	**(167,262)**	**(198,032)**

(1) Corresponds to the sale of the shares of the subsidiary Zona Franca Celsia S.A. E.S.P., which resulted in the loss of control by the Group over this company (Note 19.3.2. Contributions, contribution refunds and/or changes in the ownership interest in a subsidiary resulting in loss of control).

The average credit period on the sale of goods and services is 30 days, for both cases no interest charge is made on trade receivables. In the case of sale of land from the real estate business, the term and interest charges will depend on the negotiated conditions. At the end of the reporting period, the Group assesses whether there is objective evidence that the financial assets are impaired, and if this is the case, it recognizes an impairment loss in the consolidated statement of income.

The provision for expected credit losses is recognized through administrative and selling expenses in the Group's consolidated statement of income. When there is confirmation that the trade receivable will not be collectible, the gross carrying amount of the receivable is derecognized against the associated provision.

For each operating segment, the following table presents the value of trade and other receivables subject to credit risk before recognizing any impairment the values of expected losses determined individually and collectively, and the value of receivables after considering expected impairment at the end of the reporting period.

	2019			2018		
	Gross receivables	Expected credit loss	Net receivables	Gross receivables	Expected credit loss	Net receivables
Cement (1)	1,260,859	(84,413)	1,176,446	1,247,921	(91,463)	1,156,458
Energy (2)	1,182,172	(49,200)	1,132,972	599,157	(66,745)	532,412
Concessions (3)	2,702,666	(28,236)	2,674,430	2,971,553	(35,040)	2,936,513
Other segments and adjustments	168,388	(5,413)	162,975	135,443	(4,784)	130,659
Total	**5,314,085**	**(167,262)**	**5,146,823**	**4,954,074**	**(198,032)**	**4,756,042**

The increase in net receivables of the Energy segment corresponds mainly to $459,252 for the result of the sale of fixed transmission assets to conform the capital structure of CAOBA INVERSIONES S.A.S.

Below is information on expected credit losses for the Group's main operating segments:

(1) **Cement:** the provision for expected credit losses of the Cement segment is estimated based on the age of trade and other receivables, and at 31 December, the balance is as follows:

	2019			
	Expected credit loss rate	Gross receivables	Expected credit loss	Net receivables
Unmatured	0.03%	685,036	(194)	684,842
Between 0 and 30 days	0.15%	160,902	(244)	160,658
Between 31 and 60 days	0.52%	55,779	(288)	55,491
Between 61 and 90 days	1.11%	20,865	(232)	20,633
Between 91 and 120 days	3.38%	16,222	(548)	15,674
Between 121 and 150 days	1.50%	29,608	(444)	29,164
Between 151 and 180 days	1.01%	16,991	(171)	16,820
Between 181 and 360 days	50.51%	53,924	(27,235)	26,689
More than one year	24.85%	221,532	(55,057)	166,475
Total		**1,260,859**	**(84,413)**	**1,176,446**
Average age (days)				**36**

	2018			
	Expected credit loss rate	Gross receivables	Expected credit loss	Net receivables

Unmatured	0.29%	446,173	(1,296)	444,877
Between 0 and 30 days	0.40%	181,148	(732)	180,416
Between 31 and 60 days	13.11%	58,010	(7,606)	50,404
Between 61 and 90 days	1.49%	78,514	(1,173)	77,341
Between 91 and 120 days	5.07%	29,813	(1,512)	28,301
Between 121 and 150 days	11.15%	21,271	(2,372)	18,899
Between 151 and 180 days	2.26%	25,574	(578)	24,996
Between 181 and 360 days	15.90%	32,236	(5,124)	27,112
More than one year	18.94%	375,182	(71,070)	304,112
Total		**1,247,921**	**(91,463)**	**1,156,458**
Average age (days)				**42**

(*) Includes estimates by collective assessment under the expected credit loss model and impairment provision by individual analysis of third parties.

(2) **Energy:** the provision for expected credit losses in the Energy segment is estimated based on the business, market type and class of services for trade and other receivables and at 31 December is as follows:

	2019			
	Expected credit loss rate	**Gross receivables**	**Expected credit loss**	**Net receivables**
Conventional Energy	1.00%	304,459	(25,912)	278,547
New businesses	3.60%	16,288	(1,213)	15,075
Wholesale Market, Distribution and other debtors	NA	861,425	(22,075)	839,350
Total		**1,182,172**	**(49,200)**	**1,132,972**
Average age (days)				**31**

	2018			
	Expected credit loss rate	**Gross receivables**	**Expected credit loss**	**Net receivables**
Conventional Energy	0.59%	132,105	(17,923)	114,182
New businesses	0.00%	1,886	-	1,886
Wholesale Market, Distribution and other debtors	NA	465,166	(48,822)	416,344
Total		**599,157**	**(66,745)**	**532,412**
Average age (days)				**28**

(*) Includes estimates by collective assessment under the expected credit loss model and impairment provision by individual analysis of third parties.

(3) **Concessions:** the provision for expected credit losses in the Road Concessions segment is estimated based on the type of asset and the credit rating for trade and other receivables, and as of 31 December, the balance is as follows:

	2019			
	Expected credit loss rate	**Gross receivables**	**Expected credit loss**	**Net receivables**
Receivables from concession contracts				
Colombia (BBB-)	0.00%	92,158	-	92,158
Aruba (BBB)	0.00%	263,614	-	263,614

Dominican Republic (BB-)	0.00% to 0.5%	1,992,168	(3,787)	1,988,381
Other receivables				
A- to AAA	0.00%	208,100	-	208,100
B- to BBB+	0.5% to 2.6%	56,706	(782)	55,924
D to CCC+	100%	16,760	(16,760)	-
Total		**2,629,506**	**(21,329)**	**2,608,177**

	2018			
	Expected credit loss rate	**Gross receivables**	**Expected credit loss**	**Net receivables**
Receivables from concession contracts				
Colombia (BBB-)	0.00%	47,223	-	47,223
Aruba (BBB)	0.00%	265,421	-	265,421
Dominican Republic (BB-)	0.00% a 0.5%	2,266,994	(3,904)	2,263,090
Other receivables				
A- to AAA	0.00%	242,280	-	242,280
B- to BBB+	0.5% to 2.6%	26,072	(376)	25,696
D to CCC+	100%	19,022	(19,022)	-
Total		**2,867,012**	**(23,302)**	**2,843,710**

(*) Includes estimates by collective assessment under the expected credit loss model and impairment provision by individual analysis of third parties. The expected credit loss rate contemplates as a parameter the credit rating of the Sovereign State where the concession is located.

For airport concessions, the provision for expected credit losses is estimated based on the age of trade and other receivables, and as of 31 December, the balance is as follows:

	2019			
	Expected credit loss rate	**Gross receivables**	**Expected credit loss**	**Net receivables**
Unmatured	0.01%	50,110	(5)	50,105
Between 0 and 30 days	4.16%	13,247	(551)	12,696
Between 31 and 90 days	26.33%	4,477	(1,179)	3,298
Between 91 and 180 days	87.62%	977	(856)	121
Between 181 and 360 days	99.23%	1,812	(1,798)	14
More than one year	99.25%	2,537	(2,518)	19
Total		**73,160**	**(6,907)**	**66,253**
Average age (days)				**183**

	2018			
	Expected credit loss rate	**Gross receivables**	**Expected credit loss**	**Net receivables**
Unmatured	0.01%	67,181	(9)	67,172
Between 0 and 30 days	3.47%	15,484	(537)	14,947
Between 31 and 90 days	18.55%	6,717	(1,246)	5,471
Between 91 and 180 days	38.55%	6,483	(2,499)	3,984
Between 181 and 360 days	83.11%	5,783	(4,806)	977
More than one year	91.29%	2,893	(2,641)	252
Total		**104,541**	**(11,738)**	**92,803**
Average age (days)				**109**

(*) Includes estimates by collective assessment under the expected credit loss model and impairment provision by individual analysis of third parties.

The Group recognizes a provision for individual customers when they are in a state of economic insolvency or when a financing or restructuring arrangement is entered into for the receivable, and collectively, by grouping the portfolio by day of default and applying to these values the expected credit loss rates estimated by management.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the account from the date the loan was initially granted to the end of the reporting period. The concentration of credit risk is limited due to the large and independent customer base.

NOTE 9: **INVENTORIES, NET**

The balance of inventories, net, at 31 December comprises:

	2019	2018
Materials, spare parts and accessories	423,866	506,685
Raw materials and direct materials	278,387	263,439
Urban planning works	199,714	201,402
Finished product	144,718	147,715
Work in process	150,209	119,480
Goods not manufactured by the company	28,710	33,045
Inventory in transit	33,836	24,877
Inventory of containers and packaging	19,748	12,025
Prepayments for the acquisition of inventory	3,862	11,775
Real estate for sale	7,092	8,213
Total inventories, net	**1,290,142**	**1,328,656**
Current	1,252,938	1,291,909
Non-current	37,204	36,747
Total inventories, net	**1,290,142**	**1,328,656**

As of 31 December 2019, the cost of ordinary activities of continuing operations is equivalent to $12,265,012 (2018 $10,211,393), of which the value for sale of goods is $8,088,111 (2018 $7,214,746) and for rendering of services is $3,351,573 (2018 $2,995,715).

Changes in the net realizable value of inventories is as follows:

	2019	2018
Balance at the beginning of the period	**24,876**	**13,260**
Decrease in inventories to net realizable value (1)	22,422	8,047
Reversal of decline in value of inventories (2)	(322)	(41)
Other changes	(13,300)	3,610
Balance at the end of the period	**33,676**	**24,876**
Current	33,534	24,876
Non-current	142	-
Balance at the end of the period	**33,676**	**24,876**

(1) During the year there was a decrease in inventories to net realizable value of $22,422 (2018 $8,047), derived in 2019 mainly by Argos USA LLC for $15,508, Argos Puerto Rico Corp. for $2,418, Cementos Argos S.A. for $1,766, Zona Franca Argos for $746, and Sator S.A.S. for $202, and in 2018 by Zona Franca Argos S.A. for $3,869, Cementos Argos S.A. for $1,909 and Argos USA LLC for $1,181.

(2) During the year there was a reversal in the decrease in value of $322 (2018 $41). The reversal in the decrease in value of inventories for 2019 corresponds mainly to Cimenterie Nationale SEM (CINA) for $211 and Argos Guyane S.A.S for $93. For the year 2018, the reversion corresponds to the company Sator S.A.S.

None of the lots in the inventory are committed as collateral of liabilities, nor do they have restrictions or liens that limit their disposition, except for the lot Hotel Calablanca in Barú as explained below:

According to the promise of trust rights signed between Grupo Argos, Patrimonio Autónomo Estrategias Inmobiliarias - PEI and Arquitectura y Concreto in December 2018, Grupo Argos will contribute a lot in Barú for the development of the Hotel Sofitel CalaBlanca project. According to the mentioned promise, the hotel project will have a total value of $200,200 that will be invested as follows:

- 20% (i.e. $40,040) corresponds to the value of the land that will be contributed by Grupo Argos.
- 20% (i.e. $40,040) corresponds to contributions from Architecture and Concrete as the only party responsible for building and delivering the hotel fully equipped and in working order.
- 60% (i.e. $120,120) corresponds to capital contributions to be made by PEI in compliance with the aforementioned promise.
- The lot will be the mortgage collateral that will be constituted for the construction of the hotel.

The development timespan of the project as agreed in the rights subscription promise is 24 months. The opening of the hotel is estimated for the second half of 2021. Currently, Arquitectura y Concreto is developing the project with an estimated progress of 35%.

For the operation of the hotel, the parties signed a hotel management contract with a well-known operator for a duration of 30 years.

NOTE 10: **CURRENT AND DEFERRED INCOME TAX**

10.1 Tax assets

Current tax assets at 31 December comprise:

	2019	2018
Surplus in private income tax settlement	192,057	131,024
Income tax prepayment	103,625	115,470
Deduction at source and self-withholding	64,080	137,273
Total tax assets	**359,762**	**383,767**

Current tax assets correspond to balances with tax authorities, mainly for tax prepayments and balances arising from settlements of income tax returns, contributions and rates to be requested in return or offset with future settlements within the following accounting period.

10.2 Tax liabilities

Current tax liabilities at 31 December comprise:

	2019	2018
Income Tax	246,679	195,561
Self-withholdings	20,036	14,763
Total tax liabilities	**266,715**	**210,324**

The applicable tax provisions in force provide for the following:

The nominal income tax rates for 2019 and 2018 applicable to the Group and its subsidiaries are as follows:

Country	2019	2018	Country	2019	2018
Antigua	25.00%	25.00%	Honduras	30.00%	30.00%
Aruba	25.00%	25.00%	British Virgin Islands	0.00%	0.00%
Colombia (*)	33.00%	37.00%	Panama	25.00%	25.00%
Colombia duty-free zone	15.00%	15.00%	Puerto Rico	37.50%	39.00%
Costa Rica	30.00%	30.00%	Dominican Republic	27.00%	27.00%
Curaçao	27.50%	27.50%	Saint Martin	34.50%	30.00%
Dominica	25.00%	25.00%	Saint Thomas	35.00%	35.00%
USA	24.35%	21.00%	Surinam	36.00%	36.00%
French Guiana	31.00%	33.33%	Venezuela	N/A	34.00%
Haiti	31.00%	31.00%			

(*) Includes income and supplementary tax surcharge of 4% for 2018.

Colombia

The income tax in Colombia is settled by 2019 at a rate of 33% according to Law 1943 of 2018. For the taxable period 2018, income tax was settled at a rate of 33% plus a surcharge of 4%, in accordance with Law 1819 of 2016, which came into force on 1 January 2017 and was applied until 31 December 2018.

The capital gains tax rate in Colombia is 10%.

Other relevant provisions

- For 2019 the minimum base for determining the tax is 1.5% of the net worth on the last day of the immediately preceding taxable year.

- Companies may offset tax losses against ordinary net income obtained in the following twelve periods, without prejudice to the presumptive income for the year. Tax losses generated before the entry into force of Law 1819 of 2016 may be offset without any time limitation.

- Excesses of presumptive income over ordinary income may be offset against ordinary net income within five years, adjusted for inflation until the 2016 taxable period.

- Since 2004, income taxpayers who enter into transactions with related parties abroad and users of duty-free zones are required to determine for income tax and supplementary tax purposes the transfer pricing study, in accordance with current regulations.

- Companies may apply in their tax liquidation, tax discounts for taxes paid abroad, donations, scholarships to athletes, sales tax paid on imports, training, construction or acquisition of real productive fixed assets and by paid tax of Industry and Commerce.

Tax reforms

Following is a summary of some modifications to the Colombian tax regime for the years 2017 and following:

a. Changes introduced by Law 2010 of 2019.

On 1 January 2019, Law 1943 of 2018 "*Financing Act*" entered into force but was declared unconstitutional by the Constitutional Court in an October ruling that said law would be effective until 1 January 2020.

On 1 January 2020, Law 2010, issued on 27 December 2019, called the *Growth Act*, came into effect with a similar content and some additional ones to the *Financing Act*.

The most significant changes introduced by this law for income and supplementary tax purposes are as follows:

- Rate: the gradual reduction of the income tax rate for national and foreign legal entities and permanent establishments is maintained as follows:

Year	General rate
2020	32%
2021	31%
2022 onward	30%

- Presumptive income: the reduction in the percentage applicable to the presumptive income base is modified as follows:

Year	General rate
2020	0.5%
2021 onward	0%

- Deduction for taxes paid: amendment to article 115 of the Colombian tax code is maintained, in the following sense:

    - Possibility of taking as a deduction 100% of the taxes, fees and contributions effectively paid during the taxable year, provided that they have a causal relationship, with the exception of income tax.

    - The Tax on Financial Movements will be deductible at 50% whether or not there is a causal relationship.

    - Possibility of taking as a discount in the income tax liquidation 50% of the Industry and Commerce Tax effectively paid during the taxable year (100% from 2022).

- The Sales Tax paid on the acquisition, construction, training and import of real productive fixed assets, as well as the services to commissioning the assets, may be taken as a discount in the income tax liquidation in the year of payment, or in any following taxable period, even if the assets are acquired through leasing.

b. Changes introduced by Law 1943 of 2018

On 28 December 2018, Law 1943 ("*Financing Act*") was passed and was only effective for fiscal year 2019. The changes introduced and applied in 2019 were:

- General tax rate of 33%.

- Basis for calculating presumptive income of 1.5% of liquid assets of the previous year.

- It allows deduction of all taxes, rates and contributions, effectively paid during the year or taxable period, that have a causal relationship with the economic activity. Likewise, 50% of the Industry and Commerce Tax and notices and boards paid can be taken as a discount in the income tax liquidation from 2019 to 2021, and 100% from 2022.

- The 4-year time limit for the use of the tax discount for taxes paid abroad is abolished.

- Creates the dividend tax for legal entities for profits generated from 2019 onwards, as a deduction at source and transferable to the final beneficiary, a resident natural person or an investor resident abroad.

- The Sales Tax paid on the acquisition, construction, training and import of real productive fixed assets, as well as the services to commissioning the assets, is deductible from income in the year of payment, or in any subsequent taxable period, even if the assets are acquired through leasing.

United States of America

In the United States, the Federal tax rate is 21%. There is also a state tax rate, which varies by state in a range of 3% to 7%. The state of Texas has a particular rate of 1%, called the *Texas Margin Tax*. Federal tax returns for the years 2015, 2016, 2017 and 2018 are subject to review and audit of the exemptions applied by the tax authorities. Additionally, returns with net operating losses are subject to review even if the rules have expired.

On 22 December 2017, the United States enacted the *Tax Cuts and Jobs Act*. This Act significantly revises the U.S. corporate income tax by, among other things, lowering the federal income tax rates from an existing maximum rate of 35% to 21%, effective for tax years that include or begin on 1 January 2018.

The following are the main provisions of the Tax Reform:

- Effective 1 January 2018, the taxable earnings of U.S. subsidiaries are taxed at a federal corporate rate of 21%, which reduces the federal income tax rates from a maximum rate of 35% to 21%.

- Abolition of the Alternative Minimum Corporate Tax ("AMT") for tax years beginning 1 January 2018. It also provides that existing AMT tax credits are refundable beginning in 2018. The Group does not have AMT credits.

- Net operating losses (NOL) generated after 31 December 2017 will be limited to 80% of taxable income but will have an unlimited utilization period. Net operating losses generated prior to 1 January 2018 are still subject to the rules that exist when they are generated, which are a two-year return period and a 20-year offset period. These net operating losses (NOL) will not be subject to the 80% rule and may fully offset future taxable income until NOLs prior to 2018 are used. As of 31 December 2019, the net operating losses (NOL) of the U.S. subsidiaries are $490 million (2018 $689 million).

- Other provisions, such as limitations on the deductibility of interest expense for all domestic companies, entertainment expenditures, membership fees or recreational expenses and certain executive compensation will no longer be deductible.

Panama

The applicable income tax rate for 2019 is 25% (2018 25%).

Law No. 8 of 15 March 2010 modifies the Alternative Calculation of Income Tax (CAIR), obliging any legal entity that earns income in excess of one million five hundred thousand balboas (USD 1.5 million) to determine the greater of the following amounts as the taxable base for such tax (a) the net taxable income calculated by the ordinary method established in Title I of Book Four of the Panamanian Tax Code and the net taxable income resulting from applying four point six seven percent (4.67%) to the total taxable income.

Legal entities that incur losses by reason of the tax calculated under the presumptive method or that, by reason of the application of the presumptive method, their effective rate exceeds the tax rates applicable for the tax period in question, may request the General Revenue Directorate to authorize it to calculate the tax under the ordinary method of calculation.

According to the regulations, the income tax returns of companies incorporated in the Republic of Panama are subject to review by the tax authorities for the last three years.

Honduras

Decree No. 25 of 20 December 1963 established the obligation to pay income tax to individuals or legal entities that carry out civil or commercial activities and determined in its Article 22 the rate for legal entities of twenty-five percent (25%) of the total net taxable income. On the other hand, by Decree 278 of December 2013, the Tax Equity Law was reformed establishing an income tax surcharge called Solidarity Contribution, equivalent to five percent (5%) applied on the excess of the net taxable income over one million lempiras (in millions of pesos for 2019 $132 and for 2018 $133), starting from fiscal period 2014.

According to the provisions of Decree No. 32, the company availed itself of the amnesty benefit consisting of the tax and customs regularization of the final settlement or stamp of the fiscal periods 2012, 2013, 2014, 2015, 2016 and 2017 (the prescribed years prior to 2012 are also regularized), in accordance with the above, the declarations that are open to inspection are the periods 2018 and 2019.

10.3 Income tax recognized through profit or loss for the period

	2019	2018
Current tax		
For the current year	579,650	429,626
Compared to previous years	(675)	(10,652)
Total current tax expense	**578,975**	**418,974**

	2019	2018
Deferred tax		
Changes in temporary differences	(127,900)	(104,710)
Changes in laws and tax rates	767	13,222
Reductions in deferred tax assets	60,846	(2)
Losses, tax credits and excess presumptive income used	60,482	(10,174)
Reclassification of deferred tax from equity to the statement of income	34,125	25,597
Total deferred tax income	**28,320**	**(76,067)**
Total tax expense related to continuing operations	**607,295**	**342,907**
Total income tax expense	**607,295**	**342,907**

The following is a reconciliation of the effective rate applicable to Grupo Argos and its subsidiaries:

	2019	2018
Profit before income tax	1,863,432	1,537,025
Income tax (current and deferred)	**607,295**	**342,907**
Effective tax rate	32.6%	22.3%

Reconciliation of the effective tax rate - 2019	**Reconciliation of current accounting and fiscal tax**	**Deferred tax for the year**	**Reconciliation of the effective tax rate**
Profit before income tax	1,863,432		
Statutory tax rate	33%		
Current tax expense at the legal rate applicable to companies	614,933	-	614,933
Adjustments related to current income tax from previous years	(675)	-	(675)
Effect of permanent tax differences and others:			
Income not subject to income tax	5,002	-	5,002
Untaxed dividends and shares	(137,218)	(105)	(137,323)
Sale of listed investments and untaxed fixed assets	(28,775)	(353)	(29,128)
Other non-taxed income	(81,491)	(275)	(81,766)
Non-deductible expenses	265,391	26	265,417
Other items	(101,154)	27,769	(73,385)
Net effect of temporary differences	132,594	(118,216)	14,378
Expense net of temporary differences	**668,607**	**(91,154)**	**577,453**
Use of tax losses or excess presumptive income	(136,654)	140,525	3,871
Effect of Tax Rate Differences by Foreign Subsidiaries	(4,443)	(1,342)	(5,785)
Effect of changes in tax rates due to tax reforms	(8,511)	(19,709)	(28,220)
Occasional income	61,606	-	61,606
Compensation for excess presumptive income	(1,630)	-	(1,630)
Income tax expense according to the financial statements (at the effective tax rate)	**578,975**	**28,320**	**607,295**

Reconciliation of the effective tax rate - 2019	Reconciliation of current accounting and fiscal tax	Deferred tax for the year	Reconciliation of the effective tax rate
Effective tax rate			32.6%

Reconciliation of the effective tax rate - 2018	Reconciliation of current accounting and fiscal tax	Deferred tax for the year	Reconciliation of the effective tax rate
Profit before income tax	1,537,025		
Statutory tax rate	33%		
Current tax expense at the legal rate applicable to companies	507,218	-	507,218
Adjustments related to current income tax from previous years	(10,652)	-	(10,652)
Effect of permanent tax differences and others:			
Income not subject to income tax	(75,378)	-	(75,378)
Untaxed dividends and shares	(27,214)	-	(27,214)
Sale of listed investments and untaxed fixed assets	(119,544)	-	(119,544)
Other non-taxed income	(315,182)	-	(315,182)
Non-deductible expenses	340,855	-	340,855
Other items	318,508	47,496	366,004
Net effect of temporary differences	(148,044)	72,836	(75,208)
Expense net of temporary differences	**470,567**	**120,332**	**590,899**
Use of tax losses or excess presumptive income	(101,335)	(209,622)	(310,957)
Effect of Tax Rate Differences by Foreign Subsidiaries	(5,651)	-	(5,651)
Effect of changes in tax rates due to tax reforms	(4,883)	13,223	8,340
Occasional income	22,647	-	22,647
Compensation for excess presumptive income	14,307	-	14,307
Surcharge 4% on the excess of 800 million	23,322	-	23,322
Income tax expense according to the financial statements (at the effective tax rate)	**418,974**	**(76,067)**	**342,907**
Effective tax rate			22.3%

The effective tax rate for the Group is 32.6% for 2019 and 22.3% for 2018.

10.4 Deferred income tax recognized directly in equity and other comprehensive income

Deferred taxes generated by temporary differences arising from transactions recognized through other comprehensive income were recognized directly in this account, as follows:

	2019	2018
Deferred tax		
Cash flow hedges	9,305	60,741
Remeasurements of Defined Benefit Plans	5,274	1,998
Valuation of equity instruments	219	(493)
Revaluation of property, plant and equipment	93	109
Conversion of foreign businesses	(1,029)	4,344
Total deferred tax recognized through other comprehensive income	**13,862**	**66,699**
Adoption of new standards		
Total deferred tax recognized through equity	**-**	**-**
Total deferred tax recognized through equity and other comprehensive income	**13,862**	**66,699**

10.5 Current tax assets and liabilities and deferred tax balances

The following is the composition of the tax assets and liabilities presented in the consolidated financial statements of financial position:

	2019	2018
Deferred tax liabilities	(1,361,035)	(1,345,771)
Deferred tax assets	481,596	515,693

	2019	2018
	359,762	383,767
Current tax assets	(266,715)	(210,324)

Group companies offset their tax assets and liabilities for presentation purposes provided that they are related to the same tax authority, there is a legal right to do so and they intend to settle them simultaneously.

The change in the Group's net deferred tax liability for the period ended 31 December 2019 and 2018 is detailed below:

2019	Opening Balance	Included in results	Included in other comprehensive income	Procurement and Disposal	Other changes	Currency Conversion	Final balance
Current assets	(21,050)	(3,374)	-	-	(20)	113	(24,331)
Associates and joint ventures	(3,951)	21,556	1,512	-	-	-	19,117
Other equity investments	14,114	(4,244)	(21)	-	5	(3)	9,851
Property, plant and equipment	(1,082,451)	19,251	93	47,452	(327)	(3,573)	(1,019,555)
Investment property	(231,629)	(47,015)	-	-	(283)	-	(278,927)
Intangible Assets	(567,644)	56,981	-	(238,042)	3,460	(86)	(745,331)
Other non-current assets	161,714	72,208	9,861	(3,787)	150,032	(284)	389,744
Provisions	43,139	18,323	-	-	-	(1,328)	60,134
Employee Benefits	75,359	(15,769)	5,274	-	4,767	115	69,746
Financial liabilities	(3,773)	28,586	(2,857)	-	-	78	22,034
Convertible financial instruments	-	-	-	-	-	-	-
Financial leasing	3,186	3,559	-	-	-	13	6,758
Other liabilities	(472,157)	(95,284)	-	-	(3,183)	2,775	(567,849)
Deferred tax without tax credits	**(2,085,143)**	**54,778**	**13,862**	**(194,377)**	**154,451**	**(2,180)**	**(2,058,609)**
Tax losses	1,135,969	(71,090)	-	-	2,692	4,511	1,072,082
Excess presumptive income	119,096	(12,008)	-	-	-	-	107,088
Tax Credits	**1,255,065**	**(83,098)**	**-**	**-**	**2,692**	**4,511**	**1,179,170**
Total deferred tax	**(830,078)**	**(28,320)**	**13,862**	**(194,377)**	**157,143**	**2,331**	**(879,439)**

2018	Opening Balance	Included in results	Included in other comprehensive income	Procurement and Disposal	Other changes	Currency Conversion	Final balance
Current assets	10,979	(30,831)	-	-	(2,080)	882	(21,050)
Associates and joint ventures	(53,079)	(58,558)	31,482	-	76,204	-	(3,951)
Other equity investments	17,995	11,180	33,158	-	(47,873)	(346)	14,114
Property, plant and equipment	(468,932)	131,139	109	-	(712,023)	(32,744)	(1,082,451)
Investment property	(895,459)	(39,900)	-	-	703,730	-	(231,629)
Intangible Assets	(248,175)	(280,894)	-	-	(12,063)	(26,512)	(567,644)
Other non-current assets	21,788	132,497	-	-	5,842	1,587	161,714
Provisions	37,702	1,725	-	-	62	3,650	43,139
Employee Benefits	55,071	15,806	1,998	-	422	2,062	75,359

2018	Opening Balance	Included in results	Included in other comprehensive income	Procurement and Disposal	Other changes	Currency Conversion	Final balance
Financial liabilities	(3,720)	(13,069)	(48)	-	12,468	596	(3,773)
Convertible financial instruments	(7,787)	(212)	-	-	7,999	-	-
Financial leasing	(1,722)	4,590	-	-	-	318	3,186
Other liabilities	(430,986)	(40,814)	-	-	12,554	(12,911)	(472,157)
Deferred tax without tax credits	**(1,966,325)**	**(167,341)**	**66,699**	**-**	**45,242**	**(63,418)**	**(2,085,143)**
Tax losses	894,510	192,315	-	-	5,033	44,111	1,135,969
Excess presumptive income	82,748	51,093	-	-	(14,745)	-	119,096
Tax Credits	**977,258**	**243,408**	**-**	**-**	**(9,712)**	**44,111**	**1,255,065**
Total deferred tax	**(989,067)**	**76,067**	**66,699**	**-**	**35,530**	**(19,307)**	**(830,078)**

10.6 Unrecognized deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences not recognized and unused tax losses and tax credits by the Group are as follows:

Unused losses and tax credits	2019	2018
To one year	131,385	-
Over one year and up to five years	186,147	33,540
More than five years	90,381	241,790
No time limit	178,465	381,571
Total unused tax losses and credits	**586,378**	**656,901**

Excess presumptive income over ordinary liquid income	2019	2018
To one year	1,168	21,467
Over one year and up to five years	4,103	3,831
More than five years	-	
No time limit	145	145
Deductible temporary differences	**5,416**	**25,443**
Total unused tax benefits	**591,794**	**682,344**

The Group has not generated any deferred tax assets that depend on the reversal of taxable temporary differences.

10.7 Unrecognized taxable temporary differences from investments in subsidiaries, associates and joint Ventures

	2019	2018
Investments in subsidiaries	7,613,595	5,578,130
Investments in associates and joint ventures	2,848,036	3,569,296

Impact on deferred income tax assets from business combinations during the period

During the periods disclosed, there were no changes in the value of deferred income tax assets related to business combinations.

Impact on income taxes of potential dividend payments to shareholders

The Group has no potential consequences on its tax return in the event of dividend payments to its shareholders.

Finality of declarations:

Currently in Colombia the general term of finality of tax returns is three (3) years from the expiration of the period to declare. In the case of returns where tax losses are determined or compensated, finality depends on the year of filing:

Year of presentation	Term of finality
Until 2016	Statements in which losses were liquidated and/or offset become final within five (5) years of filing.
2017 to 2019	For returns that resulted in tax losses, the finality is twelve (12) years; if tax losses were offset, the finality is six (6) years.
From 2020 onwards	For returns in which tax losses are liquidated and/or offset, the finality is five (5) years.

For the returns submitted by taxpayers subject to the transfer pricing regime, the term of finality shall be five (5) years.

The parent company and its subordinates have open terms for review by the tax authorities of each country, which were submitted between 2010 and 2019.

NOTE 11: OTHER FINANCIAL ASSETS

The balance of other financial assets at 31 December corresponds to:

	2019	2018
Financial assets at fair value through other comprehensive income (1)	1,198,501	1,101,935
Financial assets at fair value through profit or loss (2)	208,876	164,311
Prepayment for the purchase of financial assets (3)	2,883	-
Total other financial assets	**1,410,260**	**1,266,246**
Current	123,626	72,948
Non-current	1,286,634	1,193,298
Total other financial assets	**1,410,260**	**1,266,246**
Financial assets classified as non-current assets held for sale (Note 13)	1,532	15,039
Total other financial assets including non-current assets held for sale	**1,411,792**	**1,281,285**

(1) Financial assets measured at fair value through other comprehensive income (OCI), correspond to investments that are maintained for strategic purposes in the medium and long term, considering that some do not have Level 1 input data (quoted prices) since the figures are not representative, the Group assumes the position of maintaining them at cost; furthermore, the costs involved in performing the valuation would be greater than the benefits obtained.

These investments correspond mainly to the shares of Grupo Nutresa S.A. for $1,149,192 (2018 $1,063,229) in which, at 31 December 2019, the Group has a 9.8% interest (2018 9.8%), equivalent to 45,243,781 shares (2018 45,243,781 shares). The equity investment in this company is not held for trading purposes, but rather for medium- and long-term strategic purposes. Thus, the accounting recognition of its valuation is done through other comprehensive income (OCI). using active market prices (Colombia stock exchange) and other investments.

In June 2019 Grupo Argos S.A. and Celsia S.A. (formerly Celsia S.A. E.S.P.) acquired shares of Innowatts, Inc. for $4,086. The purpose of this company is to provide predictive analysis software enabled for advanced infrastructure measurement (AIM) and solutions based on artificial intelligence for utilities, energy retailers and intelligent energy communities.

Dividends recognized through the revenue item of the consolidated statement of income for financial assets measured at fair value through other comprehensive income for the period ended 31 December correspond:

	Dividends from investments derecognized during the period		Dividends from investments held at the end of the period	
	2019	2018	2019	2018
Grupo Nutresa S.A.	-	-	27,689	25,626

Gases de Occidente S.A. E.S.P	-	2.663	-	-
Cartón de Colombia S.A.	857	-	-	584
Sercop	-	-	-	1,251
Other investments	-	352	582	380
Total dividend income	**857**	**3,015**	**28,271**	**27,841**

(2) Financial assets measured at fair value through profit or loss include:

Investment	2019 (USD)	2018 (USD)	2019	2018
Sura SAC LTD – Cell Celsia – Investment in captive reinsurance company (i)	10,569,882	9,968,295	34,639	32,394
Sura SAC LTD – Cell Celsia – Investment in premium captive company (ii)	13,208,111	15,190,914	43,285	49,367
fixed-term certificates of deposit (CTD)	-	-	122,616	72,440
Trust investments	-	-	6,965	8,284
Other miscellaneous investments	-	-	1,371	1,826
Total financial assets at fair value through profit or loss	**23,777,993**	**25,159,209**	**208,876**	**164,311**

(i) Corresponds to investment of USD 9.6 million contributed by Celsia S.A. (formerly Celsia S.A. E.S.P.) to Captive Cell.

(ii) On 25 December 2018, an additional retained entitlement of USD 7.9 million is recognized, which will be recognized in income as the time elapses until June 2020 and there are no incidents that may affect this reserve.

SURA SAC LTD – Cell Celsia S.A. (formerly Celsia S.A. E.S.P)

Sura SAC LTD is a captive company whose objective is to reinsure through its part of the risks.

In 2017 Celsia S.A. (formerly Celsia S.A. E.S.P.) invested USD 9.6 million in this captive company through an assigned cell with the purpose of optimizing the organization's operational risk management program, which will allow to reduce the impact of loss events. By structuring the captive, Celsia allocates a percentage of the insurance premium to the cell that it currently rents from Sura SAC LTD. in Bermuda. On 25 December 2018, an additional retained right is recognized for the term 2019-2020 for USD 7.9 million.

This investment gives Celsia S.A. (formerly Celsia S.A. E.S.P.) a participatory right in its cell to the income as may be decreed by the captive in its favor. The rights arising from this investment are considered to be variable-income securities, since their financial structure may vary during their life and they do not meet the condition of obtaining contractual cash flows with specific payment dates for the principal and interest, and therefore they are classified as investments at fair value through profit or loss.

In the event of a loss, any obligation will be backed by the resources existing in the captive company's cell, in which case the change in the fair value of the financial assets resulting from the loss will be recognized with a charge to profit or loss for the year. In the event that the loss implies a greater obligation of the resources existing in the cell, an obligation in favor of Sura must be recognized for the resources that it must pay, were not sufficient to cover with what is maintained in the cell.

(3) Corresponds to a prepayment for the acquisition of shares in the company Bird Rides.

NOTE 12: **PREPAID EXPENSES AND OTHER NON-FINANCIAL ASSETS**

The balance of prepaid expenses and other non-financial assets at 31 December comprises:

	2019	2018
Insurance and bonds (1)	52,191	40,079
Current tax assets (2)	48,613	65,110
Other prepaid expenses (3)	37,168	59,352
Services	34,914	30,742

Related parties (Note 42)	17,961	58,493
Other non-financial assets (4)	124,918	2,324
Total prepaid expenses and other non-financial assets	**315,765**	**256,100**
Current	195,625	244,963
No Current	120,140	11,137
Total prepaid expenses and other non-financial assets	**315,765**	**256,100**

(1) Corresponds to insurance contracted by the Group to protect its production assets, mainly covering material damage caused by fire, explosion, short circuit, natural disasters, terrorism and other risks.

(2) Includes advance payments, withholding and self-withholding of Industry and Commerce Tax, VAT withheld and special contribution to the Superintendencies.

(3) Includes advance payments for travel expenses, advance payments drawn on suppliers according to contractual agreements and advance payments for the acquisition of goods related to agricultural activity.

(4) Includes assets receivable from Prime Colombia for the sale of Zona Franca by Celsia S.A. (formerly Celsia S.A. E.S.P.) that will be recovered through the supply of energy for $114,700 (2018 $0), net assets of the liability associated with defined benefit plans to the Group employees for $5,203 and assets of the Grupo Constructor Consortium work progress contract for $4,979 (2018 $995) among others.

NOTE 13: **NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

13.1 Non-current assets held for sale

Assets held for sale correspond to investment property mainly for the Villa Sur lot for $31,590 (2018 $10,039), property, plant and equipment for $346 (2018 $14,952), shares of Occidental de Empaques S.A. for $43,276 (2018 $0), Colombates for $1,532 (2018 $8) and shares of Carton de Colombia for $0 (2018 $15,031), which are classified as assets held for sale, taking into account that the Group has a defined sale plan within the next 12 months, through a sale commitment which is formalized through a binding offer.

On 19 December 2019, an arrangement for the sale of all the shares of the Colombian company Empaques Bates S.A. Colombates was signed between Grupo Argos S.A., Cementos Argos S.A. and Smurfit Kappa Centroamérica SLU, with a sale date of 15 January 2020. Additionally, on 2 January 2020, an agreement was signed between the same parties for the sale of all shares of Occidental de Empaques S.A., whose sale is subject to the approval of the Superintendence of Industry and Commerce.

In August 2019, the sale of the building at 93 Street in Bogotá city to Colombiana de Cueros S.A. was formalized; the sale value was $22,500, the book value of property, plant and equipment was $14,204, and the value of investment property was $10,039, obtaining a loss for disposal of assets of $1,743 plus expenses associated with the sale of $88.

On 28 September 2018, the sale plan for the disposal of 2,308,930 shares of the Carton de Colombia SA company was initiated. The shares of Carton de Colombia S.A. were disposed of on 11 June 2019 for a value of $22,697, the book value of the investment disposed of is $15,077, obtaining a profit on disposal of investments of $7,620 (Note 37 other income (expenses), net); this operation did not generate an impact on current and deferred tax expenses. For this sale transaction, the Group transferred $6,837 from other comprehensive income to retained earnings. The entire sale was received in cash in the same period.

Non-current assets held for sale at 31 December are detailed as follows:

	2019	2018
Assets		
Investments	44,808	15,039
Property, plant and equipment	346	14,952
Investment property	31,590	10,039

Total assets	**76,744**	**40,030**

13.2 Discontinued operations

At 31 December 2019 and 2018, the Group had no non-current assets held for sale that are classified as discontinued operations.

NOTE 14: GOODWILL

14.1 Allocation of goodwill by operating segment

	Cement	Energy	Concessions	Total
Gross value	2,335,664	976,376	337,793	3,649,833
Accumulated impairment	(507,183)	-	-	(507,183)
Goodwill as of 31 December 2018	**1,828,481**	**976,376**	**337,793**	**3,142,650**
Gross value	2,229,755	971,414	337,793	3,538,962
Accumulated impairment	(511,457)	(16,233)	-	(527,690)
Goodwill as of 31 December 2019	**1,718,298**	**955,181**	**337,793**	**3,011,272**

Goodwill is allocated at the operating segment level since management manages it at that level, both for financial reporting purposes and for impairment testing. Impairment losses are recognized as expenses in the consolidated statement of income under the item other expenses.

14.2 Changes in goodwill by operating segment

	Cement	Energy	Concessions	Total
Goodwill as of 1 January 2018	**1,707,028**	**929,537**	**337,793**	**2,974,358**
Sale of businesses (1)	(8,235)	-	-	(8,235)
Currency translation effect	129,688	46,839	-	176,527
Goodwill as of 31 December 2018	**1,828,481**	**976,376**	**337,793**	**3,142,650**
Additions (2)	-	45,254	-	45,254
Sale of businesses (3)	(117,847)	(55,043)	-	(172,890)
Impairment (4)	-	(16,233)	-	(16,233)
Currency translation effect	7,664	4,827	-	12,491
Goodwill as of 31 December 2019	**1,718,298**	**955,181**	**337,793**	**3,011,272**

(1) In December 2018, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 19 ready-mix concrete production plants in Alabama, Georgia and Florida including equipment, construction and inventory to Smyrna Ready Mix Concrete LLC for USD 31 million (Note 16 Property, Plant and Equipment, net).

Goodwill attributable to the disposal of the ready-mix plants was USD 2.78 million, corresponding to $8,235. This value was determined by calculating the percentage of the fair value of the assets included in the transaction, compared to the total fair value of Argos USA LLC. This value was determined by calculating the percentage of the fair value of the assets included in the transaction compared to the total fair value of Argos USA LLC. The value of goodwill before the sale was multiplied by the percentage of fair value calculated to determine the goodwill attributable to the business sold.

(2) On 31 May 2019, Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacifico S.A. E.S.P. EPSA S.A.) entered into an agreement for the purchase and sale of a commercial establishment that included all distribution assets and the electricity marketing business in Tolima, formerly operated and owned by Energética del Tolima S. A. E.S.P. From this date, the Group acquired control of the trading establishment (see Note 42 Business combinations). This acquisition generated an excess value of $45,254, mainly represented by the economic benefits arising from the distribution and marketing assets acquired.

(3) During 2019, the following sales operations of subsidiaries and groups of assets constituting a business were performed:

On 19 September 2019, Celsia S.A. (formerly Celsia S.A. E.S.P.) sold 100% of the shares of its subsidiary Zona Franca Celsia S.A. E.S.P. to the companies Prime Energía Colombia S.A.S. and Prime Colombia Barranquilla S.A.S. The total value of the transaction amounted to USD 420 million and included the thermal generation plants Flores I and Flores IV located in Barranquilla, and the assets required for their operation and expansion. The sales price recognized as revenue was $1,086,960 (Note 33 revenue), with an investment cost of $781,170 (Note 34 Cost of ordinary activities). In addition, a gain on the sale of property, plant and equipment for $5,706 and taxes for $61,877 were recognized. Transaction costs, included selling costs, were $12,387. This sale generated a decrease in goodwill in the Energy segment of $34,429.

On 6 December 2019, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold twenty-eight ready-mix concrete plants and a retail location including equipment, buildings, land and inventory located in Arkansas, Virginia, South Carolina and Georgia to Smyrna Ready Mix Concrete, LLC for USD 95 million. The gain on sale generated by the transaction was recognized through other income and expenses in the consolidated financial statements (Note 37 Other income (expense), net). The divested plants were part of several acquisitions, including RMCC on 10 April 2006, Lafarge on 12 May 2011 and Vulcan Material Company on 23 January 2014. This sale generated a decrease in goodwill in the Cement segment of $117,847.

On 27 December 2019, Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. EPSA S.A.), a subsidiary of Celsia S.A. (formerly Celsia S.A. E.S.P.), sold the transmission and distribution business, owned in the departments of Tolima, Atlántico, Montería, Guajira and Valledupar to Caoba Inversiones S.A.S. The gain on sale generated by the transaction was recognized through other income and expenses in the consolidated financial statements (Note 37 Other income (expense), net). This sale generated a decrease in goodwill in the Energy segment of $20,614.

The fair value of the businesses was determined by an independent valuation firm using information provided by the company. The fair value was estimated considering the fair value derived from the application of the revenue approach, which involves discounting estimated future cash flows. The agreed sales price for the assets sold was determined as the best estimate of the fair value for those businesses.

(4) For the Energy segment corresponds to impairment on goodwill of the company Porvenir II for $16,233 ($2018 $0), given the impact on the discounted cash flows due to the delay of the entry into operation of the project in view of the provisional suspension of the environmental license.

Within the process of simple nullification processed with File No. 2016-0149 against the environmental license of the Porvenir II project, on 24 May 2019 the Council of State notified a decision by which it provisionally suspended said license, considering that the development of the Project in the conditions guaranteed by the ANLA could disregard some precepts of Law 1448 of 2011. Porvenir II and the ANLA, the authority that issued the environmental license, filed an appeal against the aforementioned order. Unless the Council of State revokes the provisional suspension or definitively fails the process by denying the nullity, the environmental license of the Project will remain suspended.

At the end of the reporting period and its comparison, goodwill impairment losses of $16,233 ($2018 $0) were recognized.

14.3 Acquisitions during the period that did not involve changes in goodwill

During 2019 and 2018, the Group acquired the following investments in subsidiaries that did not give rise to changes in goodwill (Note 19.3.1 Contributions, refunds of contributions and/or changes in ownership interest in a subsidiary that do not give rise to a gain or loss of control and Note 30 Other components of equity).

On 10 May 2019, Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. EPSA S.A. E.S.P.) and EPSA Inversiones acquired 23% (represented by 2,300,000 shares) and 34.5% (represented by 3,450,000 shares) respectively in Termoeléctrica El Tesorito for a total investment of USD 6 million. This company is in charge of the construction and operation of a gas-fired power generation plant with a declared capacity of 200 megawatts, which will be located in the department of Córdoba. Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacifico S.A. E.S.P. - EPSA S.A. E.S.P.) has an effective participation in this company of 57.50%.

Also, in December 2018, a group of assets of Begonia Power S.A.S. E.S.P. was acquired for $52,190, associated with wind projects under development in Guajira for 330MW. In July 2019 Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacifico S.A. E.S.P. - EPSA S.A. E.S.P.) completed a 100% interest in this company.

14.4 Analysis of goodwill impairment

The Group performed impairment tests based on the fair value less disposal costs of its operating segments, using the discounted cash flow model and the dividend discount model as valuation techniques. The key assumptions used by the Group in determining fair value less disposal costs are as follows:

Key assumption	Description
Cash flow projection	The Group projects revenue based on the inflation of each country plus the addition of points associated with the market growth expectation. Costs are projected based on the inflation of each country.
Cash flow projection period	The period defined by Management for cash flow projections is 5 to 10 years in perpetuity, due to the fact that the capital investments made by the Group in the operating segments require long recovery periods. Except for the concessions segment for which the cash flow projection corresponds to the term of each concession.
Discount rate applied to cash flow projections	To determine the discount rate, the Group uses the financial asset valuation model known as the Capital Asset Pricing Model (CAPM), which uses as its main variables: - Risk-free rate: profitability of a portfolio that has no risk of default. It takes as a reference the profitability of American Treasury bonds with a long-term maturity. - Beta: measure of risk that associates the volatility of a stock with market volatility. - Market premium: margin between the risk-free rate and the market return. - Country risk premium: the margin above U.S. Treasury bonds demanded by investors in international markets. The sources used to determine these variables were: Damodaran and SBBI (stocks, Bonds, Bills and inflation) yearbook. The discount rate used to discount cash flows and calculate the fair value of the Cement and Energy segments corresponds to the Weighted Average Cost of Capital (WACC). For the Concessions segment, the fair value is calculated based on cash flows to the shareholder and, therefore, the cost of equity is used. The discount rates are subject to changes in the macroeconomic environment, such as in the characteristics of each of the sectors and business segments.
Growth rate	Perpetuity corresponds to the value of the company at the end of the explicit period. The growth rate is defined taking into account not exceeding the growth expectations of the country of operation and business segment and the average growth of the flows of the last years of the explicit period.

Input data for the estimation of fair value is classified as Level 2 input data within the fair value hierarchy. The growth rate in perpetuity and the discount rate used by the Group in this determination are presented below:

	Cement	Energy	Concessions
2019			
Growth rate in perpetuity	2.0%	2.0%	NA
Discount rate	7.8% - 10.2%	8.3%	7.6% - 14.0%

2018			
Growth rate in perpetuity	2.0%	2.0%	NA
Discount rate	7.0% - 10.0%	9.5%	8.3 – 13.2%

NOTE 15: **INTANGIBLES, NET**

The balance of intangible assets, net at 31 December, comprises:

	2019	2018
Concessions and rights (1)	4,266,649	3,226,424
Brands, customer lists and related	432,781	508,190
Patents, licenses and software (*)	135,421	141,843
Intangible assets in progress (2)	64,560	59,842
Others	75,036	22,550
Total intangible assets other than capital gains, net	**4,974,447**	**3,958,849**

(*) For the year 2018, the item of disbursements for capitalized developments of $130,557 was presented separately from the other intangible assets. For this year these amounts are presented within the category of Patents, licenses and Software.

(1) Concessions and rights include those recognized based on the provisions of IFRIC 12 Service Concession Agreements, since the remuneration is not guaranteed for a net amount of $3,866,055 (2018 $2,786,468). At 31 December 2019, the net value of these concessions corresponds to: El Dorado International Airport for $2,169,416 (2018 $2,360,774), the Aburra Oriente Tunnel acquired during 2019 for $1,291,080 (2018 $0), the Guanacaste Wind Farm for $165,279 (2018 $180,686), the Vial los Llanos concession for $181,573 (2018 $161,498) and the power plant concession in Panama for $58,707 (2018 $83,510).

(2) At 31 December 2019, intangible assets under construction include capitalization of borrowing costs of $11,002 (2018 $12,687). The average rate used to determine the amount of borrowing costs was 6.63% (2018 7.31%), which corresponds to the average effective interest rate of generic loans.

Following is a detail of changes of intangible assets during the reporting periods:

Historical cost	Concessions and rights	Brands, customer lists and related	Patents, licenses and software	Intangible assets in progress	Others	Total
1 January 2019	**4,325,483**	**1,078,387**	**362,691**	**59,842**	**22,878**	**5,849,281**
Additions, other than internally generated assets (1)	102,091	-	40,402	27,570	52,043	222,106
Acquisitions through business combinations (2)	1,430,806	-	119	-	-	1,430,925
Effect by conversion	4,748	2,270	382	6	-	7,406
Sales and withdrawals	-	-	(31,463)	-	(8,000)	(39,463)
Loss of control of a subsidiary or business	-	-	(91)	-	-	(91)
Transfers	815	-	3,732	(22,785)	15,241	(2,997)
Other changes	(172)	(572)	(536)	(73)		(1,353)
Historical cost	**5,863,771**	**1,080,085**	**375,236**	**64,560**	**82,162**	**7,465,814**
Amortization and impairment						
1 January 2019	**1,099,059**	**570,197**	**220,848**	**-**	**328**	**1,890,432**
Amortization	341,202	46,632	50,256	-	24,511	462,601
Acquisitions through business combinations (2)	135,171	-	116	-	-	135,287
Effect by conversion	1,916	(1,138)	309	-	3,308	4,395
Sales and withdrawals	-	-	(31,321)	-	-	(31,321)
Impairment losses (3)	22,711	7,641	-	-	-	30,352
Loss of control of a subsidiary or business	-	-	(53)	-	-	(53)
Transfers	(2,946)	23,972	-	-	(21,026)	-
Other changes	9	-	(340)	-	5	(326)
Amortization and impairment	**1,597,122**	**647,304**	**239,815**	**-**	**7,126**	**2,491,367**

Intangible assets, net	**4,266,649**	**432,781**	**135,421**	**64,560**	**75,036**	**4,974,447**

Historical cost	Concessions and rights	Brands, customer lists and related	Patents, licenses and software	Intangible assets in progress	Others	Total
1 January 2018	**4,229,972**	**1,006,774**	**346,373**	**36,479**	**21,740**	**5,641,338**
Additions, other than internally generated assets (1)	68,683	-	9,819	31,498	-	110,000
Internally generated assets	-	-	-	984	1,151	2,135
Effect by conversion	47,435	71,800	4,117	-	-	123,352
Sales and withdrawals	(338)	-	(1,777)	(2,766)	(13)	(4,894)
Transfers	1,108	-	7,584	(6,353)	-	2,339
Other changes	(21,377)	(187)	(3,425)	-	-	(24,989)
Historical cost	**4,325,483**	**1,078,387**	**362,691**	**59,842**	**22,878**	**5,849,281**
Amortization and impairment						
1 January 2018	**782,604**	**463,816**	**165,491**	**168**	**7,490**	**1,419,569**
Amortization	292,937	54,478	53,876	-	7,219	408,510
Effect by conversion	20,723	51,623	3,443	-	(14,381)	61,408
Sales and withdrawals	(338)	-	(344)	-	-	(682)
Impairment losses (3)	4,340	266	-	-	-	4,606
Transfers	169	14	(1,618)	(168)	-	(1,603)
Other changes	(1,376)	-	-	-	-	(1,376)
Amortization and impairment	**1,099,059**	**570,197**	**220,848**	**-**	**328**	**1,890,432**
Intangible assets, net	**3,226,424**	**508,190**	**141,843**	**59,842**	**22,550**	**3,958,849**

(1) Additions of intangible assets of the Group correspond mainly to the capitalization of works of the intangible asset of the El Dorado International Airport of Bogotá for $73,730 (2018 $37,133), licenses and software mainly of the implementation project of the Sphere Commercial Information System for the Energy segment for $38,927 (2018 $0), easements for $32,262 (2018 $0), capitalization of costs of the Los Llanos Road Concession for $22,457 (2018 $21,203), engineering studies for electric energy projects for $19,777 (2018 $0), and acquisition of stators, wind generators and other assets for the Guanacaste Wind Plant capitalized in the concession for $5,904 (2018 $10,347).

(2) On 16 December 2019, Odinsa S.A., a subsidiary of Grupo Argos, acquired 52.62% of the voting rights of the Túnel Aburrá Oriente Concession obtaining control over this company (Note 42 Business combinations).

(3) In Central America, the BLM thermal plant with a capacity of 120 MW expired in December 2018. Due to regulatory limitations, it has not been possible to hold a new energy and power auction, despite the fact that the market context requires it. Although the Panamanian State, which owns 49% of the plant, approved a capitalization, Celsia S.A. (formerly Celsia S.A. E.S.P.), a subsidiary of Grupo Argos, recognized in view of the operational and financial reality of the plant, the impairment of the intangible assets associated with this investment for $30,325.

The Group recognized an impairment loss of $4,340 in 2018 in the consolidated statement of income due to the cancellation of the El Morro mining title, which corresponds to the use of limestone and sandy limestone with a low carbonate content, as an alternative for supplying the Caribe and Sabanagrande cement production plants, the latter not being operational since 2016 as a result of the productive transformation process in the Colombian segment. The cancellation is due, among other external indicators that prevent or hinder its exploitation, to the high urban development and the report of archaeological vestiges in the area where the Title is located, which repeatedly caused the denial of the Environmental License, implying a potential breach of the legal obligations of the Title.

Disbursements for research and development projects recognized as expenses in the consolidated statement of income during the twelve-month period ended December 2019 amounted to $4,226 (2018 $6,241).

As of 31 December 2019 and 2018, there are no restrictions on the realization of intangible assets and no contractual obligations to acquire or develop intangible assets. For the concessions, the Company has the obligation to perform maintenance on the developed works and to continue their operation.

The value and remaining amortization period of net intangible assets, other than goodwill, are as follows:

Intangible	Remaining amortization period in years	2019	2018
Concessions and rights	7 to 38	4,266,649	3,226,424
Customer lists	1-11	417,684	489,034
Licenses, patents and software	1-5	135,421	141,843
Intangible assets in progress	1-5	64,560	59,842
Brands	11	15,097	19,156
Other intangible assets	As agreed	75,036	22,550
Total intangible assets other than goodwill, net		**4,974,447**	**3,958,849**

NOTE 16: **PROPERTY, PLANT AND EQUIPMENT, NET**

16.1 Composition and changes of property, plant and equipment

The balance of property, plant and equipment, net as of 31 December, comprises:

	2019	2018
Land	1,619,092	1,641,680
Construction in progress, equipment in assembly and transit	1,724,853	1,943,978
Constructions and buildings for administrative use	38,815	43,365
Constructions and buildings	1,447,756	1,695,447
Machinery and production equipment	5,146,562	5,116,865
Furniture, office, computer and communication equipment	146,137	142,730
Mines, quarries and ore deposits	2,055,591	2,053,351
Ground transportation equipment	460,647	422,246
River fleet	1,776	1,967
Aqueduct, plants, networks and communication routes	6,439,067	6,240,725
Other assets	3	6
Prepayments	2,341	30,077
Total property, plant and equipment, net	**19,082,640**	**19,332,437**

	Land	Construction in progress, equipment in assembly and transit	Constructions and buildings for administrative use	Constructions and buildings	Machinery and production equipment	Furniture, office, computer and communication equipment	Mines, quarries and ore deposits	Ground transportation equipment	River fleet	Aqueduct, plants, networks and communication routes	Other assets	Pre-payments	Total
1 January 2019	**1,642,648**	**1,943,978**	**67,583**	**2,488,036**	**7,565,767**	**385,685**	**2,195,164**	**1,122,852**	**3,235**	**9,405,128**	**12**	**30,077**	**26,850,165**
Additions	190	1,264,202	351	3,196	91,693	4,797	11,463	6,234	70	14,152	-	7,287	1,403,635
Transfers from (to):	-	-	-	-	-	-	-	-	-	-	-	-	-
Held for sale	-	-	-	-	411	-	-	-	-	-	-	-	411
Other accounts (1)	15,787	(1,467,740)	(2,860)	(50,394)	353,319	43,219	4,423	137,548	-	681,856	-	(35,058)	(319,900)
Investment property	(6,249)	-	-	115	-	-	-	-	-	-	-	-	(6,134)
Effect by conversion	5,496	(124)	37	9,271	26,367	473	17,103	7,082	-	30,953	-	35	96,693
Sales and withdrawals	(17,771)	(371)	-	(34,455)	(50,694)	(19,953)	-	(96,974)	-	(67,231)	-	-	(287,449)
Business combinations	41,661	19,003	-	12,985	4,277	6,987	-	115	-	1,579,261	-	-	1,664,289
Loss of control of a subsidiary or business (2)	(62,608)	(38,296)	-	(168,350)	(103,699)	(6,027)	-	(85,279)	-	(2,028,647)	-	-	(2,492,906)
Adjustment for revaluation	-	-	(741)	-	-	-	-	-	-	-	-	-	(741)
Other changes	-	4,201	-	378	(6,058)	48	-	936	-	2,480	-	-	1,985
Historical cost	**1,619,154**	**1,724,853**	**64,370**	**2,260,782**	**7,881,383**	**415,229**	**2,228,153**	**1,092,514**	**3,305**	**9,617,952**	**12**	**2,341**	**26,910,048**
1 January 2019	**968**	**-**	**24,218**	**792,589**	**2,448,902**	**242,955**	**141,813**	**700,606**	**1,268**	**3,164,403**	**6**	**-**	**7,517,728**
Depreciation of the period	-	-	1,120	100,037	403,151	46,878	35,745	79,374	261	322,667	3	-	989,236
Transfers from (to):	-	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts (1)	-	-	57	(14,939)	(39,533)	(413)	17	(4,153)	-	-	-	-	(58,964)
Effect by conversion	7	-	155	2,611	2,798	67	353	4,292	-	17,390	-	-	27,673
Sales and withdrawals	(913)	-	-	(17,113)	(35,446)	(18,740)	-	(89,861)	-	(45,319)	-	-	(207,392)
Business combinations	-	-	-	-	49	406	-	115	-	-	-	-	570
Impairment losses	-	-	-	-	-	-	-	2,325	-	53,329	-	-	55,654
Loss of control of a subsidiary or business (2)	-	-	-	(50,063)	(45,340)	(1,593)	-	(60,367)	-	(333,559)	-	-	(490,922)
Other changes	-	-	5	(96)	240	(468)	(5,366)	(464)	-	(26)	-	-	(6,175)
Depreciation and impairment	**62**	**-**	**25,555**	**813,026**	**2,734,821**	**269,092**	**172,562**	**631,867**	**1,529**	**3,178,885**	**9**	**-**	**7,827,408**
Total Property, Plant and Equipment	**1,619,092**	**1,724,853**	**38,815**	**1,447,756**	**5,146,562**	**146,137**	**2,055,591**	**460,647**	**1,776**	**6,439,067**	**3**	**2,341**	**19,082,640**

(1) Includes the reclassification at 1 January 2019 of assets received under finance leases of property, plant and equipment into leased assets on the adoption of IFRS 16 Leases.

(2) Corresponds to the sale of assets of the transmission and distribution business held in the departments of Tolima, Atlántico, Montería, Guajira and Valledupar of Plan 5 Caribe for $1,011,768, the sale of the assets of Zona Franca Celsia S.A. E.S.P. for $898,101 and the sale of 28 ready-mix concrete production plants and other assets Argos USA LLC, a subsidiary of Cementos Argos S.A.

GRUPO ARGOS

	Land	Construction in progress, equipment in assembly and transit	Constructions and buildings for administrative use	Constructions and buildings	Machinery and production equipment	Furniture, office, computer and communication equipment	Mines, quarries and ore deposits	Ground transportation equipment	River fleet	Aqueduct, plants, networks and communication routes	Other assets	Pre-payments	Total
1 January 2018	**1,657,461**	**1,424,199**	**59,221**	**2,337,194**	**7,051,687**	**354,796**	**2,011,598**	**1,034,718**	**5,109**	**8,820,352**	**12**	**72,195**	**24,828,542**
Additions	3,439	1,147,778	-	6,218	36,130	12,481	4,505	4,100	-	16,077	-	12,858	1,243,586
Held for sale	1,219	-	-	-	(380)	-	-	283	-	-	-	-	1,122
Transfers from (to):	-	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts	362	(618,927)	3,161	64,863	239,229	27,724	6,590	66,063	797	221,802	-	(55,197)	(43,533)
Investment property	-	(254)	-	4	-	-	-	-	-	-	-	-	(250)
Effect by conversion	51,915	(5,694)	4,684	124,697	369,656	(5,515)	167,232	73,551	-	340,065	-	444	1,121,035
Sales and withdrawals	(8,252)	(2,393)	-	(31,868)	(79,995)	(3,089)	-	(45,151)	(2,671)	(11,563)	-	-	(184,982)
Business combination	-	-	-	-	-	-	-	-	-	23,200	-	-	23,200
Impairment losses	(503)	-	-	(5,610)	(5,302)	-	-	-	-	(127)	-	-	(11,542)
Adjustment for revaluation	-	-	517	-	-	-	-	-	-	-	-	-	517
Other changes	(62,993)	(731)	-	(7,462)	(45,258)	(712)	5,239	(10,712)	-	(4,678)	-	(223)	(127,530)
Historical cost	**1,642,648**	**1,943,978**	**67,583**	**2,488,036**	**7,565,767**	**385,685**	**2,195,164**	**1,122,852**	**3,235**	**9,405,128**	**12**	**30,077**	**26,850,165**
1 January 2018	**214**	**-**	**21,279**	**673,862**	**2,019,504**	**198,669**	**124,800**	**616,355**	**3,707**	**2,688,700**	**6**	**-**	**6,347,096**
Depreciation of the period	-	-	1,015	97,006	364,872	37,401	13,080	87,483	256	293,986	-	-	895,099
Held for sale	-	-	-	-	-	-	-	254	-	-	-	-	254
Transfers from (to):	-	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts	-	-	-	(1,427)	4,198	(1,093)	19	(3)	-	(839)	-	-	855
Effect by conversion	-	-	1,880	47,168	107,586	10,001	3,929	47,447	(25)	189,347	-	-	407,333
Sales and withdrawals	-	-	-	(19,358)	(36,815)	(1,708)	-	(39,520)	(2,670)	(5,746)	-	-	(105,817)
Impairment losses	754	-	-	-	23	-	-	-	-	-	-	-	777
Adjustment for revaluation	-	-	44	-	-	-	-	-	-	-	-	-	44
Other changes	-	-	-	(4,662)	(10,466)	(315)	(15)	(11,410)	-	(1,045)	-	-	(27,913)
Depreciation and impairment	**968**	**-**	**24,218**	**792,589**	**2,448,902**	**242,955**	**141,813**	**700,606**	**1,268**	**3,164,403**	**6**	**-**	**7,517,728**
Total Property, Plant and Equipment	**1,641,680**	**1,943,978**	**43,365**	**1,695,447**	**5,116,865**	**142,730**	**2,053,351**	**422,246**	**1,967**	**6,240,725**	**6**	**30,077**	**19,332,437**

16.1.1 Property, plant and equipment acquisition transactions

At 31 December 2019, the Group reflects relevant changes in property, plant and equipment acquisitions mainly in construction in progress and production machinery and equipment. The most representative of these are detailed below:

- Transmission and distribution projects related to network expansion and replacement for $390,491, mainly to medium and low voltage networks for $117,043, solar projects for $84,067, distribution networks in Tolima for $82,572 and high voltage lines for $63,054.

- Generation of projects for $164,873, mainly for the investment in the San Andres projects for $106,865, change of valves and replacement of equipment in the Alto Anchicayá Plant for $23,448 and replacement of equipment in the Salvajina Plant for $9,097.

- Innovation project for $22,379, mainly in the project to purchase 26 electric buses in joint operation with the Blanco y Negro operator for $19,663, and the data science project for $1,698.

- Investments in machinery and equipment of $53,489, of which $53,388 correspond to additions in Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacifico S.A. E.S.P. -EPSA S.A. E.S.P.) for equipment mainly for the distribution operation.

- Acquisitions of subsidiaries of Celsia S.A. (formerly Celsia S.A. E.S.P.) in Central America of aqueducts, plants, networks and communication routes for $14,114.

- Other acquisitions of property, plant and equipment correspond mainly to the normal course of business of Cementos Argos and its subsidiaries for $573,025 and other additions of Group companies for $185,264.

Likewise, in May 2019 Grupo Argos subsidiary, Celsia S.A. (formerly Celsia S.A. E.S.P.), through its subsidiary Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A.E.S.P. EPSA), acquired the distribution assets and the electric power marketing business in Tolima, which involved the acquisition of property, plant and equipment for $1,663,424 (Note 42 Business combinations).

At 31 December 2018, the Group reflects relevant changes in property, plant and equipment acquisitions, mainly in construction in progress and equipment in assembly and transit. The most representative of these are detailed below:

- An increase in the value of constructions in progress of $52,190, arising from the purchase of the Begonia Power S.A.S. E.S.P. asset group, associated with wind projects under development in Guajira for 330MW. Begonia Power S.A. E.S.P. was acquired in December 2018 as part of the purchase of assets approved at the Extraordinary Assembly in November 2018.

- Transmission and distribution projects related to network expansion and replacement for $129,029, corresponding to medium and low voltage networks for $100,760, in replacement of high voltage networks for $21,730 and replacement of equipment for $6,539.

- Execution of Caribbean Plan 5 projects awarded by the national government, which seeks to develop and improve the transmission and distribution infrastructure on the Atlantic Coast for $62,082: the total project was $170,108 of which $108,026 were acquired with financial leasing resources and $62,082 with own resources.

- Investment in solar roof projects of new businesses for $65,473, 15.8% more than the previous year: in cities $47,770, companies $17,135 and homes $568; among the investments of new transmission businesses there was also progress in projects of NOVA, Nueva Montería Thermal District, solar farms and wind farms for $27,911 for a total of $93,384.

- Investments in machinery and equipment of generation plants for $137,856: represented mainly by $40,231 corresponding to the replacement of the generator in Unit 2 of Zona Franca Celsia, Ovation-T3000 migration, replacement of Flores I equipment and support projects for technological evolution and investments made in the San Andres Hydroelectric project.

- $39,275 were invested in the recovery of civil infrastructure, renovation and replacement of equipment for remote operation of hydroelectric power plants.

- In Central America, projects were executed for $28,099 used mainly in projects such as: maintenance of engines in Cativá for $11,122, Major Maintenance PEG (Phase II) 2018 for $4,208, purchase and installation of equipment for $2,273.

16.1.2 Loss of control transactions of a subsidiary or assets constituting a business

During 2019, the following relevant property, plant and equipment sales transactions were presented:

Zona Franca Celsia S.A. E.S.P:

Grupo Argos, through its subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.) sold the assets of the company Zona Franca Celsia S.A. E.S.P. to Prime Colombia S.A.S. on 19 September 2019 for a net value of $898,101.

Additionally, the assets owned by Celsia S.A. were sold to Prime Colombia S.A.S. (formerly Celsia S.A. E.S.P.). related to the water intake and 45 houses located in Barranquilla, for a net value of $24,167.

Sale of assets from the transmission and distribution business:

In December 2019, the sale of property, plant and equipment of the energy transmission and distribution business, owned in the departments of Tolima, Atlántico, Montería, Guajira and Valledupar, was made to the company Caoba Inversiones S.A.S. for a net value of $1,011,768, which corresponds to the substations developed in the Caribbean Plan 5 and in Tolima, voltage levels 3 and 4.

Sale of concrete plants in Arkansas, Virginia, South Carolina and Georgia:

In December 2019, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 28 ready-mix concrete production plants and a retail location including equipment, buildings, land and inventory, located in Arkansas, Virginia, South Carolina and Georgia to Smyrna Ready Mix Concrete LLC. for USD95 million. The sale price of the assets, less their carrying amounts, generated a book income on disposal of the assets of $76,603 (USD 23.33 million) (Note 37 Other income (expenses), net), recognized in the consolidated statement of income; an increase in current tax of $27,742 (USD 8.4 million) and deferred tax of $13,380 (USD 4.07 million), recognized in the consolidated statement of income. The plants sold were part of the acquisition of assets from RMCC, Lafarge and Vulcan Material Company in 2006, 2011 and 2014, respectively. The disposed assets meet the definition of a business as set out in IFRS 3 Business Combinations. The net book value of property, plant and equipment sold was $92,114 ($0).

During 2018, the following relevant property, plant and equipment sales transactions were presented:

Sale of self-generated assets in Colombia:

On 16 March 2018, Cementos Argos S.A. signed an agreement for the sale of three self-generated energy assets in Colombia that supply its Nare and Cairo plants in Antioquia and Sogamoso in Boyacá with Grupo Luz y Fuerza Colombia S.A.S, a leading energy producer in Central America, for USD 57.5. The contract does not impose any conditions for the transfer of the self-generation assets.

On 31 March 2018, Cementos Argos S.A. transferred two of the three self-generated energy assets under the agreement that supply its Nare plant in Antioquia and Sogamoso plant in Boyacá to Grupo Luz y Fuerza Colombia S.A.S for $127,902 (USD 45.9). Prior to the date of the transaction, the Group received an advance payment of $2,850 (USD 1) and the remaining amount was paid in April and May 2018. The agreement included the land and coal-fired self-generation assets that supply the Sogamoso plant, the land and water self-generation assets that supply the Nare plant and certain complementary assets of both plants for operation with a book value of $49,316. The sale transaction generated a gain on disposal of assets for $78,586 and an increase in current tax expense of $4,293 and deferred tax expense of $4,268, which are presented on the other operating income and expense and income tax items of the consolidated statement of income.

On 14 December 2018, Cementos Argos S.A. transferred the third plant located in Cairo for $36,829 (USD 11.6). The assets had a book value of $8,244. The sale transaction generated a gain on disposal of assets for $28,585 and a deferred tax expense of $1,914 and an occasional (current) income tax of $2,323.

The transaction included the execution of energy supply contracts with terms ranging from 5 to 20 years, which establish that Grupo Luz y Fuerza will supply Cementos Argos with energy for the Sogamoso and Nare cement production plants.

The sale transaction of the self-generated assets is a disposal of a group of assets that do not constitute a business as defined in IFRS 3 Business Combinations.

Ceding of trust rights in the business management trust called "Fideicomiso Gaseosas Lux":

On 28 September 2018, Cementos Argos S.A. assigned its contractual position and interest in the trust called "Gaseosas Lux", a subsidiary of the Group, to Constructora Capital Medellín S.A.S. for $46,000 as consideration. The form of payment for the ceding of the trust rights was $11,500 in cash on the date the contract was signed and $34,500 payable in three equal installments of $11,500 in March and September 2019 and March 2020 with no agreed interest rate, adjusted by a significant financing component of $2,349. The trust manages a property located in the municipality of Medellin, Colombia with a book value of $52,560. The trust ceding transaction generated a loss on disposal of investments in subsidiaries of $8,909 and an increase in current tax expense of $324 and a decrease in deferred tax expense of $205, presented on the other operating income and expense and income tax items of the consolidated statement of income.

This divestment of assets is part of the Company's resource-efficient allocation program that will allow the Company to achieve greater financial flexibility, maximize return on used capital and advance concentration on the Company's core businesses.

Sale of concrete plants in Alabama, Georgia and Florida:

In December 2018, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold 19 ready-mix concrete production plants in Alabama, Georgia, and Florida including equipment, construction, and inventory to Smyrna Ready Mix Concrete LLC for USD31 million. The sale price of the assets, less the book values of the assets delivered, generated book income on disposal of $38,091 (USD 12.88 million), recognized in the consolidated statement of income. The plants located in Georgia, Alabama and Florida were part of the acquisition of assets from Larfarge and Vulcan Material Company in 2011 and 2014.

16.2 Fair value of land and buildings for administrative use

To determine the fair value of land and buildings for administrative use, independent firms with extensive experience and recognition in the market were hired. To estimate these fair values, these firms used the appropriate valuation techniques, following the guidelines of IFRS 13 Fair Value Measurement, and the International Valuation Standards (IVS), being the most used for this case the market comparison approach.

Input data for the estimation of fair value is classified as Level 2 input data within the fair value hierarchy, a hierarchy that also corresponds to complete estimation, since it corresponds to bid prices, valuations or similar property transactions that are observable, either directly or indirectly, in the market, and which have been adjusted or homogenized by factors such as location, marketing, finishing, among others.

The Group must carry out technical valuations at most every four years to ensure that the revalued value of land and buildings for administrative use is updated. The last update was made in December 2017.

The carrying amount of land and buildings for administrative use that would have been recognized if it had been accounted for under the cost model would have been $25,940 (2018 $26,435).

16.3 Capitalization of borrowing costs

Construction in progress includes capitalization of borrowing costs for $20,893 (2018 $20,826). The average rate used to determine the amount of borrowing costs was 7.01% (2018 7.91%), which corresponds to the average effective interest rate of generic loans.

16.4 Collateral and contractual commitments for property, plant and equipment

As of 31 December, property, plant and equipment have been affected as security for the performance of obligations for $226 (2018 $1,149).

The Group does not have contractual commitments for the acquisition of property, plant and equipment; additionally, no compensation was obtained from third parties for property, plant and equipment that is impaired in value, lost or abandoned. The Group has adequate insurance policies to protect its productive assets, covering mainly material damages caused by fire, earthquake, weak current, natural disasters, terrorism and other risks.

16.5 Changes in estimates of property, plant and equipment

The Group has not had any changes in accounting estimates that have a significant effect on the period affecting residual values, lifespans and depreciation methods.

16.6 Impairment of other assets

At the end of the reporting period, the Group assesses the existence of impairment indicators of non-current assets, based on available external and internal information. The Group reviews the book value of non-current assets for impairment whenever events or circumstances indicate the book value may not be recoverable. If the total discounted future cash flows are less than the book value, the carrying amount of the non-current asset is not recoverable and an impairment loss is recognized in the consolidated statement of income. After the assessment performed, the following assets were found to be impaired:

- In Central America, the energy sales contract of the BLM thermal plant with a capacity of 120 MW expired in December 2018. Due to regulatory limitations, it has not been possible for a new energy and power auction to take place, despite the fact that the market context requires it. Although the Panamanian State, which owns 49% of the plant, approved a capitalization, Celsia S.A. (formerly Celsia S.A. E.S.P.), a subsidiary of Grupo Argos, recognized in view of the operational and financial reality of the plant, the impairment of the property, plant and equipment associated with this investment for $53,329.

- In 2019, Argos USA LLC, a subsidiary of Cementos Argos S.A., recognized an impairment of 64 inactive mixer trucks where their book value was higher than their estimated recoverable amount. It was determined that the fair value, less the cost of disposal, was lower. Therefore, the Group reduced the value of these mixers to zero by recording an impairment loss of $2,325 in the consolidated financial statements. This loss was allocated in full to the property, plant and equipment item.

NOTE 17: **INVESTMENT PROPERTY**

The balance of investment property at 31 December comprises:

	2019	2018
Land	2,306,545	2,283,878
Constructions and buildings	10,671	14,508
Total	**2,317,216**	**2,298,386**

Following are the changes in investment property during the period:

	2019	2018
Investment property as of 1 January	**2,298,386**	**2,203,222**
Additions (1)	15,739	242
Gain from fair value measurement (2)	68,938	143,873
Translation effect	529	5,536
Transfers (from) to investment property (3)	(30,457)	981
Provisions	(6,330)	(55,468)
Assets classified as held for sale (4)	(29,238)	-
Other changes	(351)	-
Investment property as of 31 December	**2,317,216**	**2,298,386**

(1) For the year 2019, corresponds to capitalized disbursements for the adaptation of the Pavas Molina land in Barranquilla and adaptations to the Barú land.

(2) At 31 December 2019 and 2018, the fair value of investment property was adjusted. The main properties appraised in 2019 include La Gabriela, Pavas Molina, Barú and Pajonal, and in 2018, Barú, Pavas Molina, Pajonal, Volador Oriental, Prado mar and Lot D-10A (Note 33 Revenue).

(3) At 31 December 2019, transfers from investment property to inventories were made for $42,251, of the Pavas Molina and Pajonal lands. Also, transfers from property, plant and equipment to investment property were made for $6,134 mainly for the land located in the municipality of Bello and reclassifications from inventories to investment property were made from works to the Pavas Molina land for $5,660.

(4) During 2019, the Villa Sur Lot was transferred for $29,238 from investment property to assets classified as held for sale.

To determine the fair value of investment property, independent firms with extensive experience and recognition in the market were hired. In order to estimate these fair values, these firms used the appropriate valuation techniques, following the guidelines of IFRS 13 Fair Value Measurement and International Valuation Standards (IVS), in the following manner:

- for property where the regulations allow a constructed product the valuation methodology used is discounted cash flow, a methodology where the value of the property is equivalent to the discounted value of future profits. These profits represent the annual cash flows (positive and negative) over a period of time, plus the net profit derived from the hypothetical sale of the property at the end of the investment period. This methodology requires the application of two rates: a discount rate applicable to future cash flows, which is determined primarily by the risk associated with the income, and a capitalization rate used to obtain the future value of the property based on estimated future market conditions.

- For property where the regulations do not permit a constructed product, the valuation methodology used is the comparative market approach, a methodology based on the substitution principle. The characteristics of identified operations are compared to those of the property under study under conditions of location, size, quality, expenses incurred in the purchase, market conditions on the date of sale, physical characteristics, economic situation of the investor, among others; with the purpose of defining a range of values based on a unit of value to be compared.

- For assets already built, the valuation methodology used is direct capitalization or discounted cash flow. The Direct Capitalization methodology converts the net operating income produced by the property into an indication of value by using an appropriate capitalization rate based on market information and investor expectations.

Input data for the estimation of fair value is classified as Level 2 input data within the fair value hierarchy, which also corresponds to the complete estimation, associated with bid prices, valuations or similar property transactions that are observable, either directly or indirectly, in the market, and which have been adjusted or homogenized by factors such as area, access roads, immediate neighborhood, finishes, improvements, state of conservation, among others.

Rental income from investment property for the period corresponds to $4,494 (2018 $5,508).

Direct expenses related to investment property are $33,684 (2018 $28,567) of which $22,947 (2018 $21,532) relate to property that did not generate lease income.

At 31 December 2019 and 2018, the Group has no contractual obligations to acquire, construct or develop investment property, nor are there any restrictions on any investment property.

NOTE 18: **INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

18.1 General information on associates and joint ventures

Company name	Main activity	Country	Interests (*)		Investment classification	Book Value	
			December 2019	December 2018		December 2019	December 2018
Grupo de Inversiones Suramericana S.A.	Financial	Colombia	33.67%	33.67%	Associate	6,692,365	6,396,891
Fondo de Capital Privado Pactia Inmobiliario	Real estate management	Colombia	37.20%	32.14%	Associate	870,133	666,638
Quiport Corporation S.A. (**)	Airport concession	Ecuador	46.50%	50.00%	Joint venture	559,968	924,990
Concession La Pintada S.A.S.	Road concession	Colombia	78.85%	78.85%	Associate	430,839	311,639
Caoba Inversiones S.A.S.	Commercial	Colombia	51.00%	0.00%	Joint venture	168,604	-
Quito Airport Management (Quiama) LTD (**)	Airport concession operator	British Virgin Islands	50.00%	50.00%	Joint venture	64,507	81,558
Farallones Consortium	Construction	Colombia	50.00%	50.00%	Joint venture	48,906	84,443
Caltek S.A.S.	Limestone exploitation	Colombia	50.00%	50.00%	Joint venture	22,633	17,977
Trans Atlantic Shipmanagement Ltd.	Transport of sea freight	British Virgin Islands	50.00%	50.00%	Joint venture	18,457	22,127
CNC del Mar.S.A.S. E.S.P. (1)	Utilities	Colombia	50.00%	50.00%	Joint venture	8,435	9,198
Internacional Ejecutiva de Aviación S.A.S.	Executive air transport	Colombia	33.33%	33.33%	Associate	8,401	8,147
Pactia S.A.S.	Real estate management	Colombia	50.00%	50.00%	Joint venture	5,172	5,217
MMC Cement Division C.V.	Cement marketing	Curaçao	50.00%	50.00%	Joint venture	5,026	4,704
Imhotep Consortium	Construction	Colombia	50.00%	50.00%	Joint venture	3,549	3,549
International Airport Finance S.A.	Financial	Spain	46.50%	0.00%	Joint venture	3,397	-
Autonomous Equity Hacienda Niquía	Real estate management	Colombia	51.00%	51.00%	Associate	3,309	5,325
Aerotocumen S.A.	Construction	Panama	50.00%	50.00%	Joint venture	2,032	2,049
Granulados Reciclados de Colombia Greco S.A.S.	Toilet facilities	Colombia	41.91%	40.00%	Joint venture	1,183	966
Mantenimiento Opain Consortium	Maintenance services	Colombia	65.00%	65.00%	Joint venture	989	637
Constructor Nuevo Dorado Consortium	Construction	Colombia	65.00%	65.00%	Joint venture	604	20,647
P.A. Proyecto Dinamarca	Commercial	Colombia	33.33%	0.00%	Joint venture	516	-
Promotora de Proyectos S.A.	Financial	Colombia	33.68%	30.73%	Associate	224	486
Plan Luz Trust	Energy	Colombia	50.00%	50.00%	Joint venture	66	392

Occidental de Empaques S.A. (2)	Packaging	Colombia	49.99%	49.99%	Associate	-	40,721
Omya Andina S.A.	Production of non-metallic minerals	Colombia	0.00%	50.00%	Joint venture	-	43,719
Calamari LNG (LNG marketing agent)	Energy	Colombia	0.00%	28.09%	Associate	-	1,136
Other non-significant associates and joint ventures					Associates and joint ventures	53	51
Total investments in associates and joint ventures						**8,919,368**	**8,653,207**

(*) Of the associates and joint ventures of Grupo Argos, for the associate Grupo de Inversiones Suramericana S.A. the percentage of ownership with voting rights is different from that indicated. The percentage of voting rights at 2019 and 2018 is 27.13%, taking into account the issue of non-voting preferential shares by this associate. For other investments in associates the percentage of ownership is equal to the voting rights.

(**) According to the corporate restructuring made on 21 October 2019, for comparative information of 2018, the cost of the investment in Quiport Holding for $1,006,548 has been distributed in Corporación Quiport S.A. and Quito Airport Management LTD (See 18.3 Contributions, contribution refunds and/or changes in the ownership interests in associates and joint ventures).

(1) The value of this investment includes a prepayment for future capitalization.

(2) On 2 January 2020, Grupo Argos S.A., Cementos Argos S.A. and Smurfit Kappa Centroamérica SLU signed an agreement for the sale of all the shares of Occidental de Empaques S.A., whose formalization is subject to the approval of the Superintendence of Industry and Commerce (Note 13 Non-current assets held for sale and discontinued operations).

Associates and joint ventures are accounted for using the equity method in the financial statements, except for Fondo de Capital Privado Pactia Inmobiliario which is accounted for at fair value through profit or loss in accordance with the exemption established in paragraph 19 of IAS 28 Investments in Associates and Joint Ventures. The value of the Fondo de Capital Privado Pactia Inmobiliario unit as of December 2019 is $11,579.65 (2018 $11,156.56).

Of all these investments, the only one listed on the stock market is Grupo de Inversiones Suramericana S.A. whose market value at 31 December 2019, for ordinary shares is $34,000 pesos per share (2018 $32,120 pesos per share), this information is for information purposes only since Suramericana S.A.'s investment is accounted for using the equity method. However, the market value of the share is less than the book value, no impairment is generated because the business fundamentals and the valuation made do not imply impairment.

18.2 Corporate purpose of the main associates and joint ventures and nature of the relationship

Grupo de Inversiones Suramericana S.A. Grupo Sura S.A.: is a company with strategic investments in the banking, insurance, pension, savings and investment sectors. Its main domicile is in Colombia.

With Grupo de Inversiones Suramericana S.A. significant influence is exercised through participation in the Board of Directors, where the company has two representatives (out of seven in total). This is a relevant investment for Grupo Argos S.A. given its expansion in the region, its leadership in the insurance, pension, banking and investment markets, its financial strength and the demographic evolution in the regions where it is located. It also has a policy of responsibility and corporate citizenship, complying with the highest standards in social, environmental, economic and governance matters.

Fondo de Capital Privado Pactia Inmobiliario: a closed-end private equity fund which is made up of all the resources transferred to the fund by the contributors in kind and in money. The private equity fund is the sole shareholder of Patrimonio Autónomo Pactia - P.A. Pactia.

The fund's main objective is to make long-term strategic investments in assets for economic exploitation and to obtain an attractive return for its investors with a moderate level of risk. Each of the real estate assets in which the fund invests has a defined management, business and brand strategy, whose main focus is the generation of value for the fund.

This private equity fund is the owner of the assets and is managed according to the instructions given by the professional manager in the form of a company called Pactia S.A.S. whose main office is in Colombia.

The fund has a duration of 30 years, which can be extended for an additional 10 years period. The alliance between Grupo Argos S.A., Conconcreto S.A. and Protección S.A. is developed through the delivery of contributions represented by real estate and cash to Fiduciaria Bancolombia S.A., the latter acting as the management company.

Quiport Holdings S.A.: company incorporated in Uruguay on 11 September 2002. The company operated as an indirect investment vehicle of Odinsa until 30 September 2019, date in which a corporate restructuring was made.

The investment in Quiport Holding was maintained through the investment vehicles Black Coral Investments Inc, and Red Coral Investments Inc, which were liquidated.

Once the capital rescue of Quiport Holding S.A. was done, Odinsa S.A. keeps directly in its financial statements the investment of Corporación Quiport S.A. and indirectly through its subsidiary Marjoram Riverside Company S.A. the investment in Quito Airport Management (Quiama) LTD.

Corporación Quiport S.A.: is responsible for acting as the concessionaire to manage and operate the old Quito airport, Mariscal Sucre International Airport, and to develop, build, manage, as well as operate and maintain the New Quito International Airport and the execution of all activities inherent to the concession contract granted by the Airport Corporation and Free Zone of the Quito Metropolitan District. The contract establishes a 35-year concession period, starting on 27 January 2006 and ending in January 2041. This investment was maintained by Odinsa S.A. in an indirect way through the investment vehicle Quiport Holding S.A., until the date in which the capital is redeemed as indicated in the previous paragraph and the investment becomes directly from Odinsa S.A.

18.3 Contributions, contribution refunds and/or changes in the ownership interests in associates and joint ventures

Below are the changes presented for contributions, contributions refunds and/or changes in the ownership interest in associates and joint ventures during 2019:

Corporación Quiport S.A.: On 21 June 2019, the Board of Directors authorized the corporate restructuring of the Quiport Project. This procedure was legalized with the signing of the capital redemption agreements on 21 October of the same year based on the financial statements of Quiport Holding as of 30 September 2019. This process was due to the corporate optimization that was carried out with the international shareholders who operate this concession, with the objective to directly recognize the permanent investment in the financial statements of Odinsa S.A. of the Ecuadorian company Corporación Quiport S.A. Concessionaire of Mariscal Sucre International Airport in Quito, Ecuador, previously this investment was registered in an indirect way, through other investment vehicles owned by Odinsa S.A.

In addition to the corporate restructuring, in December 2019, the Group through its subsidiary Odinsa S.A. and its partner CCR Grupo from Brazil sold to HASDC the 7% of the share participation of Corporación Quiport S.A. The new shareholder structure of Corporación Quiport S.A. presents to Odinsa S.A. a participation of 46.5%, to CCR Grupo from Brazil of 46.5% and 7% to HASDC from United States.

As of December 2019, with the above-mentioned changes, the company continues to be classified as an investment in a joint venture, considering the bylaws of the company that establish that the decision making about relevant activities is made with the vote of 93% of the shareholders.

The Group received profit distribution of $360,880 during 2019.

Quiport Holdings S.A: as of December 2019, the Group received a capital refund of $56,743.

Concesión La Pintada S.A.S.: as of December 2019, the Group made contributions of $97,222. This contribution did not imply changes in the associate's interest.

Consorcio Constructor Nuevo Dorado: no change in the shareholding. As of December 2019, the Group received profit sharing of $43,528 and reimbursement of contributions of $4,205.

Quito Airport Management (Quiama) LTD: as of December 2019, the Group received profit sharing of $18,329.

Consorcio Farallones: no change in ownership. As of December 2019, the Group received profit sharing of $10,047.

Pactia S.A.S.: no change in ownership interest. In March 2019, the Group received dividends of $5,186.

Consorcio de Mantenimiento Opain: no change in ownership interest. In December 2019, the Group received profit distribution of $29.

Caltek S.A.S.: as of December 2019, the Group made contributions for $7,500. This contribution did not imply changes in the ownership interests of the joint Venture.

Trans Atlantic Shipmanagement Ltd.: as of December 2019, the Group made contributions for $6,343. This contribution did not imply changes in the ownership interests of the associate.

Granulados Reciclados de Colombia Greco S.A.S.: in December 2019 the Group made contributions for $733. This contribution implied changes in the ownership interests of the joint venture from 40% to 41.91%.

Promotora de Proyectos S.A.: as of December 2019, the Group made contributions for $230. This contribution implied changes in the ownership interests of the associate from 30.73% to 33.68%.

Fondo de Capital Privado Pactia Inmobiliario: during 2019 this investment presented different movements, highlighting the distribution of profits $8,677 and the capitalization made by the company $176,487. Likewise, the Capital Fund received a capitalization from Protección S.A. which, together with the indicated movements, generated ownership interests percentage increase from 32.14% in 2018 to 37.20% in 2019.

During 2018, the following contributions, contribution refunds and/or changes in the ownership interests in associates and joint ventures were made:

Concesión La Pintada S.A.S.: during 2018, the Group made contributions for $93,280. This contribution did not imply changes in the ownership interests of the associate.

Caltek S.A.S.: d during 2018, the Group made contributions for $9,980. This contribution did not imply changes in the ownership interests of the joint venture.

Trans Atlantic Shipmanagement Ltd.: in September 2018, the Group made contributions for $4,396. This contribution did not imply changes in the ownership interest of the associate.

Granulados Reciclados de Colombia Greco S.A.S.: in 2018, the Group made contributions for $585. This contribution did not imply changes in the ownership interests of the associate.

Fondo de Capital Privado Pactia Inmobiliario: in June and October 2018, contributions for $12,179 and $86,113 were returned, respectively. Contributions for $7,226 were made in June 2018 and $588 in July of the same year. Dividends of $14.016 were received from the Pactia Private Capital Fund.

Pactia S.A.S.: no changes in the ownership interests are presented. In February 2018, the Group received dividends for $4,223.

Consorcio Mantenimiento Opain: no change in ownership interests. In 2018, the Group received a profit distribution for $1,656.

Consorcio Constructor Nuevo Dorado: no change in ownership interests. In 2018, a refund of contributions was received for $598. In addition, the Group received profit sharing for $15,334.

Patrimonio Autónomo Hacienda Niquía – P.A. Niquía: in 2018, a contribution refund of $1,970 was received.

18.4 Incorporation, acquisition or divestment of associates and joint ventures

Caoba Inversiones S.A.S.: Caoba Inversiones S.A.S. was established by private document, through the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.) which has the commercial representation of the assets with a 51% participation. The purpose of the business is to strengthen the transmission business where Plan5Caribe assets (awarding of 7 projects auctioned by the UPME in the transmission business) and Tolima voltage level 3 and 4 assets are incorporated. This company is located in Colombia.

P.A. Proyecto Dinamarca: Celsia S.A. (formerly Celsia S.A. E.S.P.), a subsidiary of Grupo Argos, Bancolombia and Suramericana, agreed to enter into an agreement in December 2019 through a commercial trust agreement for administration and payments, called P.A. Proyecto Dinamarca, with a 33.33% ownership interests by each of the parties. This project corresponds to a mobility project through the initiative called "Mobilidad Empresarial Compartida (Share Corporate Mobility) -MEC- y Eléctrica".

C2 Energía S.A.S: in September 2019 through the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.), this company was incorporated with a 50.00% stake classified as a joint venture investment. C2 Energía S.A.S is a company whose purpose is the administration, development and operation of renewable energy generation projects. This company is located in Colombia.

International Airport Finance S.A.: in March 2019 through the subsidiary Odinsa S.A., this company was incorporated with ownership interests of 46.50% classified as a joint venture investment. International Airport Finance S.A., is a vehicle to develop credit activities associated to the airport sector. This company is located in Spain.

During 2019 the company was classified as an investment in an associate. At the end of the reporting period and taking into account the company's bylaws, which establish that decisions on relevant activities are made with the vote of 93% of the shareholders, the classification of the investment as a joint venture was changed. This modification does not generate changes in the recognition and measurement of the investment.

Calamari LNG S.A. E.S.P: during the month of September 2019, the Group through its subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.) divested its subsidiary Zona Franca Celsia S.A. E.S.P., which included the 50.00% ownership interests in the associate Calamari LNG S.A. E.S.P. (Note 19 Subsidiaries). The sale was made to Prime Energía Colombia S.A.S. and Prime Colombia Barranquilla S.A.S., subsidiaries of the U.S. company Enfragen. Until August 2019, the Group received profit distribution for $169.

Omya Andina S.A.: during June 2019, the Group, through its subsidiaries Cementos Argos S.A., Concretos Argos S.A.S., C.I del Mar Caribe S.A.S and Sator S.A.S, divested its total ownership interests in Omya Andina S.A., which corresponded to 50.00%, generating a profit of $18,523 and transferring $2,283 from other comprehensive income to retained earnings. The entire sale was received in cash in the same period. The operation is in line with the policy of divestment of non-operating assets of these subsidiaries.

During 2018, the following incorporations, acquisitions and/or divestitures of associates and joint ventures were conducted:

Begonia Power S.A.S. E.S.P: in November 2018, Grupo Argos S.A., through its subsidiary Celsia S.A. E.S.P. (now Celsia S.A.), perfected the purchase of 24.41% of Begonia Power S.A.S. E.S.P., a company that owns two wind energy generation projects to be developed in northern Colombia. With this acquisition, the Group has consolidated control of this asset by increasing its ownership interests to 57.65%.

Contreebute: during December 2018, Grupo Argos S.A. divested its total interest in Contreebute S.A.S., which corresponded to 39.57%, generating a profit of $1,794.

Fideicomiso Plan Luz: en September 2018, through the subsidiary Celsia S.A. E.S.P. (now Celsia S.A.), 50% of this company was acquired, classified as a joint venture investment. The Light Plan Trust is a special vehicle for managing backup power plants. This company is located in Colombia.

18.5 Summary Financial Information

The summary financial information included in the following tables represents the values presented in the financial statements of the associate or joint venture, prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, and restated, when appropriate, for the adjustments made by the Group for the application of the equity method, such as: adjustments related to the homologation of accounting policies, write-offs of acquisitions or asset transfers between Group companies up to the percentage of ownership interests in the associates or joint ventures, among others. For the purposes of this disclosure and summary financial information, the presentation of each associate and/or joint venture in accordance with its accounting policies is considered.

2019	Grupo de Inversiones Suramericana S.A. (i)	Fondo de Capital Privado Pactia Inmobiliario (ii)	Corporación Quiport S.A.	Other non-significant associates and joint ventures (iii)
Current assets (1)	-	-	373,308	699,244
Non-current assets (1)	-	-	2,469,016	4,850,642
Total assets	**69,040,114**	**3,871,876**	**2,842,324**	**5,549,886**
Current liabilities (1)	-	-	754,258	1,069,029
Non-current liabilities (1)	-	-	1,301,861	3,451,556
Total liabilities	**40,949,112**	**1,435,639**	**2,056,119**	**4,520,585**
Equity	**28,091,002**	**2,436,237**	**786,205**	**1,029,301**
Revenue	21,914,782	269,976	539,475	1,158,966
Net profit from continuing operations	1,710,506	104,433	157,005	122,230
Net profit after discontinued operations	1,718,678	104,433	157,005	122,230
Other comprehensive income	(122,360)	986	(20,584)	(18,264)
Total comprehensive income	1,596,318	105,419	136,421	103,966
Received dividends or distributed profits (2)	85,584	8,677	360,880	77,288

2018	Grupo de Inversiones Suramericana S.A. (i)	Fondo de Capital Privado Pactia Inmobiliario (ii)	Quiport Holding S.A. (ii)	Other non-significant associates and joint ventures (iii)
Current assets (1)	-	-	245,435	536,394
Non-current assets (1)	-	-	2,410,507	1,990,161
Total assets	**71,073,372**	**3,387,866**	**2,655,942**	**2,526,555**
Current liabilities (1)	-	-	326,337	685,926
Non-current liabilities (1)	-	-	837,987	1,337,766
Total liabilities	**44,172,460**	**1,217,814**	**1,164,324**	**2,023,692**
Equity	**26,900,912**	**2,170,052**	**1,491,618**	**502,863**
Revenue	19,349,819	218,901	573,533	1,512,104
Net profit from continuing operations	1,406,349	138,544	226,154	124,686
Net profit after discontinued operations	1,343,286	138,544	226,154	124,686
Other comprehensive income	(246,299)	14,442	-	19,295
Total comprehensive income	1,096,987	152,986	226,154	143,981
Received dividends or distributed profits (2)	61,346	14,016	3,473	41,213

The following is additional financial information on the Group's associates or joint ventures:

2019	Grupo de Inversiones Suramericana S.A. (i)	Fondo de Capital Privado Pactia Inmobiliario (ii)	Corporación Quiport S.A.	Other non-significant associates and joint ventures (iii)
Cash and cash equivalents	2,346,157	44,271	221,619	264,229
Current financial liabilities (1) (3)	-	-	36,891	199,502
Non-current financial liabilities (1) (3)	-	-	1,265,884	3,264,216
Financial liabilities (3)	10,092,894	1,331,891	1,302,775	3,463,718

Depreciation and amortization expense	503,768	443	112,431	32,637
Interest income	1,090,921	3,194	20,202	139,333
Interest expenses	716,162	108,514	142,237	64,652
Income tax expense	683,746	-	-	66,831

2018	Grupo de Inversiones Suramericana S.A. (i)	Fondo de Capital Privado Pactia Inmobiliario (ii)	Quiport Holding S.A. (ii)	Other non-significant associates and joint ventures (iii)
Cash and cash equivalents	1,878,040	47,870	178,229	80,444
Current financial liabilities (1) (3)	-	-	214,484	253,077
Non-current financial liabilities (1) (3)	-	-	158,976	978,307
Financial liabilities (3)	10,446,774	1,134,674	373,460	1,231,384
Depreciation and amortization expense	358,393	337	108,067	37,250
Interest income	1,103,116	5,743	63	4,469
Interest expenses	625,181	66,501	40,878	66,602
Income tax expense	273,289	-	-	8,724

(i) The comparative financial information of the associates Grupo de Inversiones Suramericana S.A. and private equity fund Pactia Inmobiliario, presented changes in accordance with the latest official financial statements presented by these entities in their statement of financial position, statement of income and statement of other comprehensive income.

(ii) For the year 2018, the summarized financial figures of Quiport Holding include the figures of Corporación Quiport S.A. and Quito Airport Management (Quiama) LTD, companies responsible for managing, operating, and performing maintenance activities at the former Quito airport, Mariscal Sucre International Airport, and building, managing, and operating and maintaining the New Quito International Airport.

(iii) The financial information of the other associates and non-significant joint ventures does not include Omya Andina S.A. and Calamari LNG S.A. E.S.P., which were sold in June and September 2019, respectively.

(1) The associate Grupo de Inversiones Suramericana S.A. and Fondo de Capital Privado Pactia Inmobiliario, present the statement of financial position in order of liquidity, and therefore do not include the detail of current and non-current assets, liabilities and financial liabilities.

(2) Corresponds to dividends paid by associates and joint ventures for the twelve-month period ended 31 December 2019 and 2018. Dividends received from other associates and joint ventures correspond to: $43,528 (2018 $15,334) from Consorcio Constructor Nuevo Dorado, $18,329 (2018 $0) from Quito Airport Management (Quiama) LTD, $10,047 (2018 $20,000) from Consorcio Farallones, $5,186 (2018 $4,223) from Pactia S.A.S., $169 (2018 $0) from Calamari LNG and $29 (2018 $1,656) from Consorcio de Mantenimiento Opain. Additionally, refund of contributions was received from Consorcio Constructor Nuevo Dorado for $4,205 (2018 $598) and from Patrimonio Autónomo Hacienda Niquía - P.A. Niquía for $0 (2018 $1,970).

(3) Trade and other payables are excluded for presentation purposes.

The financial liabilities of the associate Fondo de Capital Privado Pactia Inmobiliario include lease liabilities, mostly with financial entities, amounting to $957,795. For comparison purposes, liabilities for financial obligations of $1,122,037 are presented.

18.6 Significant restrictions and commitments

No significant restrictions exist on the ability of joint ventures and associated companies to transfer funds by way of dividends, loan repayments, prepayments or otherwise. Also, there are no unrecognized commitments with joint ventures and associates at 31 December 2019 and 2018 that could give rise to future cash or other resource outflows, such as: contributions of funds or resources, loan or financial support commitments, commitments to acquire an interest in the associate or joint venture from another party.

The Group has pledged shares of Grupo de Inversiones Suramericana S.A. as collateral for financial liabilities (Note 7.4 Collaterals).

18.7 Impairment analysis

The analysis of indications of impairment in associates and joint ventures did not result in any recognition or review of impairment in these companies.

NOTE 19: **SUBSIDIARIES**

19.1 Composition of the Grupo Argos

At 31 December Grupo Argos consolidates the following companies:

				Effective shareholding	
Name of the subsidiary	**Main activity**	**Country**	**Functional currency**	**2019**	**2018**
Fundiciones Colombia S.A. in Liquidation	Metallurgy	Colombia	Colombian Peso	52.48%	52.48%
Industrias Metalúrgicas Apolo S.A. in Liquidation	Metallurgy	Colombia	Colombian Peso	76.62%	76.62%
Patrimonio Autónomo Ganadería Rio Grande	Livestock Business	Colombia	Colombian Peso	13.39%	13.39%
Sator S.A.S.	Coal mining	Colombia	Colombian Peso	98.75%	98.75%
Servicios Corporativos Integrales S.A.S. - SUMMA S.A.S.	Any lawful activity	Colombia	Colombian Peso	77.67%	77.67%
Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S.A. (1)	Concessions	Colombia	Colombian Peso	64.96%	64.92%
Cementos Argos S.A.	Cements and related products	Colombia	Colombian Peso	57.98%	57.98%
Agregados Argos S.A.S.	Extraction, production and marketing of aggregates	Colombia	Colombian Peso	54.10%	54.10%
American Cement Terminals LLC.	Investments	United States	American Dollar	57.98%	57.98%
American Cement Terminals Trust (BVI)	Investments	British Virgin Islands	American Dollar	57.98%	57.98%
Argos (Dominica) Ltd.	Cement distribution	Dominica	East Caribbean Dollar	57.98%	57.98%
Argos Dominicana S.A.	Cement production and marketing	Dominican Republic	Dominican Peso	46.73%	46.73%
Argos Guyane S.A.S.	Cement production and marketing	French Guiana	Euro	57.98%	57.98%
Argos Honduras S.A. de C.V.	Cement production and marketing	Honduras	Lempira	30.90%	30.90%
Argos North America Corp.	Investments	United States	American Dollar	58.37%	58.37%

Argos Panamá, S.A.	Cement and concrete industry and marketing	Panama	American Dollar	45.48%	45.48%
Argos Ports (Houston) LLC.	Distribution and sale of cement	United States	American Dollar	0.00%	58.37%
Argos Ports (Savannah) LLC.	Distribution and sale of cement	United States	American Dollar	0.00%	58.37%
Argos Ports (Wilmington) LLC.	Distribution and sale of cement	United States	American Dollar	57.98%	57.98%
Argos Puerto Rico Corp.	Distribution and sale of cement	Puerto Rico	American Dollar	34.79%	34.79%
Argos SEM LLC	Investments	United States	American Dollar	57.98%	57.98%
Argos St. Maarten N.V.	Cement distribution	St. Maarten	American Dollar	57.98%	57.98%
Argos Trading Puerto Rico LLC	Export	Puerto Rico	American Dollar	34.79%	34.79%
Argos USA LLC.	Cement and concrete industry	United States	American Dollar	58.37%	58.37%
Argos USVI Corp.	Cement distribution	United States Virgin Islands	American Dollar	57.98%	57.98%
Canteras de Colombia S.A.S.	Aggregate extraction	Colombia	Colombian Peso	0.00%	58.27%
Cementos Argos Company Limited	Cement distribution	Antigua	East Caribbean Dollar	57.98%	57.98%
Cement and Mining Engineering Inc.	Investment	Panama	American Dollar	57.98%	57.98%
Cementos de Caldas S.A.	Cement production	Colombia	Colombian Peso	57.77%	57.77%
Cementos del Sur S.A.	Cement production and marketing	Honduras	Lempira	0.00%	30.90%
Central Aggregates LLC.	Aggregate production	United States	American Dollar	0.00%	58.37%
CI del Mar Caribe (BVI) Inc.	Marketing	British Virgin Islands	American Dollar	57.99%	57.99%
Cimenterie Nationale S.E.M. (CINA)	Cement industry and marketing	Haiti	Gourde	37.69%	37.69%
Colcaribe Holdings S.A.	Investments	Panama	American Dollar	57.98%	57.98%
Comercial Arvenco C.A.	Marketing	Venezuela	Venezuelan sovereign Bolivar	57.98%	57.98%
Concreto S.A.	Manufacture of ready-mix concrete	Panama	American Dollar	45.48%	45.48%
Concretos Argos S.A.S. (formerly Concretos Argos S.A.)	Concrete production and marketing	Colombia	Colombian Peso	58.21%	58.22%
Concretos Argos Dominicanos, S.R.L.	Concrete Industry and Marketing	Dominican Republic	Dominican Peso	46.84%	46.84%

Concretos Argos Honduras, S.A.	Concrete marketing	Honduras	Lempira	0.00%	30.90%
Corporaciones e Inversiones del Mar Caribe S.A.S.	Investments	Colombia	Colombian Peso	57.98%	57.98%
Grava S.A.	Sand and stone extraction	Panama	American Dollar	0.00%	45.48%
Haiti Cement Holding S.A.	Investments	Panama	American Dollar	57.98%	57.98%
Inmuebles Miraflores S.A.	Property management	Panama	American Dollar	57.98%	57.98%
Logística de Transporte S.A.	Transport	Colombia	Colombian Peso	57.98%	57.99%
Southern Star Leasing, LLC	Concrete Industry	United States	American Dollar	58.37%	58.37%
Surcol Houdstermaatschapij NV	Investments	Suriname	American Dollar	28.99%	28.99%
Terminal Granelera Bahía Las Minas S.A.	Operation of seaports	Panama	American Dollar	45.48%	45.48%
Transatlantic Cement Carriers Inc.	Sea transport	Panama	American Dollar	57.98%	57.98%
Valle Cement Investments Ltd.	Investments	British Virgin Islands	American Dollar	61.42%	61.42%
Venezuela Ports Company S.A.	Investments	Panama	American Dollar	57.98%	57.98%
Vensur N.V.	Cement production and marketing	Suriname	American Dollar	24.41%	24.41%
Wetvan Overseas Ltd.	Investments	British Virgin Islands	American Dollar	34.79%	34.79%
Zona Franca Argos S.A.S.	Cement industry	Colombia	Colombian Peso	57.98%	57.98%
Celsia S.A. (formerly Celsia S.A. E.S.P.)	Investments	Colombia	Colombian Peso	52.93%	52.93%
Alternegy S.A.	Energy	Panama	American Dollar	52.93%	52.93%
Bahía Las Minas Corp.	Energy	Panama	American Dollar	27.12%	27.12%
Begonia Power S.A.S. E.S.P. (1)	Energy	Colombia	Colombian Peso	34.46%	19.77%
Bontex S.A.	Energy	Panama	American Dollar	52.93%	52.93%
Celsia Central America S.A.	Services	Panama	American Dollar	52.93%	52.93%
Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) (1)	Energy	Colombia	Colombian Peso	34.46%	34.30%
Celsia Costa Rica S.A.	Commercial and industrial	Costa Rica	American Dollar	52.93%	52.93%
Celsia Honduras S.A.	Energy	Honduras	American Dollar	52.93%	52.93%
Celsia Move S.A.S.	Transport	Colombia	Colombian Peso	34.46%	0.00%
Celsia Tolima S.A. E.S.P.	Energy	Colombia	Colombian Peso	34.43%	0.00%
Celsolar S.A.	Energy	Panama	American Dollar	52.93%	52.93%
Colener S.A.S.	Energy	Colombia	Colombian Peso	52.93%	52.93%
Colon Energy Power S.A.	Energy	Panama	American Dollar	0.00%	52.93%
Compañía de Electricidad de Tuluá S.A. E.S.P. - CETSA E.S.P. (1)	Energy	Colombia	Colombian Peso	33.96%	33.80%

CTC Curaçao B.V.	Financial	Curaçao	American Dollar	52.93%	52.93%
Divisa Solar 10MW, S.A.	Energy	Panama	American Dollar	52.93%	52.93%
Enerwinds de Costa Rica S.A.	Energy	Costa Rica	American Dollar	32.34%	32.34%
EPSA Inversiones S.A.S. (1)	Services	Colombia	Colombian Peso	34.46%	34.30%
LandCO La Gloria S.A.	Commercial and industrial	Costa Rica	American Dollar	52.93%	52.93%
PEG Operaciones Ltda.	Energy	Costa Rica	American Dollar	52.93%	52.93%
Planta Eólica Guanacaste S.A. (PEG)	Energy	Costa Rica	American Dollar	52.93%	52.93%
Porvenir II S.A.S E.S.P. (2)	Energy	Colombia	Colombian Peso	52.93%	52.93%
Promotora de Energía Eléctrica del Archipiélago de San Andrés, Providencia y Santa Catalina S.A.S. E.S.P. (Termoeléctrica El Tesorito S.A.S. E.S.P.)	Energy	Colombia	Colombian Peso	19.82%	0.00%
Vientos de la Gloria S.A.	Energy	Costa Rica	American Dollar	34.40%	34.40%
Vientos de Limonal S.A.	Energy	Costa Rica	American Dollar	34.40%	34.40%
Vientos de Mogote S.A.	Energy	Costa Rica	American Dollar	34.40%	34.40%
Zona Franca Celsia S.A. E.S.P.	Energy	Colombia	Colombian Peso	0.00%	52.92%
Odinsa S.A. (1)	Infrastructure and concession	Colombia	Colombian Peso	99.88%	99.78%
Autopistas de los Llanos S.A. in Liquidation (1)	Road concession	Colombia	Colombian Peso	68.38%	68.31%
Autopistas del Café S.A. (1)	Road concession	Colombia	Colombian Peso	59.60%	59.54%
Autopistas del Nordeste S.A. and Autopistas del Nordeste Cayman LTD (1)	Investment and road concession	Cayman Islands Dominican Republic	American Dollar	67.42%	67.35%
Autopistas del Oeste S.A. (1)	Road concession	Dominican Republic	Dominican Pesos	79.82%	79.74%
Black Coral Investment Inc.	Investment	British Virgin Islands	American Dollar	0.00%	99.78%
Boulevard Turístico del Atlántico S.A. (1)	Road concession	Dominican Republic	American Dollar	67.42%	67.35%
Caribbean Infrastructure Company (1)	Road concession	Aruba	American Dollar	99.88%	99.78%
Concesión Túnel Aburrá Oriente S.A.	Road concession	Colombia	Colombian Peso	39.41%	0.00%
Concesión Vial de los Llanos S.A.S. (1)	Road concession	Colombia	Colombian Peso	50.94%	50.89%
Consorcio Grupo Constructor Autopistas del Café S.A. (1)	Road construction	Colombia	Colombian Peso	59.60%	59.54%
Consorcio App Llanos (1)	Road construction	Colombia	Colombian Peso	50.94%	50.89%
Constructora Bogotá Fase III - Confase S.A. (1)	Road construction	Colombia	Colombian Peso	50.94%	50.89%
Green Coral Corporation	Investment	Barbados	American Dollar	0.00%	99.78%
JV Proyecto ADN, S.R.L. (1)	Road construction	Dominican Republic	Dominican Peso	67.42%	67.35%
JV Project BTA, S.R.L. (1)	Road construction	Dominican Republic	Dominican Peso	67.42%	67.35%

La Concepción Advirsors Inc.	Investment	British Virgin Islands	Balboas	0.00%	99.78%
Marjoram Riverside Company S.A. (1)	Investment	British Virgin Islands	American Dollar	99.88%	99.78%
N.V. Chamba Blou (1)	Road construction	Aruba	American Dollar	99.88%	99.78%
Odinsa Holding. Inc. (1)	Investment	British Virgin Islands	American Dollar	99.88%	99.78%
Odinsa Proyectos e Inversiones S.A. (1)	Road concession	Colombia	Colombian Peso	99.55%	99.45%
Odinsa Servicios S.A.S. (1)	Road Signal Services	Colombia	Colombian Peso	99.88%	99.78%
Quadract Group Inc. (1)	Investment	British Virgin Islands	American Dollar	99.88%	99.78%
Red Coral Investment Inc. (1)	Investment	British Virgin Islands	American Dollar	0.00%	99.78%

(1) The change in the participation of these investments corresponds to the acquisition by the Group of the participation of Odinsa S.A. and Celsia S.A. (formerly Celsia S.A. E.S.P.) in Celsia Colombia S.A. E.S.P. (forlmerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P. during 2019) (See 19.3.1 Contributions, contribution refunds and/or changes in the ownership interest of a subsidiary that do not result in gain or loss of control).

(2) Porvenir II S.A.S E.S.P. is a simplified joint stock company, a public utility company whose main corporate purpose is the generation and commercialization of electric energy according to Laws 142 and 143 of 1994. Its registered office is in Medellín and its term is indefinite.

The company is the holder of the environmental license for the development of the Porvenir II hydroelectric project, granted by Resolution 0168 of 13 February 2015 and confirmed by Resolution 0726 of 19 June of the same year.

The following are the main subsidiaries included in the Group's consolidated financial statements:

Cementos Argos S.A.: a commercial company incorporated under Colombian law on 14 August 1944. The company's corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and other materials or articles based on cement, lime or clay; the acquisition and sale of minerals or mineral deposits that can be used in the cement industry and its similar industries, of rights to explore and exploit minerals of the aforementioned, whether by concession, privilege, lease or any other title; the provision of port services; acting as a contractor, builder, consultant, controller, designer or planner of civil works or other types, before any public or private entity. The main domicile is in Colombia and its term expires on 14 August 2060.

This company consolidates with: Agregados Argos S.A.S., American Cement Terminals LLC, American Cement Terminals Trust (BVI), Argos Dominicana S.A. (this company consolidates with Concretos Argos Dominicanos S.L.R.), Argos Guyane S.A.S., Argos Honduras S.A. de C.V. (this company consolidates with Concretos Argos Honduras, S.A. and Cementos del Sur S.A., companies absorbed by Argos Honduras S.A. de C.V.), Argos North America Corp. (this corporation consolidates with Argos USA LLC, Southern Star Leasing LLC, Argos Ports (Houston) LLC, Argos Ports (Savannah) LLC. (these last two companies absorbed by Argos USA LLC), Central Aggregates LLC. (company liquidated in February 2019), Argos Panama S.A. (this company consolidated with Concreto S.A., Terminal Granelera Bahía Las Minas S.A. and Grava S.A., this company was absorbed by Argos Panama S.A.), Argos Ports (Wilmington) LLC, Argos Puerto Rico Corp., Argos SEM, LLC , Argos Trading Puerto Rico LLC, Canteras de Colombia S.A.S. (company absorbed by Concretos Argos S.A.S.), Cement and Mining Engineering Inc, Cementos de Caldas S.A., CI del Mar Caribe (BVI) Inc., Colcaribe Holdings S.A., Comercial Arvenco C.A., Concretos Argos S.A.S. (formerly Concretos Argos S.A.), Corporaciones e Inversiones del Mar Caribe S.A.S. (this company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. y Cementos Argos Company Limited), Haití Cement Holdings S.A. (this company consolidates with Cimenterie Nationale S.E.M. - CINA), Inmuebles Miraflores S.A., Logística de Transporte S.A., Surcol Houdstermaatschappij N.V. (this company consolidates with Vensur N.V.), Transatlantic Cement Carriers Inc., Valle Cement Investments Ltd., Venezuela Ports Company S.A., Wetvan Overseas Ltd. and Zona Franca Argos S.A.S.

Celsia S.A. (formerly Celsia S.A. E.S.P.): incorporated under the laws of Colombia on 4 October 2001, its principal place of business is in Colombia. At the ordinary meeting of Celsia S.A.'s Shareholders' Meeting (formerly Celsia S.A. E.S.P.) held on 27 March 2019, a statutory reform was approved which included, among other things, the change of the company name by virtue of which it ceased to be a public home utility company and the modification of the corporate purpose as a result of the business reorganization carried out through the sale of certain electricity generation assets, and the commercial representation, sale of capacity and electricity from a thermal asset to Celsia Colombia S. A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) This amendment to the bylaws was notarized through Public Deed No. 2795 dated 11 September 2019 of the Notary 7 of the Circle of Medellín, registered at the Medellín Chamber of Commerce for Antioquia on 13 September 2019. The above taking into consideration that the registration of the statutory reform before said entity was conditioned to the company's effective withdrawal as Market Agent, which took place at the beginning of September.

As a consequence of the above, the main purpose of the company now consists of the administration, supervision or increase of its assets through the encouragement and promotion of industrial or commercial activities, especially through investment in companies or other legal entities, or participation in other types of corporate structures, related to the energy industry, public utilities and their related or complementary activities, or through entities, organizations, funds or any other legal figure, either by participating as a founding member in its constitution, making subsequent capital contributions or acquiring capital participations. Likewise, it may invest in all types of movable and immovable property, fixed and variable income papers or documents; or any type of securities, whether or not they are registered on the public securities market. It may also provide advice on economic, administrative and financial matters to all types of companies. Its legal term is indefinite.

This company consolidates with Alternegy S.A., Bahía Las Minas Corp., Bontex S.A., Celsia Centroamérica S.A. (this company consolidates Divisa Solar 10MW, S.A.), Celsia Costa Rica S.A., Celsia Tolima S.A. E.S.P., Colener S.A.S., CTC Curazao B.V., Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P., this company consolidates with Empresa de Electricidad de Tuluá S.A. E.S.P. - CETSA S.A. E.S.P., EPSA Inversiones S.A.S., Begonia Power S.A.S. E.S.P. and Celsia Move S.A.S.), Enerwinds de Costa Rica S.A. (this company consolidates with Planta Eólica Guanacaste S.A. (PEG), PEG Operaciones Ltda., LandCO La Gloria S.A.), Porvenir II S.A.S. E.S.P., Promotora de Energía Eléctrica del Archipiélago de San Andrés, Providencia y Santa Catalina S.A.S. E.S.P. (Termoeléctrica El Tesorito S.A.S. E.S.P.) and Zona Franca Celsia S.A. E.S.P. (this company was sold in September 2019).

The companies Celsia Honduras S.A., Celsolar S.A., Colon Energy Power S.A. (liquidated in 2019), Vientos de la Gloria S.A., Vientos de Limonal S.A. and Vientos de Mogote S.A., were incorporated with the aim of being investment vehicles for new non-conventional energy projects.

Odinsa S.A.: incorporated under the Colombian law on 16 July 1992. Its main corporate purpose is the study, implementation, financing and operation of all activities and works of engineering and architecture in all its forms and specialties, inside or outside the country. Its main domicile is in Colombia and its term expires on 31 December 2100.

This company consolidates with Autopistas de los Llanos S.A. in liquidation, Autopistas del Café S.A., Autopistas del Nordeste Cayman LTD., Autopistas del Nordeste S.A., Autopistas del Oeste S.A., Black Coral Investment Inc. (this company was liquidated in December 2019), Boulevard Turístico del Atlántico S.A., Caribbean Infrastructure Company, Concesión Túnel Aburrá Oriente S.A., Concesión Vial de los Llanos S.A.S., Consorcio Grupo Constructor Autopistas del Café S.A., Consorcio Vial de los Llanos S.A.S., Constructora Bogotá Fase III - Confase S.A., Green Coral Corporation. (this company was liquidated in November 2019), JV Proyecto ADN, S.R.L., JV Proyecto BTA, S.R.L., La Concepción Advirsors Inc. (this company was liquidated in September 2019), Marjoram Riverside Company S.A, N.V. Chamba Blou, Odinsa Holding Inc., Odinsa Proyectos e Inversiones S.A., Odinsa Servicios S.A.S., Quadrat Group Inc. and Red Coral Investment Inc. (this company was liquidated in December 2019).

Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P.): incorporated on 12 December 1994. Its corporate purpose is to carry out policies, plans, programs and projects for the generation, transmission, distribution and marketing of energy, its administration, management and use in accordance with the regulations, guidelines and directives issued by the Ministry of Mines and Energy. Its domicile is in Colombia and the term of duration is indefinite. Control of this company is maintained through Celsia S.A. (formerly Celsia S.A. E.S.P.) In March 2019 Grupo Argos S.A. sold its 1.87% shareholding in Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.)

to Celsia S.A. (formerly Celsia S.A. E.S.P.) (Note 19.3.1 Contributions, contribution refunds and/or changes in the ownership interest of a subsidiary that do not result in gain or loss of control).

Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S. A.: the company has as its sole corporate purpose the subscription and execution of the concession contract subject to public bidding 5000091 OL of 2005, the object of which is the granting of a concession for the concessionaire to carry out, on its own account and at its own risk, among others, the administration, operation, commercial exploitation, maintenance and modernization and expansion of the El Dorado International Airport in the city of Bogotá D.C.

Sator S.A.S.: incorporated under Colombian law on 28 October 1981, its main domicile is in Colombia and its term is indefinite; its corporate purpose is to perform the prospecting, exploration, exploitation, production, benefit, transformation, acquisition, disposal, marketing and transportation of coal and any other mineral substance associated with coal, import, export, marketing and supply of raw materials, inputs, equipment and machinery required for mining coal and other minerals.

Valle Cement Investments Ltd: incorporated on 18 December 1998. Its corporate purpose is to make investments of any kind. At present it invests in shares, quotas or interest shares and other types of securities. Its main domicile is in the British Virgin Islands and the term of the company is indefinite. Control of this company is held through Cementos Argos S.A.

Concretos Argos S.A.S. (formerly Concretos Argos S.A.): incorporated on 22 April 1985. Its corporate purpose is the exploration, exploitation, transportation, benefit, integral use, marketing and sale of stone minerals such as: sand, cement, gravel, premixed concrete and prefabricated concrete elements, concrete blocks and any other material and elements of its own, accessories and complementary used in the construction industry. Its domicile is in Colombia and the term of duration is until 8 September 2093. Control of this company is held through Cementos Argos S.A.

Servicios Corporativos Integrales S.A.S. – SUMMA S.A.S.: incorporated on 7 December 2016. Its corporate purpose is to provide specialized business services in Colombia and abroad to companies linked to Grupo Argos or to third parties, in any area that can create value for its clients; to provide consulting or auditing services in any of the businesses of the companies that make up Grupo Argos or to third parties; to carry out all acts that are intended to exercise the rights and fulfil the obligations, legally or conventionally, derived from the existence and activities carried out by the Company and to carry out any other legal economic activity both in Colombia and abroad. Its domicile is in Colombia.

Patrimonio Autónomo Ganadería Rio Grande: incorporated on 14 August 2017. Includes all activities related to the operation and management of the business of breeding and marketing of livestock, biotechnology and maintenance of the farms where the livestock are located. Through the execution of a participation account contract, in which the assets associated with the livestock business were contributed, Fundación Grupo Argos as a participating manager manages and operates on its own behalf the assets related to this business.

Subsidiaries with special corporate characteristics:

Fundiciones Colombia S.A. in Liquidation: since 29 December 2002, the company suspended the development of its corporate purpose, as a result of the assignment of its assets and liabilities made to Fundicom S.A. at an extraordinary meeting held on 15 November 2002. The administrative management of this company continues to be aimed at the supervision, control and compliance with the payment of the obligations acquired by Fundicom S.A., as established in the agreement signed by the parties. Its main domicile is in Colombia. On 27 November 2018 the termination of the Restructuring Agreement was registered at the Medellin Chamber of Commerce and on 28 January 2019 it was declared dissolved by its Shareholders' Meeting and entered into a state of liquidation. Its main domicile is in Medellin, Colombia.

Industrias Metalúrgicas Apolo S.A. in Liquidation: incorporated on 6 March 1958. Since the closing of the 2001 accounting period, the company has suspended the development of its corporate purpose. At present, its activity is focused on the fulfillment of its obligations under the agreement and administration expenses. Its main domicile is in Colombia.

19.2 Principal subsidiaries with significant non-controlling interests

The following table shows summarized financial information as of December 2019 and 2018, for the main subsidiaries that the Group have significant non-controlling interests, this information is prepared in accordance with the Accounting and Financial Reporting Standards Accepted in Colombia (NCIF), which are based on International Financial Reporting Standards (IFRS), and is restated, when appropriate, by adjustments related to the homologation of accounting policies. The values below are presented before write-offs between Group companies:

	Celsia S.A. (formerly Celsia S.A. E.S.P.)		Cementos Argos S.A.		Odinsa S.A.	
	2019	2018	2019	2018	2019	2018
Main Address	Colombia		Colombia		Colombia	
Ordinary income	3,725,762	3,424,430	9,412,208	8,476,400	717,157	771,550
Income from continuing operations	603,374	350,699	196,110	290,951	175,008	160,058
Income from discontinued operations	-	-	-	-	-	-
Other comprehensive income	8,357	129,792	60,216	297,702	(43,714)	177,608
Total comprehensive income	611,731	480,491	256,326	588,653	131,294	337,666
Current assets	1,755,860	1,381,423	2,714,313	2,888,281	1,477,874	1,420,954
Non-current assets	9,622,532	9,270,988	16,491,419	15,993,088	5,336,363	4,617,423
Current liabilities	1,699,268	1,680,193	3,052,593	3,091,571	1,137,741	1,188,409
Non-current liabilities	4,004,477	3,567,862	7,292,380	6,785,607	2,989,173	2,659,626
Net Assets	5,674,647	5,404,356	8,860,759	9,004,191	2,687,322	2,190,342
Attributable to non-controlling interests:						
Continuing operations	129,874	122,865	74,539	112,793	49,703	49,475
Discontinued operations	-	-	-	-	-	-
Total comprehensive income	127,636	122,850	66,640	160,563	53,138	84,509
Net Assets	1,126,742	1,006,354	816,667	832,614	978,233	510,291
Dividends paid to Grupo Argos S.A.	103,105	87,572	159,257	148,817	49,958	98,842
Dividends paid to non-controlling interests	183,928	126,858	258,452	233,179	31,431	40,587

19.3 Contributions, contribution refunds and/or changes in the ownership interest of a subsidiary

19.3.1 Contributions, contribution refunds and/or changes in the ownership interest of a subsidiary that do not result in gain or loss of control

Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P.): in March 2019, there was a 0.87% dilution in the Group's interest in this company, due to the net effect between the sale by Grupo Argos S.A. for 6,495,205 shares of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) to the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.), a company in which the Group holds 52.93%. Within the framework of the process of private issue and placement of shares carried out by Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.), which was perfected on 11 July 2019, Celsia S.A. (formerly Celsia S.A. E.S.P.) acquires an additional 0.13% corresponding to 16,666,505 shares. In the last quarter of 2019, Celsia S.A. (formerly Celsia S.A. E.S.P.) acquires 6,797,885 shares, equivalent to an additional 1.83% of the company. With this transaction, the Group now has an effective shareholding of 34.46% in Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.)

Begonia Power S.A.S. E.S.P.: in July 2019 Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) acquired 457 shares for a value of $32,180, increasing its participation by 42.35%. With this transaction, the Group now has an effective interest of 34.46% in Begonia Power S.A.S. E.S.P.

Odinsa S.A.: during 2019 was acquired an additional 0.10% stake in Odinsa S.A. corresponding to 192,240 shares for a value of $2,019. With these operations, the Group keeps a 99.88% participation.

Sociedad Concesionaria Operadora Aeroportuaria Internacional Opain S.A.: d during 2019, the Group received payments for subordinated debt for this company, affecting the non-controlling interest of $63,716.

During 2018, the following changes occurred:

Argos Honduras S.A. de C.V.: in January 2018, Argos SEM S.A.'s investment (now Argos SEM, LLC) in this company increases by 0.004% due to the purchase of 826 shares from non-controlling interests. With this operation, the Group now has an effective participation of 30.90%.

Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P. (now Celsia Colombia S.A. E.S.P.): in February 2018, the Group's interest in this company was diluted by 4.03% due to the net effect of the sale by Grupo Argos S.A. of 34,635,000 shares of Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S. P. (now Celsia Colombia S.A. E.S.P.) to the subsidiary Celsia S.A. E.S.P. (now Celsia S.A.), a company in which the Group holds 52.93%, and the acquisition of Celsia S.A. E.S.P. (now Celsia S.A.) of 4,412,300 shares in Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P. (now Celsia Colombia S.A. E.S.P.), in addition to those acquired from the Group.

Celsia S.A. E.S.P. (now Celsia S.A.): in February 2018, Grupo Argos S.A. acquires 174,677,000 shares for $782,553 of this company, as a result of its share issue, without presenting any change in the shareholding.

Odinsa S.A.: during 2018, Odinsa S.A. acquires an additional 0.14% stake in Odinsa S.A. corresponding to 262,816 shares for a value of $2,751. With this operation, the Group keeps a 99.78% ownership interests.

Cementos Argos S.A.: in March 2018, Grupo Argos S.A. acquires an additional 2.64% stake in Cementos Argos S.A. corresponding to 30,423,040 ordinary shares for $294,627.

Sociedad Concesionaria Operadora Aeroportuaria Internacional Opain S.A.: during 2018, the Group received a refund from this company affecting the non-controlling interest of $66,675, corresponding to the subordinated debt included in the initial operation.

Cementos de Caldas S.A.: in July 2018, increased its interests in this investment from 40.07% to 99.64%, through a transaction whereby Cement and Mining Engineering Inc. entered with a 59.57% share. With this operation the Group now has an effective participation of 57.77%.

Patrimonio Autónomo Ganadería Rio Grande: during 2018, additional contributions were made by $2,806 corresponding to 7.02%.

19.3.2 Contributions, contribution refunds and/or changes in the ownership interest of a subsidiary resulting in loss of control

Central Aggregates LLC: in February 2019, this subsidiary, which had been dissolved in January 2019, was liquidated.

Zona Franca Celsia S.A. E.S.P.: in September 2019, all shares of this company were sold. The sale price was $1,086,960 (Note 33 revenue) and the cost was $781,170 (Note 34 cost of ordinary activities), presenting a gross profit of $305,790, and taxes for $61,877 were generated. In addition, a gain on the sale of property, plant and equipment necessary to maintain this investment was generated for $5,706. With this sale, control of this subsidiary is lost.

La Concepción Advirsors Inc.: in September 2019, this subsidiary was liquidated, and the assets were transferred to Odinsa Holding. Inc. to cover debt with this company.

Green Coral Corporation.: in November 2019, this subsidiary was liquidated.

Black Coral Investment Inc. and Red Coral Investment Inc.: in December, these subsidiaries were liquidated due to the restructuring to lighten the corporate structure.

Colon Energy Power S.A.: liquidated in 2019.

During 2018 the following changes took place:

Fiduciaria Corficolombiana S.A. - Fideicomiso Gaseosas Lux: in September 2018 the trust rights assignment agreement signed between Cementos Argos S.A. and Constructora Capital Medellín S.A.S. was perfected whereby the entity Fiduciaria Corficolombiana S.A. - Fideicomiso Gaseosas Lux, leaves the Group's consolidation perimeter.

Transportes Elman Ltda, in liquidation: in November 2018 this subsidiary is liquidated, and its net assets are distributed to the owners.

19.3.3 Acquisition or incorporation of subsidiaries

Celsia Tolima S.A. E.S.P.: in May 2019, the company Celsia Tolima S.A. E.S.P. was established, whose activity is the provision of domestic electric energy utilities. The Group's effective shareholding in this company is 34.43%.

Termoeléctrica El Tesorito S.A.S. E.S.P.: in May 2019, the subsidiaries Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) and EPSA Inversiones acquired 23% and 34.5%, respectively, of Termoeléctrica El Tesorito S.A.S. E.S.P, which was incorporated under the name Promotora de Energía Eléctrica del Archipiélago de San Andrés, Providencia y Santa Catalina S.A.S. E.S.P., leaving the Group with an effective interest of 19.82%. The company is in charge of the construction and operation of a gas-fired electricity generation plant. This company does not meet the definition of a business as set out in IFRS 3 Business Combinations.

Celsia Move S.A.S.: in November 2019 the company Celsia Move S.A.S. was incorporated, whose activity is the provision of the public land, automotive and urban mass passenger transport service of the integrated public transport system SITP. The Group's effective participation in this company is 34.46%.

Concesión Túnel Aburrá Oriente S.A.: in December 2019, the purchase and sale of the interest in Concesión Túnel Aburrá Oriente S.A. was perfected. Its purpose is the design, construction, operation and maintenance of the works that form part of the road development Aburrá - Oriente Road Connection, Túnel de Oriente and Complementary Road Development. The Group's effective economic participation in this company is 39.41%, with political rights of 52.62%.

During 2018 the following changes took place:

Inmuebles Miraflores S.A.: in March 2018, Cementos Argos S.A., through its subsidiary Colcaribe Holdings S.A., acquired all the shares of Inmuebles Miraflores S.A., an entity dedicated to the management of real estate. The Group's effective interest in this company is 57.98%. This company does not meet with the definition of business established in IFRS 3 Business Combinations.

Celsia Honduras S.A.: in June 2018, the company Celsia Honduras S.A. was incorporated for the purpose of providing electricity generation, transmission, distribution and marketing services. The Group's effective interest in this company is 52.93%.

Argos Trading Puerto Rico LLC: in July 2018, Argos Trading Puerto Rico LLC was incorporated to export cement and related products. The Group's effective participation in this company is 34.79%.

Divisa Solar 10 MW, S.A.: in November 2018, the subsidiary Celsia Centroamérica S.A. acquired 100% of the shares of Divisa Solar 10 MW, S.A., whose corporate purpose is the generation of photovoltaic energy. The Group's effective interest in this company is 52.93% (see Note 42 on business combinations).

Begonia Power S.A.S. E.S.P.: in November 2018, the subsidiary Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P. (now Celsia Colombia S.A. E.S.P.) acquires control of Begonia Power S.A.S. E.S.P. with a 57.65% stake. Its corporate purpose is the generation, marketing and distribution of electricity. The Group's effective interest in this company is 19.77%. This company does not meet the definition of business established in IFRS 3 Business Combinations.

19.3.4 Changes in ownership interest in a subsidiary due to a merger by absorption

In January 2019, Argos USA LLC. absorbs Argos Ports (Houston) LLC. and Argos Ports (Savannah) LLC.

In August 2019, Concretos Argos S.A.S. (formerly Concretos Argos S.A.). absorbs Canteras de Colombia S.A.S.

In November 2019, Argos Panamá S.A. absorbs the company Grava S.A.

In November 2019, Argos Honduras S.A. de C.V. absorbed the companies Cementos del Sur S.A. and Concretos Argos Honduras, S.A.

During 2018 the following changes took place:

In February 2018, the merger of Argos Puerto Rico, LLC and Argos San Juan Corp. (now Argos Puerto Rico Corp.), the former being absorbed by the latter.

In May 2018, the merger of International Cement Company S.A. and Argos SEM S.A. was perfected. (now Argos SEM, LLC.), the former being absorbed by the latter.

In June 2018, the merger of Marítima de Graneles S.A. and Transatlantic Cement Carriers Inc. was perfected, being the former absorbed by the latter.

19.4 Significant restrictions

The Group has the following restriction on investments in subsidiaries:

Bonds issued by the subsidiary Autopistas del Nordeste (Cayman) for an original amount of USD 162 million used to finance the construction of the highway concession in the Dominican Republic, are backed by the shares of Autopistas del Nordeste (Cayman) Ltda. and impose certain restrictions that limit the capacity of this subsidiary to incur additional debt.

NOTE 20: **BIOLOGICAL ASSETS**

The balance of biological assets at 31 December comprises:

2019	Plantations	Livestock and others	Total
Book value at 1 January	**21,257**	**36,328**	**57,585**
Increases for purchases or births	-	4,646	4,646
Decrease due to sales or deaths	-	(7,370)	(7,370)
Changes in fair value less selling costs	(619)	3,826	3,207
Drops per crop or harvest	-	(467)	(467)
Carrying Cost as of 31 December	**20,638**	**36,963**	**57,601**
Current	-	9,157	9,157
Non-current	20,638	27,806	48,444
Total biological assets	**20,638**	**36,963**	**57,601**

2018	Plantations	Livestock and others	Total
Book value at 1 January	**21,199**	**33,064**	**54,263**
Increases for purchases or births	-	5,566	5,566
Decrease due to sales or deaths	-	(8,541)	(8,541)
Changes in fair value less selling costs	58	6,239	6,297
Carrying Cost as of 31 December	**21,257**	**36,328**	**57,585**
Current	-	9,360	9,360
Non-current	21,257	26,968	48,225
Total biological assets	**21,257**	**36,328**	**57,585**

The Group undertakes agricultural and livestock activities through Cementos Argos S.A. and P.A. Ganadería, respectively. The Group's biological assets are measured at fair value less estimated selling costs, taking into account significant observable inputs, level 2 for livestock and level 3 for plantations. Changes in the fair value of biological assets are presented in the statement of comprehensive income as income, cost or valuation expense, as appropriate.

The discounted cash flow model was used for the valuation of the plantations, taking into account that the future economic benefits associated with forestry are expected to be realized 3 or 4 times over time, as follows: at the time 2 or 3 thinnings are made, which depend on the age and diameter of the plantation, and at a final moment when the clear-felling is made. Fair value is determined by applying a discount rate to future net cash flows, using the Weighted Average Cost of Capital (WACC), estimated at 8.65% for 2019 (2018 9.86%). The sales price, volume, determined based on experience and forestry studies, and cost and expense estimates are significant unobservable inputs to the measurement.

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

	2019	2018
Plantations (number of hectares sown)	1,172	1,172

The fair value of the livestock was estimated using the market approach, which in this case corresponds to the market price that is agreed according to an estimation of the weight, age and other conditions of the livestock that determine the price of the kilo of meat in the market.

As of 31 December 2019, the plantations include mainly teak, eucalyptus, pine, rubber, acacia and melina, distributed in the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas) and Puerto Nare (Antioquia). The livestock is made up of cattle and horses, and is mainly represented in Brahman, GYR and Guzera breeds, distributed in the national territory in Antioquia (Puerto Nare and Arboletes), Cordoba (Montelibano) and Sucre (San Onofre).

At 31 December 2019 and 2018, there were no restrictions on the ownership of the Group's biological assets or contractual commitments for their development or acquisition and they had not been pledged as security for the repayment of debts.

NOTE 21: **FINANCIAL OBLIGATIONS**

Financial obligations at 31 December comprise:

	2019	2018
Foreign currency liabilities (1)	4,690,671	6,796,857
Local currency liabilities (1)	1,988,184	1,664,280
Finance lease liabilities (Note 22)	-	485,331
Other obligations (2)	20,283	47

Bank overdrafts (3)	6,716	30,626
Total financial obligations	**6,705,854**	**8,977,141**
Current	1,587,714	2,613,133
Non-current	5,118,140	6,364,008
Total financial obligations	**6,705,854**	**8,977,141**

(1) Financial obligations in local and foreign currency comprise both short and long-term loans taken by Group companies.

Below are the Group's main loans, at their nominal value, expressed in the original currency. Figures not expressed in millions (*).

Company	Category	Financial institution	Expiration	2019 (*)	2018 (*)
Cementos Argos S.A.	Foreign bank	Various (a)	2023	USD 600,000,000	USD 600,000,000
Cementos Argos S.A.	Foreign bank	Davivienda	2029	USD 80,000,000	-
Cementos Argos S.A.	Foreign bank	Scotia (**)	2020	USD 67,000,000	USD 87,000,000
Cementos Argos S.A.	Foreign bank	Colpatria (**)	2020	USD 66,000,000	USD 90,000,000
Odinsa S.A.	Foreign bank	Santander España (g)	2021	USD 54,300,000	-
Cementos Argos S.A.	Foreign bank	Banco de Bogotá Miami (**)	2020	USD 52,000,000	USD 5,500,000
Cementos Argos S.A.	Foreign bank	ING Bank (b)	2020	USD 50,000,000	USD 100,000,000
Odinsa S.A.	Foreign bank	Banco de Bogotá N.Y. (g)	2022	USD 35,000,000	-
Cementos Argos S.A.	Foreign bank	Banco de Bogotá NY (**)	2020	USD 30,000,000	USD 65,600,000
Odinsa S.A.	Foreign bank	Bladex S.A (**)	2022	USD 30,000,000	USD 30,000,000
Odinsa S.A.	Foreign bank	Davivienda Miami	2029	USD 30,000,000	-
Odinsa S.A.	Foreign bank	Massachusetts Mutual Life Insurance Company	2033	USD 26,900,425	USD 28,191,291
Celsia S.A.	Foreign bank	Banco General de Panamá	2023	USD 25,348,554	-
Odinsa S.A.	Foreign bank	European Investment Bank (BEI)	2024	USD 21,873,600	USD 28,215,040
Odinsa S.A.	Foreign bank	Inter-American Development Bank (IDB)	2024	USD 21,873,600	USD 28,215,040
Odinsa S.A.	Foreign bank	Banco de Desarrollo de América Latina (CAF)	2024	USD 20,262,375	USD 26,136,700
Odinsa S.A.	Foreign bank	Davivienda Miami	2022	USD 20,000,000	-
Celsia S.A.	Foreign bank	Banistmo S.A. (**)	2020	USD 14,478,000	USD 15,000,000
Odinsa S.A.	Foreign bank	Sun Life Assurance Company of Canada	2033	USD 17,933,616	USD 18,794,119
Cementos Argos S.A.	Foreign bank	Sumitomo	2020	USD 17,000,000	-
Odinsa S.A.	National Bank	Banco Itaú Corpbanca (**)	2020	USD 15,000,000	USD 15,000,000
Odinsa S.A.	Foreign bank	Banco de Bogotá N.Y. (g)	2021	USD 15,000,000	-
Celsia S.A.	Foreign bank	Banco Panamá	2023	USD 14,358,308	USD 39,706,862
Odinsa S.A.	Foreign bank	Bancolombia Puerto Rico (g)	2020	USD 13,290,549	-
Cementos Argos S.A.	Foreign bank	BCI Miami Branch	2020	USD 13,000,000	-
Odinsa S.A.	Foreign bank	Banco de Crédito del Perú (g)	2020	USD 11,600,000	-
Odinsa S.A.	Foreign bank	Proparco	2024	USD 9,765,000	USD 12,596,000
Celsia S.A.	Foreign bank	Banco Davivienda	2023	USD 9,700,000	-
Odinsa S.A.	Foreign bank	Santander Negocios Colombia (g)	2020	USD 9,560,593	-
Celsia S.A.	Foreign bank	Banco Central Honduras	2023	USD 8,196,253	-
Cementos Argos S.A.	Foreign bank	BCP	2020	USD 8,000,000	-
Odinsa S.A.	Foreign bank	AIB Bank N. V	2033	USD 7,801,123	USD 8,198,460
Celsia S.A.	Foreign bank	Leasing Banistmo	2029	USD 5,418,323	-
Celsia S.A.	Foreign bank	Banco General S.A. (**)	2020	USD 4,824,000	USD 13,300,000
Odinsa S.A.	Foreign bank	Banco de Bogotá N.Y. (g)	2020	USD 1,200,000	-
Odinsa S.A.	Foreign bank	Banco BHD Leon	2021	USD 129,037	USD 191,859
Cementos Argos S.A.	Foreign bank	Citibank NA (c)	2020	-	USD 100,000,000

Opain S.A.	Foreign bank	Sumitomo Mitsui Banking (h)	2025	-	USD 98,750,000
Celsia S.A.	Foreign bank	Banco Santander (d)	2023	-	USD 90,000,000
Odinsa S.A.	Foreign bank	Santander España (g)	2019	-	USD 67,300,000
Opain S.A.	Foreign bank	BNP Paribas (h)	2025	-	USD 59,250,000
Opain S.A.	Foreign bank	Itaú Chile (h)	2025	-	USD 59,250,000
Opain S.A.	Foreign bank	HSBC Bank USA (h)	2025	-	USD 58,744,683
Odinsa S.A.	Foreign bank	Itaú Unibanco S.A. (f)	2022	-	USD 50,028,780
Odinsa S.A.	Foreign bank	Bancolombia Panamá S.A. (f)	2022	-	USD 43,000,000
Opain S.A.	Foreign bank	Bancolombia Panamá (h)	2025	-	USD 31,600,000
Grupo Argos S.A.	Foreign bank	Sumitomo	2019	-	USD 31,000,000
Cementos Argos S.A.	Foreign bank	MUFG	2019	-	USD 30,000,000
Odinsa S.A.	Foreign bank	Banco Davivienda Panamá S.A. (f)	2022	-	USD 25,800,000
Odinsa S.A.	Foreign bank	Banco de Crédito del Perú (f)	2022	-	USD 25,800,000
Odinsa S.A.	Foreign bank	Banco de Bogotá Panamá (f)	2022	-	USD 22,360,000
Opain S.A.	Foreign bank	ING Capital LLC	2025	-	USD 20,255,317
Odinsa S.A.	Foreign bank	Banco de Bogotá N.Y. (g)	2019	-	USD 17,000,000
Odinsa S.A.	Foreign bank	JP Morgan	2019	-	USD 17,000,000
Odinsa S.A.	Foreign bank	Bancolombia Puerto Rico (g)	2019	-	USD 14,790,549
Cementos Argos S.A.	Foreign bank	Citibank (c)	2020	-	USD 8,000,000
Odinsa S.A.	National Bank	Santander Negocios Colombia (g)	2019	-	USD 8,000,000
Cementos Argos S.A.	Foreign bank	Citibank PLC London	2019	-	USD 7,961,783
Cementos Argos S.A.	Foreign bank	Bank Popular (c)	2021	-	USD 3,590,000
Odinsa S.A.	Foreign bank	Davivienda Miami	2019	-	USD 3,194,000
Odinsa S.A.	Foreign bank	Banco de Crédito del Perú (g)	2019	-	USD 1,000,000
Opain S.A.	National Bank	Bancolombia S.A. (**) (h)	2026	COP 315,061,685,999	COP 323,719,734,499
Grupo Argos S.A.	National Bank	Bancolombia (i)	2023	COP 385,700,000,000	COP 460,000,000,000
Odinsa S.A.	National Bank	Banco de Bogotá	2026	COP 250,000,000,000	-
Celsia S.A.	National Bank	Banco de Occidente S.A. (**)	2028	COP 168,189,308,125	COP 177,079,649,710
Cementos Argos S.A.	National Bank	Bancolombia (**)	2021	COP 150,000,000,000	COP 150,000,000,000
Odinsa S.A.	National Bank	Banco de Bogotá (e)	2029	COP 109,155,600,000	-
Celsia S.A.	National Bank	Bancolombia (**)	2031	COP 96,319,278,660	COP 50,000,000,000
Odinsa S.A.	National Bank	Banco Davivienda (e)	2029	COP 83,443,800,000	-
Odinsa S.A.	National Bank	Banco de Bogotá (e)	2020	COP 56,000,000,000	-
Odinsa S.A.	National Bank	Banco Popular (e)	2029	COP 54,637,800,000	-
Grupo Argos S.A.	National Bank	Banco de Bogotá (i)	2022	COP 52,500,000,000	-
Odinsa S.A.	National Bank	Bancolombia (e)	2029	COP 41,420,400,000	-
Celsia S.A.	National Bank	Banco Popular (**)	2020	COP 40,000,000,000	COP 50,000,000,000
Grupo Argos S.A.	National Bank	Banco Popular (i)	2022	COP 40,000,000,000	-
Celsia S.A.	National Bank	Citibank	2020	COP 40,000,000,000	-
Odinsa S.A.	National Bank	Banco de Occidente (e)	2029	COP 35,342,400,000	-
Odinsa S.A.	National Bank	Banco Popular	2021	COP 30,156,821,918	-
Grupo Argos S.A.	National Bank	Bancolombia (i)	2022	COP 19,500,000,000	-
Odinsa S.A.	National Bank	Banco AV Villas (**)	2020	COP 14,995,512,006	COP 14,995,512,006
Celsia S.A.	National Bank	Banco de Bogotá S.A. (**)	2021	COP 115,759,613	COP 58,384,084,458
Grupo Argos S.A.	National Bank	Banco de Bogotá (i)	2021	-	COP 185,000,000,000
Celsia S.A.	National Bank	Banco BBVA	2026	-	COP 130,928,447,040
Odinsa S.A.	National Bank	Banco Davivienda	2019	-	COP 92,993,396,334
Grupo Argos S.A.	National Bank	Banco Popular (i)	2020	-	COP 73,000,000,000
Celsia S.A.	National Bank	Banco Davivienda	2027	-	COP 64,467,605,862
Celsia S.A.	National Bank	Banco AV Villas	2019	-	COP 35,000,000,000
Odinsa S.A.	National Bank	Banco Itaú Corpbanca	2019	-	COP 34,000,000,000
Odinsa S.A.	National Bank	Financiera Desarrollo Nacional	2019	-	COP 30,000,000,000

Grupo Argos S.A.	National Bank	Banco Itaú Corpbanca (i)	2020	-	COP 20,000,000,000
Grupo Argos S.A.	National Bank	Bancolombia (i)	2019	-	COP 15,000,000,000
Odinsa S.A.	National Bank	Leasing Bancolombia	2026	-	COP 14,437,337,614
Odinsa S.A.	National Bank	Bancolombia	2019	-	COP 9,149,799,168
Odinsa S.A.	National Bank	Banco Santander	2019	-	COP 5,105,735,164
Total financial obligations in dollars				**1,426,813,356**	**2,105,320,483**
Total financial obligations in Colombian pesos				**1,982,538,366,321**	**1,993,261,301,855**

The value of financial obligations in Colombian pesos includes, for the year 2018, certain obligations for financial leases of the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.).

(**) The term of these loans was renewed.

(a) Loan in which a syndicated group of banks, whose administrative agent is Itaú Corpbanca, and Argos North America Corp as debtor, participate, guaranteed by Cementos Argos S.A. and Argos USA LLC. The lead arrangers were BNP Paribas, Itaú Corbanca, JPMorgan and Bank of America. The initial amount of the loan was USD 600 million, with a total term of 5 years. The use of the resources was the repayment of existing debt of Argos North America Corp. This contract has the following financial commitments:

- Net Debt/EBITDA + dividends 12 months less than 4.5 times until March 2020 and 4.0 times from June 2020 onwards.
- EBITDA/Financial Expenses Indicator greater than 2.50 times.

The net debt and EBITDA used for the calculation of the above-mentioned indicators are subject to the conditions of the credit agreement with the financial institution and may differ from the accounting results.

(b) The long-term bilateral credit with ING Bank for USD 100 million, whose debtor is Argos USA LLC, was used for the replacement of financial liabilities. The following financial commitments were established:

- Net Debt/EBITDA + Dividends Indicator 12 months less than 4.5 times
- EBITDA/Financial expenses indicator greater than 2.50 times.

The net debt and EBITDA used for the calculation of the above-mentioned indicators are subject to the conditions of the credit agreement with the financial institution and may differ from the accounting results.

(c) During the period, the long-term bilateral credit with Citibank for USD 100 million and whose debtor is Argos USA LLC and Argos Puerto Rico's credits with Citibank and Bank Popular for USD 8 million and USD 3.6 million, respectively, were prepaid within the company's debt recomposition program.

(d) Corresponds to a loan maintained by the company Zona Franca Celsia S.A. E.S.P., which was disinvested by Celsia S.A. (formerly Celsia S.A. E.S.P.), a subsidiary of Grupo Argos, in September 2019. (Note 19 Subsidiaries)

(e) In December 2019, Odinsa S.A., subsidiary of Grupo Argos, acquired the control of Túnel Aburrá Oriente S.A., company that presents the related financial obligations. (Note 42 Business combinations).

(f) These loans were used by Odinsa S.A. for the investment in Corporation Quiport S.A., its early settlement is made with resources obtained through the payment of profits and subordinated debts, made by this company to its partners.

(g) These loans had the following modifications during the period:

- For the loan with Banco de Bogotá New York a payment of USD 2 million was made and a renewal of the term for an amount of USD 15 million. Additional loans were acquired for USD 1.2 million and USD 35 million.
- The loan of USD 1 million with Banco de Crédito de Perú was renewed and an additional loan of USD 10.6 million was acquired.
- The loan with Bancolombia Puerto Rico was paid out for USD 1.5 million and the term was renewed for USD 13.3 million.
- For the loan to Santander España a partial payment was paid for USD 13 million and the term was renewed for USD 54.3 million.

- The loan of USD 8 million with Santander Negocios Colombia was renewed and an additional credit of USD 1.6 million was acquired.

(h) The financial obligations owed by Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S.A., were paid in full with the resources from the private issue of structured notes made by the company in August 2019 for a total of USD 415 million.

In December 2019, the company signed a credit agreement with Bancolombia S.A., under which the previous obligations were replaced, increasing the term of the debt to December 2026 and changing the interest rate from BRI+3.15% to CPI+3.43%. The terms and conditions of this loan were matched to those contained in the structured notes issued.

(i) With the bond issue made in August 2019 by Grupo Argos, the disbursement of new loans and the use of equity, the company covered the maturity of its obligations in 2019 and the prepayment of various bank loans held by the Group.

(2) In 2019 includes mainly availability in a credit line of our subsidiary Honduras S.A. de CV with Banco Atlántida for payment of taxes at 60 days with an interest rate of 0%.

(3) At the end of 2018 corresponds mainly to overdrafts of the subsidiaries in Honduras for $0 (2018 $22,188), and Vensur N. V. for $6,716 (2018 $8,438).

At the end of 2019 and 2018, all the requirements of the credit agreements that the Group has in force are met, namely:

- Caribbean Infrastructure Company: In 2018, some financial covenants of the financing contract were not fulfilled, due to the fact that until November the project availability certificate was obtained, generating a delay in the payment of the consideration by the government. This situation was corrected through the signature of a legal waiver that allowed the application of the equity cure, figure included in the contract by which Odinsa as a partner committed to deliver the necessary resources to meet the debt service payments, operating expenses and resources required for the reserve accounts.

  For the four quarters of 2019, the result of the calculation of the Debt Service Coverage Ratio (DSCR), stipulated in the Credit Agreement, was below the required. This situation was remedied through the signing of a waiver with the lenders, by which they waive the effects established in the Credit Agreement against the results of the measurement of this indicator during 2019.

- Boulevard Turístico del Atlántico: On 31 December 2018, amendments to the main financing contracts were signed and with these amendments the default situation under which the concession was in place was remedied. Some of the most important modifications made with the signing of these amendments include an extension of the Project Completion milestone until 31 March 2019. Additionally, the calculation date of the Debt Coverage Service Ratio was modified, defining March and September of each year as the new calculation date; the last 4 previous quarters are taken into account for such calculation.

Likewise, during the reported periods, the Group did not present defaults on payment of principal or interest on financial liabilities and/or loans payable.

NOTE 22: **LEASES**

22.1 Leases as a lessee

22.1.1 Lease arrangements

In the ordinary course of business, the Group enters into leases of land, buildings, heavy machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as leased assets in the consolidated financial statements, except for those leases which have a term of less than 12 months or the underlying asset of the new lease is less than $3,500 for operating assets and $5,000 for administrative assets. The terms of the most significant non-cancellable leases range from 12 years for land leases, 1-10 years for buildings and 1 to 5 years for vehicles.

In addition, there are no significant lease arrangements that stipulate significant restrictions on dividend distribution, additional debt or new leases, nor are there significant contingent fees, renewal options or escalation clauses.

As of 31 December 2019, most of the recognized real estate leases are linked to the consumer price index of each jurisdiction in which they were entered into. Few leases are referenced to reference rates or payments that vary to reflect changes in market rental prices.

22.1.2 Right-of-use lease assets and liabilities

The balance of right-of-use lease assets and liabilities comprises:

	Right-of-use lease assets						
	Adoption IFRS 16 Balance as at 1 January 2019	Reclassifications to IFRS 16 as at 1 January 2019	Additions	Depreciation	Other changes	Final balance	Ending balance of lease liabilities
Land	149,589	(68,439)	5,260	(10,196)	(6,989)	69,225	137,670
Constructions and buildings	207,753	74,855	21,836	(36,690)	487	268,241	271,459
Machinery and production equipment	158,073	92,642	19,470	(44,135)	(10,725)	215,325	135,453
Office and communication equipment	-		-	-	-	-	-
Mines, quarries and ore deposits	-		-	-	-	-	-
Ground transportation equipment	474,270	10,762	8,985	(95,441)	(9,178)	389,398	391,796
River fleet	134,730		-	(13,526)	1,161	122,365	124,209
Aqueduct, networks and communication routes	2,447		-	(288)		2,159	2,294
Other assets	-	3,734	1,004	(117)	(5)	4,616	-
Right-of-use assets (liabilities), net	**1,126,862**	**113,554**	**56,555**	**(200,393)**	**(25,249)**	**1,071,329**	**1,062,881**

The contractual cash flows of lease liabilities classified by maturity at 31 December are:

	2019
One year or less	214,577
1 to 3 years	396,911
3 to 5 years	253,618
5 to 10 years	324,521
More than 10 years	92,111
Total contractual cash flows from lease liabilities	**1,281,738**
Effect of discounting lease liabilities	(218,857)
Total lease liabilities	**1,062,881**
Current	164,605
Non-current	898,276
Total lease liabilities	**1,062,881**

22.1.3 Items recognized in the statement of income and cash flows from leases

2019, leases under IFRS 16	
Interest expense on lease liabilities	59,950
Variable lease payment expense and changes in estimates	(2,506)
Expenses related to short-term leases	25,741
Expenses related to low value asset leases	6,021
Cash flows from leases	263,035

2018, operating leases under IAS 17	296,118
Leasing costs	296,118

22.1.4 Renewal options

Most of the Group's leases contain renewal options that can be exercised by the Group to extend the lease term from one year to 20 years, that can be exercised up to one year before the end of the non-cancellable period of the lease. Generally, the Group can exercise these renewal options because of the financial and operating facilities they provide. Renewal options are only exercisable by the Group and not by the lessor. The Group assesses at the commencement date of the lease whether it is reasonably safe to exercise the renewal options and considers them in determining the lease term. The Group reassesses whether it is reasonably safe to exercise the options if there is a significant event or change in the circumstances under its control.

22.2 Leases as a lessor

22.2.1 Financial leases

The Group does not have any lease arrangements in which it acts as the lessor.

22.2.2 Operating leases

The Group enters into lease arrangements as lessor mainly on land, buildings and constructions such as: commercial premises, warehouses, apartments and houses; machinery and operating and fleet equipment and transport equipment. All leases are classified as operating leases from the lessor's perspective.

The future minimum rights of non-cancellable operating leases by year ranges and in total, consist of the following:

2019, leases under IFRS 16	
1 year or less	221,239
Between 1 and 2 years	185,350
Between 2 and 3 years	165,992
Between 3 and 4 years	137,837
Between 4 and 5 years	124,613
5 years or more	235,296
Non-cancelable operating lease rights	**1,070,327**

Lease income recognized by the Group during 2019 was $362,799 (2018 $352,329).

NOTE 23: **EMPLOYEE BENEFITS LIABILITIES**

	2019	2018
Post-Employment Benefits	479,483	462535
Short-term employee benefits	181,952	176,917
Termination benefits	24,471	36,533
Long-term employee benefits	3,324	724
Share-based payment liabilities	2,115	-
Total employee benefits	**691,345**	**676,709**
Current	250,091	241,141
Non-current	441,254	435,568
Total employee benefits	**691,345**	**676,709**

23.1 Post-Employment Employee Benefits

The Group's employee benefit plans vary according to the local requirements of the countries and the obligations acquired by the subsidiaries in the labor conventions in force (according to the type of employee and the duration of these within the organization).

The actuarial valuation of plan assets and the present value of the defined benefit obligation is performed annually by independent actuarial consultants. The present value of the defined benefit obligation and the current service cost and related past service cost were measured using the projected credit unit method.

The Group's employees belong to a public retirement benefit plan managed by the Government, or a private pension fund, which are accounted for as defined contribution plans. The Group covers its pension obligation through the payment of contributions to the Government and/or private pension funds under the terms and conditions provided by law. In such cases, the Group's obligation is limited to the contributions made to such funds. The benefits for which the Group assumes the full obligation under the plan are accounted for as defined benefit plans.

The amount included in the consolidated statement of financial position arising from the entity's obligation with respect to post-employment benefit plans and the changes in the present value of the post-employment benefit obligation in the current and prior years are presented below:

	2019	2018
Present value of obligations at 1 January	**487,508**	**498,933**
Cost of current service	5,735	6,950
Interest cost on defined benefit obligation	31,292	31,717
New defined benefit plan measures net of contributions	5,534	(2,433)
Actuarial gain (loss) from changes in:		
Experience	2,540	8,364
Financial assumptions	25,010	(6,109)
Demographic assumptions	(56)	(366)
Exchange rate difference	(18)	2,777
Benefits paid directly by the Group	(42,160)	(55,230)
Benefits paid from the asset fund	(6,669)	-
Other changes	860	2,905
Present value of obligations at 31 December	**509,576**	**487,508**
Fair value of plan assets at 1 January	**48,119**	**21,623**
"Risk-free" interest income	1,334	650
Return on plan assets, excluding interest	5,686	(188)
Contributions made to the plan by the Group	22,504	22,344
Payments made by the plan	(7,850)	633
Exchange rate difference due to translation	69	-
Other changes	(7,006)	3,057
Fair value of plan assets at 31 December	**62,856**	**48,119**
Net present value of liabilities at 31 December	**446,720**	**439,389**
Average duration of defined benefit obligation	9,3	9,1
Present value of obligations at 31 December	**446,720**	**439,389**
Defined contribution plan liabilities and other reclassifications	32,763	23,146
Post-Employment Benefits	**479,483**	**462,535**

The fair value of plan assets is contributed to private investment funds which in turn invest these resources in a diversified portfolio that may include cash and cash equivalents and investment funds.

Defined contribution plan expense at 31 December 2019 was $98,281 (2018 $89,588). Short-term payables for pension fund contributions and severance payments amount to $27,560 (2018 $22,839).

The best estimate of the contributions expected to be paid to the plan during the next financial year is $71,053 (2018 $67,987).

The Group uses the resources from its working capital to implement the defined benefit plans. The allocation of these resources does not affect the Group's operations.

At 31 December 2019 and 2018, the Group has no reimbursement rights related to obligations under defined benefit plans.

The Group's main defined benefit plans are:

23.1.1 Pension plans, pension bonds and securities

Retirement benefits for the companies of Grupo Argos S.A., Cementos Argos S.A. and Celsia S.A. (formerly Celsia S.A. E.S.P.)

In accordance with the Colombian Labor Code, Group employees are entitled to a pension benefit which, depending on the system to which they belong, is payable by each of the companies directly (defined benefit plans) or by a public pension fund, Colpensiones, formerly Instituto de Seguros Sociales, or private (defined contribution plans).

Pension benefits granted to employees not belonging to a fund are accounted for as unfunded defined benefit plans, in which case the Group must pay the retirement pensions or issue pension bonds to its employees or beneficiaries who meet the requirements as to age and length of service established in the agreements.

The retirement benefit is equal to 75% of the average monthly salary, payable for life, subject to the following limits:

a) Minimum payment equal to the minimum monthly wage.
b) Maximum payment equal to 25 minimum monthly salaries for Grupo Argos S.A. and Cementos Argos S.A., and 20 minimum monthly salaries for Celsia S.A. (formerly Celsia S.A. E.S.P)

In addition, two additional payments are made for employees who retired before 25 July 2005, one payment being made in June and another in December. For those who retire after that date, the additional payment is only made in December except for participants who receive less than 3 Minimum Wages. After 31 July 2011, all participants who retire are not eligible for the June payment, and therefore, receive only 13 annual payments.

When the participant expects to receive benefits under the Colpensiones, these benefits are deducted from the benefits payable by the Group plan, thereby reducing the Group's obligation. Pensions in payment increase in accordance with inflation. When a participant receives a pension equal to the minimum wage, the pension increases in accordance with increases in the minimum wage.

Roberta Plant Pension Plan (Alabama) - United States

For all of our employees in the United States, we fund a 401(k)-retirement savings plan, which is accounted for as a defined contribution plan.

For a group of hourly compensated employees of the Roberta plant located in Alabama, United States, who meet a specific enrollment date and are represented by United Steelworkers International Union # 9-537, there is a retirement plan attached to the collective labor convention.

The normal retirement benefit is applicable to those who have reached the age of 65 as of their retirement date, effective 21 May 2011, in the form of a monthly annuity payable for life (or other optional forms to be elected prior to retirement). The normal and special early retirement benefit is applicable to employees who are 55 years of age or older and under 65 years of age and who have at least 5 years of service but less than 30 years of service, or who have 30 or more years of continuous service regardless of age, with some restrictions and reductions in the value of the pension applied to the latter.

In addition, the following benefits are provided to plan employees: termination payments, disability benefit and death benefit upon completion of certain years of service.

Pension Gap at Retirement Benefit

This benefit consists of the granting of a single premium at the time of separation from the entity to enjoy the old-age pension, the value of which corresponds to the money needed to close the executive's pension gap. This benefit currently has contributions in private pension funds that will be used only when the requirements for obtaining the benefit are met.

Pension bonds and securities plan - Colombia

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Group, through its subsidiary Cementos Argos S.A., has issued pension securities, Type A Modality 2 Pension Bond and Type A Modality 1 Pension Bond. This obligation applies to certain areas where Colpensiones, formerly Instituto de Seguros Sociales, did not have pension coverage prior to 1994.

The benefit is granted at the time of retirement from the company until the time the participant retires from the Colombian Social Security system. In this period, the company makes contributions to the social insurance system on behalf of the employee. The Pension Bonds and Titles constitute resources destined to contribute to the conformation of the necessary capital to finance the pensions of the affiliates of the Colombian General Pension System.

In addition, the defined benefit obligation for retirement pensions includes the employees of Industrial Hullera S. A., in liquidation, as a result of the pension liability normalization process in which the Group definitively assumes the proportion of the obligation that corresponds to it according to the Official Letter of 9 October 2012, issued by the Ministry of Labor.

23.1.2 Seniority and severance plans

Retroactive Severance Plan - Colombia

In accordance with Colombian labor regulations, employees who were employed before Law 50 of 1990 came into force are entitled to receive, upon termination of the employment contract, one month's salary in effect for each year of service and proportionally for a fraction of the year as severance assistance, for any cause that terminates the employment, including: retirement, disability, death, etc. The benefit is settled at the time of the employee's retirement based on the last salary earned. There may be distributions prior to the retirement date at the employee's request, which are not mandatory distributions.

Retroactive severance of employees who entered into labor contracts before the effective date of Law 50 of 1990 are accounted for as unfunded defined benefit plans.

With the entry into force of Law 50 of 1990, the Colombian government allowed companies, subject to employee approval, to transfer their severance obligation to private pension funds.

The severance of all workers who entered into labor contracts after Law 50 of 1990 came into force and of former workers who availed themselves of this system, are accounted for as a defined contribution plan.

Seniority Premium Plan and Severance Fund - Panama

In accordance with the labor regulations of the Republic of Panama, any employee on a permanent employment contract who retires from the company for any reason and regardless of his age or years of service at the date of retirement, is recognized with an amount of money equivalent to the average weekly salary in the last five years of service or the entire period of service if this is less than five years for each year and fraction of year of service that the employee has at retirement.

On the other hand, as from 1995, Law 44 of 1995 introduced the Labor Code the obligation of the employer to establish a trust through a pension fund administrator, which guarantees the employee with the payment of a Seniority Premium obligation and the indemnifications for unjustified dismissal called the Severance Fund, which is considered, for the purposes of the valuation of the commitment, as the asset that supports the payment of the Seniority Premium.

Severance Assistance Plan - Honduras

According to the provisions of the Honduran Labor Code, compensation accruing to company employees may be paid in the event of unjustified dismissal or death at the rate of one month's salary for each year of continuous service with a maximum of 25 years; however, it is the company's policy to pay such compensation to its employees, even if they have resigned.

For unionized personnel, the payment is 100% of the benefits (severance and notice). For voluntary retirement of trusted personnel, the amount is recognized from 40% of the benefits after one year to 110% of the benefits after 5 years of service, the amount being determined based on the years of service of the employee who establishes the percentage of the benefit.

23.1.3 Other defined benefit plans

Plan for dental care, education, death and others - Colombia

For retired employees in Colombia, through the subsidiary Cementos Argos, a death benefit is granted, which is increased in accordance with the Consumer Price Index (CPI), equivalent to five times the current legal monthly minimum wage (SMMLV). For retired employees of the Valle plant in Colombia, through the Cementos Argos subsidiary, educational assistance is provided until death and for the children of retirees until they reach 25 years of age. The beneficiary receives the amount regardless of the worker's survival. Each year the benefit is increased in accordance with the Consumer Price Index (CPI), as well as dental assistance until death, provided they formally request the service, with an annual increase in accordance with the Consumer Price Index (CPI).

Retirement bonus for Cementos Argos S.A. companies

For employees covered by any of the collective labor conventions, when a worker's contract is terminated due to recognition of retirement, disability or old age pensions, a bonus equivalent to 5 minimum monthly salaries in force is granted.

Death benefit

In the event of death after retirement, the beneficiary receives 100% of the pension. The beneficiary or beneficiaries are those established by legal provisions.

An additional benefit is granted to participants who do not receive benefits from Colpensiones, which consists of a single payment equal to the participant's monthly pension, subject to the following limits:

a) Minimum payment of 5 minimum monthly wages.
b) Maximum payment of 10 minimum monthly wages.

Social Security Contribution Benefit

Corresponds to a post-retirement benefit in addition to the statutory pension plan (retirement benefit), in which the Group assumes the payment of health contributions to social security entities. The beneficiary or beneficiaries are those established by legal provisions.

Sensitivity analysis and main actuarial assumptions

The following is a sensitivity analysis for the actuarial assumption of a discount rate for defined benefit plans as:

	Defined benefit plans	
	2019	**2018**
Change in discount rate		
Increase in discount rate by +1%	(32,573)	(41,920)
Decrease in the discount rate by -1%	43,977	26,621
Basis of the obligation	**509,576**	**487,507**

The basis of the obligation on which the sensitivity analysis is performed does not include primarily plan assets of $62,856 (2018 $48,119), or short-term payables for pension fund contributions and severance payments of $27,560 (2018 $22,839).

The methods used to perform the sensitivity analysis presented correspond to the projected credit unit method at the end of the reporting period, which is the same as the one applied in the calculation of the defined benefit obligation liability recognized in the statement of financial position. There have been no changes in the methods used to perform the analyses.

The main actuarial assumptions used to determine the obligations for the defined benefit plans of the Group companies are as follows:

	2019	**2018**
Inflation rate (%)	3.20%-3.50%	3.20%-3.53%
Discount rate (%)	6.25%-7.33%	6.87%-7.59%

Minimum wage increase (%)	4.40%-4.93%	3.24%-4.20%

The actuarial assumptions are presented by percentage ranges, taking the information from each of the Group companies. The mortality rate is based on publicly available mortality tables for the specific countries of each of the Group companies.

Disclosure on Defined Benefit Plans required by the Decree 2131 of 2016.

On December 23, 2015, the Ministry of Commerce, Industry and Tourism issued Decree 2496, which amended Decree 2420 of 2015 on Accounting, Financial Reporting and Information Assurance Standards in the Republic of Colombia. The Decree established provisions on the parameters for determining post-employment benefit liabilities, specifically establishing that the parameters established in Decree 2783 of 2001 would be used as the best market approximation in estimating liabilities for pension plans and for pension bonds and securities.

For the period of 2016, Decree 2131 of 22 December 2016 abolished the requirement to apply these assumptions for the measurement of post-employment benefits; they continue to be applicable only for financial reporting purposes.

As required by Decree 2131 of 2016, the principal assumptions used for purposes of actuarial valuations in accordance with Decree 1625 of 2016 and partial pension commutations of Decree 2833 of 2016, are as follows:

	2019	2018
Inflation rate (%)	3.91%	5.09%
Discount rate (%)	4.80%	4.80%
Minimum wage increase (%)	3.91%	5.09%

Below is the difference between the calculation of defined benefit plans and pension commutations, under the methodology described in decree 2131 of 2016 and the methodology applicable to comply with the Technical Regulatory Framework applicable in Colombia, as of 31 December:

	Assumptions Employee Benefits (IAS 19)	Assumptions Decree 1625 of 2016 (Decree 2131 of 2016)	Difference
Present value of defined benefit plan obligations at 31 December 2019	399,765	327,193	72,572
Present value of defined benefit plan obligations at 31 December 2018	389,557	340,834	48,723

This comparison only includes post-employment benefit plans that correspond to pension liabilities recognized by companies in Colombia.

23.2 Short-term employee benefits

The Group records short-term employee benefits such as salary, vacation, bonuses, extralegal premiums, collective life insurance, health insurance, death benefits, education, eyeglasses and contact lenses, daycare and education, marriage, language courses directly to income.

NOTE 24: **PROVISIONS**

The balance of the provisions, at 31 December, comprises:

	Lawsuits, claims and other contingencies (1)	Dismantling (2)	Environmental (3)	Onerous contracts (4)	Other Provisions (5)	Total
1 January 2019	**306,923**	**97,158**	**24,113**	**81,718**	**134,558**	**644,470**

Provisions made	43,719	1,800	1,113	-	54,995	101,627
Provisions used	(40,546)	(1,074)	(1,252)	-	(81,351)	(124,223)
Reversals made	(8,329)	(41)	(972)	-	(404)	(9,746)
Business combinations	1,339	-	-	-	-	1,339
Discount effect and discount rate adjustment	4,615	15,586	163	-	3,474	23,838
Loss of control of a subsidiary	(116)	-	-	-	-	(116)
Conversion effect	333	320	55	-	1,091	1,799
Other changes	(31)	687	-	(81,718)	16,619	(64,443)
31 December 2019	**307,907**	**114,436**	**23,220**	**0**	**128,982**	**574,545**
Current	300,318	7,145	10,956	-	17,734	336,153
Non-current	7,589	107,291	12,264	-	111,248	238,392
Total provisions	**307,907**	**114,436**	**23,220**	**0**	**128,982**	**574,545**

(1) The companies are involved in legal proceedings of various kinds, acting both as plaintiffs and defendants, and these proceedings are diligently handled by qualified lawyers hired by the Group. The disputes may be of a civil, administrative, criminal or tax nature; this type of lawsuit is that which arises in the ordinary course of business for any company of the size and complexity of the Group's operations and is likely to involve an outflow of resources.

The corresponding reserves for these proceedings have been estimated on the basis of criteria such as the nature of the proceedings, evidence presented, economic factors, the possible sentence projected, etc., to cover possible convictions or unfavorable decisions that may arise. We consider that the estimated time of completion of these proceedings ranges from three (3) to eight (8) years approximately.

The subsidiaries located in the United States are self-insured for workers' compensation claims up to USD 500 per incident, general liability claims up to USD 350 per incident and automotive claims up to USD 500 per incident and have insurance for values exceeding these amounts. The value recognized through expense for these claims is based on actual occurrences and management's estimate of liabilities resulting from each claim. Although the ultimate outcome of these claims cannot currently be determined, management believes that the amounts of $43,527 and $39,697 provided for these claims in the consolidated financial statements at 31 December 2019 and 31 December 2018, respectively, are adequate.

The balance of the provision for lawsuits, claims and other contingencies includes $196,949 (2018 $189,695) corresponding to the estimated provision for the legal proceeding under Anchicayá filed by the Afro-descendant community against Celsia Colombia S. A. E.S.P. (formerly Empresa de Energía del Pacifico S.A. E.S.P. -EPSA S.A. E.S.P.) which allegedly caused damage to the community by polluting the tributary (Anchicayá River) that was their main source of livelihood. In this regard, the Constitutional Court issued ruling SU-686 of 2015 declaring inadmissible the action for protection initiated by Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacifico S.A. E.S.P. -EPSA S.A. E.S.P.) and instead ordered the referral of the file to the Council of State - Third Section to resume the process of eventual review. On the occasion of this judicial decision, the Administrative Court of Valle del Cauca filed the second instance action it had previously carried out. As part of the eventual revision process, the company and the community representatives presented a request for a Judicial Conciliation Hearing.

(2) The companies are obliged to incur future costs for compliance with mining legislation, with respect to the exploitation of mineral resources, corresponding to the dismantling of assets and restoration of the environment where these assets were built, which is carried out at the time a mining operation is completed or a mining title expires, whichever is shorter.

Dismantling obligations have a maximum execution date of the expiration of the mining title, and therefore the disbursement of economic resources is estimated to be five years before the legal requirement. However, in some cases, where the operation of an area covered by a title that is still more than five years old has been completed, it is estimated that the provision will be disbursed within five years of the completion of the operation. In determining the best estimate for settlement, management considers the areas affected by mining, the mining schedule and the costs incurred in past dismantling operations.

(3) The Group is required to incur costs for environmental obligations related to forest compensation for quarrying and logging, costs for the removal and subsequent disposal of hazardous waste, specifically PCBs (polychlorinated biphenyls), previously stored.

For forest compensation, the Group has committed to settle its environmental obligations within a maximum period of five years or as indicated in the Resolution corresponding to each identified environmental liability. In determining the best estimate to be settled, management considers mainly financial variables and the costs of planting, isolation and maintenance for a period of four years.

The concession Autopistas del Café S.A. has the obligation to pay 1% of the value invested in the construction of the works, derived from the environmental license granted to the project, for the use of water resources in the development of the works. This obligation is paid to the Regional Autonomous Corporations of the departments where the works have been executed.

(4) The Group has entered into contracts in which the unavoidable costs of complying with the contractual obligations exceed the net income expected to be received from the contract. The onerous contract at 31 December 2019 and 2018 relates to non-cancellable leases.

In 2007, the Group, through its subsidiary Southern Equipment Company, Inc. merged into Argos USA LLC. (formerly Argos Cement LLC.), entered into a long-term operating lease arrangement for a plot of land in North Carolina, in Wilmington, NC, for the construction of a cement terminal and right-of-use of port facilities. The term of the lease is 25 years with two consecutive 10-year renewal options. The lease payments are USD62.5 per month for the first three years of the lease, with subsequent increases of 2.5% per year.

The Group is required to pay a minimum throughput payment based on the tons of cement unloaded. The Group agreed to a minimum throughput payment of USD725 for the first three years of the lease, with increases of 2.5% each year thereafter. At 31 December 2018, the Group recognized an onerous contract liability for the minimum lease payments considering that the parcel is not in operation, including the minimum throughput payment of $81,718, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, until that date the lease payments were recorded as a reduction of the onerous contract liability in the consolidated statement of financial position. Considering that the onerous contract arises from operating leases, in the initial application of IFRS 16 Leases at 1 January 2019, this value was reclassified as a decrease in the carrying amount of the asset for the right-of-use lease contract until it was reduced to zero, the surplus was recognized through retained profit as part of the impact of the transition to IFRS 16 Leases.

(5) Autopistas del Nordeste Cayman Ltda and Boulevard Turístico del Atlántico S.A., have a contractual obligation to perform major maintenance every 10 years to the concession roads, which includes pavement treatment, signaling and all maintenance procedures necessary to maintain a pavement index required by the state, and a road in optimal condition.

NOTE 25: **TRADE LIABILITIES AND OTHER PAYABLES**

Trade liabilities and other payables at 31 December correspond to:

	2019	2018
Domestic suppliers	1,131,159	1,161,028
Official creditors (1)	650,492	559,642
Dividends payable	209,451	168,638
overseas suppliers	124,221	114,627
Payables to related parties (Note 41) (2)	34,468	101,668
Related suppliers (Note 41)	452	61,629
Other payables	852,665	561,176
Total trade liabilities and other payables	**3,002,908**	**2,728,408**
Current	2,734,393	2,449,899
Non-current	268,515	278,509
Total trade liabilities and other payables	**3,002,908**	**2,728,408**

(1) Corresponds mainly to payables to the Agencia Nacional de Infraestructura, ANI and Aerocivil.

(2) Includes dividends payable to related parties for $20,018 (2018 $18,802).

The Group has average credit periods for company purchases of 30 days for service obligations and between 30 and 90 days for commercial obligations. The Group has implemented financial risk management policies to ensure that all payables are paid in accordance with the previously agreed credit terms.

For presentation purposes, changes were made to the Group's comparative figures (Note 5 Reclassification of items in the financial statements).

NOTE 26: **BONDS AND COMPOUND FINANCIAL INSTRUMENTS**

	2019	2018
Bonds in circulation (i)	8,457,746	7,451,746
Structured notes (ii)	1,259,850	-
Liability for Preferential shares classified as debt (iii)	72,663	68,543
Total bonds and compound financial instruments	**9,790,259**	**7,520,289**
Current	951,924	665,719
Non-current	8,838,335	6,854,570
Total bonds and compound financial instruments	**9,790,259**	**7,520,289**

The Group maintains an obligation of $8,410,397 (2018 $7,419,423) according to its nominal values, corresponding to ordinary bond issuance.

(i) Details of the conditions of the bonds issued are as follows:

Issuer	Placement date	Term	Rate	Currency	Current nominal value (*) 2019	2018
Alternegy (1)	Dec-17	10 years	LIBOR 3M + 4.5%	USD	287,480,000	306,560,000
Autopistas Del Nordeste (Cayman) Limited (2)	Feb-6	18 years	9.39%	USD	108,910,819	127,514,426
Bahía Las Minas (3)	Jan-10	10 years	LIBOR + 3%	USD	11,859,484	11,859,484
Bahía Las Minas (3)	Jan-10	12 years	LIBOR + 3.25%	USD	26,315,358	26,315,358
Bahía Las Minas (3)	May-10	10 years	LIBOR + 3.25%	USD	15,250,000	15,225,803
Celsia S.A. (4)	Dec-13	6 years	CPI + 4.30% EAR	COP	-	263,650,000,000
Celsia S.A. (4)	Dec-13	12 years	CPI + 5.00% EAR	COP	240,650,000,000	240,650,000,000
Celsia S.A. (4)	Dec-13	20 years	CPI + 5.33% EAR	COP	212,080,000,000	212,080,000,000
Cementos Argos S.A.	Apr-9	15 years	CPI + 7.19%	COP	229,530,000,000	229,530,000,000
Cementos Argos S.A.	Apr-9	10 years	CPI + 6.30%	COP	-	70,350,000,000
Cementos Argos S.A.	May-12	15 years	CPI + 4.50%	COP	303,082,000,000	303,082,000,000
Cementos Argos S.A.	May-12	10 years	CPI + 4.24%	COP	299,896,000,000	299,896,000,000
Cementos Argos S.A.	Nov-14	15 years	CPI + 4.21	COP	311,707,000,000	311,707,000,000
Cementos Argos S.A.	Nov-14	10 years	CPI + 3.80	COP	190,675,000,000	190,675,000,000
Cementos Argos S.A. (5)	Apr-16	15 years (2)	CPI + 4.47	COP	184,157,000,000	184,157,000,000
Cementos Argos S.A. (5)	Apr-16	10 years (2)	CPI + 4.19	COP	121,075,000,000	121,075,000,000
Cementos Argos S.A. (5)	Apr-16	5 years (2)	CPI + 3.74	COP	94,768,000,000	94,768,000,000
Cementos Argos S.A. (6)	May-17	25 years	CPI + 3.99%	COP	400,500,000,000	400,500,000,000
Cementos Argos S.A. (6)	May-17	13 years	CPI + 3.64%	COP	388,145,000,000	388,145,000,000
Cementos Argos S.A. (6)	May-17	6 years	6.65%	COP	211,355,000,000	211,355,000,000
Cementos Argos S.A. (7)	Jun-18	3 years	CPI + 2.88%	COP	215,600,000,000	215,600,000,000
Cementos Argos S.A. (7)	Jun-18	10 years	CPI + 3.75%	COP	158,550,000,000	158,550,000,000
Cementos Argos S.A. (7)	Jun-18	20 years	CPI + 4.04%	COP	125,850,000,000	125,850,000,000
Celsia Colombia S.A. E.S.P. (8)	Jul-10	20 years	CPI + 6.08% VR	COP	300,126,000,000	300,126,000,000
Celsia Colombia S.A. E.S.P. (8)	Jul-10	10 years	CPI + 5.05% VR	COP	214,120,000,000	214,120,000,000
Celsia Colombia S.A. E.S.P. (9)	Jul-18	12 years	BRI + 2.695% EAR	COP	70,000,000,000	70,000,000,000
Celsia Colombia S.A. E.S.P. (9)	Dec-18	10 years	CPI + 3.69% EAR	COP	70,000,000,000	70,000,000,000
Celsia Colombia S.A. E.S.P. (10)	Apr-19	3 years	5.99% EAR	COP	236,240,000,000	-

Celsia Colombia S.A. E.S.P. (10)	Apr-19	7 years	CPI + 3.24% EAR	COP	256,270,000,000	-
Celsia Colombia S.A. E.S.P. (10)	Apr-19	12 years	CPI + 3.68% EAR	COP	281,515,000,000	-
Celsia Colombia S.A. E.S.P. (10)	Apr-19	20 years	CPI + 3.93% EAR	COP	325,975,000,000	-
Grupo Argos (11)	Sep-14	15 years	CPI + 4.24%	COP	390,104,000,000	390,104,000,000
Grupo Argos (11)	Sep-14	10 years	CPI + 3.95%	COP	254,318,000,000	254,318,000,000
Grupo Argos (11)	Sep-14	5 years	CPI + 3.10%	COP	-	114,963,000,000
Grupo Argos (11)	Aug-19	3 years	FTD + 5.78%	COP	123,500,000,000	-
Grupo Argos (11)	Aug-19	6 years	CPI + 2.44%	COP	157,965,000,000	-
Grupo Argos (11)	Aug-19	15 years	CPI + 3.20%	COP	168,535,000,000	-
Odinsa S.A. (12)	Oct-17	3 years	7.49%	COP	279,250,000,000	279,250,000,000
Odinsa S.A. (12)	Oct-17	5 years	CPI + 3.98%	COP	120,750,000,000	120,750,000,000
Total bonds in dollars (*)					**449,815,661**	**487,475,071**
Total bonds in pesos (*)					**6,936,288,000,000**	**5,835,251,000,000**

(*) Figures stated in Colombian pesos and in US dollars.

(1) Corresponds to the public bond issue made by Alternegy S.A. in the Panamanian stock market with Bontex S.A. and Planta Eólica de Guanacaste S.A. as joint debtors. With the resources obtained, the debt that these companies had with CTC Curaçao B.V. was cancelled.

The bond issue made by the subsidiary Alternegy S.A. in 2018, which matures on 22 December 2027, contemplates compliance with the following financial agreements, among others:

a) A debt service coverage ratio equal to or greater than 1.1 times for the last 12 months from 31 December 2018;
b) A debt-to-EBITDA consolidated ratio equal to or less than the ratio applicable from time to time;
c) The issuer and joint debtors may not incur additional debt, except for permitted debt.

All of the above financial covenants will be evaluated on a semi-annual basis, based on the combined financial statements of the Issuer, except for the Debt-to-EBITDA Ratio which will be evaluated based on the combined financial statements of the Issuer and the joint debtors. The combined financial statements contain Alternegy S.A., Bontex S.A. and Planta Eólica Guanacaste S.A. (PEG).

According to the definition of the calculation period, Alternegy S.A. has a term of up to 120 calendar days from the closing date of the corresponding period to present the reports with the calculation based on the audited financial statements.

The result of the calculation associated to the debt / EBITDA financial agreement as of 30 June 2019 was 6.20 times complying with the levels defined in the contract. For the calculation of the financial agreement as of December 2019, the corresponding information delivery terms are being supplied in accordance with the terms and conditions of the bond.

(2) Corresponds to bonds issued by Autopistas del Nordeste (Cayman) Ltd., for an original amount of USD 162 million, used to finance the construction of the highway concession in the Dominican Republic. These bonds bear an annual interest rate of 9.39% and mature in 2024. This debt had a first grace period of two (2) years, which expired in July 2008, then a second grace period of five (5) years, which expired in 2013.

These bonds will be repaid with cash flows guaranteed by the Government of the Dominican Republic, of approximately USD 660 million, which are being received by Autopistas del Nordeste (Cayman) Ltd. between August 2008 and February 2024, based on the payment schedule established in the concession contract; additionally, a minimum income is guaranteed until the end of the concession, which will be in 2038.

(3) The following detail of issues in US dollars corresponds to the incorporation of the bond issue made in Bahía Las Minas Corp. in the Panamanian stock market:

Issuer	Placement date	Rate	Securities issued USD 2019	2018
Bahía Las Minas Corp. Series A (*)	2010. Matures on the 40th payment date of principal.	LIBOR + 3%	11,859,484	11,859,484
Bahía Las Minas Corp. Series B	2010. Matures on the forty-eighth (48th) payment date of principal	LIBOR + 3.25%	26,315,358	26,315,358
Bahía Las Minas Corp. Series B1 (*)	2010. Matures on the fortieth (40) payment date of principal.	LIBOR + 3.25%	15,250,000	15,225,803
Total Bahia Las Minas			**53,424,842**	**53,400,645**

(*) Bahia las Minas Corp. restructured the maturity of Series A and part of Series B1, obtaining 2019 as a grace period, therefore, the originally agreed maturity dates are extended.

(4) In December 2013, Celsia S.A. (formerly Celsia S.A. E.S.P.) made its first issue of ordinary bonds in the local stock market for an amount of $800,000. The placement was made through a Dutch auction in the Bolsa de Valores de Colombia S.A. The resources obtained through the placement of ordinary bonds were fully used for the replacement of financial liabilities, within the strategy of optimizing the company's capital structure.

(5) The issue is part of the issuance and placement program for ordinary bonds and commercial papers with a charge to a global quota of $1 billion approved by Resolution No. 0422 of the Superintendence of Finance of Colombia of 23 March 2012.

(6) The issue is part of the issuance and placement program for ordinary bonds and commercial papers with a charge to a global quota of $1 billion approved by Resolution No. 0518 of the Superintendence of Finance of Colombia of 3 April 2017 whereby the increase of the global quota of the issue and placement program previously approved by Resolution 0422 of 2012 was approved.

(7) The issue is part of the issuance and placement program for ordinary bonds and commercial papers with a charge to a global quota of $1 billion approved by Resolution No. 0585 of the Superintendence of Finance of Colombia ("SFC") of 10 May 2018.

These issues are rated AA+ with stable perspective by the rating firm Fitch Ratings Colombia S.A. and are nominal securities, issued to order and negotiable in the secondary market through the Colombian Stock Exchange.

(8) Corresponds to the corporate bond issue by Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA) in April 2010 that was placed in the Colombian public securities market.

(9) In 2018 Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA) issued the first tranche of Green Bonds for $140 billion in the Second Market.

The proceeds of the issue will be used to finance investments in the company's initiatives in the development of solar generation farms. The Green Bonds program was certified as a Climate Bonds under the Climate Bonds Standard & Certification Scheme that promotes large-scale initiatives to reduce carbon emissions and prevent or reduce climate change.

(10) Corresponds to the second issue of ordinary bonds under the $900 billion commercial paper and ordinary bond program, with the possibility of over-allotment of up to $1.1 trillion. The issue was made on 24 April 2019 by Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A E.S.P. - EPSA).

The resources obtained from this issue will be used in more than 70% to finance the company's investment plan and the remaining percentage will be used to strengthen its liquidity position, refinancing some debts and replacing financial liabilities, among others.

(11) On 28 August 2019, Grupo Argos S.A. issued $450,000 in ordinary bonds and on 10 September 2014 Grupo Argos S.A. issued $1 trillion pesos in ordinary bonds (balance of the 2019 issue $644,422). Below are the nominal values of the series in effect at the date, with their different terms and amounts:

Term	Rate	Current emissions at: 2019	2018
15 years	CPI + 4.24%	390,104	390,104
10 years	CPI + 3.95%	254,318	254,318
5 years	CPI + 3.10%	-	114,963
15 years	CPI + 3.20%	168,535	-
6 years	CPI + 2.44%	157,965	-
3 years	FTD + 5.78%	123,500	-

During 2019, the Group paid $114,963 corresponding to the second series of CPI-indexed bonds.

Details of the conditions are included in the Prospectus for the Program for the Issuance and Placement of Ordinary Bonds and Commercial Papers for September 2014 and August 2019.

(12) During 2017, Odinsa S.A. issued bonds in the market for an amount of $400 billion with the purpose of cancelling financial obligations and making capital contributions in different projects; on 4 October 2017, the bonds were subscribed and disbursed.

The amount of interest on bonds and structured notes recognized through profit or loss in 2019 was $658,807 (2018 $529,042).

(ii) On 13 August 2019, Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S.A., issued notes for USD 415 million with a maturity date of 15 December 2026 at an interest rate of 4.09%. The issue was rated BBB by Fitch Ratings and was made through a private placement. The proceeds of the issue were used to pay off all bank loans abroad. On 13 December 2019, a first payment of USD 26.6 million was made, leaving a balance of USD 388.3 million.

(iii) Corresponds to Preferential shares classified as compound financial instruments of the subsidiary Cementos Argos and of Grupo Argos S.A.

Accordance to the approval of the General Shareholders' Meeting of 15 March 2013, Cementos Argos carried out the issuance and placement of preferred and non-voting shares (hereinafter "preferential shares") in May 2013, for $1,610,824, allocating 209,197,850 preferential shares, at a subscription price of $7,700 per preferential share, determined by the company's Board of Directors.

The issuance of the Preferential shares is a compound financial instrument. The issuer, for subsequent recognition and measurement, identified the debt and equity components by evaluating the contractual terms of the instrument and the obligations of the issuer. Given the issuer's contractual obligation to pay the minimum annual dividend to the holders of the shares if the company generates profits, the issue incorporates a financial liability component. Once this liability is measured, the difference between the value received and the value of the obligation constitutes an equity component. The portion corresponding to the financial liability must be measured at least in each interim period and its effects recognized through profit or loss; the equity component is not subject to subsequent measurement.

Cementos Argos S.A. determined the liability component by discounting the cash flows corresponding to the minimum preferential dividend, which were calculated in perpetuity based on section 11.1.1 of the issue prospectus; the discount rate applied corresponded to the market rate at the date of issue of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying in the market a financial instrument with the same characteristics as the issue, the discount rate for the financial liability was determined with reference to the current yield of the longer-term bonds issued by Cementos Argos S.A. denominated in Colombian pesos. For these purposes, the valuation rate of the bond issue by Cementos Argos S.A. 2024, issued in May 2012, was long-term (15 years) and indexed to the CPI.

The Preferential shares had a minimum annual dividend of 3% on the subscription price paid in the first 12 quarters after the placement. In April 2016, the latter dividend was paid at a minimum of 3% yearly over the subscription price, and as of the thirteenth quarter the minimum annual dividend will be $10 per share, which will increase with the annual CPI at the end of each year. The issue prospectus does not contain any call or put options on the preferential shares.

Shareholders with preferential dividends and without voting rights are entitled to receive a minimum dividend in preference to that corresponding to ordinary shares, provided that distributable profits have been generated in the immediately preceding accounting period. In no event may the dividend received by the holders of ordinary shares exceed the dividend declared for preferential shares; the preferential redemption of their contributions, after payment of any external liabilities, in the event of the dissolution and liquidation of the issuer; and the other rights provided for in the issuer's bylaws for holders of ordinary shares, except (i) the right to subscribe preferentially for ordinary shares and (ii) the right to vote on proposals at the issuer's general meeting of shareholders. By way of exception, preferential shares will give their holders the right to vote at the events set forth in the placement and issuance prospectus.

The liability recognized for the issuance of Preferential shares is composed of the valuation of the debt component and the reduction of the direct costs of the issue assigned to the liability component, according to the percentage of participation of each component for the issue. At initial recognition, issuance costs were included in the financial liability for $7,157. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching the estimated cash flows receivable or payable over the expected life of the financial instrument with the net carrying amount of the liability component at initial recognition. The financial liability is increased by the recognition of interest at the effective interest rate and decreased by the recognition of minimum dividends to preferential shareholders.

At the end of 2019 the number of preferential shares of Cementos Argos was 209,197,850 shares (2018 209,197,850 shares).

The liabilities also include the Preferential shares of Grupo Argos S.A., which entitle the holders to receive a preferential dividend for $4 (four pesos) per share, which will be paid in preference to the ordinary shares, provided that a dividend has been declared from legally available funds. In no case may the preferential dividend be accumulated for subsequent years. In each case, the first payment of dividends will correspond to those that the company decrees after the shares have been subscribed. The subsequent recognition and measurement of this instrument was carried out by applying the same procedure established above. The discount rate of the financial liability for the Preferential shares of Grupo Argos S.A. was determined with reference to the cost of the company's debt.

The number of Grupo Argos S.A.'s outstanding Preferential shares at the end of the reporting period was 211,827,180 shares (2018 211,827,180 shares).

NOTE 27: **OHER NON-FINANCIAL LIABILITIES**

The balance of other non-financial liabilities at 31 December corresponds to:

	2019	2018
Income received in advance (1)	403,305	305,192
Advance payments and deposits received from third parties (2)	291,336	301,577
Sales tax	78,123	71,373
Income received for third parties (*) (3)	53,075	33,707
Industry and Commerce Tax	50,417	52,153
Other taxes payable	46,322	47,086
Deduction at source	40,127	41,736
Contract collateral	5,244	35,397
Other non-financial liabilities (*) (4)	3,584	60,536
Total other non-financial liabilities	**971,533**	**948,757**
Current	460,758	484,219
Non-current	510,775	464,538
Total other non-financial liabilities	**971,533**	**948,757**

(*) For presentation purposes, changes were made to the Group's comparative figures (Note 5 Reclassification of items in the financial statements)

(1) mainly due to the collections of the Los Llanos Road Concession, which are recognized based on the construction of the functional units established in the concession contract.

(2) Relating mainly to the advance payments received from customers for the purchase of products from the cement and concrete business. They also include deposits to guarantee holders of space under lease arrangements.

(3) Mainly comprise the revenue from the Concesión Vial de los Llanos for the funding of the sub-accounts for audit and supervision, contractual support and alternative methods of conflict resolution (MASC), which are affected by the invoicing of these items following approval by the National Infrastructure Association - ANI. Likewise, collections received for the concept of cleaning and public lighting, which must be reimbursed in order to comply with the contracts signed with the Municipalities and the income received for the AEROCIVIL and the National Association of Infrastructure ANI for the concept of rent; Ground Power Units (GPU); parking lots and boarding bridges corresponding to complementary works.

(4) Includes withholding as collateral in contracts with related parties for $3,140 (2018 $30,884), (Note 41 Information on related parties).

Income to be recognized in future periods when remaining performance obligations are satisfied is analyzed as follows:

	2019
In one year	159,359
Later than a year	-

NOTE 28: **SHARE CAPITAL**

The balance of the share capital of the parent company Grupo Argos S.A. at 31 December comprises:

	2019	2018
Authorized capital:		
1,200,000,000 ordinary shares with a nominal value of $62.5	75,000	75,000
subscribed and paid capital:		
651,102,432 ordinary shares with a nominal value of $62.5	40,694	40,694
211,827,180 Preferential shares with a nominal value of $62.5	13,239	13,239
Total subscribed and paid capital	**53,933**	**53,933**

Preferential shares confer the following rights on the holders:

i. To receive a preferential dividend of $4 (four pesos) per share, which will be paid in preference to that corresponding to the ordinary shares, provided that a dividend has been declared from the funds legally available for this purpose. In no case may the dividend received by the holders of ordinary shares be greater than that declared in favor of the preferential shares.

   In no case may preferential dividend be accumulated for subsequent years. In each case, the first payment of dividends will correspond to those that the company decrees after the shares are subscribed.

ii. To participate jointly with the holders of ordinary shares in the distributable profits, in proportion to their participation in the subscribed capital of the company, after payment of the preferential dividend and the ordinary dividend that is equal to the preferential dividend.

iii. Have priority in the reimbursement of contributions in the liquidation process, provided that the company's external liabilities have been fully covered.

iv. Be called to shareholders meetings in the same manner and within the same time limits as the holders of ordinary shares.

v. To participate in shareholders meetings and to vote thereat only in the following situations:

   a. When it is a matter of approving modifications that may deteriorate the conditions or rights established for the preferential shares. In this case, the favorable vote of 70% of the shares into which the subscribed capital is divided will be required, including in said percentage and in the same proportion the favorable vote of the preferential shares.

b. When voting on the conversion of preferential shares into ordinary shares, unless the respective regulations specifically regulate the possibility of conversion and the terms on which it is to be carried out. In the event that it is decided to approve a conversion different from that approved in the regulations or that the regulations have not contemplated this option, the same majority indicated in the preceding paragraph will be applied.

c. If at the end of a corporate year the company does not generate distributable profits that allow it to cancel the preferential dividend, and the Superintendence of Finance of Colombia, ex-officio or at the request of holders of preferential shares that represent at least 10% of these shares, establishes that benefits that reduce distributable profits have been hidden or distracted, may determine that the owners of these shares participate with voice and vote in the meetings of the shareholders' meeting, until it is verified that the irregularities that gave rise to this measure have disappeared, in accordance with the provisions of Article 64 of Law 222 of 1995.

d. Exercise the right of inspection in the same cases, terms and conditions as the holders of ordinary shares.

Own shares reacquired are 5,702,432 (2018 5,702,432). The ordinary shares held by associates and joint ventures are: 229,295,179 (2018 229,295,179). At 31 December 2019, the ordinary shares outstanding were 645,400,000 (2018 645,400,000).

During 2019 there were no transactions involving the acquisition of own shares.

	Number of shares	Share capital	additional paid-in capital
Reconciliation of ordinary shares			
Balance as at 31 December 2018 (*)	651,102,432	40,694	553
Balance as at 31 December 2019 (*)	651,102,432	40,694	553
Reconciliation of preferential shares			
Balance as at 31 December 2017	**211,827,180**	**13,239**	**1,354,206**
Issuance of preferential shares			
Balance as at 31 December 2018	**211,827,180**	**13,239**	**1,354,206**
Issuance of preferential shares	-	-	-
Balance as at 31 December 2019	**211,827,180**	**13,239**	**1,354,206**
Total ordinary and preferential 2018	**862,929,612**	**53,933**	**1,354,759**
Total ordinary and preferential 2019	**862,929,612**	**53,933**	**1,354,759**

(*) Includes 5,702,432 (2018 5,702,432) repurchased shares.

NOTE 29: **RESERVES AND OTHER COMPREHENSIVE INCOME**

Reserves and other comprehensive income as of 31 December correspond to:

	2019	2018
Legal reserves	29,665	29,665
Mandatory reserves	5,988	5,988
Other occasional reserves	3,477,508	2,965,862
Total reserves	**3,513,161**	**3,001,515**

29.1 Reserves

Legal reserves

Grupo Argos S.A. is required to appropriate 10% of its net annual profits as a legal reserve until the balance of this reserve reaches 50% of the subscribed capital. The reserve is not distributable prior to the liquidation of the parent company but must be used to absorb or reduce annual net losses. Appropriations made in excess of the aforementioned 50% are freely available to the shareholders at the General Shareholders Meeting.

Mandatory reserves

The required reserves include the reserve for the repurchase of shares of $5,988 (2018 $5,988).

As of 2019, the reserve for reacquisition of shares has been used for the acquisition of 5,702,432 own shares.

Other occasional reserves

The balance of the other reserves comprises:

	2019	2018
Reserves for future investments	3,307,581	2,802,435
Reserves for future expansion	163,427	163,427
Reserves for social responsibility activities	6,500	-
Total other occasional reserves	**3,477,508**	**2,965,862**

The other occasional reserves are freely available to shareholders.

29.2 Other comprehensive income (OCI)

	2019	2018
Exchange differences on translation of foreign operations	1,714,088	1,819,661
Gains and losses on equity investments	666,432	582,629
Revaluation of property, plant and equipment (1)	58,140	45,163
Cash flow hedges	(39,669)	(52,008)
New measures of defined benefit obligations	(34,015)	(19,667)
Total other comprehensive income (OCI)	**2,364,976**	**2,375,778**

(1) Other comprehensive income (expense) from the revaluation of land and buildings for administrative use for $58,140 (2018 $45,163), corresponds to $3,714 (2018 $4,761) from subsidiaries of Grupo Argos S.A. and $54,426 (2018 $40,402) from the application of the equity method for associates and joint ventures.

During 2019, the Group made transfers from other comprehensive income (OCI) to retained earnings for $9,797, corresponding to: the sale of investments measured at fair value through other comprehensive income (OCI) of OMYA Andina and Cartón de Colombia for $9,120, the realization of the revaluation surplus from the use of property, plant and equipment measured at their revalued value of $488, and other transactions with investments for $189. In addition, in 2018, the Group made transfers from other comprehensive income (OCI) to other components of equity for $5,708, corresponding to the realization of the revaluation surplus from the use of property, plant and equipment measured at their revalued value of $144, and the sale of investments measured at fair value through other comprehensive income (OCI) in Gases de Occidente and Transoccidente for $5,564.

The value reclassified from other comprehensive income (OCI) to profit or loss for cash flow hedges is $12,714 (2018 $14,323) and for exchange differences on translation of foreign operations for $5,881 (2018 $0).

NOTE 30: **OTHER COMPONENTS OF EQUITY**

When the proportion of equity held by non-controlling interests changes, an entity shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The entity shall recognize directly in equity the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received and attributed to the owners of the controlling interests.

Accordingly, in 2019, the acquisition by the Group, through the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.), of 6,794,485 shares of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P.) from Banca de Inversión Bancolombia S.A. Corporación Financiera, implied a decrease in the Group's equity for $36,655.

Additionally, during the year, the Group carried out other purchase transactions from non-controlling interests, the net effect of which represented a decrease in equity for $134.

In 2018, the recognition of purchases and sales to non-controlling interests as a reduction in the value of the Group's equity amounted to $172,982; mainly due to the increase in its interests in Cementos Argos S.A. by 2.64%, which implied an increase in its indirect interest in Sator S.A.S., Fundiciones Colombia S.A. and in Servicios Corporativos Integrales S.A.S. - Summa S.A.S. The book value per share of Cementos Argos for purposes of consolidating the Group, prior to the purchase transaction of the additional 2.46%, amounted to $4,866 pesos and the average purchase value per share of this additional percentage was $9,684 pesos, generating a decrease in the Group's consolidated equity of $146,594, for a net effect of $146,558, considering the increase in indirect holdings.

In addition, the acquisition by the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.), of 4,412,300 shares of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P.) from third parties outside the Group, implied a decrease in the Group's equity for $24,264.

Finally, the Group carried out other purchase and sale transactions to non-controlling interests, the net effect of which represented an increase in equity of $91.

At 31 December 2019, no transaction costs associated with the purchase and sale to non-controlling interests have been recognized. As of 31 December 2018, transaction costs recognized as goodwill amounted to $2,251.

NOTE 31: **DIVIDENDS**

Dividends declared

The General Shareholders Meeting of the parent company, held on 28 March 2019, declared cash dividends on the ordinary shares of $350 pesos per share per year (2018 $328 pesos per share), payable in four quarterly installments of $87.5 (2018 $82) pesos per share beginning in April 2019 for a total value of $225,890 (2018 $211,691).

In addition, cash preferential dividends were declared on 211,827,180 preferential shares (2018 211,827,180) at a rate of $350 pesos per share per year (2018 $328 pesos per share), quarterly starting April 2019, for a total value of $74,139 (2018 $69,479).

Dividends declared in 2019	Shares	$ per share per year	2019
Ordinary Dividends (*)	645,400,000	350	225,890
Preferential Dividend	211,827,180	350	74,139
Total			**300,029**

Dividends declared in 2018	Shares	$ per share per year	2018
Ordinary Dividends (*)	645,400,000	328	211,691
Preferential Dividend	211,827,180	328	69,479
Total			**281,170**

(*) Does not include 5,702,432 (2018 5,702,432) of reacquired own shares.

NOTE 32: **NON-CONTROLLING INTERESTS**

The reconciliation of non-controlling interests at 31 December is as follows:

	2019	2018
Balance at the beginning of the year	**9,146,846**	**8,261,041**
Cumulative effect of the adoption of new standards (Note 3)	5,928	(4,076)
Cumulative effect of the adoption of new standards using the equity method (Note 3)	-	(4,562)
Balance at the end of the year	**9,152,774**	**8,252,403**
Profit sharing for the year	566,572	522,791
Other comprehensive income for the period	11,014	365,946
Issuance of equity and convertible instruments	164,496	697,513
Dividends declared in cash	(544,881)	(428,918)
Appropriation of reserves	-	-
Purchases and sales to non-controlling interests	(99,522)	(212,084)
Business combinations	446,220	-
Group's share in other equity changes	(39,702)	(50,805)
Balance at the end of the year	**9,656,971**	**9,146,846**

NOTE 33: **REVENUE**

The composition of the Group's revenue is as follows:

	2019	2018
Revenue from sales of cement, concrete and others (1)	9,331,278	8,384,131
Revenue from the sale of energy, gas and related activities (2)	3,775,825	3,510,316
Financial activity (3)	1,374,699	241,305
Revenue from airport services	756,685	623,741
Real estate (4)	618,577	550,110
Equity method (5)	488,763	485,181
Revenue from toll collection	336,537	298,204
Valuation of investment property (6)	68,938	143,873
Others	47,286	57,814
Total revenue	**16,798,588**	**14,294,675**

1) Generated primarily from the sale of cement and ready-mix concrete.

   Sales of cement and ready-mix concrete are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects, in each of the countries in which the products are sold or operated. Fluctuations in the construction industry's behavior significantly affect cement and ready-mix concrete sales volumes and sales prices.

2) Are generated mainly by: sale of electric energy in contracts, sale of electric energy in the stock exchange, commercialization of electric energy in the regulated and unregulated market, reliability charges, use and connection of networks, marketing of natural gas and transportation capacity and other operational services.

3) Corresponds to the sale of investments, specifically the sale of all the shares of Zona Franca Celsia S.A. E.S.P. for $1,086,960, of Omya Andina S.A. 6,345,445 shares for $62,681, interest income from financial assets of concessions for $195,931, includes dividend income from Nutresa S.A. $27,689, from investments of Cementos Argos S.A. for $1,132, from investments of Celsia S.A. (formerly Celsia S.A. E.S.P.) for $112 and others for $194.

In 2018, income from financial activities corresponds to interest income on financial assets from concessions for $206,645, includes dividend income from Nutresa S.A. for $25,626, from investments of Cementos Argos for $2,026, from investments of Celsia for $3,049, sale of 16,616 shares of Contreebute S.A.S. for $2,726 and others for $1,233.

4) Revenue from the real estate business as of 2019 corresponds to leases for $360,223, construction in buildings and civil works for $127,370 (Note 45 Construction contracts), sale of lots for $66,674, valuation of Fondo de Capital Privado Pactia Inmobiliario for $27,008, participation in the P.A. Fiduciaria Bogotá del Proyecto Alameda del Río for $10,944, income for yields of the Private Capital Fund Pactia Inmobiliario for $8,677, recognition of deferred income for the sale of land in the city of Barranquilla for $16,745 and other income for $936.

   For 2018, revenue from the real estate business corresponds to leases for $351,923, construction in buildings and civil works for $99,113 (Note 45 Construction contracts), sale of lots for $25,874, valuation of Fondo de Capital Privado Pactia Inmobiliario for $32,820, participation in PA Fiduciaria Bogotá S.A. of the Alameda del Río project for $10,231, income for yields of Fondo de Capital Privado Pactia Inmobiliario for $14,016, recognition of deferred income for the sale of land in the city of Barranquilla for $14,695 and other income for $1,438.

5) Corresponds to the equity method of associates and joint ventures, as follows:

	2019	2018
Grupo de Inversiones Suramericana S.A.	389,466	291,560
Concesión La Pintada S.A.S.	43,429	31,557
Quiport Holdings S.A. (*)	38,352	94,103
Consorcio Constructor Nuevo Dorado	28,629	20,718
Consorcio Farallones	15,036	47,793
Pactia S.A.S.	5,140	5,178
International Airport Finance S.A.	3,226	-
Consorcio Mantenimiento Opain	278	1,478
Interejecutiva de Aviación S.A.S.	(100)	2,064
Patrimonio Autónomo Hacienda Niquía	(2,016)	2,214
Caltek S.A.S.	(2,844)	(6,674)
Trans Atlantic Shipmanagement Ltd.	(10,020)	(5,690)
Caoba Inversiones S.A.S.	(18,041)	-
Other associates and joint ventures	(1,772)	880
Total equity in associates and joint ventures	**488,763**	**485,181**

(*) Quiport Holding S.A. operated as an indirect investment vehicle of Odinsa until 30 September 2019, date in which was made a corporate restructuring, from which, Odinsa S.A. keeps directly in its financial statements the investment of Corporación Quiport S.A. and indirectly through its subsidiary Marjoram Riverside Company S.A. the investment in Quito Airport Management (Quiama) LTD.

6) Corresponds to the measurement at fair value of the Group's investment property (Note 17 investment property).

NOTE 34: **COST OF ORDINARY ACTIVITIES**

The cost of ordinary activities at 31 December includes:

	2019	2018
Selling costs of goods and services	9,892,717	8,981,134
Depreciation and amortization	1,411,940	1,128,738
Cost of financial activity (1)	825,328	932
Cost of the real estate business (2)	135,027	100,589
Total cost of ordinary activities	**12,265,012**	**10,211,393**

(1) In 2019, Celsia S.A. (formerly Celsia S.A. E.S.P.) sold its subsidiary Zona Franca Celsia S.A. E.S.P. at a cost of $781,170. Likewise, the subsidiaries Cementos Argos S.A., Concretos Argos S.A.S., C.I. del Mar Caribe S.A.S. and Sator S.A.S. sold their

interests in Omya Andina S.A. at a cost of $44,158. For 2018, corresponds to the sale of the shares of Contreebute S.A.S. with a cost of $932.

(2) The cost of the real estate business mainly includes costs for the construction of buildings and civil works, modernization and expansion works of El Dorado International Airport in Bogotá for $64,729 (2018 $62,662). Also, progress in the works of the projects of Concesión Vial de los Llanos, Concesión Túnel Aburra Oriente S.A., Boulevard Turístico del Atlántico, Autopistas del Nordeste, Chamba Blou, Consorcio APP los Llanos, and Caribbean Infrastructure Company for $29,465 (2018 $28,553), as well as costs for urbanism developments and sale of lots in Barranquilla, Puerto Libertador and Cartagena.

NOTE 35: **ADMINISTRATIVE EXPENSES**

Administrative expenses as of 31 December include:

	2019	2018
Staff expenses	528,269	482,882
Services (1)	232,983	206,169
Fees (2)	190,834	143,125
Amortizations	174,993	143,088
Maintenance and repairs (3)	88,873	52,245
Depreciations (4)	85,503	42,335
Taxes	78,709	69,615
Travel expenses	44,622	43,340
Impairment (5)	40,173	15,514
Insurance (6)	31,894	35,885
Contributions and affiliations	11,301	12,296
Leases (4)	10,139	43,328
Adaptation and installation	5,950	5,357
Legal expenses	5,544	4,365
Miscellaneous	42,971	51,394
Total administrative expenses	**1,572,758**	**1,350,938**

(1) The increase in service expenses between 2019 and 2018 amounts to $26,814, mainly due to surveillance service expense for $12,049 and utility expense for $11,265.

(2) Corresponds mainly to legal advice for $90,057 (2018 $47,195), the increase is due to advice from the subsidiary Cementos Argos S.A. and the study of new projects in the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.), technical advisory service charges for $27,967 (2018 $28,438), financial advisory service charges for $14,921 (2018 $7,234) and other fees for $40,671 (2018 $36,183).

(3) The increase between 2019 and 2018 of $36,628, correspond mainly to maintenance of areas at El Dorado Airport that were not in operation in the first months of 2018.

(4) Change mainly to the implementation of the International Financial Reporting Standard IFRS 16 Leases.

(5) Corresponds to impairment of receivables for $40,031 (2018 $15,509) and other impairments for $142 (2018 $5).

(6) Corresponds to fire insurance for $8,535 (2018 $3,113), civil and non-contractual liabilities for $6,851 (2018 $6,633), collective life insurance for $4,977 (2018 $5,120), compliance for $3,966 (2018 $11,631) and other insurance for $7,565 (2018 $9,388).

NOTE 36: **SELLING EXPENSES**

Selling expenses at 31 December include:

	2019	2018
Staff expenses	130,123	123,872
Services	39,509	37,820
Amortizations	34,587	32,027
Taxes	26,624	26,356
Impairment of receivables	10,083	9,614
Contributions and affiliations	8,798	6,597
Travel expenses	7,329	6,745
Depreciations (1)	4,032	768
Insurance	2,528	1,851
Fees	2,441	1,343
Maintenance and repairs	1,899	1,117
Leases (1)	1,296	5,132
Legal expenses	646	288
Adaptation and installation	122	38
Miscellaneous	10,003	8,616
Total cost of sales	**280,020**	**262,184**

(1) Change mainly to the implementation of the International Financial Reporting Standard IFRS 16 Leases.

NOTE 37: **OTHER INCOME, NET**

Other net income (expense) as of 31 December comprises:

	2019	2018
Profit from the disposal of assets constituting a business (1)	411,380	38,091
Recoveries (2)	146,258	109,707
Profit from purchase on advantageous terms (3)	40,411	-
Profit (loss) on sale of investments (4)	7,624	(8,859)
Compensation	5,740	861
Profit on sale of investment property (5)	4,340	42,426
Fines, penalties and lawsuits (6)	(15,064)	(84,425)
Gain (loss) on sale of fixed, intangible and other assets (7)	(25,525)	100,565
Donations	(28,966)	(31,090)
Taxes assumed	(36,088)	(33,726)
Impairment loss on assets (8)	(105,697)	(4,340)
Other net gains (losses)	(8,738)	341
Total other income (expense), net	**395,675**	**129,551**

(1) In December 2019 Celsia S.A. (formerly Celsia S.A. E.S.P.), a subsidiary of Grupo Argos S.A., sold fixed assets from the energy transmission and distribution business to Caoba Inversiones S.A.S. for $334,777. In the same month, the subsidiary Cementos Argos S.A., through its subsidiary Argos USA LLC, sold twenty-eight ready-mix concrete plants and a retail location including equipment, buildings, land and inventory located in Arkansas, Virginia, South Carolina and Georgia to Smyrna Ready Mix Concrete, LLC for USD 95 million. The sales price, less the book value of the assets, generated gains for $76,603 (USD 23.33 million); the divested plants were part of several acquisitions, including RMCC, Lafarge and Vulcan Material Company in 2006, 2011 and 2014, respectively (Note 14 Goodwill).

In December 2018, Argos USA LLC, a subsidiary of Cementos Argos S.A., sold nineteen concrete plants in Georgia, Alabama and Florida including equipment, construction and inventory to Smyrna Ready Mix Concrete LLC for USD 31 million. The sale price of the assets, less the book values of the assets delivered, generated a book income on disposal for $38,091 (USD 12.88 million), recognized in the consolidated statement of income. The plants located in Georgia, Alabama and Florida were part of the acquisition of assets from Larfarge and Vulcan Material Company in 2011 and 2014, respectively (Note 14 Goodwill).

(2) Corresponds mainly to insurance recovery in the subsidiary Cementos Argos S.A. in the U.S. for $45,226. For 2018, recovery for a court procedure regarding the devolution of a local stamp tax in the subsidiary Sator S.A.S. for $16,597 and in Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S.A. $9,034 in a proceeding before the Tax Authority DIAN. In addition, the Group has recovered impairment losses of $14,870 (2018 $20,733).

(3) Corresponds to the gain recognized for the purchase on advantageous terms of the Túnel Aburra Oriente S.A. Concession. (Note 42 business combinations).

(4) Cementos Argos S.A. perfected the sale of shares in Carton de Colombia generating a gain of $7,620 (Note 13 Non-current assets held for sale and discontinued operations). In 2018, loss on sale of investments for $8,909 due to the withdrawal of the Gaseosas Lux Trust in the subsidiary Cementos.

(5) In 2019 corresponds mainly to the sale of the Insignares land. For 2018, corresponds mainly to the sale of land El Volador Oriental and lot N° 1 Terreno Hacienda Portonao Barú.

(6) In April 2018, the Superintendence of Industry and Commerce ("SIC") resolved the appeal filed by Cementos Argos S.A. and maintained the sanction due to an alleged conscious parallelism in the pricing of Cemento Portland Type 1 for the period 2010-2012. Cementos Argos paid the fine of $73,771 on 24 April 2018. For its part, Cementos Argos S.A. filed a claim for nullity and restoration of rights before the Administrative Court of Antioquia, considering that it is the rightful party in this process and that the SIC should not have issued any sanction.

(7) Corresponds mainly to asset derecognition of the subsidiary Cementos Argos S.A. in the United States for $25,579, assets derecognition in Zona Franca Celsia due to the loss recognized in June 2019 for $7,052 and intangible assets derecognition of the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.) for $8,000. It also includes a gain on the sale of a plant located in the United States for $10,527 by the subsidiary Cementos Argos S.A. through its subsidiary Argos USA LLC and land sold to Prime Energía Colombia by the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.) for $3,334. In 2018, this corresponds mainly to the gain generated by the sale of three self-generated energy assets in Colombia that supply the Nare and Cairo plants in Antioquia and Sogamoso in Boyacá, to Grupo Luz y Fuerza Colombia S.A.S. for $107,171 (Note 16 Property, plant and equipment, net).

(8) Corresponds mainly to impairment of property, plant and equipment and intangible assets associated with the Bahía Las Minas Corp. thermal plant for $53,329 and $30,325, respectively; and goodwill of the Porvenir II project for $16,233 (Note 16 Property, plant and equipment, Note 15 Intangible assets and Note 14 Goodwill). In 2018 corresponds to impairment of mining titles of Cementos Argos S.A. for $4,340.

NOTE 38: **FINANCE INCOME (EXPENSES), NET**

Net finance income and expenses as of 31 December comprise:

	2019	2018
Interest income		52,646
Income from valuation of financial instruments	19,241	17,850
Other finance income	5,812	11,078
Total finance income	**126,553**	**81,574**
Interest expense (1)	(1,274,432)	(1,097,145)
Bank charges and commissions	(70,506)	(51,188)
Other finance expenses	(41,982)	(33,796)
Losses on valuation of financial instruments	(12,506)	(5,635)
Management and issuance of bonds	(1,436)	(1,429)
Total finance expenses	**(1,400,862)**	**(1,189,193)**
Exchange rate differences income	361,087	279,152
Exchange rate differences expenses	(299,819)	(234,219)
Total expenses / income for difference in change	**61,268**	**44,933**
Total net financial expense	**(1,213,041)**	**(1,062,686)**

For presentation purposes, in the 2018 comparative information, expenses for $19,338 are reclassified from foreign exchange to revenue originated in the measurement of cash flow hedges (Note 5 Reclassification of items in the financial statements).

(1) Includes the impact for the implementation of the International Financial Reporting Standard IFRS 16 Leases for $59,951.

As of 31 December 2019 and 2018, the weighted average annual capitalization rate of borrowing costs for property, plant and equipment is 7.01% (2018 7.91%) and for intangible assets is 6.63% (2018 7.31%).

The exchange rate at 31 December 2019 is $3,277.14 and at 31 December 2018 is $3,249.75.

NOTE 39: **EARNINGS PER SHARE**

	2019	2018
Basic earnings per share:		
From continuing operations (*)	804.41	783.14
Total basic earnings per share	**804.41**	**783.14**
Diluted earnings per share:		
From continuing operations (*)	804.41	783.14
Total diluted earnings per share	**804.41**	**783.14**

(*) Figures stated in Colombian pesos (pesos per share).

39.1 Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2019	2018
Profit for the year attributable to controllers of the company	689,565	671,327
Earnings used in the calculation of basic earnings per share	689,565	671,327
Earnings used in the calculation of basic earnings per share from continuing operations	689,565	671,327
Weighted average number of ordinary shares for basic earnings per share purposes	**857,227,180**	**857,227,180**

39.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	2019	2018
Earnings used in the calculation of total basic earnings per share	689,565	671,327
Earnings used in the calculation of diluted earnings per share	689,565	671,327
Earnings used in the calculation of diluted earnings per share from continuing operations	**689,565**	**671,327**

The weighted average number of ordinary shares for diluted earnings per share purposes is reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2019	2018
Weighted average number of ordinary shares used in calculation of basic earnings per share	857,227,180	857,227,180
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	857,227,180	857,227,180

NOTE 40: **INFORMATION BY SEGMENTS**

40.1 Products and services that generate revenue from the reportable segments

The Group's operating segments have been defined as the companies, consolidation groups and holding company that manage the operations of the following activities:

Cement: corresponds to the group of companies dedicated to the exploitation and production of cement-based mixtures and derivatives such as concrete and other materials based on cement, lime or clay. These companies are consolidated through the subsidiary Cementos Argos S.A.

Energy: corresponds to the group of companies engaged in the provision of public utilities specializing in the generation, transmission, distribution and marketing of electricity. These companies are consolidated through the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.).

Real estate: refers to the activities of acquisition, participation, urbanization, promotion, design, provision of technical services, construction, administration, consultancy, management and auditing in real estate businesses carried out by the Parent company Grupo Argos S.A.

Portfolio: this refers to investment activities in all types of shares, quotas or interest, interests in companies or entities which allow for the investment of resources, carried out in the Parent company Grupo Argos S.A.

Concessions: corresponds to the group of companies engaged in the management, promotion and development of large infrastructure projects, such as road, airport and special project concessions. The consolidation of these companies is performed through the subsidiary Odinsa S.A., including the consolidation of the subsidiary Opain S.A.

Coal: exploitation activities of the coal industry and any other mineral substance associated with coal performed through the company Sator S.A.S.

Below is an analysis of the Group's revenue and results from continuing operations by reportable segments, including adjustments for consolidation purposes:

2019	Cement	Energy	Real estate	Portfolio	Coal	Concessions	Adjustments	Total
Net income	9,412,208	3,725,762	171,162	456,439	69,252	1,888,298	1,118,529	16,841,650
Less: inter segment	(12,928)	(16,114)	(2,819)	(9,865)	(1,336)	-	-	(43,062)
Consolidated income	**9,399,280**	**3,709,648**	**168,343**	**446,574**	**67,916**	**1,888,298**	**1,118,529**	**16,798,588**
Cost of ordinary activities	(6,961,775)	(2,214,438)	(40,833)	(22,546)	(49,917)	(738,235)	(825,328)	(10,853,072)
Depreciation and amortization	(777,423)	(366,022)	-	(666)	(1,284)	(266,545)	-	(1,411,940)
Gross profit	**1,660,082**	**1,129,188**	**127,510**	**423,362**	**16,715**	**883,518**	**293,201**	**4,533,576**
Other depreciation and amortization	(136,871)	(47,659)	(294)	(16,470)	(30)	(97,791)	-	(299,115)
Administration and sales	(829,833)	(247,267)	(50,333)	(79,924)	(6,832)	(339,715)	241	(1,553,663)
Other income (expense), net	155,318	524,082	5,179	(9,816)	2,028	43,197	(324,313)	395,675
Operating profit	**848,696**	**1,358,344**	**82,062**	**317,152**	**11,881**	**489,209**	**(30,871)**	**3,076,473**
EBITDA	**1,762,990**	**1,772,025**	**82,356**	**334,288**	**13,195**	**853,545**	**(30,871)**	**4,787,528**
Finance income	24,488	21,199	2,191	3,586	1,614	73,475	-	126,553
Finance expenses	(532,429)	(419,232)	(78)	(111,556)	(1,675)	(335,892)	-	(1,400,862)
Exchange rate difference, net	8,800	8,251	5	(2,421)	181	46,452	-	61,268
Others	(11,983)	(19,128)	-	-	-	-	31,111	-
Earnings before taxes	**337,572**	**949,434**	**84,180**	**206,761**	**12,001**	**273,244**	**240**	**1,863,432**
Income tax	(146,318)	(360,677)	-	(10,225)	(14,804)	(75,271)	-	(607,295)

Income from continuing operations	**191,254**	**588,757**	**84,180**	**196,536**	**(2,803)**	**197,973**	**240**	**1,256,137**
Net income	**191,254**	**588,757**	**84,180**	**196,536**	**(2,803)**	**197,973**	**240**	**1,256,137**

2018	Cement	Energy	Real estate	Portfolio	Coal	Concessions	Adjustments	Total
Net income	8,476,400	3,424,430	190,001	366,779	110,118	1,773,200	(7,405)	14,333,523
Less: inter segment	(4,077)	(14,088)	(4,081)	(9,103)	(7,491)	(8)	-	(38,848)
Consolidated income	**8,472,323**	**3,410,342**	**185,920**	**357,676**	**102,627**	**1,773,192**	**(7,405)**	**14,294,675**
Cost of ordinary activities	(6,267,000)	(2,087,642)	(9,375)	(18,855)	(70,802)	(628,981)	-	(9,082,655)
Depreciation and amortization	(581,223)	(325,603)	-	(295)	(673)	(220,944)	-	(1,128,738)
Gross profit	**1,624,100**	**997,097**	**176,545**	**338,526**	**31,152**	**923,267**	**(7,405)**	**4,083,282**
Other depreciation and amortization	(126,776)	(21,602)	(89)	(5,486)	(31)	(64,234)	-	(218,218)
Administration and sales	(750,555)	(206,096)	(43,285)	(85,581)	(6,516)	(302,871)	-	(1,394,904)
Other income (expense), net	86,651	(14,321)	38,203	(10,592)	16,503	13,196	(89)	129,551
Operating profit	833,420	755,078	171,374	236,867	41,108	569,358	(7,494)	2,599,711
EBITDA	**1,541,419**	**1,102,283**	**171,463**	**242,648**	**41,812**	**854,536**	**(7,494)**	**3,946,667**
Finance income	31,546	12,396	39	5,814	648	31,131	-	81,574
Finance expenses	(462,801)	(294,854)	-	(118,864)	(704)	(311,970)	-	(1,189,193)
Exchange rate difference, net	16,076	13,294	(4)	403	863	14,301	-	44,933
Others	(10,180)	2,775	-	-	-	-	7,405	-
Earnings before taxes	**408,061**	**488,689**	**171,409**	**124,220**	**41,915**	**302,820**	**(89)**	**1,537,025**
Income tax	(123,032)	(151,492)	(452)	(36,422)	40,550	(72,059)	-	(342,907)
Income from continuing operations	**285,029**	**337,197**	**170,957**	**87,798**	**82,465**	**230,761**	**(89)**	**1,194,118**
Net income	**285,029**	**337,197**	**170,957**	**87,798**	**82,465**	**230,761**	**(89)**	**1,194,118**

The following reclassifications were made with respect to the information submitted as of December 2018:

- In the Concessions segment, the effect of the reclassification of equity to profit or loss from cash flow hedges of forecasted transactions of the subsidiary Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S.A. of $19,338 was reclassified from the expense for exchange differences to revenue (Note 5 Reclassification of items in the Financial Statements).

The accounting policies applied in the preparation of information by segments and in the accounting for transactions between segments correspond to those described in the accounting policy of operating segments. The Group has not made asymmetric allocations in its operating segments.

40.2 Reconciliation of segment revenue and revenue

The reconciliation between segment revenue and the Group's revenue is as follows (see Note 33 Revenue):

2019	Cement	Energy	Real estate	Portfolio	Coal	Concessions	Adjustments	Total
Net income								
Sale of cement, concrete and other	9,331,278	-	-	-	-	-	-	9,331,278
Sale of energy, natural gas and related activities	-	3,708,185	-	-	67,640	-	-	3,775,825
Financial activity	-	-	-	27,884	-	195,930	1,150,885	1,374,699
Revenue from airport services	-	-	-	-	-	756,685	-	756,685
Real estate	5,632	-	131,360	11	-	481,574	-	618,577
Equity method	-	-	5,140	400,387	-	115,592	(32,356)	488,763

Revenue from toll Collection	-	-	-	-	-	336,537	-	336,537
Valuation of investment property	37,132	-	31,843	-	276	(313)	-	68,938
Others	25,238	1,463	-	18,292	-	2,293	-	47,286
Consolidated income	**9,399,280**	**3,709,648**	**168,343**	**446,574**	**67,916**	**1,888,298**	**1,118,529**	**16,798,588**

Income from financial activities for $1,150,885 corresponds to the sale of the subsidiary Zona Franca Celsia S.A. E.S.P. for $1,086,960, sale of the investment in the associate Omya Andina S.A. for $62,681, dividends from investments in Cementos Argos for $1,132 and from investments in Celsia S.A. (formerly Celsia S.A. E.S.P.) for $112, which are presented in each of the operating segments in the item other operating income (expense) or other, and are reclassified for purposes of the Group's consolidation as revenue.

2018	Cement	Energy	Real estate	Portfolio	Coal	Concessions	Adjustments	Total
Net income								
Sale of cement, concrete and other	8,384,131	-	-	-	-	-	-	8,384,131
Sale of energy, natural gas and related activities	1,157	3,409,960	-	-	99,199	-	-	3,510,316
Financial activity	-	-	-	29,585	-	206,645	5,075	241,305
Revenue from airport services	-	-	-	-	-	623,741	-	623,741
Real Estate	5,140	-	99,318	17	-	445,635	-	550,110
Equity method	-	-	5,178	307,076	-	185,407	(12,480)	485,181
Revenue from toll Collection	-	-	-	-	-	298,204	-	298,204
Valuation of investment property	58,796	-	81,424	-	3,428	225	-	143,873
Others	23,099	382	-	20,998	-	13,335	-	57,814
Consolidated income	**8,472,323**	**3,410,342**	**185,920**	**357,676**	**102,627**	**1,773,192**	**(7,405)**	**14,294,675**

40.3 Geographic information

Revenue from external customers of the Group's continuing operations by geographic location at 31 December are as follows:

	Revenue by geographic location	
	2019	**2018**
Colombia	8,845,275	7,068,920
United States	5,267,608	4,404,129
Panama	993,196	1,150,943
Dominican Republic	515,740	431,043
Caribbean Islands	476,389	497,370
Honduras	422,622	486,805
Haiti	191,246	177,116
Costa Rica	52,055	51,526
Suriname	34,457	26,823
Total	**16,798,588**	**14,294,675**

For these purposes, the basis used to attribute revenue from external customers to countries is the location of each of the subsidiaries.

As of December 2019 and December 2018, the Group does not have any customer representing 10% or more of consolidated revenue.

NOTE 41: **INFORMATION ON RELATED PARTIES**

41.1 Transactions with related parties

During the year, the Group companies performed the following transactions and present the following balances receivable from or payable to related parties that are not consolidated within the Group.

	Sale of goods and other income		Purchase of goods and other expenses	
	2019	**2018**	**2019**	**2018**
Entities with significant influence over the Group (1)	87	159	86,733	95,316
Associates (2) (*)	32,962	29722	32,675	36,241
Joint ventures (3)	18,270	29,558	46,723	45,647
Key Management Personnel (*) (4)	373	316	210,096	200,788
Fees of the Board of Directors	-	-	3,907	3,495
Total related parties	**51,692**	**59,755**	**380,134**	**381,487**

(*) For comparison purposes in 2018, dividends from Fondo de Capital Privado Pactia Inmobiliario for $8,677 (2018 $14,016) were included in sale of goods and other income with associated companies and an item was included with the remuneration to key management personnel, separating Fees of the Directive Board Members within purchases of goods and other expenses (see detail in Note 41.2 Remuneration to key management personnel).

(1) Corresponds to insurance recovery. Expenses correspond to multi-risk policies and the purchase of insurance to cover assets, civil liability and employee benefit plans with Grupo de Inversiones Suramericana S.A.

(2) Corresponds mainly to interests from the Concession La Pintada S.A.S., dividends from Fondo de Capital Privado Pactia Inmobiliario, administrative services provided to Internacional Ejecutiva de Aviación S.A.S., revenue from the sale of cement to Fondo de Capital Privado Pactia Inmobiliario. Expenses are represented by the provision of air transportation services by Internacional Ejecutiva de Aviación S.A.S., depreciation of right-of-use assets in constructions and buildings and interest from valuation of lease liabilities with Fondo de Capital Privado Pactia Inmobiliario.

(3) Includes mainly revenue from the sale of cement to Consorcio Farallones, Consorcio Constructor Nuevo Dorado and Consorcio Mantenimiento Opain, sale of concrete to Consorcio Farallones, sale of raw materials to Caltek S.A.S, income from water transportation services with Trans Atlantic Shipmanagement Ltd., interests of Corporación Quiport S.A. and Consorcio Farallones, commission and interest income with Fideicomiso Plan Luz and administrative services and interest with CNC del Mar S.A.S. E.S.P. Costs and expenses correspond to the sale of cement to Consorcio Farallones, to Consorcio Constructor Nuevo Dorado and Consorcio Mantenimiento Opain, valuation of the vessel lease arrangement for water transportation services to Trans Atlantic Shipmanagement Ltd, cleaning and surveillance with Granulados Reciclados de Colombia Greco S.A.S., depreciation of right-of-use assets with Trans Atlantic Shipmanagement Ltd., locative repairs, maintenance and professional advice to Consorcio Constructor Nuevo Dorado, maintenance and rehabilitation of pavements on the land and air sides, rental arrangements with Consorcio Mantenimiento Opain.

(4) Corresponds to interest income from loans and remuneration to key management personnel.

	Amounts receivable		Amounts payable	
	2019	**2018**	**2019**	**2018**
Entities with significant influence over the Group (1)	39,757	80,279	25,870	75,749
Associates (2)	41,074	19,313	5,675	23,032

Joint ventures (3)	459,640	94,433	6,475	95,400
Key Management Personnel (4)	8,951	5,515	40	-
Total related parties	**549,422**	**199,540**	**38,060**	**194,181**

Amounts receivable include $17,961 (2018 $58,493) for other expenses paid in advance to related parties. Amounts payable include $3,140 (2018 $30,884) for other non-financial liabilities (Note 12 Prepaid expenses and other non-financial assets and Note 27 Other non-financial liabilities).

(1) Corresponds to prepaid expenses for multi-risk policy insurance, dividends receivable and payable, receivables for reimbursement of claims and payables to Grupo de Inversiones Suramericana S.A. for insurance and health services.

(2) Includes mainly interest receivables from Concesión La Pintada S.A.S., reimbursement of energy and connection rights with Fondo de Capital Privado Pactia Inmobiliario and the provision of administrative services to Internacional Ejecutiva de Aviación S.A.S. Payables are represented by the provision of air transport services by Internacional Ejecutiva de Aviación S.A.S. and to Occidental de empaques S.A. for the production of packaging.

(3) Corresponds mainly to receivables from Caoba Inversiones S.A.S. for the sale of transmission and distribution assets, to Fideicomiso Plan Luz for sales commissions, interest and capital for the subordinated debt, to CNC del Mar S.A.S. E.S.P. for backoffice administrative support, to Consorcio Farallones and Consorcio Mantenimiento Opain for the sale of concrete, to Caltek S.A.S. for the sale of raw material and laboratory services, receivables and payables with Trans Atlantic Shipmanagement Ltd. for the provision of water transportation services. Payables correspond to suppliers and reimbursement of Consorcio Constructor Nuevo Dorado and Consorcio Mantenimiento Opain, to Consorcio Imhotep for collateral withholding on construction contracts, to CNC del Mar S.A.S. E.S.P. for prepayment for future capitalizations, to Caltek S.A.S. for services of crushed white limestone.

(4) Receivables are represented by loans granted to key management personnel and payables for fees of the board of directors' members.

Rights-of-use assets with Fondo de Capital Privado Pactia Inmobiliario for $127,545 and lease liabilities for $123,873, right-of-use assets with Trans Atlantic Shipmanagement Ltd. of $50,301 and lease liabilities for $50,787 are presented.

As at 31 December, the Group has recognized impairment of receivables from related parties for $7,980 (2018 $7,469) and impairment expense for $450 (2018 $312).

As at 31 December, the Group has not received or granted guarantees for balances receivable from or payable to related parties. Transactions between reporting companies and their related parties are performed on terms equivalent to those in transactions between independent parties.

The average term of receivables from related parties with respect to the sale of goods and services is 30 days; payables between related parties have an average term of between 30 and 60 days. The average term of loans as of December 2019 is between 1 and 7 years, agreed at a rate in pesos between 4.54% and 8.20%.

41.2 Remuneration to key management personnel

The remuneration awarded to key management personnel during the year was as follows:

	2019	2018
Short-term benefits (*)	198,511	191,224
Post-Employment Benefits	5,130	6,868
Other long-term benefits	4,244	2,935
Termination benefits	6,118	3,256
Total compensation awarded to key management personnel	**214,003**	**204,283**

(*) Includes Fees of the Board of Directors' Members for $3,907 (2018 $3,495).

Values detailed in the table correspond to the values recognized as expenses during the period.

NOTE 42: **BUSINESS COMBINATIONS**

42.1. Business combinations made during the reporting period

42.1.1 Subsidiaries and groups of assets acquired

Subsidiaries or groups of assets acquired	Acquirer	Main activity	Acquisition date	% shares acquired by the acquirer directly	Compensation
Electricity distribution and marketing assets in Tolima (1)	Celsia Colombia S.A. E.S.P. (Subsidiary of Celsia S.A. formerly Celsia S.A. E.S.P.)	Electricity distribution and marketing assets	May, 2019	100%	1,633,950
Concession of the Aburrá Oriente Tunnel (2)	Odinsa S.A.	Operating concession of the Aburrá Oriente Tunnel	December, 2019	39.46%	250,771

1) Electricity distribution and marketing assets in Tolima

On 31 May 2019, Celsia S.A. (formerly Celsia S.A. E.S.P.), through its subsidiary Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A.E.S.P. EPSA), entered into an agreement for the purchase and sale of the trade establishment, which includes all the distribution assets and the electricity marketing business in Tolima, formerly operated and owned by Compañía Energética del Tolima S. A. E.S.P. The Company had a previous commercial relationship with Compañía Energética del Tolima S.A. E.S.P. resulting from the power purchase and sale transactions.

The value of the transaction was $1.6 billion for which Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A.E.S.P. EPSA), made a bond issue in the Colombian capital market on 24 April 2019 and signed credit agreements with domestic banks for $200,000 and international banks for $190 million. The aforementioned resources combined with the optimization of the asset portfolio operated by Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A.E.S.P. EPSA) are part of the short-term capital structure of the company, of which $1,580,093 were used for the payment of the consideration agreed with Compañía Energética del Tolima S.A. E.S.P.

For loan payments Celsia S.A. (formerly Celsia S.A. E.S.P.) made a private common share issue for $452,486 on 10 July 2019, which was fully subscribed by the shareholders; additionally, is exploring optimization of its asset portfolio to obtain additional resources.

This acquisition increases the coverage of the distribution business by adding 498,740 customers in a new state, thus reaching more than one million users served by the energy utility. It also increases the energy sold by nearly 999 GWh per year, 46% more than currently.

2) Concession of the Aburrá Oriente Tunnel

The Government of Antioquia acting as "grantor" and the Concession Aburrá Oriente Tunnel as "concessionaire" signed concession contract No. 97-CO-20-1811 on 20 December 1997 with the purpose of building a road connection between the Aburrá (Medellín) and San Nicolás (Rionegro) valleys. In consideration for the financing, construction, commissioning, operation and maintenance of the road concession, the Government assigned the collection of the Variante Palmas and Santa Elena tolls to the concessionaire.

The purpose of the concession is to design, build, operate and maintain the works that are part of the road development known as the Conexión Vial de Aburra - Oriente, Túnel de Oriente y Desarrollo vial complementario. This mega project consists of three roads totaling more than 60 kilometers that connect the Aburrá Valley with the eastern part of Antioquia by means of tunnels, highways and interchanges. It is also the main access to the José María Córdova International Airport.

On 8 October 2019, a contract was signed for the purchase and sale of 983,760 shares of the Túnel Aburrá Oriente S.A. Concession for $334,316.

On 16 December 2019, compliance with the above conditions was verified except for 245,972 shares corresponding to 13.16%. On that date, the transaction was closed in which 737,798 shares were acquired for $250,771, including subordinated debt for $50,511, corresponding to a 39.46% participation. Additionally, political rights of the company of 13.16% were acquired by virtue of the shareholders' agreements representing a future purchase of 245,972 shares for a total control of political rights of 52.62%.

The acquisition will be financed by Odinsa S.A. through relocating capital it has invested in other assets and geographies, not contemplating the increase of structural debt to finance the acquisition.

42.1.2 Assets acquired, liabilities assumed, and consideration transferred at the acquisition date

The following table presents the allocation of the total price paid on the identified assets and liabilities assumed in the business combinations, at the date of obtaining control:

	Electricity distribution and marketing assets in Tolima (1)	Concession of the Aburrá Oriente Tunnel (2)
	As of 31 May 2019	As of 30 November 2019
Assets		
Cash and cash equivalents	1,997	20,456
Trade and receivables	59,992	4,874
Inventories, net	416	-
Prepaid expenses and other non-financial assets	712	594
Current assets	**63,117**	**25,924**
Trade and other receivables	-	40,529
Property, plant and equipment, net	1,663,424	295
Intangible, net	-	1,295,638
Right-of-use assets	-	310
Other non-financial assets	-	118
Non-current assets	**1,663,424**	**1,336,890**
Total identifiable assets	**1,726,541**	**1,362,814**
Liabilities		
Financial obligations	15,345	56,098
Employee benefit liabilities	1,252	259
Trade and other payables	56,959	11,358
Other non-financial liabilities	14,478	1,481
Current liabilities	**88,034**	**69,196**
Liabilities		
Financial obligations	41,883	315,211
Trade and other payables	7,928	-
Deferred tax liabilities	-	238,153
Provisions and contingent liabilities	-	1,339
Other non-financial liabilities	-	1,513
Non-current liabilities	**49,811**	**556,216**
Total liabilities assumed	**137,845**	**625,412**
Net assets measured at fair value	**1,588,696**	**737,402**
Consideration transferred	1,633,950	250,771
% interests acquired	100%	39,46%
Total net assets acquired by the acquirer	1,588,696	291,000
Plus additional interests acquired in subordinated debt		182
Excess value paid on acquisition (i)	**45,254**	**-**
Gain in advantageous terms (ii)	**-**	**(40,411)**

Acquisition-related costs (iii)	34,467	3,345

(i) The excess value determined in the acquisition of the electricity distribution and marketing assets in Tolima for $45,254 is represented primarily by the future economic benefits arising from the distribution and marketing assets acquired. The total amount of the surplus according to current tax regulations is not deductible for tax purposes.

In December 2019, Celsia Colombia S.A. E.S.P. sold a portion of the transmission and distribution business acquired from Caoba Inversiones S.A.S., resulting in a net balance at 31 December 2019 of $24,640 (Note 14 Goodwill).

(ii) The acquisition on advantageous terms is mainly due to the improvement in the projections of average daily traffic at the time of allocation of the price paid. Also, the conformation of interests that grant control after the acquisition to a minor group of shareholders. At the time the transaction was agreed, the value of 100% of the company's equity was estimated considering a lower daily traffic projection, a condition for which the seller did not require updating; however, it was observed that the actual traffic trend since the opening of the tunnel in August 2019 is higher than estimated, which generates that the asset has a higher fair value on the acquisition date than agreed in the transaction.

As of December 2019, the value of goodwill of electricity distribution and marketing assets in Tolima showed the following changes:

Provisional goodwill as of 30 June 2019	**22,619**
Valuation of property, plant and equipment	999
Disposal of property, plant and equipment parts	1,261
Property, plant and equipment identified	(4,756)
Adjustment of trade and other receivables	(2)
Adjustments to trade and other payables	1,276
Adjustment to the consideration transferred	23,857
Total adjustments	**22,635**
Provisional goodwill as of 31 December 2019	**45,254**

(iii) Transaction costs related to the acquisition of electricity distribution and marketing assets in Tolima consist primarily of administrative and financial expenses for $22,829 recognized in the consolidated statement of income and costs capitalized as property, plant and equipment for $11,637 recognized in the consolidated statement of financial position. Similarly, transaction costs related to the acquisition of the Aburrá Oriente Tunnel Concession relate mainly to financial and legal advisory services recognized through management fees in the consolidated statement of income for $3,345.

For the purchase agreements established in the acquisition of assets, no contingent consideration was agreed upon. No ordinary shares were issued as consideration transferred, nor were any indemnification assets identified for recognition. Also, no transactions were recognized separately from the acquisition of assets and liabilities in the business combinations detailed.

42.1.3 Revenue and profit or loss of subsidiaries and/or assets acquired

Revenue accumulated in profit or loss for the period from 1 June to 31 December 2019, contributed by the distribution assets and the commercialization business of the acquired commercial establishment is $452,303 and the net profit for the same period was $48,237.

However, we report that due to the different accounting and financial structures with the former owner of the trading establishment, it is not possible to combine income and net income to determine the total for 2019.

Consolidated revenue in profit or loss as of 31 December 2019, contributed by the Aburra East Tunnel Concession since 1 December 2019 is $14,353 and the net profit for the same period was $4,481.

Revenue that would have been perceived had the company been acquired as of 1 January 2019 is estimated at $452,489 and net profit at $27,511.

42.1.4 Net cash flow on acquisition of subsidiaries

	Electricity distribution and marketing assets in Tolima (1)	Concession of the Aburrá Oriente Tunnel (2)
Consideration paid in cash		
Acquisition transaction costs (included in cash flows from operating activities)	1,603,950	125,385
Less:	34,467	3,345
Cash and cash equivalent balances of the controlled company (included in cash flows from investing activities)		
Net cash flow delivered for the acquisition	(1,997)	(20,456)
Consideration paid in cash	**1,636,420**	**108,274**

(1) The consideration paid was made in cash in two payments, one for $1,580,093 in May 2019 and another for $23,857 in September 2019. Of the $1,633,950, $30,000 is outstanding and will be paid to the seller on 31 May 2020, according to the purchase arrangement.

(2) The consideration paid for the Concession of the Aburrá Oriente Tunnel of $125,385 was made in December 2019, closing date of the transaction. Payment of the remaining 50% to reach $250,771 will be made within 18 months with an interest rate of 7% APR.

42.1.5 Completion of the purchase price allocation process for business combinations

As of 31 December 2019, the process of allocating the purchase price related to the acquisition of the e Electricity distribution and marketing assets in Tolima has not been finalized. This acquisition was made in May 2019, since when the process of accounting for the business combination began.

The process of allocating the purchase price of the business combination of the Concession Aburrá Oriente Tunnel, perfected in December 2019, entailed the recognition of a gain on advantageous terms, which involved the review required by IFRS 3 Business Combinations to ensure that the measurements adequately reflect consideration of all the information available at the acquisition date; therefore, no subsequent adjustment is expected on this.

42.2. Business Combinations Performed During the Immediate Pre-Reporting Period

On 1 November 2018, Celsia Centroamérica S.A. acquired 100% of the shares of the company Divisa Solar 10MW S. A., corporation registered on 16 April 2014 in the Public Registry of the Republic of Panama, whose main activity is the generation of electricity, through a photovoltaic generation plant located in the village of El Roble, district of Aguadulce, province of Cocle, with a capacity of 9.99MWp.

The following table presents the allocation of the total price paid in the identified assets and liabilities assumed in the business combination, at the date of obtaining control:

	Divisa Solar 10MW S.A.
Assets	
Current assets	**575**
Property, plant and equipment, net	23,200
Non-current assets	**23,200**
Total identifiable assets	**23,775**

Liabilities	
Financial obligations	23,661
Trade and other payables	82
Current liabilities	**23,743**
Total liabilities assumed	**23,743**
Net assets measured at fair value	**32**
Consideration transferred	32
Less total net assets acquired	(32)
Excess value paid (profit on advantageous terms) on acquisition	**-**

The consideration paid for Divisa Solar 10MW, S. A. was made in one payment, in November 2018.

NOTE 43: **CONTINGENT ASSETS AND LIABILITIES**

Certain contingent conditions may exist at the date the financial statements are issued, which may result in a loss for the Group. These contingencies will be resolved in the future when one or more events occur, or the probability of their occurrence varies. Such contingencies are estimated by the management and its legal advisors. The estimation of loss contingencies necessarily involves an exercise of professional judgment and is a matter of opinion. In estimating the contingencies of loss in legal proceedings pending against the Group, the legal advisors assess, among other aspects, the merits of the claims, case law of the courts in this regard and the current status of the proceedings on a case-by-case basis.

The Group considers that these matters will be resolved without any material effect on our operations, financial position or operational results.

43.1 Contingent assets

The Group's relevant contingent assets at 31 December 2019 correspond to:

43.1.1 Grupo Argos S.A.

At 31 December 2019, the company has contingent assets for $2,899 with the Special Industrial and Port District of Barranquilla for processes with pro-hospital stamps, of which $2,293 correspond to the plaintiff Grupo Argos S.A. and $606 correspond to Situm S.A.S. (a company absorbed by Grupo Argos).

43.1.2 Odinsa S.A.

Compañía Boulevard Turístico del Atlántico, S.A.

The company Boulevard Turístico del Atlántico, S.A. through its attorneys-in-fact has requested to the Superior Administrative Court to recognize that it is exempt from the Asset Tax under the Concession Agreement and while the General Directorate of Internal Taxes (DGII) recognizes the non-application/exemption of this tax for the periods 2013, 2014 and 2015. The amount corresponds to USD 16.9 million ($55,676). Pending decision by the High Administrative Court.

On 3 March 2015, the Internal Revenue Service issued Resolution No. 101-2015, by which it confirmed the obligation of Boulevard Turístico del Atlántico S.A. to pay the tax on assets corresponding to fiscal years 2011-2012. The amount corresponds to USD 12 million ($39,405). In August 2019, an unfavorable judgment was handed down at first instance denying the claims of Boulevard Turístico del Atlántico S.A.; on 16 September 2019, it went to the Supreme Court of Justice in cassation.

Compañía Autopistas del Nordeste S.A.

The company Autopistas del Nordeste S.A. through its attorneys-in-fact has requested the Superior Administrative Court to recognize that the Asset Tax is not applicable to it, under the Administrative Concession Contract in the Toll System for the Construction of the Santo Domingo-Rincón Molinillos Highway and in the meantime, that the General Directorate of Internal

Taxes (DGII) recognizes the non-application/exemption of this tax for the 2011 and 2012 periods. The amount corresponds to USD 17.4 million ($57,207). Pending decision by the Superior Administrative Court.

The company Autopistas del Nordeste S.A., through its attorneys-in-fact, has requested the Superior Administrative Court to recognize that the Asset Tax is not applicable to it, under the Concession Agreement and, in the meantime, that the General Directorate of Internal Taxes (DGII) to recognize the non-application/exemption of this tax for the period 2013, 2014 and 2015. The amount corresponds to USD 23 million ($75,374). In October 2019, the process was in a hearing stage after an unfavorable ruling before the Superior Administrative Court that the company filed with the Supreme Court of Justice through an appeal in cassation.

Likewise, Autopistas del Nordeste has requested the Superior Court to recognize that the tax on assets is not applicable to it, under the Concession Contract and in the meantime, that the General Directorate of Internal Taxes (DGII) to recognize the non-application/exemption of this tax for the period 2013. The amount corresponds to USD 6.4 million ($ 21,029). In 2019, due to the reassignment of processes under the guidelines of the National Directorate of Public Prosecutors' Offices, was moved and filed a memorandum requesting the process to be advanced.

43.1.3 Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S. A.

Regularization of lease payments

Opain seeks to bring the lease payment paid by the space holder to market value, and to do so it uses the oral procedure established in Article 519 of the Commercial Code. The company is currently waiting for the appeal against the first instance ruling that regulated the value of the fee to be resolved. Amounts for the process reach $88,922.

43.2 Contingent liabilities

Lawsuits to which the Group is exposed are administered by the legal area, the administrative processes can be of a labor, civil, criminal and administrative nature. The Group considers as contingent liabilities those proceedings for which it is estimated as possible, the probability of occurrence of the event and a future outflow of resources. The Group periodically monitors the evolution of the probability of loss of these proceedings and their classification as contingent liabilities or provisions.

If the probability of loss increases from possible to probable, the Group recognizes a provision and the corresponding effect on consolidated profit for the year. The amount of the provision depends on each specific process. As of 31 December 2019, the most significant contingencies that were not recognized as provisions in the financial statements are as follows:

43.2.1 Cementos Argos S.A.

Lawsuit related to Transmilenio

Due to structural defects in the pavement of the North Highway Project in Bogotá D.C. developed by Transmilenio S. A. (hereinafter "Project"), a popular action is underway against the Mayor's Office of Bogotá, the Urban Development Institute, Concretos Argos S. A. and certain public officials and suppliers of the Project. The class action states that Concretos Argos S.A., together with other suppliers, supplied construction materials without complying with the required technical specifications, and as a result structural defects were generated in the pavement of the Autopista Norte Project.

In a first instance ruling, Concretos Argos S.A. was ordered to produce publications associated with the failure to comply with consumer rights and to apologize. The referred action is pending for second instance ruling after the appeal presented by the company.

Transfer pricing with the National Tax and Customs Administration –DIAN–

Complaint filed by the company against the Official Review Liquidation due to the differences of appreciation between the DIAN and the company, regarding the classification of a credit operation with related parties abroad and the application of Article 35 of the Tax Code. The company argues that the presumed interest (FTD) cannot be applied to operations with economic agents abroad because it is a domestic rate that cannot serve as a basis for determining an international financial operation, contrary to what the DIAN maintains.

Currently, the process is in the second instance after the appeal filed against the first instance ruling, which is unfavorable to the company's interests. The financial effects of an adverse ruling are valued at $16,500. We have not recorded any accounting provision, as we believe that we have favorable arguments to disregard any obligation attributed to the company.

Valuation of Puerto Nare

In December 2018, the company filed a lawsuit for nullity and restoration of rights against a resolution to charge for the rectification and paving of the "Puerto Nare - Puerto Triunfo" road in the department of Antioquia for $18,000. The lawsuit was admitted, and in the response, the Department of Antioquia called the firm that performed the valuation study as guarantee. The company filed a written statement regarding the response to the lawsuit and again requested the suspension of the administrative act containing the valuation contribution. We have not recorded any accounting provision since we consider that we have sufficient arguments to disregard the payment obligation attributed to the company.

Puerto Zona Franca Argos (Argos Duty Free Zone Port)

In July 2018, Zona Franca Argos S.A.S. filed an arbitration claim with the Bogota Chamber of Commerce to review the concession contract for the company's private port in Cartagena, especially the investment update formula. The Court was assembled and an answer to the claim by the National Agency of Infrastructure (ANI) is pending. We have not recorded any accounting provision as we believe we have sufficient grounds to review the contract.

At the same time, in August 2019 Zona Franca Argos convened a new arbitration tribunal against ANI that seeks the nullification of the sanction imposed by the Agency on the concessionaire for USD 770 thousand ($2,525) in June 2019. The hearing for the selection of arbiters is pending.

Arbitration for collision of the Vessel Glory Ocean

In March 2004, a charter agreement for the vessel Glory Ocean was concluded between KGJ Cement (Singapore) Pte. Ltd. ('KGJ') as the shipowner (owner of the vessel) and Trans Atlantic Cement Carriers Inc. ("TACC") as the charterer, for the purpose of transporting cement in the Caribbean and the United States. In September 2009, the vessel Glory Ocean collided with a pier owned by Argos Ports (Houston) LLC. in Houston, USA, causing damage to the pier and the vessel.

On 15 June 2016, KGJ sued TACC in an arbitration court in London, England, for alleged breach of the charter party. The possible compensation amounts to approximately USD 3 million ($9,831). However, TACC reached an agreement with its insurer, in which the insurer will assume any condemnation resulting from the arbitration in excess of USD 250 thousand ($819).

In May 2019, a conciliation agreement was entered into, which concluded the arbitration process in June 2019, giving final closure to the Glory Ocean arbitration contingency, in which TACC assumed a payment of USD 145 thousand ($475) to KGJ.

McGaffin et Al Vs. Cementos Argos S.A., Argos USA Corp., Argos Cement LLC and Argos Ready Mix LLC.

On 10 May 2016, a class action was filed in the United States District Court for the Southern District of Georgia. The lawsuit claims that the concrete supplied was defective. The amount requested by the plaintiffs is approximately USD29 million ($95,037).

In December 2019, we reached an informal agreement with the plaintiffs to settle this lawsuit for a cash payment of USD 6.76 million ($22,153) plus certain expenses. Our insurance company informally agreed to contribute $300,000 to the settlement. We are currently negotiating the settlement agreement with the plaintiffs, which will then be subject to court approval. The McGaffin claim has been fully provisioned as of December 2019.

Vision Construction Ent. Inc. Vs. Argos Ready Mix, LLC

On 15 October 2015, a class action was filed in the United States District Court for the Northern District of Florida. The lawsuit claims that environmental and fuel charges for the sale of concrete in the State of Florida do not conform to the applicable contract. The amount sought by the plaintiffs is approximately USD13 million ($42,603). Considering the stage of the proceedings, it is currently not possible to determine a contingency.

In November 2017, the court denied the plaintiff's motion for class certification on the grounds that the named plaintiff was an inadequate class representative, but indicated that it would consider, if appropriate, the plaintiffs' request to seek a substitute class representative. Considering the stage of the proceedings, it is currently not possible to determine a contingency.

Southeast Ready Mix, LLC and Mayson Concrete, Inc. Vs. Argos North America Corp. et Al.

Lawsuit filed by two competitors in July 2017 in the United States District Court for the Northern District of Georgia. The lawsuit alleges violations of competition law. Considering the preliminary stage of the process, it is currently not possible to determine a contingency.

Pro Slab, Inc. Vs. Argos North America Corp. et Al.

Class action lawsuit initially filed in November 2017 in the United States District Court for the District of South Carolina. After being dismissed, the plaintiffs filed the lawsuit again in January 2019. The lawsuit alleges violations of competition law. Considering the preliminary stage of the process, it is currently not possible to determine a contingency.

Argos North America Corp. Texas Franchise Tax Audits (2008 & 2009)

In June 2016, the Texas State Tax Authority conducted an audit of the company's 2008 and 2009 state tax returns. The Authority disregarded some of the reported costs and, as a result, corrected the tax due, increasing it by $638,000 ($2,091) in 2008 and $822,000 ($2,694) in 2009, plus interest. The following fiscal years are not yet final and are subject to audit by the Authority.

A tax determination hearing requested by the company is pending. We have not recorded any accounting provisions considering the stage of the proceedings.

San Luis accident

Corresponds to a direct compensation action initiated by the relatives of the victims of the traffic accident of a vehicle hired by Cementos Argos S.A., and INMA S.A. to transport their workers from the Rioclaro plant to their destination in 2005. The lawsuit requests compensation and payment of damages estimated at $12,000 suffered by the death of the passengers.

Closing arguments were filed and the first instance ruling is pending. We have not recorded any accounting provision since we consider that the risk rating of the lawsuit is possible because we have arguments to distort the payment obligation attributed to the company.

43.2.2 Odinsa S.A.

Autopistas del Café

1) Autopistas del Café initiated a process of claiming nullity and reinstatement of the right to income tax for the taxable period 2010 for $50,003, which corresponds to the greater value of tax to be paid determined by the DIAN, plus penalty for inaccuracy, plus penalties for diminishing losses. On 11 May 2018, the company filed a lawsuit with the administrative court of Cundinamarca to control the nullity and reinstatement of the right. The Administrative Court of Cundinamarca must decide on the admission of the claim. On 2 August 2019, the Administrative Court of Cundinamarca issued an order admitting the application.

2) Autopistas del Café made a claim for nullity and restoration of the right to the *income tax for equity* (CREE), a special, additional income tax for legal entities in Colombia, for the 2013 taxable period for $9,370 which corresponds to the higher value to be paid as determined by the DIAN, plus a penalty for inaccuracy. On 18 July 2018, the administrative court of Risaralda issued an order admitting the lawsuit.

On 21 May 2019 the Risaralda Administrative Court issued a ruling in favor of the company, declaring the nullity of the administrative acts demanded, and on 18 December 2019 the company filed the closing arguments of the second instance before the Council of State from which a final ruling is expected.

3) Autopistas del Café is in the process of demanding the nullity and reinstatement of the right for $642 corresponding to the reimbursement of the outstanding balance in favor rejected in the official review liquidation on income and complementary tax return for the year 2010. On 1 February 2019, the Administrative Court of Cundinamarca issued an order admitting the lawsuit and is expected to set a date for the initial hearing.

Autopistas del Nordeste S.A.

1) The company Autopistas del Nordeste S.A. has an Extra-Contractual Civil Liability process due to a claim for an accident in which 5 people died. The value amounts to USD 2.1 million ($6,882).

The Court issued the Civil Ruling No. 038-2018, dated 7 March 2018, rejecting the claim filed against Autopistas del Nordeste due to lack of evidence. The case is currently in the investigation phase before the First Civil and Commercial Chamber of the Court of Appeal of the National District. Next hearing is scheduled for 11 March 2020.

Additionally, on 30 April 2009, the Dominican Institute of Social Security (IDSS) requested the company Autopistas del Nordeste S.A. for alleged unpaid social security contributions and for this purpose chose as representative the Fourth Chamber of the Civil and Commercial Chamber of the First Instance Court of the National District, where such request was rejected due to the non-existence of the credit. Subsequently, the IDSS filed an appeal against such decision and after three years without movement of the instance, the company requested the continuance of the instance, a request that the court granted. Subsequently, the IDSS filed an Appeal in Cassation before the Supreme Court of Justice. The value amounts to USD 864 ($2,830); at a hearing on 10 July 2019 the file was left awaiting decision.

2) The Concession Contract dated 18 July 2001, was approved by the National Congress of the Republic by means of a Resolution published on 22 March 2002; subsequently, Law 557-05 of 13 December 2005, introduced the Tax on Assets (ISA) into the fiscal system, which, according to the provisions of the Concession Contract, represents an adverse change in the tax legislation that may affect the economic balance of the Contract and which would oblige the Grantor to reestablish it in favor of ADN, at its sole cost. As a measure to preserve the economic balance and in compliance with Decree 162-11, dated 15 March 2011, which provides that all requests for tax exemptions under laws or concession contracts ratified by the National Congress must be submitted to the Ministry of Finance (MH) for study and processing, ADN requested the MH to be exempted from the payment of such tax for the periods 2011 to 2018 having obtained the MH's non-objection in all cases, but the requests were subsequently rejected by the DGII.

In view of the DGII's rejections, ADN initiated proceedings before the Superior Administrative Court (TSA) and the Supreme Court of Justice (SCJ), which did not consider ADN's arguments for the recognition of exemptions with respect to some of the periods under analysis; however, as an ordinary appeal against the TSA's decisions, ADN has available actions before the SCJ and before the SCJ's decisions, it may subsequently file actions before the Constitutional Court, which must also rule on the appropriateness or not of the tax exemption in light of the constitutional precepts.

However, in the event of a negative decision by the Constitutional Court, ADN may formally request the Grantor to re-establish economic equilibrium in accordance with the contractual procedure, which also provides for a phase of Dispute Resolution, Direct Settlement and Conciliation prior to the authorization of actions before an Arbitration Court based in New York.

As of 31 December 2019, the value of the possible contingency is estimated at USD 5.96 million ($19,532). It should be noted that no actions have been taken to collect this tax from the DGII, which is an administrative act that would be subject to the corresponding legal remedies.

Boulevard Turístico del Atlántico, S.A. company

The Concession Contract dated 18 July 2001, was approved by the National Congress of the Republic by means of a Resolution published on 22 March 2002 and the Agreement Act No. 10 dated 23 August 2007 was approved by the National Congress of the Republic through a Resolution published on 17 April 2009, in which the Optional Scope of the Concession Contract was approved in favor of BTA and BTA was granted the general prerogatives and obligations of the same; Subsequently, Law 557-05 of 13 December 2005 introduced the Tax on Assets (ISA) into the fiscal system, which, according to the provisions of the Concession Agreement, represents an adverse change in the tax legislation that may affect the economic balance of the Agreement and which would oblige the Grantor to re-establish it in favor of BTA, at its sole cost. As a measure to preserve the economic balance and in compliance with Decree 162-11, dated 15 March 2011, which provides that all requests for tax exemptions under laws or concession contracts ratified by the National Congress must be submitted to the Ministry of Finance (MH) for study and processing, BTA requested before the MH that it be exempted from the payment of such tax for the periods 2011 to 2015 having obtained the MH's non-objection in all cases, but the requests were subsequently rejected by the DGII.

In view of the rejections by the DGII, BTA initiated proceedings before the Superior Administrative Court (TSA), which did not consider BTA's arguments for the recognition of exemptions with respect to some of the periods under analysis; however, as an ordinary appeal against the decisions of the TSA, BTA has available actions before the SCJ and before possible decisions of the SCJ, it may subsequently file actions before the Constitutional Court, which must also rule on the appropriateness of the tax exemption in light of the constitutional precepts.

However, in the event of a negative decision by the Constitutional Court, BTA may formally request the Grantor to re-establish economic equilibrium in accordance with the contractual procedure, which also provides for a phase of Dispute Resolution, Direct Settlement and Conciliation prior to the authorization of actions before an Arbitration Court based in New York.

As of 31 December 2019, the value of the potential contingency is estimated at USD 4.45 million ($14,609). It should be noted that no actions have been taken to collect this tax from the DGII, an administrative act that would be subject to the corresponding legal resources.

43.2.3 Celsia S.A. (formerly Celsia S.A. E.S.P.)

Celsia Colombia S.A. E.S.P (formerly Empresa de Energía del Pacifico S.A. E.S.P. – EPSA)

1) On 14 March 2014, the National Directorate of Taxes and Duties of Colombia (DIAN), by means of an official liquidation, modified the private liquid income for the taxable year 2010 of EPSA (now Celsia Colombia S.A. E.S.P.), considering that the deduction for investment in fixed assets taken for the construction of the Cucuana hydroelectric plant would not comply with the requirements indicated in the current regulations. Accordingly, the tax and the penalty for inaccuracy, both under discussion according to the settlement of the DIAN, would amount to $16,800 and $26,880, respectively

The company proceeded to file the corresponding appeals which were resolved against the interests of the company. Because of this, a claim for nullity and reinstatement of the right was filed before the Administrative Court of Valle del Cauca against the corresponding administrative acts, subsequently reforming it to include as evidence a recent decision of the Council of State's jurisprudence where it ratifies that the deduction for investment in real productive fixed assets (Art. 158-3 of the Tax Code), acquired through financial leasing, proceeds in the year in which the investment is made or in which the contract is signed. After completing the initial stages of the process and the initial hearing on 8 August 2017, the company filed closing arguments. Currently, the file is in the Office for the issuance of first instance ruling before the Contentious Administrative Court of Valle del Cauca.

2) Ruling of the action of protection against the company and other entities, issued on 8 July 2014 by the Constitutional Court, which established some obligations to improve the river and land mobility of the communities of Cerro Tijeras and Honduras that are within the area of influence of the Salvajina power plant reservoir. To date, there has been progress making prior consultations with the communities involved in complying with the court order. However, in order to present the Environmental Management Plan for the Salvajina Hydroelectric Power Plant (hereinafter the EMP), it is necessary to conclude the consultation processes with the other communities in the area of influence (which are not part of the action od protection), without which it is not possible to file or have this plan approved by the competent environmental authority within

the process of establishing the EMP. In this sense, it is reported that the costs of implementing the measures referred to in the sentence will be budgeted and executed.

Empresa de Energía del Pacifico S.A. E.S.P. – EPSA, Celsia S.A. (formerly Celsia S.A. E.S.P.) and Compañía de Electricidad de Tuluá S.A. E.S.P. – CETSA

Celsia Colombia S.A. E.S.P. currently has 61 active proceedings before the ordinary labour courts, contentious-administrative proceedings and coercive proceedings initiated by entities; in turn, Celsia and CETSA each have two active proceedings before the ordinary labour courts.

The main claims in these proceedings are: the declaration of a contract as being in force, compensation for dismissal without just cause, a declaration of employer's liability arising from an occupational accident and the payment of damages, pension replacement, and a sanctioned pension. No accounting provision has been recognized for these proceedings given their remote or eventual probability at 31 December 2019.

NOTE 44: CONCESSION CONTRACTS

The balance of the concession contracts at 31 December comprises:

	2019	2018
Financial Assets		
Commercial accounts	2,347,941	2,579,638
Total financial assets (Note 8)	**2,347,941**	**2,579,638**
Intangible Assets		
Cost	5,132,877	3,596,154
Amortizations	(1,266,822)	(809,686)
Total intangible assets (Note 15)	**3,866,055**	**2,786,468**
Total assets from concession contracts	**6,213,996**	**5,366,106**

Changes in concessions recognized as financial assets during the period are as follows:

	2019	2018
Balance at the beginning of the year	**2,579,638**	**2,397,168**
Operating receivables	137,367	113,404
Interest receivables	199,426	189,336
Payment of principal	(281,140)	(195,733)
Payment of interest	(103,640)	(78,756)
Effect by translation	(44,105)	195,238
Other changes	(139,605)	(41,019)
Balance at the end of the year	**2,347,941**	**2,579,638**

Changes in concessions recognized as intangible during the period is as follows:

	2019	2018
Balance at the beginning of the year	**2,786,468**	**2,960,873**
Additions	101,907	68,808
Amortization for the period	(295,613)	(242,442)
Effect by translation	2,385	20,613
Transfer from/to other accounts	(2,019)	(1,736)
Business combinations	1,295,638	-
Impairment	(22,711)	-
Other changes	-	(19,648)
Balance at the end of the year	**3,866,055**	**2,786,468**

The following is a description of the main concession contracts of the subsidiaries of Grupo Argos S.A:

Autopistas del Nordeste Cayman S.A.

In charge of the operation and maintenance of the Juan Pablo II highway, in the Dominican Republic; this highway communicates the capital of the republic with the northeast region of the country, in addition to the towns of Monte Plata, Bayaguana, Sabana Grande de Boya and Nagua. The concession was granted by the Dominican government in 2001, for a period of thirty (30) years, and the concessionaire began operating in June 2008, when it opened the road and toll stations.

The general scope of the project is to: a) conduct and review the studies and designs and prepare the final construction drawings; b) develop the project's traffic demand study; c) finance the project, execute the construction works and perform periodic and routine maintenance of the roads; d) return the road in optimal conditions to the Dominican State at the end of the concession contract (30 years); e) operate the toll collection plazas, including the supply, installation, assembly, testing and commissioning of the equipment; and f) make the commercial exploitation of the road.

As part of the contractual agreement for the concession Autopistas del Nordeste S.A., it has the obligation to renew assets. Additionally, the entity has the obligation, upon expiration of the operation stage, to return the assets affected to the project's concession, which include: the land for the road area, civil work, roads, separators, intersections, structures, drainage works, works of art, signs, toll booths, service areas, equipment installed for the operation of the project and other assets contained in the contractual documents, will be reverted in favor of the grantor, at no cost, free of all liens.

Currently, the concessionaire has the obligation to perform major maintenance to the infrastructure built within the contractual agreement every ten (10) years.

The total cost of construction was approximately USD 224 million, in addition to the reception of the road in administrative concession by the toll system. As part of the agreement, the Ministry of Public Works and Communications of the Dominican Republic is committed to preserve the economic balance of the contract, guaranteeing a minimum revenue of approximately USD 934 million as of 31 December 2019 (2018 USD 980 million) which is updated with the US inflation rate. According to the concession agreement, this flow will be cancelled quarterly from August 2008 until May 2038.

The concession arrangement will terminate ordinarily by the expiration of the term provided in the contract. There is no clause agreed to allow for an extension, except in the event of situations that significantly alter the conditions and performance of the contract.

The Concession Contract, in its article 5, includes as an additional scope for the project, the Nagua - Sanchez - Samaná circuit, known as the "*Boulevard Turístico del Atlántico*".

*Article 27 of the referred contract, allows the total or partial assignment of the project's scope.

*In the "Minutes of Agreement No. 10" dated 23 August 2007: Autopistas del Nordeste formally assigns the additional scope of its concession contract with the Dominican State, to the legal entity Boulevard Turístico del Atlántico, S.A., which has the same structure and share interests of the promoters of the Autopistas del Nordeste project.

As of 31 December 2019, the value of the financial assets for concession contracts for this concession amounted to $1,293,772 (2018 $1,439,469).

Boulevard Turístico del Atlántico, S.A.

Development, construction and rehabilitation of the Nagua - Sanchez - Samaná - El Limón and Las Terrenas highway through the concession system, as well as the total or partial development of public and private facilities. Through agreement No. 10, dated 23 August 2007, signed between the government of the Dominican Republic, represented by the Ministry of Public Works and Communications and Autopistas del Nordeste S.A., an entity related to Boulevard Turístico del Atlántico S.A. (concessionaire), who was originally granted with the project.

The general scope of the project is to: a) conduct and review the studies and designs and prepare the final construction drawings; b) develop the study of the project's traffic demand; c) finance the project, execute the construction works and perform periodic and routine maintenance of the roads; d) return the road in optimal condition to the Dominican State at the end of the concession contract (30 years); e) operate the toll collection plazas, including the supply, installation, assembly, testing and commissioning of the equipment; and f) make the commercial exploitation of the road.

Within the contractual agreement of the Boulevard Turístico del Atlántico S.A. concession, it has the obligation to carry out an asset renewal. Additionally, the entity has the obligation, upon expiration of the operation stage, to return the assets affected to the project's concession, which include: the land for the road area, civil work, roads, separators, intersections, structures, drainage works, works of art, signs, toll booths, service areas, the equipment installed for the operation of the project and other assets contained in the contractual documents, will be reverted in favor of the grantor, at no cost, free of all liens.

Currently, the concessionaire has the obligation to perform major maintenance to the infrastructure built within the contractual agreement every ten (10) years.

The initial value of the contract is approximately USD 151 million, in addition to the reception of the road under administrative concession by the toll system. The act also indicates that the company commits to contribute 100% of the cost of the construction works, within a period of 24 months. As part of the agreement, the Ministry of Public Works and Communications of the Dominican Republic is committed to preserving the economic balance of the contract, guaranteeing a minimum income of approximately USD 1,218 million as of 31 December 2019 (2018 USD 1,262) which is updated with the US inflation rate. According to the concession agreement, this flow will be cancelled quarterly from the first quarter of 2012 until April 2038.

The concession agreement will terminate on an ordinary basis due to the expiration of the term provided in the contract, there is no clause agreed to allow for an extension.

At 31 December 2019, the value of financial assets under concession contracts for this concession amounts to $698,396 (2018 $827,525).

Carribbean Infraestructure Inc.

PPP (Public Private Partnership) contract signed with the government of Aruba in July 2015 called "DBFM Agreement Green Corridor", for an initial value of approximately USD 77 million.

The purpose of this contract is the design, construction, financing and maintenance of the Green Corridor project, which consists of the construction of a second roadway between Reina Beatriz Airport and PosChiquito, with three roundabout type intersections, the construction of a bridge over Mahuma Canyon and the construction of an upper arch bridge over Española Lagoon. In the PosChiquito sector, a boulevard will be built, and secondary roads will be rehabilitated in the San Nicolás, Sabaneta, PosGrande and PosChiquito sectors. The construction stage was declared available on 23 July 2018, with a length of 34 kilometers of tracks in both double and single carriageway, the contract term is 18 years from the date of availability with a closing of the contract in the month of July 2036, currently is in operation and maintenance stage.

The concession agreement contemplates maintenance over time, since it must be done on the road during the 18 years after obtaining the certificate of availability, according to the financial model will be made as follows: annual from 2023 to 2035 (major maintenance) except in 2030 and 2031 and routine maintenance until 2036.

The concession contract will terminate ordinarily by the expiration of the term provided in the contract, there is no clause agreed to allow for an extension.

At 31 December 2019, the value of financial assets under concession contracts for this concession amounts to $263,615 (2018 $265,421).

Autopistas del Café S.A.

Concession contract No. 0113 of first generation signed on 21 April 1997 with the National Institute of Roads (INVIAS); in 2003 this contract was assigned to the National Institute of Concessions (INCO) and finally, as of 2011, the grantor is the National Agency of Infrastructure (ANI). Its purpose is to carry out the concession system, the final studies and designs, the rehabilitation and construction works, the operation and maintenance, and the provision of services for the Armenia-Pereira-Manizales-Calarcá-La Paila road project.

Upon termination of the concession agreement, Autopistas del Café S.A. shall return to ANI the assets affected to the road project concession, including, among others: a) the land for the right-of-way and b) other assets established within the contract, free of any lien and with a level of service that reaches a minimum project status index rating of four (4) points, in accordance with the "Maintenance Standards for Concessioned Roads".

In order to comply with the previously mentioned condition index, the concession performs periodic and major maintenance to the asphalt layer on a permanent basis.

The concession estimates that the total value of the contract is $172,597 (expressed in 1996 pesos), and its duration will be until 1 February 2027. there is no agreed clause allowing for an extension.

On 5 May 2015, the contract No. 14 was signed between Autopistas del Café S. A. and the National Agency of Infrastructure - ANI, in order to carry out the rehabilitation of 8.66 kilometers of track in the section Calarcá - La Española, the contract has a value of $ 18,492 and a term of 12 months.

During the year 2016, amendment to the contract No. 15 was signed on 7 April 2016 by means of which 0.84 additional kilometers of the rehabilitation of the Calarcá - La Española section were contracted for a value of $1,800 as a complement to amendment No. 14. Similarly, amendment No. 16 was signed on 22 June 2016 by means of which the arbitration clause of the concession contract was modified and concluded with the signing of amendment No. 17 of 29 December 2016, by means of which the construction of the Bosques de la Acuarela pedestrian bridge in the municipality of Dosquebradas was contracted, as well as the operation and routine maintenance of the Western Trunk Road and the Studies and Designs Phase III of the Campoalegre Road Pair and the double roadway between the Tarapacá II toll and the La Paz Road in the municipality of Chinchiná, for $6,591.

On 3 October 2017 the amendment No. 11 to the commercial trust agreement No. 059 of 1997 was signed between the Fiduciaria Colombiana de Comercio Exterior S.A. - Fiducoldex and Autopistas del Café S.A., through which the obligation to implement IFRS is added to clause six (6). On 29 November 2019, the amendment No. 12 was signed, by means of which the trust payment cascade to the concessionaire was regularized and two savings accounts were opened for the management of the trustor's liquidity with the purpose of attending credit obligations.

Amendment No. 20 to the Concession Contract No. 0113 of 1997 was signed on 19 December 2018 with the purpose of preparing the following studies and designs: 1) studies and designs for the construction of an uneven intersection for the access to the municipality of Filandia (Quindío) from and to the national road under concession, section Armenia - Pereira, Km 15+450 of route 2901. 2) Studies and designs for the construction of an uneven intersection for the access to the municipality of La Tebaida (Quindío), section La Paila - Calarcá, K 37+900 route 4002, 3) Studies and designs for the construction of a level road solution for the access to the Caimo (Quindío) village, Km 6+650 of the national road concession, section La Paila - Calarcá, route 40QN01, 4) Studies and designs of the pedestrian bridge located in the Playa Rica sector, section Avenida del Ferrocarril, approximately at Km 2+600 route 2902A. 5) Studies and designs of the pedestrian bridge located in the Guacarí sector, section Point 30 - Pereira Terminal, approximately at Km 28+000 route 2901, 5) Geotechnical instability of the slope of km 24+380 route 4002 section La Paila - Calarcá. 6) Geotechnical instability of the Club Campestre de Manizales slope in the section La Ye - La Manuela, in the sector from km 3+300 to km 3+330 of route 29CL03. Additionally, the following work activities will be executed: 1) Construction of the El Rosario Pedestrian Bridge, 2) Construction of the "Postobón" uneven intersection, 3) Campoalegre (Caldas -Risaralda) road pair, The LICENSEE will also have tenure right to the sections of the Western Trunk Road VTO Section El Jazmín - Chinchiná Intersection (PR 20+150 to 31+773) + El Jazmín Intersection (16+700 to 17+140) and Santa Rosa Stadium - Jazmín Intersection right side (1.7 Km)), for one (1) year counted from 1 January 2019 to 31 December 2019 to perform routine maintenance and operation activities, the value of the present amendment corresponds to the sum of $96,663.

On 23 December 2019, amendment No. 22 was also signed for the construction of the continuation of the Campoalegre road pair between PR25+400 and PR26+250 (0.85 km) and the construction of the vehicular bridge over the Campoalegre river. Likewise, the management, compensation and environmental obligations were contracted for all the work on the Campoalegre road pair contracted in amendments No. 20 and No. 22, and the property management of the works contracted in this amendment. Likewise, the rehabilitation activities of the supports and joints of the bridges of the West Trunk Road were contracted, such as: Lembo Bridges 1 and 2, San Juan Menor and San Juan Mayor Bridges, Campoalegre Bridge, Cameguadua Bridge and El Chispero Bridge. As periodical maintenance, the section Variante Troncal de Occidente was agreed, including periodical maintenance in the existing Campoalegre bridge, with milling activities in the existing roadbed, placement of roadbed, vertical signaling, reconstruction of gabions and horizontal drains.

It will also extend the concessionaire's tenure of the sections of the Western Trunk Road VTO sector Jasmine - Chinchiná, for one (1) year starting on 1 January 2020 until 31 December 2020 to carry out routine maintenance and operation activities. Finally, in the present contract, the activities of studies and designs of updating to phase 3 of the return K23 in the Armenia - Pereira route and the elaboration of the studies and designs phase 3 of the instability of the slope of the kilometer 9+800 in the La Romelia - Postrera road pair in the sector of the El Rodeo sidewalk.

The term of the mentioned amendment is of maximum 36 months after signed the work initiation act and the value of the present amendment corresponds to the sum of COP $21,107.

As of 31 December 2019, the value of financial assets under concession contracts for this concession amounts to $92,158 (2018 $47,223).

Los Llanos Road Concession

Concession contract under the fourth generation Public Private Partnership scheme No. 004 signed on 5 May 2015 with the National Infrastructure Agency, ANI. The purpose of this contract is to carry out studies, design, financing, construction, operation, maintenance, social, property and environmental management of the following items: i) Granada - Villavicencio-Puerto López- Puerto Gaitán- Puente Arimena corridor. ii) Villavicencio Road Ring and Access to the City - Meta Road Network. Currently, it is in pre-construction stage, the contract term is until September 2045. The initial value of the contract is $3.2 trillion COP of the year 2013.

Compensation of the concession will be made with respect to each Functional Unit, the sources for payment will be the collection of tolls and income from commercial exploitation.

At the end of the concession agreement, the entity must revert the infrastructure built in execution of the contractual agreement. Additionally, during the operation and maintenance phase, it must maintain and replace the weighing equipment, software and hardware, communications equipment and vehicles provided by the concessionaire.

During the operation and maintenance phase, the entity shall maintain the interventions executed during the construction phase and the other works and assets of the concession agreement, so that they always comply with the indicators.

The concession agreement has a variable term and will run from the start date to the end date of the reversion stage, which will begin once the operation and maintenance stage of the contract is concluded and will end with the signing of the reversion certificate. No clause has been agreed to allow for an extension.

On 1 December 2016, the Concession summoned an arbitration tribunal before the Arbitration and Conciliation Centre of the Bogotá Chamber of Commerce in order to review and re-establish the financial conditions with which the Concession Contract No. 004 of 2015 was structured, including the negative economic effects generated by the modifications made unilaterally by the National Infrastructure Agency - ANI, to the contractual tariff scheme defined in Resolution 1130 of 2015, particularly, tariff affectations in the Yucao and Casetabla toll stations. This is due to the fact that the Concession considers that these modifications were not previously agreed upon with the Concessionaire and directly affected the remuneration to which it is entitled for the execution of the Concession project.

On 28 February 2019, the Court of Arbitration issued an Arbitration Award ending the arbitration process against the National Infrastructure Agency - ANI, resolving: i) that until the Concession has had the financial closure of the Project, the Construction

Phase of the Project cannot be started, ii) that the Concession breached the obligation to obtain the financial closure and the obligation of the third round of Equity in the terms of the Concession Contract, iii) to condemn the Concession to the payment of the third round of Equity and, iv) consider that the Concession and ANI, in compliance with the postulates of good faith and conservation of the contract, and of the duties that the Law imposes in view of the purposes pursued with the state contracting, could renegotiate the bases of the contract and look for the arrangement formulas that allow the fulfillment of its objective. Therefore, on 12 November 2019, the Llanos Road Concession and the National Infrastructure Agency - ANI signed the amendment No. 7 to the 2015 Concession Contract No. 004, where it was agreed, among other things, that i) the parties will hold working groups during the four months following the signing of amendment No. 7, to evaluate the financial, technical, legal, property, risk, environmental and social alternatives under which the bases of the aforementioned Concession Contract could be renegotiated and ii) the contribution of the third equity and the funding of the sub-accounts of the Autonomous Equity is suspended.

In addition, it was agreed that, once the four-month period had expired, i.e. on 12 March 2020, without reaching an agreement allowing the execution of the contract, the early termination of the Concession Contract would be configured.

On the other hand, the parties agreed to create a sub-account in the ANI account of the project's autonomous equity that will be delivered by the Concessionaire and which purpose will be the elaboration of designs and construction of works for the benefit of the community not included in the scope of the contract. The parties agreed to modify the pre-construction phase settlement formula by including the resources paid for the execution of functional unit 0 and a discount for the amount described above in the event of early termination of the contract.

As of 31 December 2018, the value of intangible assets for concession contracts of this concession amounts to $181,573 (2018 $161,498).

Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. - Opain S. A.

According with the provisions of the concession contract, the company obtained the concession for the administration, operation, commercial exploitation, maintenance, modernization and expansion of El Dorado International Airport in the city of Bogotá.

The contractual scheme consists of the Special Administrative Unit of Civil Aviation (hereinafter "the Aerocivil") entered into Concession Contract No. 6000169OK of 2006 with the company; and in compliance with Decree 4164 and 4165 of 2011 the Aerocivil signed with the National Agency of Infrastructure (hereinafter "the ANI") the Inter-administrative Cooperation Agreement No. 5 of 2013, by means of which ANI subrogated the functions of Aerocivil as regards the supervision of the execution of the Concession Contract, a subrogation that was perfected with the Act of Delivery and Receipt dated 27 December 2013.

The Concession Contract is divided into three main stages, namely:

(i) Preliminary stage

The preliminary stage included the period between the signing of the initiation act of execution on 19 January 2007 and the initiation act of the modernization and expansion stage on 19 September 2007.

During the previous stage, the following steps were taken, among other arrangements: (a) sign of the commercial trust contract for the collection, administration and distribution of the surplus generated by the regulated and non-regulated income, (b) executing the steps to obtain the financial closure, (c) ensure the connection for continuity with the Civil Aeronautics, and (d) deliver the studies and designs that will be developed in the modernization and expansion stage.

Within this first stage, it was also established to deliver the goods, services and revenues of the concession, by the Civil Aeronautics to the company, through the subscription of the delivery act.

(ii) Modernization and expansion stage

The modernization and expansion stage, in accordance with the work schedules in amendment No. 3 of the Contract, began with the signing of the initiation act signed on 19 September 2007, the total of the sub-projects and milestones that are part of the Modernization stage were completed on 31 January 2019, in compliance with the provisions of amendment No. 27 of the Concession Contract. Likewise, and in accordance with the provisions of Clause 36 of the Concession Contract, the Concessionaire delivered the technical report in accordance with numbers 36.1 "Bimonthly Reports" and 36.2 "Technical Report" of said Clause. Once the conditions set forth in the Concession Agreement dated 10 May 2019 had been met, ANI and the Concessionaire signed the act of closure of the modernization and expansion stage of Concession Agreement 6000169OK of 2006.

Completion of the concession contract

Once the works were completed within the framework of the Modernization and Expansion of El Dorado Airport, the processing and delivery of the different documents, among others, summary of the Technical Report, documentation of each sub-project, operation and maintenance manuals dated 10 May 2019, the final act of the Modernization and Expansion Stages of El Dorado Airport was signed by the parties.

(iii) Final stage

This stage will be included from the date of signing the act of completion of the modernization and expansion stage, until the effective date of termination of the contract in January 2027. This stage corresponds to the Concessionaire to administer all maintenance activities of the modernization and expansion works, as well as to manage the operation, administration, commercial exploitation and maintenance of El Dorado Airport.

Amendments No. 3 to 32

During 2010, amendment No. 3 to the Concession Contract was signed, where, among other aspects, it was agreed: (i) the new schedule of works; (ii) the procedure to define the Delta for the demolition and replacement of the existing passenger terminal; and (iii) the manner in which the final modification to the technical specifications of the contract associated with the demolition and replacement of the existing passenger terminal would be executed, establishing 24 July 2010 as the deadline to finish the Delta.

Such term was extended by means of amendment No. 4 and 5, until 1 December 2010, and on that date, the Agreement Act on the Final Calculation of the Delta was signed, establishing the total amount of the so-called "Investment Delta", subject to the subscription of amendment No. 7 to the Concession Agreement.

In September 2011, amendment No. 6 was signed, by means of which the schedule of the modernization and expansion stage was modified, among others.

In 2012, amendment No. 7, 8 and 9 were signed; the first of them, related to the Investment Delta, its form of payment and respective procedures; the second, modifying the Concession Area, to allow the construction of the New Control Tower and the Schedule of the modernization and expansion stage, as opposed to the works related to the current maintenance hangars of Aerovías del Continente Americano S. A. (AVIANCA S.A.) and the eastern national cargo terminal; and the third, which modified milestone 6A and established milestone 7B, in response to the interventions associated with the northern runway.

On 5 May 2014, amendment No. 10 was signed, giving technical scope to Milestone 7A, corresponding to the subproject of "construction, installation and commissioning of the duct bank, cabling and new substation of the new control tower"; it also established the procedure for signing the verification act and form of payment, and made a modification to the concession area, the contractual guarantees and the schedule established in amendment No. 8 of the Concession Contract.

In 2015, amendments No. 11, 12, 13, 14, 15, 16 and 17 were signed; the first of these related to the declassification of some areas under concession to OPAIN called Hangar L 177 and L 178; the second, related to the extension of the Modernization and Expansion Stage, in order to execute milestones 7 and 8 and the sub-project of the works associated with the northern runway under the responsibility of OPAIN, the incorporation of the Friendly Composition mechanism in the Concession Contract including related issues; the third, related to the definition of the procedure for the presentation and approval of studies and detailed designs by the fast track methodology regarding the voluntary works; the fourth, related to the modification of the conditions for verification, approval and payment of the subproject of milestone 8 and the modification of paragraph f of the agreement in relation to the recognition of OPEX; the fifth, related to the reversal of an area granted to OPAIN, known as "Area 1 (OPAIN); the sixth, related to the delivery and approval of the designs and studies of some complementary works corresponding to Phase I and the last one, related to the creation of a transitory sub-account, called "*Recursos Convenio 005*" exclusively managed by ANI for the transfer of resources from the Aerocivil to ANI.

In the year 2016, amendments No.18, 19, 20, 21, 22, 23 and 24; were signed; in 18, 19 and 22, the intervening parties agreed to carry out the reversal of some areas under concession to OPAIN, as established by ANI and a Works Monitoring Committee was created; with the signature of amendment No. 20, the parties agreed and defined the execution of Complementary Works at El Dorado Airport in accordance with the provisions of Clause 34 of the Concession Contract; with amendment No. 21, the reprogramming of the sub-projects was established, as well as the completion date of the modernization and expansion stage, which was extended until 30 November 2018; with amendment No. 23 modified the requirement to include in the contracts of the cargo holders a reason for termination of the contracts, with the fact that they do not comply with the requirement to have an annual handling equivalent to at least 3% of the total tons of cargo processed at the Airport, due to a requirement for the cargo operators to deliver an annual report of the processed cargo, (ii) regulation of OPAIN interventions in the 13L headland, which establishes changes to the obligations in the waiting bay areas of the 13L headland, and the exclusion from the scope of areas to be executed as part of the levelling of the northern runway strip; with amendment No. 24, the Civil Aeronautics is authorized to enter and intervene by its contractor Alpha Mike, in the concession area of OPAIN to develop a series of interventions requested by ANI.

On 22 May 2017, amendment No. 25 was signed by which ANI and OPAIN agreed to modify Clause Fourteen of Amendment No. 20 to the Concession Contract; the parties modified the completion dates of the sub-projects of Phase I Complementary Works. Additionally, it was established that it was necessary to hold work meetings between Aerocivil, ANI, OPAIN and the Ministry of National Defense to evaluate the eventual impact on the scope of the "*gate 6 reconfiguration*" work, as well as its eventual execution.

On 15 December 2017, amendment No. 26 of the Concession Contract was signed, as the expansion works of the North and South Platforms was to be delivered on 18 December 2017 and 17 April 2018, respectively (according to amendment No. 25), complying with the technical specifications of the concession contract, which requires the supply of fuel through a network of hydrants for positions C or higher, positions which will be available at the new platforms, thus making it necessary to comply with the technical specifications. With amendment No. 26, the delivery dates of the fuel supply system by means of hydrants in these areas were moved to 30 November 2018, and the supply by means of refuelers (tank truck) and not by means of hydrants was allowed for the reasons set forth by OPAIN and validated by the Technical Inspectorate at said platforms.

In 2018, amendments 27, 28 and 29 were signed. Amendment 27 to the Concession Contract, in which the maximum completion date of the Modernization and Expansion Stage was rescheduled for 28 February 2019, it was stipulated that in accordance with the provisions of the Concession Contract, Opain S.A. continues with its obligation to pay 4% of regulated revenue until the completion of the Modernization and Expansion Stage; with amendment 28 to the Concession Contract it was agreed: a) to include in the Concession Assets the Complementary Work called "South Platform Expansion", b) to reconfigure the horizontal signaling of the platform on the south side of Terminal T1 + T2 ADOSADA, c) to modify Clause 5 of amendment 20 to the Concession Contract, replacing the word "*property*" for "*beneficiary*" and d) to modify the Debtor's scope in the sub-project "leveling of the north runway strips" with respect to the leveling of the electrical boxes and the power supply network"; With amendment 29, reversal of the Concessioned Area was regulated by virtue of the expropriation that by administrative means was advanced of the lot called satellite 32. The date of completion of the subproject "*Reconfiguration of Gate 6*" was set at 105 calendar days from the date of subscription of amendment 29 and the modification was made so that the new resources would be deposited in the Aerocivil Surplus Sub-Account.

On 27 February 2019, amendment 30 was signed, through which the area of Lot 3 was incorporated to the concession area, and section 61.3 of Clause 61 of the Concession Contract was modified to incorporate the sub-account "*Complementary Works*"; section 6.1.2 of Appendix G of the Concession Contract was amended to replace the methodology of "*Roughness Assessment*" for "*Assessment of the Graduation or Surface Regularity of Wellhead Type Elements*"; section 5 of clause 21.2 of the Concession Contract was amended to reduce the number of printed copies of the plans/drawings of the final constructions of the works by contract from five to one, and a section is added to Clause 72 of the Concession Contract to allow the early acceptance of assignment contracts.

On 6 December 2019, amendment 31 was signed, the area for the construction of the H1 taxiway was incorporated into the concession area, and some areas were incorporated in accordance with the Agreement with the Military Forces signed in 2016, these areas are included in the real estate inventory. Handing over of areas to ANI in accordance with the Agreement with the Military Forces. Delivery of the designs at the detail level of the Complementary Work for the construction of the H1 taxiway. Modification of the start of voluntary works in Hangar 2 and Lot 2 of amendment 27, subject to the previous conditions established in the amendment 31. Modification of Appendix I in relation to dangerous goods, dangerous goods arriving at the Airport to be transported by air were excluded, and in relation to the quarantine area it was restricted to the activity of facilitating administration and operation. Likewise, Appendix F was amended to clarify that, with regard to ICAO Annex 18 (Safe Transport of Dangerous Goods by Air), is responsibility of the Concessionaire, in its capacity as airfield operator. Table 2.2 "*Cargo Aircraft Parking Positions*" of section 2.2 "*Works in the Modernization and Expansion Stage*" of Appendix D of the Concession Contract was modified to expand the operation and item 9.2 of the Hydrant Tank Network was modified to indicate how the new positions will be supplied.

On 23 December 2019, amendment 32 was signed. Delivery of conceptual and detailed designs of the following projects: Military Forces lease platform Phase I, Military Forces lease platform Phase II, Loading Platform, Eastern Platform T2 - Antiguo Inter y Calle B13, Eastern Platform T2 - LAS - MENZIES and Eastern Platform T2 - Servientrega. The projects listed above will not have a fuel network with hydrants. The use of area destined to the "*morgue room*" indicated in section 3.1.6 of section 3 "*Terminal 2*" of Appendix D of the Concession Contract was modified, assigning it operational sanitation activities, therefore, the Concessionaire committed to adapt at their own risk an area for the inspection of corpses in the Cargo Terminal. Finally, the insured value and the update formula for compliance and payment of salaries and social benefits for the Final Stage were changed.

As of 31 December 2019, the value of intangible assets for concession contracts of this concession amounts to $2,169,416 (2018 $2,360,774).

Prudencia Hydroelectric Plant (Alternegy S.A.)

Concession contract signed with the National Public Utilities Authority (ASEP) and endorsed by the Comptroller's Office on 9 February 2007, which authorizes the provision of public utilities for the generation of electricity through a hydroelectric plant. The plant is located in the town of Bijagual, district of David, province of Chiriqui, with an installed capacity of 58.7 MW, consisting of 2 Kaplan-type hydraulic turbines.

The concession is granted for a term of fifty (50) years, starting from the execution of the aforementioned contract that expires in December 2057 and could be extended for an additional period of fifty (50) years.

Lorena Hydroelectric Plant (Alternegy S.A.)

Concession contract signed with the National Public Utilities Authority (ASEP) and endorsed by the Comptroller's Office on 9 February 2007, which authorizes the provision of public utilities for the generation of electricity, through a hydroelectric plant. The plant is located in the village of Las Lomas, district of David, province of Chiriqui, with an installed capacity of 33.8 MW, consisting of 2 Kaplan-type hydraulic turbines.

The concession is granted for a term of fifty (50) years, starting from the execution of the aforementioned contract that expires in June 2057 and could be extended for an additional period of fifty (50) years.

Gualaca Hydroelectric Plant (Bontex S.A.)

Through a concession contract for hydroelectric generation signed with the National Public Utilities Authority (ASEP) and endorsed by the Comptroller's Office on 12 June 2007, a concession for the construction and operation of an electric power generation plant was obtained and is authorized to provide public utilities for the generation of electricity, through a hydroelectric plant. This concession was granted for a period of 50 years that expires in June 2057 and could be extended for an additional period of 50 years by mutual agreement with ASEP.

The company is authorized to install, operate and exploit the hydroelectric plant, which is covered by the concession, and to sell the generated electricity according to the provisions of Law number 6 of 3 February 1997 and its regulations. This law establishes that the construction and operation of hydroelectric and geothermal power plants and the transmission and distribution of electricity for public utilities will be subject to the concession regime and the construction and operation of thermoelectric power plants to the licensing regime. Concessions and licenses will be granted by the Public Utilities Regulatory Entity (ERSP), currently ASEP.

The Gualaca plant is located in the province of Chiriquí, with an installed capacity of 25.8 MW, and has two Kaplan-type hydraulic turbines. The activity of electric generation in Panama is subject to Law number 6 of 3 February 1997. This law establishes that the construction and operation of hydroelectric and geothermal power plants and the transmission and distribution of electricity for public utilities will be subject to the concession regime and the construction and operation of thermoelectric power plants to the licensing regime. Concessions and licenses will be granted by the Public Utilities Regulatory Entity (ERSP), currently National Public Utilities Authority (ASEP).

9 de enero Plant (Bahía Las Minas Corp.)

Operating license for the generation of electric energy through the exploitation and operation of the thermoelectric generation plants called 9 de enero Plant, located in Cativá, Province of Colón.

Among the main objectives and functions of the company are to establish, manage and execute, in general, the business of thermoelectric power generation; to acquire, build, install, operate, exploit, lease, sublease and maintain thermoelectric power plants, with their respective lines of connection to the transmission networks and transformation equipment and facilities and managing fuels, in order to produce and sell energy in the national and international electrical system.

The license also authorizes the company to own, possess, operate and maintain the facilities covered by the license and to sell the power generated by the plant. The license has a term of 40 years expiring in December 2038 and could be extended for an additional period of 40 years by mutual agreement between the issuer and ASEP.

In 2019, considering the operational situation of Celsia S.A.'s subsidiary (formerly Celsia S.A. E.S.P.) Bahía Las Minas Corp., due to the termination of existing contracts, an impairment of intangible assets associated with the concession contracts was recognized amounting to $22,711 (Note 15 Intangibles).

At 31 December 2019, the value of intangible assets for concession contracts of the plants in Panama (Prudencia, Lorena, Gualaca and 9 de enero Plant) amounts to $58,707 (2018 $83,510).

Planta Eólica Guanacaste S.A. (PEG)

Concession in Costa Rica corresponds to a permit for the development of the wind plant, the corporate purpose of Planta Eólica Guanacaste, S.A. (PEG) and PEG Operaciones Ltda. is the construction and operation for a period of 18 years, which expires in June 2027, of a wind energy plant that will subsequently be handed over to the Costa Rican Electricity Institute (ICE). All the energy produced by the plant will be delivered to ICE.

At 31 December 2019, the value of intangible assets for concession contracts of the Guanacaste Wind Plant amounts to $165,279 (2018 $180,686).

Concesión Túnel Aburra Oriente

It is a company whose corporate purpose is the conclusion and execution of a State Concession Contract defined in the fourth section of Article 32 of Law 80 of 1993, under the terms of Public Bidding No. 1197 of 1996 of the Government of Antioquia, Secretariat of Public Works and which consists of the execution of the designs, construction, operation and maintenance of the works, part of the road development called Aburrá - Oriente Road Connection, Túnel de Oriente and Complementary Road Development. It is valid until 31 December 2050.

It is a private legal entity incorporated on 12 December 1997, by means of public deed No. 3399 executed at the Seventh Notary's Office of Medellín, registered with the Chamber of Commerce of Medellín according to Commercial Registry No. 21-234824-4.

The term of the concession is 487 months, starting 1 January 1999, until 31 July 2039, or until the date on which the concessionaire obtains the expected income of $2,256 trillion constant 2004 COP. the contract shall be developed in the following phases.

- **Phase I:** construction of the double roadway of the Las Palmas road in the Los Balsos - Alto Las Palmas sector. It included the survey of the property records, valuations and acquisition of the land required for the construction of this section. The phase ended in 2007, currently is not a concessionary track, has contracted with the Grantor the routine maintenance.
- **Phase II:** design and construction of the tunnel through the Santa Elena corridor, the accesses between the city of Medellín and the Western Gate and the Sajonia roundabout. It included the collection of property records, valuations and acquisition of the necessary land for the construction of this section. It includes the financing of this phase that includes the construction of the tunnel and its accesses, the operation and maintenance of the tunnel. The grantor's contributions were made in accordance with AMB 29, 35, 40, 41 and 42. The Phase ended on 15 August 2019 and the operation of the Túnel de Oriente Tunnel began on 16 August 2019.
- **Phase III:** construction of the double roadway of the Las Palmas track in the Chuscalito - Los Balsos sector. It included the collection of property records, valuations and acquisition of the necessary land for the construction of this section. The phase ended in 2009, currently it is not a concessionary road, it has contracted with the Grantor for routine maintenance.
- **Phase IV:** investment in complementary roads in the near east in the design and construction and improvement of the following sections: aeropuerto–Belén, Llanogrande–Canadá, El Carmen de Viboral–Santuario, El Retiro–Carabanchel. It has not yet begun.

The roads under concession are in the operation and maintenance stage and correspond to the Las Palmas bypass, the Oriente Tunnel and Santa Elena from KM 2+800.

As of 31 December 2019, the value of intangible assets under concession contracts amounted to $1,291,080 (2018 $0).

NOTE 45: **CONSTRUCTION CONTRACTS**

Information on construction contracts is presented below:

	2019	2018
Construction contracts commercial accounts	5,854	5,481
Total construction contracts commercial accounts	**5,854**	**5,481**
Prepayments received for contracts in progress	23,511	24,743
Withholdings for contracts in progress	5,656	4,357
Income received in advance (1)	335,413	255,828
Total liabilities from construction contracts	**364,580**	**284,928**

(1) For the year 2019, income received in advance corresponds mainly to construction contracts of the Concesión Vial de Los Llanos S.A.S. For the year 2018, it corresponds to construction contracts of the Concesión Vial de los Llanos S.A.S and of Chamba Blou N.V.

Revenue, cost and profit from construction contracts is:

	2019	2018
Revenue from construction services (note 33)	127,370	99,113
Costs for construction services (note 34)	94,194	91,215
Profit from construction services	33,176	7,898

Revenue and cost for construction services corresponds mainly to the buildings and civil works carried out by Consorcio Grupo Constructor Autopistas del Café, Autopistas del Café S.A., Constructora Bogotá Fase III S.A., Concesión Vial de los Llanos S.A.S and to the constructions and civil works associated to the modernization and expansion of the El Dorado International Airport in Bogotá D.C., carried out through Consorcio Constructor Nuevo Dorado – CCND.

The method used to determine revenue from construction contracts is by the percentage-of-completion method, based on the costs incurred in the contract.

NOTE 46: **POWER SALES COMMITMENT**

At the end of 2019, the Group has the following commitments for energy supply:

- Celsia Colombia S.A. E.S.P. has commitments with third parties for the supply of energy acquired through the traditional process of energy sales (public calls) until 2025 and as a result of the UPME auction process for(Non-conventional renewable energy sources (FERNC) until 2036.

  In the contracts, quantities are fixed at an hourly level and most of the prices are fixed in $/kWh indexed monthly with the Producer Price Index. For the contracts resulting from the UPME auction, an additional correction is made to the tariff as a result of the real evolution of the Real Energy Equivalent Cost(CERE).

- Compañía de Electricidad de Tuluá S.A. E.S.P. - CETSA has no commitments to supply energy to third parties. It has commitments with a related company (Celsia Colombia S.A. E.S.P.). The contract amounts will depend on the generation of the CETSA plants in the ideal dispatch versus the contracts signed and will be equal to the surplus.

- Alternegy S.A. has power and energy supply commitment agreements with distribution companies and power reserve agreements with other generating companies with annually renewable supply periods.

These commitments are financial contracts and do not require the physical delivery of any particular plant. In the event that the seller does not have the energy, it is supplied from the energy exchange at the seller's expense.

NOTE 47: **EVENTS AFTER THE REPORTING PERIOD**

Between 31 December 2019 and the issuance date of the Group's consolidated financial statements, no subsequent events occurred that might significantly affect the financial position reflected in the financial statements.

Grupo Argos S.A.

Separated Financial Statements 2019

CONTENTS

Grupo Argos S.A.
SEPARATED STATEMENT OF FINANCIAL POSITION
As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,729	4,850
Derivative financial instruments	7	-	2,932
Trade and other receivables	8	223,804	166,415
Inventories, net	9	169,602	172,868
Tax assets	10	30,237	6,284
Prepaid expenses and other non-financial assets	12	1,189	1,656
CURRENT ASSETS		**426,561**	**355,005**
Non-current assets held for sale	18	24,478	-
TOTAL CURRENT ASSETS		**451,039**	**355,005**
NON-CURRENT ASSETS			
Trade and other receivables	8	96,511	107,903
Inventories, net	9	37,204	36,747
Right-of-use assets property, plant and equipment, net	20	12,817	-
Intangible assets, net	13	107,005	119,633
Property, plant and equipment, net	14	1,452	2,022
Investment property	15	2,108,346	2,105,213
Investments in associates and joint ventures	16	5,248,263	5,072,386
Investments in subsidiaries	17	8,925,402	9,070,962
Other financial assets	11	1,167,807	1,076,533
Prepaid expenses and other non-financial assets	12	4,666	-
TOTAL NON-CURRENT ASSETS		**17,709,473**	**17,591,399**
TOTAL ASSETS		**18,160,512**	**17,946,404**

Grupo Argos S.A.

SEPARATED STATEMENT OF FINANCIAL POSITION

As at 31 December | Figures stated in millions of Colombian pesos

	Notes	2019	2018
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	19	4,252	119,106
Lease liabilities	20	2,036	-
Employee benefits liabilities	21	12,404	11,414
Provisions	22	322	701
Trade and other payables	23	93,764	90,551
Tax liabilities	10	1,974	23,811
Derivative financial instruments	7	42	175
Bonds and compound financial instruments	24	8,274	121,691
Other non-financial liabilities	25	53,332	25,419
TOTAL CURRENT LIABILITIES		**176,400**	**392,868**
NON-CURRENT LIABILITIES			
Financial liabilities	19	497,757	738,047
Lease liabilities	20	10,264	-
Deferred tax	10	195,402	182,086
Employee benefits liabilities	21	2,785	1,865
Derivative financial instruments	7	-	85
Bonds and compound financial instruments	24	1,105,207	655,517
TOTAL NON-CURRENT LIABILITIES		**1,811,415**	**1,577,600**
TOTAL LIABILITIES		**1,987,815**	**1,970,468**
EQUITY			
Share capital	26	53,933	53,933
Additional paid-in capital	26	1,354,759	1,354,759
Retained earnings		8,701,448	8,686,431
Reserves	27	3,513,161	3,001,515
Profit for the year		482,739	811,676
Other components of equity	28	301,188	374,968
Other comprehensive income	27	1,765,469	1,692,654
TOTAL EQUITY		**16,172,697**	**15,975,936**
TOTAL LIABILITIES AND EQUITY		**18,160,512**	**17,946,404**

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

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Legal representative

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(See report of 26 February 2020)

Grupo Argos S.A.

SEPARATED STATEMENT OF COMPREHENSIVE INCOME

Years ended as at 31 December | Figures stated in millions of Colombian pesos, except earnings per share

	Notes	2019	2018
REVENUE	30	**845,609**	**1,379,703**
Cost of ordinary activities	31	(99,480)	(308,397)
GROSS PROFIT		**746,129**	**1,071,306**
Administrative expenses	32	(141,761)	(139,750)
Selling expenses	33	(1,234)	(1,581)
STRUCTURE EXPENSES		**(142,995)**	**(141,331)**
Other income (expenses), net	35	(4,481)	27,750
PROFIT FROM OPERATING ACTIVITIES		**598,653**	**957,725**
Financial expenses, net	36	(102,653)	(111,050)
EARNINGS BEFORE TAX		**496,000**	**846,675**
Income tax	10	(13,261)	(34,999)
NET PROFIT		**482,739**	**811,676**
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (*)			
Attributable to shareholders			
Basic (*)	37	563	947
Diluted (*)	37	563	947

(*) Figures stated in Colombian pesos.

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Grupo Argos S.A.

SEPARATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Notes	2019	2018
NET INCOME		**482,739**	**811,676**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	27.2	**98,637**	**(299,427)**
Gains or losses of equity investments		85,877	(195,418)
Remeasurement of employee defined benefit liabilities		(5,809)	2,145
Deferred tax on employee defined benefit liabilities		876	(1,152)
Net interests in other comprehensive income of subsidiaries		17,693	(105,002)
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	27.2	**(16,719)**	**431,783**
Net gains from instruments under cash flow hedges Effect of cash flow hedging instruments		(235)	189
Deferred tax of cash flow hedging instruments		60	(47)
Net interests in other comprehensive income of subsidiaries		(16,544)	431,641
OTHER COMPREHENSIVE INCOME, NET OF TAX	27.2	**81,918**	**132,356**
TOTAL COMPREHENSIVE INCOME		**564,657**	**944,032**

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

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Grupo Argos S.A.

SEPARATED STATEMENT OF CHANGES IN EQUITY

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	Share capital and additional paid-in capital	Legal Reserve	Other Reserves	Other Compre-hensive Income	Retained earnings	Profit for the year	Other components of equity	Total Equity
Balance disclosed as at 31 December 2017	**1,408,692**	**29,665**	**2,800,179**	**1,564,175**	**9,149,828**	**-**	**592,604**	**15,545,143**
Accumulated effect of the adoption of new standards by the equity method (note 3.1.1)	-	-	-	-	(8,761)	-	-	(8,761)
Adjusted balance as at 1 January 2018	**1,408,692**	**29,665**	**2,800,179**	**1,564,175**	**9,141,067**	**-**	**592,604**	**15,536,382**
Profit for the period	-	-	-	-	-	811,676	-	811,676
Other comprehensive income for the period, net of tax	-	-	-	132,356	-	-	-	132,356
Comprehensive income for the period 2018	**-**	**-**	**-**	**132,356**	**-**	**811,676**	**-**	**944,032**
Ordinary dividends declared in cash	-	-	-	-	(211,691)	-	-	(211,691)
Preferential dividends declared in cash	-	-	-	-	(69,479)	-	-	(69,479)
Appropriation of reserves	-	-	171,671	-	(171,671)	-	-	-
Transfers to retained earnings	-	-	-	1,795	(1,795)	-	-	-
Other variations	-	-	-	(5,672)	-	-	(217,636)	(223,308)
Balance as at 31 December 2018	**1,408,692**	**29,665**	**2,971,850**	**1,692,654**	**8,686,431**	**811,676**	**374,968**	**15,975,936**
Balance disclosed as at 31 December 2018	**1,408,692**	**29,665**	**2,971,850**	**1,692,654**	**9,498,107**	**-**	**374,968**	**15,975,936**
Accumulated effect of the adoption of new standards by the equity method (note 3.1.2)	-	-	-	-	5,595	-	-	5,595
Adjusted Balance as at 1 January 2019	**1,408,692**	**29,665**	**2,971,850**	**1,692,654**	**9,503,702**	**-**	**374,968**	**15,981,531**
Profit for the period	-	-	-	-	-	482,739	-	482,739
Other comprehensive income for the period, net of tax	-	-	-	81,918	-	-	-	81,918
Comprehensive income for the period 2019	**-**	**-**	**-**	**81,918**	**-**	**482,739**	**-**	**564,657**
Ordinary dividends declared in cash	-	-	-	-	(225,890)	-	-	(225,890)
Preferential dividends declared in cash	-	-	-	-	(74,140)	-	-	(74,140)
Appropriation of reserves	-	-	511,646	-	(511,646)	-	-	-
Transfers to accumulated income	-	-	-	(9,103)	9,103	-	-	-
Other variations	-	-	-	-	319	-	(73,780)	(73,461)
Balance as at 31 December 2019	**1,408,692**	**29,665**	**3,483,496**	**1,765,469**	**8,701,448**	**482,739**	**301,188**	**16,172,697**

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Grupo Argos S.A.

SEPARATED STATEMENT OF CASH FLOWS

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT	**482,739**	**811,676**
Adjustments by:		
Dividend and interest income	(142,147)	(129,234)
Income tax expense recognized through profit or loss	13,261	34,999
Equity-accounted investees in the results of subsidiaries	(433,902)	(436,069)
Financial expense, net recognized through profit for the period	99,782	110,096
(Profit) loss recognized in respect to employee benefits and provisions	(373)	22
Gain on disposal of non-current assets	(68,857)	(403,944)
Gain on fair value measurement	(59,507)	(110,619)
Depreciation and amortization of non-current assets	16,390	22,102
Impairment loss (recovery), net of financial assets recognized in the results of the period	939	(27)
Impairment, net of non-current assets and inventory	293	-
Unrealized foreign exchange gains or losses on financial instruments	(42)	(253)
Other adjustments	(1,001)	294
	(92,425)	**(100,957)**
CHANGES IN WORKING CAPITAL OF:		
Trade and other receivables	(106,460)	25,101
Inventories	48,011	2,344
Other assets	361	15,653
Trade and other payables	(5,943)	(5,457)
Other liabilities	8,030	(49,080)
CASH USED IN OPERATIONS	**(148,426)**	**(112,396)**
Dividends received	511,473	432,150
Income tax paid	(17,029)	(30,987)
NET CASH FLOW FROM OPERATING ACTIVITIES	**346,018**	**288,767**

Grupo Argos S.A.

SEPARATED STATEMENT OF CASH FLOWS

Years ended as at 31 December | Figures stated in millions of Colombian pesos

	2019	2018
CASH FLOW FROM INVESTING ACTIVITIES		
Financial interest received	9,052	7,074
Acquisition of property, plant and equipment	(95)	(93)
Acquisition of investment property	(15,739)	-
Proceeds from the sale of investment property	54,002	41,547
Acquisition of intangible assets	-	(262)
Acquisition of subsidiaries	(2,019)	(1,083,930)
Proceeds from the sale of interests in subsidiaries	134,687	659,583
Acquisition of interests in associates and joint ventures	(176,717)	(588)
Proceeds from the sale of investments in associates and joint ventures	399	-
Acquisition of financial assets	(7,912)	(8,147)
Restitution of subordinated debt	71,062	57,000
Refund of contributions	4,395	100,945
NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES	**71,115**	**(226,871)**
CASH FLOW FROM INVESTING ACTIVITIES		
Issue of bonds	450,000	-
Payment of bonds and commercial papers	(115,850)	(350,000)
Acquisition of other financing instruments	434,300	1,179,276
Payment of other financing instruments	(790,342)	(786,799)
Payment of lease liabilities	(1,808)	-
Proceedings from financial derivative arrangements with hedging pf finande liabilities	2,538	-
Dividends paid on ordinary shares	(222,756)	(209,260)
Dividends paid on preferential shares	(72,115)	(67,620)
Interest paid	(104,203)	(121,732)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(420,236)**	**(356,135)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,103)**	**(294,239)**
Cash and cash equivalents at the beginning of the period	4,850	299,082
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(18)	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,729**	**4,850**

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

Jorge Mario Velásquez Jaramillo
CEO
Legal representative

Claudia Patricia Álvarez Agudelo
Accountant
Professional card No. 69447-T

Johana Novoa Cucunuba
Statutory auditor
Professional card No. 166943-T
Member of KPMG S.A.S.
(See report of 26 February 2020)

CERTIFICATION OF THE LEGAL REPRESENTATIVE OF THE COMPANY

Medellin, 26 February 2020

To the shareholders of Grupo Argos S.A.

In my capacity as Legal Representative, I hereby certify that the separated financial statements as of the closing date of 31 December 2019 that are being disclosed do not contain defects, inaccuracies or material errors that would prevent knowing the true financial position or the transactions performed by Grupo Argos S.A. during the corresponding period.

Jorge Mario Velásquez Jaramillo
CEO
Legal representative

CERTIFICATION OF THE LEGAL REPRESENTATIVE AND THE ACCOUNTANT OF THE COMPANY

Medellin, 26 February 2020

To the shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company), certify that the separated financial statements of the Company as at 31 December 2019 and 2018, before making them available to you and third parties, the following statements contained therein have been verified:

a) Assets and liabilities included in the Company's financial statements as at 31 December 2019 and 2018 exist and all transactions included in said statements have been made during the years ended on those dates.

b) The economic events completed by the Company during the years ended 31 December 2019 and 2018 have been recognized in the financial statements.

c) Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (obligations), obtained or at the expense of the Company as at 31 December 2019 and 2018.

d) All items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.

Jorge Mario Velásquez Jaramillo	**Claudia Patricia Álvarez Agudelo**
CEO	Accountant
Legal representative	Professional card No. 69447-T

KPMG S.A.S.
Calle 2 No. 20 – 50, Piso 7, Edificio Q Office
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AUDM&SMDE-EFI2020-5428-P-28054

STATUTORY AUDITOR'S REPORT

To the Shareholders
Grupo Argos S.A.

Statutory auditor´s report on the audit of the financial statements

Opinion

I have audited the separated financial statements of Grupo Argos S.A. (the Company), which comprise the separated statement of financial position as of December 31, 2019 and the separated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and their respective notes, that include significant accounting policies and other explanatory information.

In my opinion, the aforementioned separated financial statements, faithfully taken from the books and attached to this report, present fairly, in all material aspects, the separated financial position of the Company as of December 31, 2019, the separated financial performance, and its separated cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Separated Financial Statements section of my report. I am independent of the Company, in accordance with the Code of Ethics for Accounting Professionals Issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Assurance Information Standards accepted in Colombia together with the ethical requirements that are relevant to my audit of the separated financial statements established in Colombia and I have fulfilled my ethical responsibilities in accordance with these requirements and the aforementioned IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Evaluation of the valuation of investment properties according to IAS 40 - Investment Properties (see note 15 to the separated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Company's separate statement of financial position at 31 December 2019 includes a significant amount of investment property of $2,108,346 million COP, represented primarily by land measured at fair value through profit or loss. The principal reasons for considering this a key audit matter are (1) there was significant judgment by the Company in determining the key assumptions for the valuation of investment properties and (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the valuations performed, as well as the audit effort involving the use of professionals with specialized skills and knowledge in property valuation.	My audit procedures to assess the valuation of investment properties according to IAS 40 included, but were not limited to, the following: - Evaluation of the design, implementation and operating effectiveness of the key controls established by the Company to determine and recognise the fair value of investment properties, specifically in the review and approval by the Real Estate Strategy Department, of appraisals performed by external professionals with specialized knowledge in real estate valuation hired by the Company. - Assessment of the competence and capacity of external professionals hired by the Company, that determined the fair value of the investment properties. - Involvement of a professional with relevant knowledge and experience in real estate valuation, who assisted me in assessing the key assumptions used by the external professionals hired by the Company to determine the fair value of investment properties, and whether the procedures and techniques applied comply with IFRS 13 - Fair Value Measurement, and International Valuation Standards.

Evaluation of the recoverability of investments in subsidiaries and a significant associate (see notes 16 and 17 to the separated financial statements)	
Key Audit Matter	**How my audit addressed the key audit matter**
The Company's separate statement of financial position as of 31 December 2019 includes investments in subsidiaries and a significant associate of $13,293,515 million COP, which represent 73% of the Company's total assets. I have identified the evaluation of the recoverability of these investments as a key audit matter because it involves significant judgment in identifying indicators of impairment for these investments. Additionally, due to the materiality of the balance, it is considered one of the areas of greatest attention in the audit.	My audit procedures for assessing the recoverability of investments in subsidiaries and a significant associate included, but were not limited to, the following: - Identification of events, facts and/or circumstances that evidence the existence of any indicators of impairment in relation to investments in subsidiaries based on impairment testing of the various cash generating units in the context of an audit of the consolidated financial statements. - Evaluation of the work performed by the audit team of the significant subsidiaries in the identification of possible indications of impairment in the investments in subsidiaries. - Professionals with relevant industry knowledge and experience assisted me in (1) evaluating the key assumptions used in the impairment testing performed by the Company on its investment in this significant associate, including the input data, (2) performing independent recalculations supported by information obtained from external sources on the discount rate and macroeconomic variables used, and (3) comparing the results of the calculations obtained, with those performed by the Company.

Other matters

The separated financial statements as of and for the year ended December 31, 2018 are presented solely for comparative purposes, were audited by another public accountant who in his report expressed an unmodified opinion on those financial statements in their report dated February 22, 2019.

Responsibility of management and those charged with corporate governance for the separated financial statements

Management is responsible for the preparation and reasonable presentation of this separated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing , implementing and maintaining such internal control as management deems necessary to enable the preparation of separated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

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In preparing the separated financial statements, Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with corporate governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separated financial statements

My objectives are to obtain reasonable assurance about whether the separated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separated financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the separated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the separated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separated financial statements, including the disclosures, and whether the separated financial statements represent the underlying transactions and events so that the separated financial statements are reasonably presented.

I communicate with those charged with corporate governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with corporate governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, the related safeguards.

From the matters communicated with those charged with corporate governance, I determine those matters that were of most significance in the audit of the separated financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
Based on the result of my tests, in my concept during 2019:

a) The Company's accounting has been kept pursuant to legal regulations and to accounting techniques.

b) The operations recorded in the accounting ledgers reflects the Company´s bylaws and the decisions of the Assembly of Shareholders.

c) The correspondence, account vouchers, minutes ledger and shares registry ledger are duly kept and maintained.

d) There is concordance between the financial statements that accompany this opinion and the management report prepared by the management, which includes a statement by management of the free flow of invoices issued by vendors or suppliers.

e) The information contained in the payment declarations of contributions to the Comprehensive Social Security System, in particular the information relating to the affiliates and their income contribution base, has been taken from accounting records and supports. The Company is not in arrears for the concept of contributions to the Comprehensive Social Security System.

To comply with the requirements of Articles 1.2.1.2. and 1.2.1.5. of the Regulatory Decree 2420 of 2015, in development of the responsibilities of the Statutory Auditor contained in numerals 1° and 3° of Article 209 of the Code of Commerce, related to the evaluation of whether the acts of the Company's directors are in accordance with the bylaws and orders or instructions of the Shareholders' Assembly, and whether there exists adequate measures of internal control, conservation and custody of the Company's assets or those of third parties in its possession, I issued a separate report dated February 26, 2020.

(Original version issued in Spanish and signed by)
Johana Novoa Cucunubá
Statutory Auditor of Grupo Argos S.A.
Professional License 166943 - T
Member of KPMG S.A.S.

February 26, 2020

Grupo Argos S.A.

NOTES TO THE SEPARATED FINANCIAL STATEMENTS

As at 31 December 2019 and 2018
In millions of Colombian pesos, except where otherwise indicated

NOTE 1: OVERVIEW

Grupo Argos S.A. (hereinafter the company), is a Colombian company incorporated by public deed N°472 of 27 February 1934, of the Second Notary of Medellín. Its main domicile is in the city of Medellin (Colombia), with address Carrera 43A 1A sur 143. Its term expires on 27 February 2033, extendable.

The purpose of the Company is to invest in all types of movable and immovable property, and especially in shares, quotas or parts of interest or any other kind of participation in companies, bodies, organizations, funds or any other legal entity that permits investment of resources. It may also invest in fixed or variable income papers or documents, whether or not they are registered on the public securities market. In any case, the issuers and/or receivers of the investment may be public, private or mixed, national or foreign. The Company can form civil or commercial companies of any kind or join as a partner those already established. The association permitted by this provision may include companies whose activity is different from its own, provided that it is convenient for its interests.

In addition, the company has sufficient capacity to act as a promoter, investor, structurer or developer of real estate projects of any kind, for which it may acquire movable or immovable assets necessary for the development of the corporate business, which may have the character of fixed or movable assets according to their purpose.

Grupo Argos S.A. is the parent company of Grupo Empresarial Argos and, through its subsidiaries, it participates in strategic sectors of the economy: cement, energy, concessions and large-scale infrastructure, coal and real estate.

Its legal status corresponds to an anonymous company, registered in the Colombian Stock Exchange with a solid investment portfolio. The company has strategic investments in companies whose shares and bonds are listed on the stock exchange, such as Cementos Argos S.A. and Celsia S.A. (formerly Celsia S.A. E.S.P), as well as in companies with bonds listed in the stock market as Odinsa S.A. (whose shares were listed in the Colombian Stock Market until 13 March 2018) and other companies not listed. In the Colombian stock market, Grupo Argos S.A. is an issuer of ordinary and preferential shares, targeting the public represented by strategic investors, private investment funds, pension funds, brokerage firms and investors in general (individuals and companies), interested in participating in the country's stock market.

On 26 February 2020 the Board of Directors authorized the issuance of the Separated Financial Statements of the Company for the year ended 31 December 2019 and their respective comparatives.

NOTE 2: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Compliance status

The financial statements for the years ended 31 December 2019 and 31 December 2018 have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia NCIF, which are based on International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB). The NCIF were established by Law 1314 of 2009, regulated by Decree 2420 of 2015, amended on 23 December 2015 by Regulatory Decree 2496, on 22 December 2016 by Regulatory Decree 2131, on 22 December 2017 by Regulatory Decree 2170, on 28 December 2018 by Regulatory Decree 2483 and on 13 December 2019 by Regulatory Decree 2270.
Additionally, in compliance with laws, decrees and other regulations in force, the Company applies the following accounting criteria issued specifically for Colombia by the regulatory entities:

- External Circular Letter 36 of 2014 of the Superintendence of Finance of Colombia by means of which it indicates the accounting treatment of positive net differences generated in the first application of the NCIF (Colombian Financial Reporting Standards), may not be distributed to wipe out losses, make capitalization processes, distribute profits and/or dividends, or be recognized as reserves and may only be available when they have been effectively made with third parties, different from those who are related parties, according with the principles of the NCIF. Negative net differences shall not count towards the legal controls applicable to preparers of financial information issuing securities subject to control.

- Decree 2496 of 23 December 2015, which determines that the parameters for establishing post-employment benefits in accordance with IAS 19, Employee Benefits, should correspond to Decree 2783 of 2001 as the best market approximation; for the year 2016, Decree 2131 of 22 December 2016, eliminated the obligation to apply these assumptions for the measurement of post-employment benefits, and continues to be applicable only for financial disclosure purposes. Decree 1625 of 2016 determines that the calculation of pension liabilities must be disclosed in accordance with the parameters established in that standard and in the case of partial pension commutations in accordance with Decree 1833 of 2016 and the differences with the calculation made in accordance with IAS 19 Employee Benefits.

This is the first set of annual financial statements to incorporate the effects and provisions of IFRS 16 Leases. IFRS 16 Leases was applied using the modified retrospective approach. Under this approach, comparative information is not restated, and the cumulative effect of initial application is recognized through accumulated income at the date of initial application. Changes in significant accounting policies related to this standard are described in Note 2.3 Significant accounting policies.

2.2 Basis of preparation

The Company has defined in its bylaws to make an audit of its accounts, prepare and distribute general purpose financial statements once a year, as of 31 December of each period. For legal purposes in Colombia, the Separate Financial Statements are the basis for the distribution of dividends and other appropriations, are expressed in Colombian pesos as this is the functional currency, which corresponds to the currency of the main economic environment in which the Company operates, and the presentation currency for all purposes, rounded to the nearest million, unless otherwise indicated.

The Company's Separated Financial Statements as of 31 December 2019 and 2018, have been prepared on an accrual basis of accounting, except for the cash flow statement. The measurement basis is historical cost; however, some financial instruments, associates considered as investment entities, and investment property measured at fair value at the end of each reporting period, the land and buildings component of property, plant and equipment for administrative use is measured at revalued cost every four years as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in the exchange of goods and services in the initial measurement.

The Company must make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue, costs and expenses, and their respective disclosures at the date of the separated financial statements. Note 4 provides details of the significant accounting judgments and key sources of estimates used by the Company.

Fair value measurements

Fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The fair value of some financial assets and liabilities and of investment property is determined at a date near the date of presentation of the financial statements for recognition and disclosure.

In estimating fair value, the Company considers the characteristics of the asset or liability if market participants take those characteristics into account when making the valuation at the measurement date. Fair value for measurement and/or disclosure purposes in the separated financial statements is determined on the basis indicated, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, if any, lease transactions, within the scope of IFRS 16 Leases and measurements that have certain similarities to fair value but are not, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

Fair value measurements are categorized into Level 1, 2 or 3 based on the extent to which the inputs to those measurements are observable, and in accordance with the significance of those inputs to the measurements as a whole, which are described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities for which the entity has access at the measurement date.
- Level 2 inputs are those other than the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 input data is unobservable data for an asset or liability that reflects the assumptions that market participants would use in pricing the asset or liability including the assumption of risk.

The Company has applied the accounting policies, judgements, estimates and significant accounting assumptions described in Note 2 Basis of presentation and significant accounting policies and Note 4 Significant accounting judgements and key sources of estimates. The judgements include data such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Separated Financial Statements were prepared to comply with legal reporting requirements to which the Company is subject as a separate legal entity and, therefore, do not consolidate the assets, liabilities, equity or profit or loss of subordinate companies, nor do they include the adjustments or eliminations necessary for the presentation of the consolidated financial position and results of the Company and its subordinates. Investments in these companies are accounted for by the equity method as indicated below. These should be read in conjunction with the Consolidated Financial Statements.

The Separate Financial Statements have been prepared on a going concern basis and there are no material uncertainties related to events or conditions as of December 31, 2019 that would cast significant doubt on the ability of Grupo Argos S.A. to continue as a going concern.

2.3 Significant accounting policies

Below are the significant accounting policies applied by the Company in the preparation of its separated financial statements:

2.3.1 Cash and cash equivalents

Cash and cash equivalents in the separated statement of financial position and the separated statement of cash flows include cash and cash equivalents and highly liquid investments that are readily convertible to a specified amount of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

2.3.2 Financial assets

Upon initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income - debt instruments; fair value through other comprehensive income - equity instruments; or fair value through profit or loss.

Financial assets are initially recognized at fair value; for financial assets measured at amortized cost, directly attributable transaction costs are included. Financial assets are not reclassified after initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company subsequently measures financial assets at amortized cost or fair value, depending on the business model for managing the financial assets and the characteristics of the contractual cash flows of the instrument.

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to hold it to obtain the contractual cash flows and the terms of the business model give rise on specific dates to cash flows that are solely payments of principal and interest on the value of the outstanding principal.

Financial assets other than those at amortized cost are subsequently measured at a) fair value through other comprehensive income (OCI), if they are debt instruments that are held within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, and the contractual terms of the asset give rise on specific dates to cash flows that are solely payments of principal and interest on the amount of principal; and b) fair value through profit or loss, being these all other financial assets that do not meet the criteria for classification at amortized cost or at fair value through other comprehensive income (OCI). This category includes all derivative financial assets. However, the Company may elect at initial recognition and on an irrevocable basis, to present gains or losses from measuring financial assets at fair value through other comprehensive income (OCI), for investments in equity instruments that are not held for trading purposes, on an investment-by-investment basis.

The Company has chosen to measure some of its investments in equity instruments at fair value through other comprehensive income (OCI). In the disposal of investments at fair value through other comprehensive income (OCI), the accumulated value of the gains or losses is transferred directly to retained earnings, not reclassified to profit or loss. Dividends received in cash from these investments are recognized in the statement of income.

2.3.2.1 Impairment of financial assets

The Company records expected credit losses on its debt securities, trade receivables, contract assets and lease receivables at the end of the reporting period. In the calculation of expected credit losses under IFRS 9 Financial Instruments, the Company applies a simplified approach on a collective basis which allows it not to track changes in credit risk, but rather to recognize a loss provision based on expected credit losses over the lifespan of the asset at each reporting date, i.e., to recognize expected credit losses resulting from possible events of default over the expected lifespan of the financial instrument. Where there is objective evidence that a financial asset is impaired, the Company recognizes an individual impairment loss provision and excludes the item from collective evaluation under the expected credit loss model.

The Company has established an impairment matrix based on past experience regarding payment collection, an increase in the number of past due payments in the portfolio that exceeds the average credit period, as well as observable changes in local and national economic conditions that are related to default. For trade receivables, which are reported net, said impairment is recorded in a separate account and the loss is recognized through administrative and selling expenses in the Company's separate statement of income. When there is confirmation that the receivable will not be recoverable, the carrying amount of the account receivable is derecognized against the associated provision.

2.3.2.2 Subsequent measurement and profit and loss

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized through profit or loss. Any gain or loss from derecognition is recognized through profit or loss.
Debt investments at fair value through other comprehensive income (OCI)	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized through profit or loss. Other net gains and losses are recognized through other comprehensive income (OCI). On disposal of

	these assets, the accumulated gains and losses in OCI are reclassified to profit or loss.
Equity investments at fair value through other comprehensive income (OCI)	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of income unless the dividend clearly represents a recovery of a portion for the investment cost. Other net gains and losses are recognized through other comprehensive income OCI and are never reclassified to income for the period.
Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognized through profit or loss.

2.3.2.3 Derecognition of financial assets

A financial asset, or a portion thereof, is derecognized from the separated statement of financial position when the contractual rights to the cash flows from the financial asset expire or when the financial asset is transferred, and the transfer qualifies for derecognition.

A financial asset is transferred if the contractual entitlements to receive the cash flows of an asset have been transferred or if the contractual rights to receive the cash flows of the financial asset are retained but the entity assumes a contractual obligation to pay them to one or more recipients. When the Company transfers a financial asset, it shall assess the extent to which it retains the risks and rewards of ownership of the asset.

When a financial asset or part of it is derecognized, the difference between its carrying amount and the sum of the consideration received (including any new asset obtained less any liability assumed) must be recognized through profit or loss. The accumulated gain or loss that has been recognized directly through equity within other comprehensive income (OCI), and is related to financial assets derecognized, must be reclassified to retained earnings.

2.3.3 Inventories

Are classified as inventories those goods acquired with the intention of selling them in the ordinary course of business or of consuming them in the process of providing services, or those that were classified as investment property in the acquisition and are then intended for sale in the ordinary course of business.

The inventory is initially measured at cost of acquisition plus expenses and disbursements necessary to place the asset in condition to be sold. The Company recognizes a decrease in the value of inventories if the cost is higher than the net realizable value. When a real estate inventory is transferred from investment property to inventories, the transfer is made at fair value, which corresponds to the new cost of the inventory for purposes of applying IAS 2 Inventories.

Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and estimated costs necessary to make the sale. Inventories include mainly costs for lots, urbanization works and real estate for sale.

The Company recognizes inventories when sold, at book value, as costs in the period in which the corresponding income is recognized.

2.3.4 Intangible assets

Intangible assets are recorded at cost in accordance with IAS 38 Intangible Assets; those with indefinite lifespans are not amortized and those with defined lifespans are amortized based on the straight-line method over their estimated lifespans, or the unit-of-production method. The estimated lifespan and the method of amortization are reviewed at the end of each reporting period, with the effect of any changes in the estimate recorded on a prospective basis. At the end of each period, the Company assesses intangibles with definite lifespans to determine whether they exhibit impairment signs and performs impairment test for intangibles with indefinite lifespans.

Subsequent expenditures on intangible assets are capitalized only when future economic benefits increase, incorporated into the specific asset related to these expenditures. All other expenditures, including expenditures to generate goodwill and trademarks internally, are recognized through profit or loss when incurred.

Amortization begins when the asset is available for use, it is calculated on the basis of the cost of the asset less its residual value on a straight-line basis or by the unit-of-production method over the asset's estimated lifespan, and is recognized in the statement of income in the item selling cost and administrative and selling expenses, as appropriate, and impairment is recognized in the statement of income in the other expenses item.

Estimated lifespan and amortization methods, for the current and comparative period, of the Company's intangible assets are as follows:

Intangible	Lifespan	Lifespan ranges in years	Depreciation method
Patents, licenses and software	Finite	3 to 5 years	Straight-line
Concessions, franchises and rights	Finite	10 years	unit-of-production (2) / straight-line
Intangible assets in progress	Indefinite		

a. **Separately acquired intangible assets.** The cost of separately acquired intangible assets comprises their purchase price, including non-recoverable indirect taxes, after deduction of any discount or markdown, and also includes any costs directly attributable to preparing the asset for its intended use.

   When payment for an intangible asset is deferred beyond normal credit terms, its cost is the equivalent of the cash price, and the difference between the amount and total payments is recognized as interest expense over the period of the credit unless it is capitalized in accordance with IAS 23 Borrowing Costs.

b. **Internally generated intangible assets.** Disbursements arising from research activities are recognized as an expense in the period in which they are incurred.

   An internally generated intangible asset resulting from development activities, or from the development phase of an internal project, is recognized if and only if the following conditions are met:

   - It is technically possible to complete production of the intangible asset so that it can be made available for use or sale.
   - The intention is to complete the intangible asset, for use or sale.
   - There is capacity to use or sell the intangible asset.
   - The intangible asset will generate probable future economic benefits.
   - Availability of adequate technical, financial or other resources to complete the development and to use or sell the intangible asset.
   - That the expenditure attributable to the intangible asset during its development can be measured reliably.

   The amount initially recognized for an internally generated intangible asset is the sum of the expenditure incurred from the time the asset meets the conditions for recognition. When an internally generated intangible asset cannot be recognized, development expenditure is charged to profit or loss the period in which it is incurred.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net proceeds from the sale and the carrying amount of the asset, are recognized through income at the time the asset is derecognized.

2.3.5 Impairment of tangible and intangible assets

At the end of each reporting period, the Company assesses the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered any impairment. If so, the recoverable amount of the asset is calculated to determine the extent of the impairment (if any). When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. When a reasonable and consistent basis for allocation is identified, common assets are also allocated to the individual cash-generating units or allocated to the smallest group of cash-generating units for which a reasonable and consistent basis for allocation can be identified.

Intangible assets with an indefinite lifespan or not yet available for use should be tested for impairment annually, or with a higher frequently if there is any indication that they may be impaired.

The Company determines the recoverable amount of an asset or cash-generating unit by comparing the higher between:

- Its fair value less selling costs.
- Its value in use.

If either of these two values exceeds the book value of the asset under analysis, no impairment is considered, and it is not necessary to estimate the other.
Sometimes it is not possible to determine the fair value of the asset less selling costs. In this case the entity could use the asset's value in use as its recoverable amount.

If there is no reason to believe that an asset's value in use significantly exceeds its fair value less costs to sell, the latter is considered to be its recoverable amount.

The recoverable amount of an individual asset cannot be determined when:

- The asset's value in use cannot be estimated to be close to its fair value less selling costs (for example, when future cash flows from continuing use of the asset cannot be determined because they are negligible).

- The asset does not generate cash inflows that are largely independent of those from other assets.

In such cases, the value in use and, therefore, the recoverable amount, may be determined only for the cash-generating unit.

Criteria for estimating fair value

The Company uses an appropriate valuation model, or an indicator of the fair value of assets, to determine fair value and must take into account the following criteria, with evidence supporting those estimates:

- The existence of a price within a formal commitment to sell, in a transaction carried out under conditions of mutual independence, adjusted by the incremental costs directly attributable to the sale or disposal of the asset.

- If there is no formal commitment to sell, but the asset is traded in an active market, fair value is the market price less selling or disposal costs.

- If there is neither a firm sale agreement nor an active market, fair value is calculated based on the best information available to reflect the value that the Company can obtain (such as replacement cost at new less impairment) at the date of the statement of financial position, in an arm's length transaction between knowledgeable, willing parties, after deducting selling or disposal costs. To determine this value, the Company considers the results of recent transactions with similar assets in the same sector.

For cases in which it is not possible to estimate the fair value reliably, the recoverable value is the value in use.

Criteria for the estimation of value in use

The following elements should be reflected in the calculation of the value in use:

- The estimated future cash flows of the asset or cash-generating unit, based on the time the Company expects to use the asset or the period of the cash-generating unit, if defined.
- The expectations about possible variations in the amount or timing of those future cash flows.
- The time value of money.
- The price for the uncertainty inherent in the asset.
- Other factors, such as the illiquidity that market participants would reflect in pricing the future cash flows that the Company expects to derive from the asset.

The following variables should be excluded from the estimate of future cash flows that the Company expects to obtain:

- Cash outflows relating to obligations recorded as liabilities or costs and expenses generated during construction of the asset.
- Future cash inflows or outflows that are expected to arise from a future restructuring in which the Company is not yet committed; or the improvement or increase in the asset's performance.
- Flows related to tax payments or payments related to the financing of the asset.
- Cash inflows from other assets that are largely independent of the cash inflows from the asset in question.

Future cash flows are discounted to their present value using a pre-tax discount rate corresponding to current market rates and that reflects the time value of money and the risks specific to the cash-generating unit or group of cash-generating units.

If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately through profit or loss, except if the asset is recorded under the revaluation model, in which case the impairment loss must be considered as a decrease in the revaluation, until it is completely exhausted if necessary, and any outstanding impairment must be recorded against profit or loss.

The Company assesses whether previously recognized impairment losses no longer exist or have decreased; in this case, the carrying amount of the cash-generating unit or groups of cash-generating units is increased to the revised estimate of the recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment been previously recognized. This reversal is recognized as income in the statement of income for the period, except for goodwill, the impairment of which is not reversed under any circumstance.

2.3.6 Property, plant and equipment, net

Property, plant and equipment includes the value of land, buildings and constructions, machinery, furniture and office equipment, computer, communications and transportation equipment and other facilities owned by the Company, which are used in the operation of the entity.

The Company recognizes an item of property, plant and equipment when it is probable that the asset will generate future economic benefits, it is expected to be used over a period of more than one year, all risks and rewards inherent to the asset have been received and its value can be reliably measured.

The initial recognition of property, plant and equipment is recorded at acquisition cost, which includes professional fees, direct dismantling and removal costs (when applicable) and, in the case of qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy, as well as any other directly attributable expenses, less trade discounts, rebates and other similar items. Such properties are classified in the appropriate categories of property, plant and equipment upon completion and when they are ready for their intended use.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment, if any, except for the homogeneous group of land and buildings for administrative use, which are measured by the revaluation model, which is applied every four years. Properties under construction for production or service provision purposes are recorded at cost, less any recognized impairment loss.

Depreciation begins when the asset is available for use, and is calculated on a straight-line basis over the estimated technical lifespan of the asset as follows:

Constructions and buildings	40 to 80 years
Machinery, furniture and office, computer and communication equipment	3 to 30 years
Transport equipment	3 to 10 years

An item of property, plant and equipment shall be derecognized on disposal or when future economic benefits are no longer expected to arise from the continuing use of the asset. The gain or loss arising from the decommissioning or disposal of a property, plant and equipment asset is calculated as the difference between the gain or loss on the sale of the asset and the asset's carrying amount and recognized through profit or loss.

Estimates of the residual values, lifespans and depreciation methods of assets are reviewed and adjusted prospectively at each financial year end, if required.

Provisions for decommissioning, restoration and rehabilitation

The Company recognizes a provision as part of the cost of an item of property, plant and equipment when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built or operated, equivalent to the present value of the estimated future costs that are expected to be incurred to perform the dismantlement or restoration.
The provision for dismantling or restoration is recognized at the present value of estimated future expenditures to settle the obligation. Cash flows are discounted at a risk-free pre-tax rate.
The estimate of future cash flows for dismantling or restoration are reviewed periodically. Changes in the estimate, expected dates of disbursements or in the discount rate used to discount the flows are recognized as an increase or decrease in the cost of decommissioning included in the property, plant and equipment item. The change in the value of the provision associated with the passing of time is recognized as a financial expense in the statement of income.

2.3.7 Investment property

Investment property are those real estate properties held to generate value and/or to lease, but not for sale in the normal course of business, use in the production or supply of goods or services, or for administrative purposes.

An investment property is initially measured at cost, which comprises: the purchase price and all costs directly attributable to the investment property. The cost of investment property built by the Company includes: materials, direct labor and other directly attributable costs to bring the asset to its intended use by management, including capitalizable borrowing costs.

Costs arising from the maintenance of the asset are excluded from the initial recognition of an investment property. Such costs should be recognized through profit or loss of the period in which they are incurred. Also should be excluded:

- Commissioning costs (unless necessary to bring the investment property into use conditions).
- Operating losses incurred before the investment property achieves the planned level of occupancy.
- Abnormal amounts of waste materials, labor, or other resources incurred in the construction or development of the property.

In its subsequent measurement, the Company measures investment property under the fair value model, i.e. taking as a reference the price that will be received upon disposal of the asset in a market transaction, at a given measurement date.

To determine fair value, the Company engages independent experts with recognized professional capacity and experience in the valuation of real estate.

Changes in the fair value of investment property is recognized through profit or loss in the period in which they arise.

Investment property may be transferred to property, plant and equipment or inventories; at the time of transfer they are reclassified to their fair value, which becomes the cost for accounting purposes.
An investment property is withdrawn or derecognized from the statement of financial position at the time of its disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Disposal of investment property may occur either by sale or by incorporation into a financial lease. Any gain or loss on the sale of investment property (calculated as the difference between the consideration obtained on disposal and the carrying amount of the asset) is recognized through profit or loss in the period in which the withdrawal or disposal occurs. When an investment property that was previously classified as property, plant and equipment is sold, any amount included in the revaluation reserve in other comprehensive income (OCI) is transferred to accumulated profit.

2.3.8 Investment in associates and joint arrangements

An associate is an entity over which the Company exercises significant influence, i.e. the power to participate in the financial policy and operating decisions of the investee without having control or joint control.

A joint arrangement is one in which there is joint control, i.e. decisions on relevant activities require the unanimous consent of the parties sharing control and may be a joint venture or a joint operation.

A joint venture is an arrangement whereby the parties involved are entitled to the net assets.

A joint operation is an arrangement whereby the parties involved are entitled to assets and income and obligations in respect of liabilities and expenses relating to the terms of the arrangement.

The Company initially recognizes investments in associates and joint ventures under the cost method; subsequently, they continue at cost except for associates considered as investment entities, which are accounted for at fair value using the exception in IAS 28 Investments in Associates and Joint Ventures, paragraph 19.

The Company Recognizes a joint operation, when the contractual arrangement is structured through a separate vehicle or otherwise, by assessing the entitlements granted to the Company over the assets and obligations with respect to the liabilities relating to the arrangement and does not grant rights to the net assets of the arrangement.

In recognizing a joint operation, the Company considers aspects such as the legal form of the separate vehicle, the terms of the contractual arrangement and, where appropriate, other factors and circumstances.

The contractual arrangement in which the Company participates should establish the entitlements of the parties to the assets and the obligations with respect to the liabilities relating to the arrangement, the entitlements to income and the obligations with respect to the expenses corresponding to the parties.

The Company should Recognize the following in its financial statements in relation to its participation in a joint operation:

- Its assets, including its interest in jointly held assets.
- Its liabilities, including its share of jointly incurred liabilities.
- Its income, including its share of jointly earned income.
- It expenses, including its share of jointly incurred expenses.

The Company must account for the assets, liabilities, income and expenses relating to its participation in a joint operation, in accordance with the applicable policies and the terms of the arrangement.

When the Company is a joint operator and performs sales transactions or contributions of assets to a joint operation, it should account for the transaction as follows:
- Recognize gains and losses from this transaction only to the extent of the other parties' interests in the joint operation.

- If the transaction provides evidence of a reduction in the net realizable value of the assets or of impairment, the Company recognizes all losses.

When the Company is a joint operator and enters into a transaction to purchase assets from a joint operation, it must account for the transaction as follows:
- It Recognizes its share of the profits and losses only when it resells those assets to a third party.
- If the transaction provides evidence of a reduction in the net realizable value of the assets or of impairment, its share of those losses must be recognized.

When the Company is a party to a joint operation, but does not have joint control over it, it should account for its interest in the joint venture in the manner described above only if it is entitled to the assets and obligations in respect of the liabilities relating to the joint operation.

2.3.9 Investments in subsidiaries

The Company controls an investee when it has power over, is exposed to, or is entitled to, variable returns from its involvement in the investee and has the ability to influence those returns through its power over the investee. The Company assesses whether or not it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control mentioned above. In assessing control, it considers existing substantive voting rights, contractual arrangements between the entity and other parties, and the rights and ability to appoint and remove key management personnel, among other aspects. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally direct the relevant activities of the investee. The Company considers all relevant facts and circumstances in assessing whether voting rights in an investee are sufficient to confer power on the investee, including:

- The size of the Company's voting rights relative to the size and dispersion of the percentages of other voting rights holders.
- Potential voting rights held by the Company, other shareholders or other parties.
- Rights arising from contractual agreements.
- Any additional facts or circumstances indicating that the Company has, or does not have, the actual ability to direct the relevant activities at the time decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are accounted for in the separated financial statements using the equity method, unless the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investments in subsidiaries are initially recorded in the separated statement of financial position at cost and are subsequently adjusted to account for the Company's share of profit or loss and other comprehensive income (OCI).

2.3.10 Borrowing costs

Borrowing costs attributed directly to the acquisition, construction or production of qualifying assets, which are assets that require a substantial time span before they are ready to use or sale (more than one year), are added to the cost of these assets until such time as they are ready to use or sale. The Company considers that a substantial time span is one that is greater than one year.

Income received from the temporary investment of resources pending use in the construction or production of qualifying assets is deducted from the cost of loans to be capitalized as an increase in the cost of the asset.

All other borrowing costs are recognized in profit or loss during the period in which they are incurred.

2.3.11 Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount is recovered through a sale transaction rather than through continuing use. These assets or groups of assets are presented separately as current assets and liabilities in the statement of financial position at the lower of carrying amount or fair value less costs to sell and are not depreciated or amortized from the date of classification.

Any impairment loss recognized on a group of assets for disposal is allocated first to the goodwill associated with that group of assets, when applicable; and then to the other assigned assets pro rata on the basis of their book value. This loss is not distributed to financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment on the initial classification of assets as held for sale and subsequent gains and losses arising from the new measurements are recognized through profit or loss.

The condition for the classification of an asset as a non-current asset held for sale (or disposal group) is considered to be met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its current state subject only to terms that are customary and adapted for sales of such assets (or disposal group). Management must be committed to the sale, which should be recognized as a completed sale within one year of the date of classification.

When there is a sales plan involving the loss of control in a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale provided that the above described criteria are met, regardless of whether a non-controlling interest in its former subsidiary will be retained after the sale.

When the Company is committed to a sales plan that involves the sale of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment to be sold is classified as held for sale when the above described criteria are met.

The Company discontinues the use of the equity method in subsidiaries in relation to the portion that is classified as held for sale. Any retained portion of an investment in a subsidiary that is not classified as held for sale continues to be accounted for under the equity method; if at the time of sale of the retained portion of the subsidiary there is a loss of control, the use of the equity method is discontinued and any retained interest in the subsidiary is recognized in accordance with the applicable regulations following its classification.

In case the Company commits to distribute an asset (or disposal group) to the owners, that non-current asset (or disposal group) is classified as held for distribution to the owners. For this to be the case, the assets must be available for immediate distribution in their current condition, and the distribution must be highly probable, i.e. activities to complete the distribution must have commenced and be expected to be completed within one year from the date of classification.

The measurement criteria of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are not applicable to investment property measured at fair value, financial assets within the scope of IFRS 9 Financial Instruments, deferred tax assets, assets arising from employee benefits, among others indicated by this IFRS.

Income, costs and expenses from a discontinued operation are presented separately from those from continuing operations, in a single item after income tax, in the statement of comprehensive income for the current and comparative periods of the previous year.

2.3.12 Leases

The Company applied IFRS 16 Leases as from 1 January 2019, the change in accounting policy was made using the modified retrospective approach, in accordance with the transitional provisions allowed in the standard, and therefore, comparative information has not been restated and continues to be reported in accordance with IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease, recognizing at 1 January 2019 the cumulative effect of the transition from IAS 17 Leases to IFRS 16 Leases directly in equity in retained earnings. Accounting policies under IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease are disclosed separately.

Accounting policy applicable from 1 January 2019

The Company recognizes leases, subleases and contracts with similar characteristics and circumstances taking into account the capacity of the lessor or lessee, the underlying asset and the term of the arrangement.

At the beginning of an arrangement, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange of a consideration. To assess whether a contract transfers the right to control the use of identified assets, the Company uses the definition of a lease in IFRS 16 Leases. This policy applies to contracts in force as at 1 January 2019.

a. **The Company as a lessee.** As the lessee, at the commencement or amendment of a contract containing a lease component, the Company assigns the consideration in the contract to each lease component on the basis of its relative independent prices.

   The Company initially recognizes at the commencement date of the lease a right-of-use asset representing the right to use the underlying asset of the contract and a lease liability representing its obligation to make the payments agreed in the contract.

   Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted with the remeasurements of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made before the inception date of the contract less any lease incentives received. Unless the Company is reasonably confident of obtaining ownership of the leased asset at the end of the lease term, assets recognized for the right of use are amortized on a straight-line basis over the lease term. Right-of-use assets are subject to impairment. Right-of-use assets associated with investment property are measured initially at cost, and subsequently at fair value, in accordance with the Company's accounting policy for subsequent measurement of investment property.

   At the commencement date of the lease, the Company recognizes lease liabilities measured at present value of the lease payments to be made over the term of the lease. Lease payments include fixed payments (including essentially fixed payments) less lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments include the exercise price of a purchase option when the Company has reasonable assurance that it will be exercised and penalties for cancellation of the lease, if the term of the lease reflects that the Company will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

   In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the value of the lease liabilities is increased to reflect the accumulation of interest and is reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the term of the lease, a change in the fixed payments in substance of the lease, or a change in assessment to acquire the underlying asset.

   The Company recognizes the depreciation expense for right-of-use assets and allocates the lease payments between the finance expense and the reduction of the lease obligations. Interest expense is charged directly to income, unless it is directly attributable to qualifying assets, in which case it is capitalized in accordance with the general policy for borrowing costs.

   The Company presents the right-of-use assets and lease liabilities separately in the separated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property item.

The Company presents interest expense on lease liabilities separately from the depreciation charge on the leased asset. Interest expense on the lease liability is a component of finance costs, which are presented separately in the separated statement of comprehensive income.

In the separated statement of cash flows, the Company classifies cash payments for principal and interest on lease payments as financing activities and payments for short-term leases and low-value asset leases as operating activities.

Short-term leases and low-value asset leases

The Company recognizes lease payments for contracts with a lease term of 12 months or less and without a purchasing option, or contracts with an underlying asset of low value (i.e., assets with a new value of USD 3,500 or less for operating assets and USD 5,000 or less for administrative assets) as lease expense less related lease incentives on a straight-line basis over the lease term, unless another systematic basis of allocation is more representative of the time pattern of the lessee's benefit.

b. The Company as a lessor

At the commencement or amendment of a contract containing a lease component, the Company assigns the consideration in the contract to each lease component on the basis of its relative independent prices.

As the lessor, at the commencement of the lease, the Company classifies the leases as finance or operating leases, assessing the extent to which risks and rewards of ownership of the asset affect it. The Company classifies a lease as a finance lease when substantially all the risks and rewards of ownership are transferred, and as an operating lease when substantially all the risks and rewards of ownership are not transferred.

The Company Recognizes amounts owed by lessees under finance leases as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated over the accounting periods to reflect a consistent and regular rate of return on the Company's net investment in the leases.

Lease income under operating leases is recognized using the straight-line method over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

Accounting policy applicable before 1 January 2019

The Company classifies leases by assessing the extent to which the risks and rewards of ownership of the asset affect the lessor or the lessee. Grupo Argos classifies a lease as a finance lease when substantially all the risks and rewards of ownership are transferred, and as an operating lease when substantially all the risks and rewards of ownership are not transferred.

As the lessee, the Company initially recognizes an asset acquired under a finance lease in the statement of financial position, based on its nature, at the lower of its fair value and the present value of the minimum lease payments payable, and recognizes a short or long-term liability for the same amount. Subsequently, the asset is measured in accordance with the property, plant and equipment policy (see property, plant and equipment policy), and the liability is measured at amortized cost.

As the lessor, Grupo Argos recognizes amounts owed by lessees under finance leases as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated over the accounting periods to reflect a regular rate of return on the Company's net investment in the leases.

Lease income under operating leases is recognized using the straight-line method over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

2.3.13 Financial liabilities and equity instruments

a. **Classification as debt or equity.** Debt and equity instruments are classified as financial liabilities or equity, in accordance with the substance of the contractual arrangement and the definitions of financial liability and equity instrument.

b. **Equity instruments.** An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the value received, net of direct issue costs.

   Repurchase of the Company's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in the results of the purchase, sale, issue or cancellation of own equity instruments.

c. **Compound instruments.** Components of compound instruments, such as mandatory convertible bonds issued by the Company, are classified separately as financial liabilities and equity, depending on the substance of the contractual arrangement and the definitions of financial liability and equity instrument. A conversion option that will be cancelled through the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's equity instruments is considered an equity instrument.

   At the date of issue, the fair value of the liability component is calculated using the prevailing market interest rate for similar non-convertible debt. This amount is recorded as a liability on an amortized cost basis, using the effective interest method, until it is extinguished upon conversion or upon maturity of the instrument.

   The portion classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument. This value is recognized and included in equity, net of income tax effects, and cannot be measured subsequently. Additionally, the portion classified as equity remains in equity until it has been exercised, in which case, the balance recognized through equity is transferred to additional paid-in capital. When the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognized through equity is transferred to Retained earnings. No gain or loss should be recognized through profit or loss upon conversion or expiration of the conversion option.

   Transaction costs related to the issuance of convertible instruments are allocated to the liability and equity components, in proportion to the distribution of the gross amounts received. Transaction costs related to the equity component are recognized directly in equity.

   Transaction costs related to the liability component are included in the book value of the liability and are amortized over the life of the convertible instruments using the effective interest rate method.

d. **Financial liabilities.** Are classified at fair value through profit or loss or at amortized cost, using the effective interest method. The Company determines the classification of financial liabilities at initial recognition.

   i. Financial liabilities at fair value through profit or loss

   A financial liability is classified as held for negotiation if:

   - It has been acquired primarily for the purpose of short-term repurchase.
   - At initial recognition it forms part of a portfolio of financial instruments managed by the Company and there is evidence of a recent current pattern of short-term profits.
   - It is a derivative that has not been designated as a hedging instrument or as financial guarantee.
   - It is an embedded derivative that is recognized separately, unless it is designated as an effective hedging instrument.

A financial liability that is not held for negotiation could also be designated as a financial liability at fair value through profit or loss at initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that may arise.
- The financial liability forms part of a group of financial assets or liabilities, or both, which is managed - and its performance is evaluated - on the fair value basis, in accordance with the risk management documented by the Company in its investment strategy, with the information provided internally on that basis.
- It is part of an arrangement that contains one or more embedded instruments. IFRS 9 Financial Instruments allows the entire combined contract to be designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recorded at fair value, with any gain or loss arising from the remeasurement recognized through the results of the period. The net gain or loss recognized through profit or loss incorporates any interest paid on the financial liability. The fair value is determined in the manner described in the fair value measurement policy, described in paragraph 2.

ii. **Other financial liabilities.** Other financial liabilities (including borrowings, trade payables and others) are subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating the financial expense over the term. The effective interest rate is the discount rate that exactly matches the cash flows receivable or payable (including all fees and points paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts) estimated over the expected life of the financial liability, or when appropriate, a shorter period, with the net carrying amount at initial recognition.

iii. **Financial derivatives.** The Company holds financial derivative instruments to cover its exposures to foreign currency and interest rate risk. Financial derivatives are measured at fair value through profit or loss. Some derivatives embedded in other financial instruments or contracts (embedded derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and are not recorded at fair value.

Certain transactions with derivatives that do not qualify for hedge accounting are treated and reported as derivatives held for negotiating, even though they provide an effective hedge for managing risk positions.

Derecognition of financial liabilities. The Company derecognizes a financial liability if, and only if, the obligations expire, are cancelled or fulfilled. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized through profit or loss for the period.

2.3.14 Hedge accounting

The Company continues applying the hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement, in accordance with the exceptions permitted by the adoption of IFRS 9 Financial Instruments.

For derivatives that qualify for hedge accounting, at the inception of the hedging relationship, the Company designates and formally documents the relationship, the risk management objective and the strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the fair value of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or in the cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine whether they have been effective over the reporting periods for which they were designated.

For hedge accounting purposes and those applicable to the Company, hedges are classified and accounted for as follows, once the criteria for hedge accounting are met:

a. **Fair value hedge.** When hedging exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

   Change in the fair value of a derivative that is a hedging instrument is recognized in the statement of comprehensive income in the statement of income section, as finance cost or income. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recognized in the statement of comprehensive income in the statement of income section as finance cost or finance income.

b. **Cash flow hedge.** When hedging exposure to changes in cash flows attributed either to a particular risk associated with a recognized asset or liability or to a highly probable forecast transaction, or to foreign exchange risk in an unrecognized firm commitment.

   The purpose of cash flow hedge accounting is to recognize in other comprehensive income (OCI), the changes in fair value of the hedging instrument in order to apply them to the statement of income when and at the rate that the hedged item affects them.

   The effective portion of the gain or loss on the measurement of the hedging instrument is immediately recognized through other comprehensive income (OCI), while only the ineffective portion of the derivative is recognized in the profit or loss account as they arise, as finance cost.

   The amounts recognized through other comprehensive income (OCI) are reclassified to income when the hedged transaction affects income, as well as when the hedged finance income or expense is recognized, or when the forecasted transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized through other comprehensive income (OCI) are reclassified to the initial book value of the non-financial asset or liability. If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized through other comprehensive income is reclassified to profit or loss.

   If the hedging instrument expires or is sold, terminated, or exercised without a successive replacement or renewal of a hedging instrument by another hedging instrument, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized through other comprehensive income (OCI) remains there until the forecast transaction or firm commitment affects profit or loss.

c. **Hedge of net investment in a foreign operation.** When hedging differences in foreign currency arising between the functional currency of the foreign operation and the functional currency of the controlling company, regardless of whether the net investment is held directly or through an intermediate controlling company.

   Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized through other comprehensive income (OCI) to the extent that the hedge is effective and presented in the equity translation reserve. To the extent that the hedge is not effective, such differences are recognized through profit or loss. When part of the hedge of a net investment is eliminated, the corresponding amount recognized through other comprehensive income (OCI) is transferred to income as part of the gain or loss on disposal.

2.3.15 Employee benefits

Post-employment benefit and defined contribution plans. The Company Recognizes liabilities for pension, pension securities and bonds, retirement premiums and other post-employment benefits in accordance with the requirements of IAS 19 Employee Benefits.

The Company recognizes benefit plans classified as contribution plans in profit or loss as an administrative, sales or cost of goods sold as the related service is rendered. Contributions paid in advance are recognized as an asset, to the extent that a cash refund or reduction in future payments is available.

The Company recognizes benefit plans classified as defined benefit plans as an asset or liability in the separated statement of financial position. This is done by the difference between the fair value of the plan assets and the present value of the plan obligation of said plan, using the Projected Credit Unit Method to determine the present value of its defined benefit obligation and the related current service cost, and where applicable, past service cost, at least annually. Plan assets are measured at fair value, which is based on market price information and, in the case of listed securities, is the published market price.

The Projected Credit Unit treats each period of service as generating an additional unit of benefit entitlement and measures each unit separately to conform to the final liability. The Company discounts the total value of the obligation for post-employment benefits, even if a portion of the obligation is to be paid within 12 months of the reporting period.

Actuarial gains or losses, returns on plan assets and changes in the effect of the asset ceiling, excluding amounts included in net interest on net defined benefit liabilities (assets), are recognized through other comprehensive income (OCI). Actuarial gains or losses include the effects of changes in actuarial assumptions as well as experience adjustments. The net interest on the net defined benefit liability (asset) comprises interest income on the plan assets, interest costs on the defined benefit obligation and interest expense on the effect of the asset ceiling.

Current service cost, past service cost, any settlement or curtailment of the plan are recognized in the statement of income in the period in which they arise.

The estimate of the post-employment benefit liability is made by an independent actuary.

Short-term benefits

Short-term benefits are those that the Company intends to pay to employees within 12 months after the end of the period in which the employee has rendered services, some examples are salaries, wages, bonuses, vacations, paid absences, among others.

The Company records short-term benefits in the reporting period based on the undiscounted amount of the balances expected to be paid in consideration of the work performed by the employee.

Termination benefits

Correspond to the benefits granted to employees when it is decided to terminate the employment contract before the normal retirement date, or when the employee accepts an offer of benefits in exchange for the termination of the employment contract. Termination benefits are recognized as an expense in the results of the period when the Company cannot withdraw the offer related to the benefits or when the Company recognizes the costs for a restructuring, whichever occurs first. If the benefits are not expected to be settled in full within 12 months after the end of the reporting period, they are discounted.

2.3.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that resources will be required to settle the obligation and a reliable estimate can be made of the value of the obligation. In cases where the provision is expected to be partially or fully reimbursed, the reimbursement is recognized as a separate asset only in cases where such reimbursement is practically certain, and the amount of the receivable can be reliably measured.

Provisions are measured by the Company's best estimate of future expenditures required to settle the present obligation and are discounted using a risk-free rate. The provision expense is presented in the separated statement of income, net of any reimbursement. The increase in the provision due to the passing of time is recognized as a financial expense in the statement of income.

The Company recognizes present obligations arising from an onerous contract as provisions for the lesser of expected costs to terminate the contract or the expected net cost to continue with the contract. An onerous contract is one in which the unavoidable costs of fulfilling the obligations involved exceed the economic benefits expected to be received from the contract. The Company recognizes any impairment loss on the assets associated with the contract.

A restructuring provision is recognized when the Company has approved a detailed and formal restructuring plan and the restructuring itself has commenced or has been publicly announced. Future operating costs are not provisioned.

Contingent liabilities

Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control are not recognized in the separated statement of financial position but are disclosed as contingent liabilities.

2.3.17 Taxes

Income tax expense represents the sum of current and deferred tax.

a. **Current income tax.** Current income tax assets and liabilities for the period are measured at amounts expected to be recovered or paid to the tax authority. The tax expense is recognized as current, in accordance with the comparison made between the taxable income and the accounting profit or loss affected by the income tax rate for the current year and in accordance with the provisions of the country's tax regulations. The current tax expense includes at least the amount settled by the presumptive income system in those periods in which there is no taxable income, which is zero or less than 1.5% of the taxable equity (0.5% for year 2020 and 0% from 2021 and onward). The tax rates and regulations used to compute such values are those enacted or approved at the end of the reporting period and that generate taxable income. Current tax assets and liabilities are offset for presentation purposes provided that they are related to the same tax authority, there is a legal right to do so and the Company intends to settle them simultaneously.

b. **Deferred tax.** Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the financial statements and the corresponding tax bases used to determine taxable income. The deferred tax liability is generally recognized for all temporary tax differences. The deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the entity can charge the deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that does not affect either taxable profit or accounting profit.

   The Company recognizes a deferred tax liability for taxable temporary differences relating to investments in subsidiaries and associates, and interests in joint ventures, except where it is able to control the reversal of the temporary difference and where there is a possibility that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized and that there is a possibility that the temporary difference will reverse in the foreseeable future.

   The carrying amount of a deferred tax asset should be reviewed at the end of each reporting period and reduced, if the Company considers it probable that sufficient taxable profit will not be available in the future to allow the asset to be recovered in full or in part.

   Deferred tax assets and liabilities should be measured using the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the end of the reporting period.
   Measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.3.18 Foreign currency

Transactions in currencies other than the entity's functional currency (foreign currency) are recorded using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates prevailing at the date the fair value was determined. Non-monetary items that are measured at historical cost are not retranslated.

Exchange differences on monetary items are recognized in the results of operations in the period in which they arise, except for:

- Exchange differences arising from loans denominated in foreign currencies related to assets under construction for future productive use, which are included in the cost of such assets as an adjustment to interest costs on such loans denominated in foreign currencies, provided they do not exceed the borrowing costs of a liability with similar characteristics in the functional currency.
- Exchange rate differences arising from transactions related to exchange rate risk hedges.
- Equity instruments measured at fair value through other comprehensive income (except in the case of impairment when foreign currency differences that have been recognized through other comprehensive income (OCI) are reclassified to income).
- A financial liability designated as a hedge of the net investment in a foreign operation provided that the hedging is effective.
- Cash flow hedges provided the hedging is effective, which are recognized through other comprehensive income (OCI).

2.3.19 Income recognition

The Company's income arise mainly from the sale of goods, the rendering of services, returns on investments and the equity method on investments. Its obligations from contracts with customers are fulfilled at a given time and revenue recognition is made at that time.

The majority of the Company's revenue arise from fixed-price contracts and, therefore, the value of revenue to be obtained from each contract is determined by reference to those fixed prices.

Exceptionally, income from a small number of leases and easements contracts is determined in relation to the volume of mineral material extracted by the lessee and the beneficiary of the easement.

Also, in most contracts, there is no judgment involved in assigning the contract price because there is a fixed unit price for each good or service sold. Therefore, the assignment of the transaction price is the total contract price divided by the number of units (for the sale of goods) or services delivered (for the rendering of services). When the sales prices of each product or service are different, the determination of the price is established by reference to the independent sales prices of each product or service, when it is possible to separate them.

a. **Sale of goods.** A single performance obligation is established for the sale of goods. The Company recognizes revenue when the obligation is satisfied, i.e. when control of the goods or services underlying the performance obligation has been transferred to the customer, at some point in time. This performance obligation is fulfilled at the time of delivery of the asset to the customer. There is no significant financing component associated with the sale of goods. Revenue is reduced by discounts or rebates and other similar allowances estimated for the customers.

   The Company sells developed property with revenue generally recognized over time, since the customer receives the benefits of the performance obligation as the asset is partially delivered. In these cases, the Company recognizes revenue based on the progress of the percentage of the asset delivered, which is estimated by comparing the costs executed at the date of the project with the total budgeted costs.

b. **Rendering of services.** The Company provides certain services that are sold on their own under contracts with customers or grouped together with the sale of goods to a customer. In both scenarios, revenue from service contracts is satisfied at some point in time.

   The Company provides some services for the development of lots whose performance obligation is fulfilled over time and income is recognized at the time when progress is made in fulfilling the obligation. In these contracts, advance payments are required before the service is provided.

c. **Income from dividends and interests.** Dividend income from investments is recognized once the rights to receive said payment have been established. In the case of subsidiaries it is recorded as a reduction in value of the investment. For all other equity investments, it is recorded through profit or loss.

   Interest income on a financial asset is recognized when it is probable that the Company will receive the economic benefits associated with the transaction and the value of the income from ordinary activities can be measured reliably. Interest income is recorded on a time basis, with reference to the principal outstanding and the applicable effective interest rate.

d. **Income from equity method.** Corresponds to the recognition of the participation in the results of subsidiaries. This is recognized at the end of the reporting period taking into account the percentage of equity interest and the profits or losses obtained by the subsidiaries.

e. **Lease income.** The policy for recognition of income from investment property under operating leases is described in the lease policy.

f. **Contract balances**

   Contract assets: a contract asset is the right to receive consideration in exchange for goods or services transferred to the customer, when that right is conditional on a different variable being present over time. If the Company transfers control of goods or services to a customer before the customer pays the consideration, a contract asset is recognized for the consideration earned that is conditional on the performance of one or more variables.

   Trade receivables: a receivable represents the Company's unconditional right to a consideration for the transfer of goods or services to a customer. It is unconditional because only the passing of time is required for payment of the consideration.

   Contract liabilities: a contract liability is the obligation to transfer goods or services to a customer for which the Company has previously received consideration from the customer. The payment of a consideration by a customer before the Company transfers goods or services to the customer is recognized as a contract liability at the time the payment is made or when the payment is due (whichever occurs first). Contract liabilities are recognized as income once the Company transfers the goods or services to the customer.

2.3.20 Materiality

In accordance with IAS 1 Presentation of Financial Statements, the Company considers information to be material if its omission or inappropriate expression could influence the decisions of users of the separated financial information.

2.3.21 Statement of cash flow

The Company prepares the statement of cash flows using the indirect method based on net profit (loss), broken down into three sections:

a. **Cash flows from operating activities:** Correspond to flows from operations that constitute the Company's main source of revenue, and from those activities that cannot be classified as investing or financing activities. These flows include, among others, taxes, transaction costs for acquisitions of subsidiaries, and dividends received from associates, joint ventures and financial instruments.

b. **Cash flows from investing activities:** correspond to flows from the activities of acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents. These flows include, among others, flows related to the acquisition of subsidiaries, associates and joint ventures (excluding for subsidiaries, transaction costs that are presented as cash flows from operating activities), contingent considerations paid for business combinations during the measurement period and up to the amount of the identified liability, cash flows from sales of subsidiaries with loss of control, associates and joint ventures; acquisitions and disposals of intangible assets and property, plant and equipment (including transaction costs and deferred payments at the time of receipt or delivery of the flows), and interest received from investments.

c. **Cash flows from financing activities:** correspond to flows from activities that result in a change in the company's capital structure, whether from own resources or from third parties. These flows include, among others, issues of equity instruments, obtaining and repaying loans, issuing bonds and commercial papers and cancelling them, transactions between shareholders that do not involve obtaining and/or losing control (including transaction costs and any deferred payment at the effective time of receipt or delivery of the flows) and derivatives that hedge financial liabilities and dividend payments.

NOTE 3: STANDARDS ISSUED BY THE IASB

3.1 Incorporated in Colombia

3.1.1 Incorporated in Colombia as of 1 January 2018 - Decrees 2496 of 2015 and 2131 of 2016

As from 1 January 2018, the following standards entered into force in the technical standard framework containing some amendments issued by the IASB during 2016, allowing their early application:

Financial Reporting Standard	Subject of the amendment	Detail
IAS 7 Statement of Cash Flows	Disclosure initiatives	Clarifies disclosures for assessing changes in responsibilities resulting from funding activities.
IAS 12 Income Taxes	Recognition of deferred tax assets for unrealized losses	Clarifies the following aspects: • Unrealized losses on debt instruments measured at fair value and valuated for tax purposes result in a temporary difference, regardless of whether the holder of the debt instrument expects to recover the book value of the debt instrument through sale or use. • The carrying amount of an asset does not limit the estimation of possible future taxable profit. • Estimates of future taxable profit exclude tax deductions resulting from the reversal of deductible temporary differences. An entity evaluates a deferred tax asset in combination with other deferred tax assets. When tax legislation restricts the use of tax losses, the entity would evaluate a deferred tax asset in combination with other deferred tax assets of the same type.
IFRS 9 Financial Instruments	Issuance of new standard	Issued as a comprehensive standard that includes previously issued requirements and additional amendments to introduce a new expected loss model and limited changes to the

Financial Reporting Standard	Subject of the amendment	Detail
		classification and measurement requirements for financial assets. It envisages the following phases: **Phase 1:** all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. **Phase 2:** the impairment model, in accordance with IFRS 9 Financial Instruments, reflects expected credit losses as opposed to incurred credit losses in accordance with IAS 39 Financial Instruments: Recognition and Measurement. **Phase 3:** the three types of hedge accounting mechanisms included in IAS 39 Financial Instruments: Recognition and Measurement are maintained. The effectiveness test has been revised and replaced by the "economic relationship" principle. Additional disclosure requirements have been added to the entity's risk management activities.
IFRS 15 Revenue from Contracts with Customers	Issuance of new standard	A unique model for dealing with revenue from contracts with customers. Its basic principle is that an entity must recognize revenue to represent the transfer or promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services, with 5 steps for recognition. Subsequently, amendments were included that clarify how: • Identify a performance obligation (the promise to transfer a good or service to a customer) in a contract. • Determine whether a company is the principal (the supplier of a good or service) or an agent (responsible for arranging the good or service to be provided); and • Determining whether income from a concession should be recognized at a given point in time or over time. This standard replaces the following standards: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real estate, IFRIC 18 Transfers of Assets from Customers, SIC 31 Barter Transactions Involving Advertising Services.

Implementation of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments

The Company applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments for the first time from 1 January 2018. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. Other amendments were applied for the first time in 2018, but do not have an impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers requires recognition of revenue when promised goods or services are transferred to customers for amounts that reflect the consideration the entity expects to receive in exchange for those goods or services, through the application of a five-step approach: step 1: identify the customer contract(s); step 2:

identify the performance obligations within the contract; step 3: determine the transaction price; step 4: assign the transaction price to each performance obligation based on the individual relative sale price of each good or service; and step 5: recognize revenue when (or to the extent that) the entity meets performance obligations by transferring control over the promised goods and services to the customer. Performance obligations can be satisfied at one point in time or over a period of time. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company applied IFRS 15 Revenue from Contracts with Customers, recognizing the cumulative effect of the initial application of this standard on retained earnings at 1 January 2018, the initial date of application of this IFRS. The Company has taken advantage of the following practical solutions established by IFRS 15 Revenue from Contracts with Customers:

- Not to adjust the value of the consideration to be received for significant financing components when, at the beginning of the contract, the period between the time the Company transfers a good or service and the time the customer pays for that good or service is expected to be less than or equal to one year.
- Recognize as an expense the incremental costs of obtaining a contract when the amortization period of the asset, if recognized, would be less than or equal to one year.

Due to the application of the equity method in subsidiaries, the adoption of IFRS 15 Revenue from Contracts with Customers generated a net effect in equity attributable to positive controlling interest for $12,523, which includes the accounting of a deferred tax of ($7,372).

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. In the early stages of the revision of IAS 39 Financial Instruments: Recognition and Measurement, the requirements for the classification and measurement of financial liabilities and for derecognition of financial instruments were amended: classification and measurement; impairment; and hedge accounting. The Accounting and Financial Reporting Standards Accepted in Colombia -NCIF, adopted the requirements for the classification and measurement of financial instruments, as of 1 January 2015, through Law 1314 of 2009, regulated by Decree 2420 of 2015, amended on 23 December 2015 by Regulatory Decree 2496 and on 22 December 2016 by Regulatory Decree 2131 so both requirements were adopted by the Company in advance in its first financial statements under IFRS.

Subsequently, new requirements were included to account for accounting hedges, determine the impairment of financial assets using the expected credit loss model and limited modifications were made to the classification and measurement requirements by introducing the fair value through equity category for certain debt instruments. These requirements were applied by the Company as described below:

Application of the expected credit loss model for the impairment of financial assets:

As from 1 January 2018, the Company adopts the new requirements for impairment of financial instruments in IFRS 9 Financial Instruments. The impairment model under IFRS 9 Financial Instruments reflects expected credit losses, as opposed to credit losses incurred under IAS 39 Financial Instruments: Recognition and Measurement, in the scope of impairment in IFRS 9 Financial Instruments, it is no longer necessary for a credit event to occur before credit losses are recognized.

The Company applied the new impairment requirements in IFRS 9 Financial Instruments to its trade receivables on a retrospective basis with the option not to restate comparative information. The Company applied a simplified approach, which allows it not to monitor changes in credit risk, but rather to recognize a loss provision based on expected credit losses over the lifespan of the asset at each reporting date, i.e., to recognize expected credit losses resulting from possible events of default over the expected lifespan of the financial instrument. Where there is objective evidence that a financial asset is impaired, the Company recognizes an individual impairment loss provision and excludes the item from collective evaluation under the expected loss model.

Implementation of hedge accounting requirements

The general hedge accounting requirements in IFRS 9 Financial Instruments maintain the three types of hedge accounting mechanisms of IAS 39 Financial Instruments: Recognition and Measurement, Cash Flow, Fair Value and Net Foreign Investment, the requirement to measure and recognize any ineffectiveness of the hedge through profit or loss and to document the hedge at inception. However, IFRS 9 Financial Instruments introduces changes related to the performance of effectiveness tests and includes a wider range of hedging instruments and risks to be hedged.

IFRS 9 Financial Instruments introduces the option of applying the hedge accounting guidelines of this IFRS or continuing to apply the hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 16 Hedges of a Net Investment in a Foreign Operation, provided that the policy is applied consistently to all hedging relationships. The Company will continue to apply the hedge accounting requirements established by IAS 39 Financial Instruments: Recognition and Measurement, as permitted by IFRS 9 Financial Instruments and, therefore, there is no financial impact of transition.

As effect of applying the equity method in subsidiaries, the Company recognized at 1 January 2018 the difference from the transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 Financial Instruments directly in equity in retained earnings, presenting a net effect in equity attributable to controlling interests of ($21,284) which includes the accounting for deferred tax of $2,052.

3.1.2 Incorporated in Colombia as of 1 January 2019 - Decree 2170 of 2017 and Decree 2483 of 2018

Financial Reporting Standard	Subject of the amendment	Detail
Amendment to IAS 40 Investment Property	Investment property transfers	A property is required to be transferred to (or from) investment property only when there is a change in its use. The amendment clarifies that a change in management's intentions for the use of a property does not, in isolation, provide evidence of a change in use.
IFRS 16 Leases	Issuance of new standard	Establishes the principles for the recognition, measurement, presentation and disclosure of leases, with the objective of establishing a single model for the recognition of leases for lessees and lessors, providing relevant information that faithfully represents such transactions. IFRS 16 Leases replaces the following standards and interpretations: • IAS 17 Leases • IFRIC 4 Determining whether an Arrangement contains a Lease • SIC 15 Operating Leases - Incentives. • SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 Leases was issued by the IASB in January 2016 and is effective for annual periods beginning on or after 1 January 2019.
IFRS 2 Share-based Payment	Classification and Measurement of	IFRS 2 Share-based Payment did not contain any guidance on how the conditions of profit consolidation affect the fair value of cash-settled share-based payment liabilities.

Financial Reporting Standard	Subject of the amendment	Detail
	Share-based Payment Transactions	The IASB has added a guide that introduces the accounting requirements for cash-settled share-based payments, which follow the same approach used for share-based payments.
IFRS 4 Insurance Contracts	Possibility of applying exceptions	The amendment allows companies that issue insurance contracts two options for the application of the standard in relation to designated financial assets: • Reclassify from profit or loss to other comprehensive income (OCI) some of the income and/or expenses of designated financial assets; • The provisional application of IFRS 9 Financial Instruments until the effective date of IFRS 17 Insurance Contracts.
Annual Improvements to the Standards Cycle 2014-2016	Amendments adopted by the IASB	IFRS 1 First-time Adoption of International Financial Reporting Standards: this amendment eliminates short-term exemptions in relation to comparative information of first-time adopters, information to be disclosed in transfers of financial assets, information to be disclosed on financial instruments, information to be disclosed on employee benefits, among others, and some short-term improvements of the 2012-2014 cycle, since in practice, they only applied in the year in which they became effective in the past. IFRS 12 Disclosures of Interests in Other Entities: this improvement clarifies the scope of interaction of this IFRS with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in that it does not require the breakdown of summary financial information for interests in entities held for sale (or classified as discontinued operations). IAS 28 Investments in Associates and Joint Ventures: the amendment offers an extension to the option of recognizing at fair value investments in associates or joint ventures carried out by or through a venture capital entity by stating that this choice can be made separately for each associate or joint venture at initial recognition.
Amendment to IAS 28 Investments in Associates and Joint Ventures	Requirement for the treatment of long-term interests	Clarifies that the requirements of IFRS 9 Financial Instruments are applicable to long-term interests in associates and joint ventures, including impairment requirements.
Amendment to IFRS 9 Financial Instruments	Modifies the requirements for the treatment of early contract cancellation rights	allows the measurement at amortized cost (or at fair value through other comprehensive income (OCI), depending on the business model) of rights for the early termination contracts or instruments even if they present negative compensation payments.
Annual Improvements to the Standards Cycle 2015-2017	Amendments adopted by the IASB	IFRS 3 Business Combinations: clarifies that when an entity acquires control over a business that was previously recognized as a joint operation, it must consider the requirements of a business combination achieved in stages, including the remeasurement of the previous interest.

Financial Reporting Standard	Subject of the amendment	Detail
		IFRS 11 Joint Arrangements: states that if an entity obtains joint control over a joint operation in which it had an interest, but did not control it, the entity shall not remeasure its previous interests. IAS 12 Income Taxes: this improvement describes how an entity should account for the effects of tax payments on financial instruments classified as equity in the statement of income for the period. IAS 23 Borrowing Costs: the amendment clarifies that if an entity obtained a loan specifically to finance an asset and the loan remains outstanding when the qualifying asset is ready for use or sale, the outstanding amount becomes part of the funds the entity took as a generic loan and will be part of the amount for determining the capitalization rate.
Practice Paper No. 2	Making Judgments of Materiality or Relative Importance	The purpose of the document is to provide reporting entities with guidelines on making judgments of materiality or relative importance when preparing general purpose financial statements in compliance with International Financial Reporting Standards.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Specify the concept of transaction date	The interpretation specifies that: • The transaction date for determining the applicable exchange rate is that of initial recognition of the asset in the case of advance payments and of the liability in the case of deferred income. • If there are multiple payments or receipts of income, the transaction date will be determined for each of them.

Application of IFRS 16 Leases

IFRS 16 Leases, issued in January 2016 and effective for periods beginning on or after 1 January 2019, with early adoption permitted provided that IFRS 15 Revenue from Contracts with Customers is applied. IFRS 16 Leases replaces existing standards IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC 15 Operating Leases Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 Leases sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases under a single model similar to that used for accounting for finance leases under IAS 17 Leases. IFRS 16 Leases includes two exceptions to the general principle of recognition, namely short-term leases (leases with a term of twelve months or less) and low-value leases. At the commencement of the lease term, the lessee is required to recognize a liability representing the contractual obligation to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees should recognize separately the finance charge for the liability and the depreciation charge for the right-of-use.

Lessees are also required to re-measure the liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine such payments). Generally, the lessee shall recognize the value of the re-measured liability as an adjustment to the right-of-use asset.

The lessor's accounting under IFRS 16 Leases remains substantially unchanged from the current accounting under IAS 17 Leases. Lessors will continue to classify leases using the same principle of classification in IAS 17 Leases and distinguish between two types of leases: operating and finance leases. IFRS 16 Leases also requires lessees and lessors to make more extensive disclosures than are required by IAS 17 Leases.

A lessee may choose to apply the standard using either full retrospective application or a modified retrospective approach.

Significant mandatory changes in accounting policies

The Company applied IFRS 16 Leases from 1 January 2019. The Company applied the change in accounting policy using the modified retrospective approach, in accordance with the transitional provisions allowed in the standard, under which the cumulative effect of the initial application of the standard is recognized directly through consolidated equity in consolidated retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 was not restated and continues to be presented, as presented above, in accordance with IAS 17 Leases and related interpretations. In addition, the general disclosure requirements in IFRS 16 Leases have not been applied to the comparative information. The choice not to restate financial information available because of the transitional provisions for implementing IFRS 16 Leases does not have a material effect on future periods. Details of the change in accounting policy are disclosed below:

a. Definition of a lease: previously, the Company determined at the beginning of the contract whether an arrangement was or contained a lease in accordance with IFRIC 4 Determining whether an Arrangement Contains a Lease. The Company now assesses whether an arrangement is or contains a lease based on the definition of a lease in IFRS 16 Leases.

On transition to IFRS 16 Leases, the Company chose to apply the practical solution of not reassessing whether an arrangement is, or contains, a lease at the date of initial application. Instead, the standard allows IFRS 16 Leases to be applied only to contracts previously identified as leases. Contracts that were not identified as leases under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease were not reassessed to determine whether a lease exists under IFRS 16 Leases. Therefore, the definition of a lease under IFRS was applied only to leases entered into or amended on or after 1 January 2019.

b. The Company as a lessee: as a lessee, the Company leases a significant number of assets, including real estate, vehicles and riverine fleet. In accordance with the above accounting policies, the Company classified the leases as operating or finance leases based on the assessment of whether Grupo Argos transferred significantly all the risks and rewards associated with ownership of the underlying asset. Under the new guidelines of IFRS 16 Leases, the Company recognizes right-of-use assets in leases and lease liabilities for the majority of these leases.

On initial recognition, the Company recognized a lease liability equal to the present value of the minimum lease payments payable discounted at the lessee's incremental borrowing rate at the transition date, 1 January 2019, and an asset equal to the lease liability adjusted for any prepaid expenses or payable liabilities recognized in the consolidated statement of financial position under IAS 17 Leases.

Grupo Argos opted to apply the following practical solutions available under IFRS 16 Leases:

- Not to apply the recognition requirements, at the inception date, to contracts with a lease term equal to or less than 12 months and without a purchase option or to contracts whose underlying asset is of low value (i.e., assets whose new value is equal to or less than USD 3,500 for operating assets and USD 5,000 for administrative assets).
- Exclude initial direct costs of measuring right-of-use assets at the initial date.
- Use retrospective reasoning if the contract contains extension or termination options.
- Not to reassess whether an arrangement is or contains a lease and use the analyses under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

c. The Company as a lessor: The Company is not required to make any adjustments on transition to IFRS 16 Leases for leases in which it acts as lessor, except for subleases. At the date of transition and the reporting period, Grupo Argos does not sublease any asset.

Impact of applying IFRS 16 Leases

On transition to IFRS 16 Leases, on 1 January 2019, the Company recognized additional right-of-use assets in leases, including investment property and additional lease liabilities in its separated financial statements, recognizing the difference in retained earnings. The impact on the transition is summarized below:

	2019
Right-of-use assets under lease - Property, plant and equipment (increase of 6.45% of assets) (*)	13,220
Right-of-use assets under lease - Investment property	-
Deferred tax assets (liabilities)	-
Lease liabilities (increase of 6.45% of liabilities) (*)	(13,220)
Total equity	**-**

(*) Compared to figures reported as of 31 December 2018.

The adoption of IFRS 16 increased operating income and interest expense, since lease expenses do not affect profit for the period under the new guidelines.
Given the election not to restate the Company's comparative information for the first-time adoption of IFRS 16, it should be considered that:

- The separated statement of income at 31 December 2018 presents lease expenses for $3,655 which were included as selling and administrative expenses. In this period, no expenses or costs are presented for depreciation of right-of-use assets, nor interest expenses associated with lease liabilities that under IAS 17 Leases were classified as operating leases.

- The separated statement of income at 31 December 2019 presents depreciation of right-of-use assets for $2,340 which were included as selling and administrative expenses. Also included are interest expenses associated with lease liabilities for $828.

When measuring lease liabilities that were classified as operating leases, the Company discounted the lease payments using its incremental interest rate at 1 January 2019. The weighted average rate applied is 6,45%.

Operating lease commitments at 31 December 2018, as disclosed in IAS 17 Leases in Grupo Argos' separate financial statements.	16,897
Effect of discounting using the incremental interest rate as of 1 January 2019	(3,277)
(less) Exemption from recognition for leases of low value assets	-
(less) Exemption from recognition for leases with less than 12 months' duration	(400)
(plus) Reasonably certain renewal options to be exercised	-
Lease liabilities Recognized at 1 January 2019	**13,220**

As a result of applying the equity method in subsidiaries, the Company recognized at 1 January 2019 the difference from the transition from IAS 17 Leases to IFRS 16 Leases directly in equity through retained earnings for $5,595.

Other standards incorporated in Colombia as of 1 January 2019 did not generate significant impacts on the Company's separated financial statements.

3.1.3 Standards incorporated in Colombia as of 1 January 2020 - Regulatory Decree 2270 of 13 December 2019

Financial Reporting Standard	Subject of the amendment	Detail
Amendment to IAS 19 Employee Benefits	Posting changes, reductions and	The amendment requires entities to use updated assumptions to calculate current service cost and net interest for the remainder of the period from the modification, curtailment or

Financial Reporting Standard	Subject of the amendment	Detail
	settlements to a plan	settlement of a plan. It also requires entities to recognize any reduction in surplus as part of past service cost or settlement gain or loss.
Amendment to IFRS 3 Business Combinations	Improve the definition of the concept of "Business"	The amendment clarifies that in order to consider the set of activities and assets acquired as a business, they must include at least one input element and a substantive process that together with the input is capable of creating outputs or results. To do so, an entity must: • Determine whether the fair value of the assets acquired is concentrated in a single identifiable asset or in a group of identifiable assets of a similar nature. • Determine whether that asset or group of assets includes a substantial process and in company, can generate a result.
Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Materiality	The information is material if its omission, deviation or concealment has the potential to influence the decisions that users of general-purpose financial statements make about those financial statements.
IFRIC 23 Uncertainty over Income Tax Treatments	Accounting for uncertain tax treatments	This interpretation explains how to recognize current and deferred tax assets and liabilities if there is uncertainty about a tax treatment. An entity manages uncertainties in accordance with: • The available basis for supporting its position • The approach that the tax authority is expected to take in an audit of the matter.
Conceptual Framework	General update	It updates definitions of concepts related to: • Measurement: to include factors to be taken into account when selecting measurement bases. • Presentation and disclosure: to determine events in which an income or expense is classified in other comprehensive income (OCI). • Non-recognition: to determine when assets or liabilities should be removed from the financial statements. Additionally, it renews the definitions of assets and liabilities and the criteria for including them in the financial statements. Likewise, it adds or clarifies the meaning of other concepts such as "controlled resource", "economic resource" and "expected flow", among others.

IFRIC 23 Uncertainty over Income Tax Treatments

In order to provide greater clarity in the accounting treatment of income taxes, in June 2017 the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments, which clarifies how to apply the recognition and measurement requirements of IAS 12 Income Taxes when there is uncertainty in the treatments of this tax. An entity shall recognize and measure its current or deferred tax asset or liability by applying the requirements of IAS 12 Income Taxes on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and the tax rates determined by applying this Interpretation. In Colombia, this IFRIC is effective from 1 January 2020.

IFRIC 23 Uncertainty over Income Tax Treatments requires the assumption that the tax authority having the right to examine, and challenge tax treatments will examine the treatment and will have full knowledge of all related information.

If the Company concludes that it is not likely that an uncertain tax treatment will be accepted by the tax authority, it must reflect the effect of the uncertainty on its accounting, adjust income tax expense, and current and deferred tax assets and liabilities.

The impact of the uncertain tax position should be measured using either the most likely amount method or the expected value method depending on whether the Company believes that the uncertain position will be resolved. This IFRIC allows for its initial application with retrospective effect, impacting retained earnings (or another component of equity, as appropriate). The Company will opt for application in these terms and is currently analyzing the expected effect of its application.

It is required to continue disclosing, in accordance with IAS 1 Presentation of Financial Statements, the judgments and estimates made in determining uncertain tax treatments.

3.2 Issued by the IASB not incorporated in Colombia

The following standards have been issued by the IASB, but have not yet been incorporated by Decree in Colombia:

Financial Reporting Standard	Subject of the amendment	Detail
IFRS 17 Insurance Contracts	It seeks to unify the delivery of results from insurance sector entities around the world.	They combine features of a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information on these features, IFRS 17 Insurance Contracts: ▪ Combines current measurement of future cash flows with recognition of benefits over the period in which the services are provided under the contract. ▪ Presents the results of the insurance service (including the presentation of insurance income) separately from the income or expense of the insurance finance; and ▪ Requires an entity to make an accounting policy choice to recognize all insurance finance income or expense through profit or loss, or to recognize part of that income or expense in other comprehensive income (OCI). According to the IASB's timetable, IFRS 17 Insurance Contracts becomes effective on 1 January 2021, allowing early application, provided that IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are also applied.

The Company will quantify the impact on the separated financial statements in a timely manner, so that once the Decree incorporating this standard into the Colombian Technical Regulations Framework is issued, all the necessary activities for its implementation will be carried out.

As at 31 December 2019 the Company has not adopted any standards or improvements to standards in advance.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES.

In applying the Company's accounting policies, which are described in Note 2 Basis of presentation and significant accounting policies, the management must make judgements and estimates that affect the amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed regularly by the management. Revisions to accounting estimates are recognized in the period of revision, if the revision only affects that period, or in future periods if the revision affects both the current period and subsequent periods.

4.1 Significant judgements and estimates when applying accounting policies that do not present a significant risk of significantly affecting the subsequent period

In accordance with paragraph 122 of IAS 1 Presentation of Financial Statements, the following are the judgements and significant estimates made by the management in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in the separated financial statements. These judgements and estimates differ from the estimates referred to in paragraph 125 of the same IFRS, since in the management's opinion they are not identified as presenting a significant risk of causing significant adjustments in the subsequent accounting period.

4.1.1 Interests in other entities

The Company has equity investments in companies that under IFRS are classified as subsidiaries, associates, joint ventures and financial instruments, according to the degree of relationship with the investee: control, significant influence and the type of joint venture. The degree of relationship was determined in accordance with IFRS 10 Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures and IFRS 11 Joint Arrangements.

The significant judgements and assumptions applied in making this classification are described below:

Subsidiaries - Entities over which the Company has control

In determining control, the Company assesses the existence of power over the entity, exposure, or entitlement, to variable returns from its involvement with the entity and the ability to use its power over the entity to influence the value of the returns. Judgement is applied in determining the relevant activities of each entity and the capacity to make decisions about these activities; for this, the purpose and design of the entity is assessed, the activities that most impact its performance are identified and how decisions about the relevant activities are made. The assessment of decision-making considers existing voting rights, potential voting rights, contractual arrangements between the entity and other parties, and the rights and ability to appoint and remove key management personnel, among other aspects. Judgement is also applied in identifying variable returns and exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic benefits from the entity, remuneration for managing the entity's assets or liabilities, fees and exposure to loss from providing credit or liquidity support.

The judgements and assumptions made to determine that the Company controls a company even when less than half the voting rights are retained are:

(a) Investment in P.A. Ganadería Rio Grande. Management has evaluated the degree of influence that the Company has over this entity and determined that it exercises control over the entity even though it maintains a percentage of ownership equal to 13.39%, given that the Company is exposed to the variable returns from this investment and has the capacity to influence them through the exercise of its power by making relevant decisions.

The judgements and assumptions made to determine that the Company does not control a company even though it holds more than half of the voting rights are:

(a) Consorcio Constructor Nuevo Dorado and Consorcio Mantenimiento Opain. Management has assessed the degree of influence that the Company has over these consortiums and determined that it does not exercise control over them even though it holds a percentage of more than 50%, given that the quorum for financial and administrative decisions requires the favorable vote of all the consortiums, giving rise to a relationship of joint control.

(b) Patrimonio Autónomo (autonomous equity) Hacienda Niquía. Management assessed the degree of influence that the Company has over this entity and determined that it does not exercise control over it even though it holds an interest of over 50%, since the Company does not have the current capacity to decide on the activities that most impact the entity's performance.

Associates - Entities over which the Company has significant influence

Judgment is applied in assessing significant influence. The Company is deemed to have significant influence over an associate when it has the power to intervene in the associate's financial and operating policy decisions. To this end, the Company considers the existence and effect of potential voting rights that may be exercised or converted at that time, including potential voting rights held by other companies, in order to assess whether it exercises significant influence over an investment. It should not consider those that cannot be exercised or converted until a future date, or until a future event has occurred.

Joint arrangements as a joint operation or a joint venture

Once the existence of a joint arrangement is determined by assessing the contractual arrangement in which two or more parties exercise joint control in an arrangement, the Company applies significant judgements and assumptions to determine whether the arrangement is a joint venture or a joint operation; That is, (i) if a joint operation exists despite having a separate vehicle, for example, if the Company is granted rights to the assets and obligations in respect of the liabilities relating to the arrangement and not rights to the net assets of the arrangement; or (ii) if a joint venture exists, through a contractual arrangement that is structured through a separate vehicle or not and grants rights to the net assets of the arrangement but not rights to the assets and obligations relating to the arrangement.

The Company should consider the following in recognizing a joint venture when it is formed through a separate vehicle: (i) the legal form of the separate vehicle; (ii) the terms of the contractual arrangement; and (iii) where appropriate, other factors and circumstances.

4.1.2 Functional currency

Management uses its judgment in determining its functional currency. The determination of the Parent Company's functional currency and each of its investments in subsidiaries, associates and joint ventures is determined by evaluating the principle and indicators set forth in IAS 21 The Effects of Changes in Foreign Exchange Rates.

4.1.3 Determination of the term of the lease of contracts with renewal options

Under certain leases, there is the option to lease the assets for additional periods. The Company applies its judgement in assessing whether it is reasonably safe to exercise the renewal option, i.e. it considers all the relevant factors that create an economic incentive to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in the circumstances under its control that affect its ability to exercise (or not exercise) the renewal option. In addition, the Company enters into leases contracts that are automatically renewed at the end of the original lease term for another term of the same duration, or on a month-to-month basis, without any action being taken by the Company or the lessor.

4.1.4 Distinction between investment property and inventories

The Company requires the application of professional judgment to determine whether a property meets the requirements to be classified as investment property or to be classified as inventory. Given the nature of the assets currently held by the Company, this classification may be difficult. Therefore, the Company has developed criteria to exercise such judgment in a manner consistent with the standard, such as:

- The separation of whether the property is held for income or capital appreciation or for sale in the ordinary course of operations.
- Land held for undetermined future use is considered to be held for capital appreciation and, therefore, is held as investment property.
- The commencement of a development with intent to sell it in the ordinary course of business is considered a change in use and therefore involves the transfer of investment property to inventory.
- When the Company decides to dispose of an investment property without carrying out a specific development, it maintains the asset in investment property until it is derecognized and does not treat it as an inventory item.

4.1.5 Current income tax

The Company recognizes current income tax amounts in the consolidated financial statements given the volume of transactions. The determination of current tax is based on management's best interpretation of current and applicable laws and best practices in the jurisdictions in which it operates. The reasonableness of this estimate depends on management's ability to integrate complex tax and accounting standards and to consider changes in applicable laws.

Uncertain tax positions are situations where the tax treatment is not clear, either because there is no express regulation on the matter or because, in contrast to the applicable treatment, there are different jurisprudential and doctrinal interpretations that do not allow for legal certainty for the taxpayer. The Company could have uncertain tax positions mainly because of the deductibility of certain expenses, or because of the differential treatment of some profits in tax returns. To date, no provision is recognized for uncertain tax positions classified as remote or possible for the legal proceedings instituted by the relevant entity. The probability analysis is based on expert opinions and the interpretation of the tax regulations in force in the applicable jurisdiction.

4.1.6 Pension plans and other post-employment defined benefit plans

The liability for pension plans and other post-employment benefits is estimated using the projected credit unit technique, which requires the use of financial and demographic assumptions, including, but not limited to, discount rates, inflation rates, expected salary increases, life expectancy and employee turnover rates. The estimate of the liability, as well as the determination of the values of the assumptions used in the valuation, is made by an independent external actuary, considering the market conditions existing at the measurement date.

Given the long-term horizon of these benefit plans, the estimates are subject to a degree of uncertainty. Any change in actuarial assumptions directly impacts the value of the pension obligation and other post-employment benefits.

4.1.7 Recognition of revenue and costs

Since recognition of revenue and costs from construction activities that have not yet been invoiced is related to the execution of contracts, the estimate of the proportion that corresponds to the reporting period is assigned by evaluating the degree of progress of the construction projects through the cost method. These estimates do not normally vary significantly from subsequent actual measurements.

4.1.8 Fair value of financial instruments and financial derivatives other than Level 1

The Company uses assumptions that reflect the most reliable fair value of financial instruments including financial derivatives, which do not have an active market or for which no market price is observable, using valuation techniques that are widely known in the market.

Fair value measurements are made using a fair value hierarchy that reflects the significance of the inputs used in the measurement (Note 2.2 Basis of Preparation) for Level 2 and Level 3 input data, the management must apply its judgment in selecting the appropriate valuation method for the asset or liability being measured and maximize the use of observable inputs.

The assumptions are consistent with market conditions at the time of measurement and the information that market participants would consider in estimating the price of the instrument. Management believes that the valuation models selected, and the assumptions used are appropriate in determining the fair value of financial instruments. However, the limitations of the valuation models themselves and the parameters required by these models may result in the estimated fair value of an asset or liability not being exactly the same as the price at which the asset or liability could be delivered or settled at the measurement date. In addition, changes in internal assumptions and the rates used in the measurement may significantly affect the fair value of financial derivatives. The frequency of measurement of these instruments is monthly.

4.2 Key data on uncertainty in estimates that present a significant risk of significantly affecting the following period

Following are the assumptions made about the future and other sources of uncertainty used in applying the accounting policies for the preparation of the financial statements for the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the subsequent accounting period:

4.2.1 Provisions, contingent assets and liabilities

Certain contingent conditions may exist at the date the financial statements are issued, which may result in a loss for the Company and, in the case of contingent assets, an income for the Company, but will only be resolved in the future when one or more events occur or may occur.

The Company considers that a past event has given rise to a present obligation if, taking into account all the evidence available at the reporting date, it is probable that a present obligation exists, independent of future events. A provision is recognized when it is more likely than not that an event will occur. Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control are not recognized in the statement of financial position, but are disclosed as contingent liabilities; the occurrence of events that are estimated to be remote is not recorded or disclosed. The occurrence of events giving rise to contingent assets is not recorded but disclosed (Note 22 Provisions and Note 39 Contingent assets and liabilities)

To determine the possibility of the occurrence of a present obligation, the professional judgment of internal and external specialist lawyers is involved. In estimating the provision, management considers assumptions such as, but not limited to, inflation rates, attorneys' fees, estimated duration of the lawsuit, statistical information of processes with similar characteristics, among others.

4.2.2 Impairment of assets, property, plant and equipment and intangibles

The Company assesses at each annual closing date of the statement of financial position or at any time whether there is any indication of impairment of assets. If such an indication exists, the Company estimates the recoverable amount of the asset or the cash-generating unit.

For assessing the appropriateness of performing the full impairment test, the Company will perform an annual review of the critical business variables that affect the fair value of the assets in each market. The indicator matrix is defined for each geography or market in which the business is conducted and is reviewed periodically with the different areas to ensure its validity. The general indicators are:

- Observable evidence that the value of the assets has decreased over the period significantly more than would be expected as a result of the passing of time or normal use.
- Changes in the legal, social, ecologic or market environment that may reduce the value of the asset.
- Changes in prices that affect future income.
- Changes in their capacity to generate income.
- Changes in its total cost.

The purpose of the impairment test is to determine the recoverable value, which is the higher of fair value less disposal costs and value in use, as mentioned in Note 2 paragraph 2.3.5 Impairment of tangible and intangible assets.

4.2.3 Fair value of investment property

In order to determine the fair value, the Company opted to hire independent experts with recognized professional capacity and experience in the valuation of real estate.

For the valuation process, these experts select one of three approaches: market approach, cost approach, income approach (Note 15 Investment Property).

4.2.4 Deferred income tax

The Company recognizes deferred income tax amounts in the consolidated financial statements given the volume of transactions. The determination of deferred tax is based on management's best interpretation of current and applicable laws and best practices in the jurisdictions in which it operates. The reasonableness of this estimate depends on management's ability to integrate complex tax and accounting standards, to consider changes in applicable laws, and to evaluate, for purposes of recognition of the deferred tax asset, the existence of sufficient taxable income to realize it.

Exception from IAS 12 Income Tax, on investments: The Company applies its judgment not to recognize in its separate financial statements deferred tax liabilities on investments in subsidiaries, taking into account that it is able to control the timing of the reversal of temporary differences and it is probable that these will not reverse in the foreseeable future. The Company applies its judgment not to recognize in its separate financial statements deferred tax liabilities on investments in subsidiaries, taking into account that it is able to control the timing of the reversal of temporary differences and it is probable that these will not reverse in the foreseeable future.

NOTE 5: CHANGE IN POLICIES AND RECLASSIFICATIONS OF ITEMS IN THE FINANCIAL STATEMENTS.

5.1 Change in policies

During the 2019 period, the Company changed its leasing policy as a result of the entry into force of IFRS 16 Leases as explained in paragraph 2.3.12 Leases.

5.2 Reclassification of Items in the Financial Statements

During the year 2019, the Company did not make any reclassification in its comparative figures.

NOTE 6: CASH AND CASH EQUIVALENTS.

The total balance of this item at the end of the reporting period, as shown in the Separated Statement of Cash Flows, can be reconciled to the related items in the Separated Statement of Financial Position as follows:

Breakdown of cash	2019	2018
Cash and banks	1,337	3,504
Cash equivalents (*)	392	1,346
Total cash and cash equivalents	**1,729**	**4,850**

(*) The following are the cash equivalents held by the Company at the end of the reporting period:

Breakdown of cash equivalents	2019	2018
Collective portfolios and investment funds	392	1,346
Total cash equivalents	**392**	**1,346**

During 2019 there were no relevant transactions that did not involve cash movements. For 2018, cash flow from the sale of shares of EPSA S.A. E.S.P. (now Celsia Colombia S.A. E.S.P.) to Celsia S.A. E.S.P. (now Celsia S.A.) for $654,602 and the acquisition of shares of Celsia S.A. E.S.P. (now Celsia Colombia S.A.) for 782,553 were offset by the Company, with the net value being disbursed.

Cash equivalents correspond to resources available to the Company managed through liquidity funds.

At 31 December 2019 and 2018, the Company has no current or non-current restricted cash or cash equivalents.

NOTE 7: FINANCIAL INSTRUMENTS.

7.1 Capital risk management

The Company's capital structure is based on net financial debt consisting of short- and long-term financial obligations, bonds and commercial papers, and equity, consisting of issued shares, both preferred and ordinary, reserves, retained earnings and other components of equity, as disclosed in Note 19 Financial obligations, Note 24 Bonds and compound financial instruments, Note 25 Other non-financial liabilities, Note 27 Reserves and other comprehensive income and Note 28 other components of equity.

The Company manages its capital to ensure its ability to continue as a going concern, as it maximizes the return to its shareholders through permanent monitoring of the execution of the business plan, the optimization of the debt and equity balances in order to seek an optimal capital structure and equity in order to find an optimal capital structure.

Similarly, it strategically designs an efficient capital structure, consistent with growth, investment and credit rating plans. To this end, indicators of leverage, coverage, solvency and profitability have been established. As this structure is flexible, it is reviewed periodically or whenever there are relevant changes in the Company's strategy.

In the same way, the Company manages capital risk through the rotation of portfolio assets and the management of reasonable debt levels, which allows the consolidation of its strategic pillars within an investment portfolio with emphasis on the infrastructure and energy sector. The Company is not subject to external capital requirements, which is why all leverage decisions and target capital levels are made with the premise of generating value for shareholders, while maintaining an investment grade credit rating. Therefore, the operating cash flow (FCO/interest) indicator is expected to be higher than 1 to ensure debt sustainability from cash generated by the operation. In addition, debt term is consistent with the capital cycles of each of the Company's investments.

7.2 Financial instrument categories

	2019	2018
Financial Assets		
Cash and cash equivalents (Note 6)	1,729	4,850
Prepayment purchase of financial investments	1,441	-
Financial assets measured at fair value through profit or loss (Note 11)	830	814
Financial assets measured at fair value through other comprehensive income - OCI (Note 11)	1,165,536	1,075,719
Financial assets measured at amortized cost (Note 8)	320,315	274,318
Derivatives in Hedging Relationships	-	2,932
Total financial assets	**1,489,851**	**1,358,633**

Financial assets classified as non-current assets held for sale	1,524	-
Total financial assets including non-current assets held for sale	**1,491,375**	**1,358,633**
Financial liabilities		
Derivatives in Hedging Relationships	42	260
Financial liabilities measured at amortized cost (Notes 19, 23 and 24)	1,709,254	1,724,912
Total financial liabilities	**1,709,296**	**1,725,172**

7.2.1 Financial liabilities measured at amortized cost

	2019	2018
Bonds and commercial paper in circulation (Note 24)	1,099,288	763,845
Financial liabilities (Note 19)	502,009	857,153
Trade and other payables (Note 23)	93,764	90,551
Preferential shares classified as compound financial instruments (Note 24)	14,193	13,363
Total financial liabilities measured at amortized cost	**1,709,254**	**1,724,912**

At the closing of 2019 and 2018, the financial liabilities presented by the Company correspond to short- and long-term loans, ordinary bonds, suppliers and payables.

7.2.2 Reclassification of financial assets

During 2019 and 2018 no changes in the business model for managing and administering financial assets were made, and therefore no financial assets have been reclassified from the fair value category to amortized cost, or vice versa.

7.2.3 Offsetting of financial assets and liabilities

At 31 December 2019 and 2018 the Company, for presentation purposes, did not offset financial assets and liabilities and has no relevant offsetting agreements.

7.2.4 Sensitivity analysis of financial assets

A 1% variation in the share price of Grupo Nutresa S.A. would generate variations in the other comprehensive income (OCI) of approximately $11,492 (2018 $10,632); however, it should be noted that this financial asset is not available for realization in the short term.

7.3 Financial risk management objectives

Among the most important financial risks for the Company are market risks. These risks are derived from fluctuations in macroeconomic and microeconomic variables that can generate fluctuations in the value of assets and liabilities with an impact on profit and therefore on profitability for shareholders.

In the management of its financial instruments, the Company is exposed to risk factors such as exchange rates and interest rates. These risks are managed in accordance with the guidelines set forth in the Treasury Manual and supports the decisions of the Treasury Committee, which are executed in accordance with the following policies:

- The exchange rate risk is the contingency of losses generated by the volatility in the quotation of the currencies in which positions are held. The Company mainly executes operations in local currency.
- In the case of trading financial (or debt) instruments in foreign currency, internal policies establish that exchange rate hedges are in place. Operations that do not have a counterpart or natural hedge must have a financial derivative to create a hedge position in local currency.

- Interest rate risk is associated with fluctuations in macroeconomic factors such as inflation, and microeconomic factors such as risk premiums of financial instrument issuers. In this risk are considered the devaluation of securities and the conditions for reinvesting liquidity.

- The Company constantly seeks to optimize its interest rates through the placement and renewal of its loans.

- Within the framework of the accounting policies established for the Company, the relevant investments with terms of more than 90 days are subject to being valued at market conditions. Thus, if investments are not settled on a date prior to the maturity of the security, movements in interest and reference rates do not affect cash investments (e.g. certificates of deposit, bonds, Repos).

Market risk exposures are measured using different quantitative models, such as scenario simulation and sensitivity analysis.

7.3.1 Market risk

In the management of its financial instruments, the Company is exposed to risk factors such as exchange rates, interest rates and price levels. These risks are managed in accordance with the Company's policy guidelines and market risk exposures are measured using various quantitative models, such as Value at Risk (VaR), scenario simulation and sensitivity analysis. There have been no changes in the Company's exposure to market risks or in the way in which such risks have been managed and measured.

7.3.2 Foreign exchange risk management

The Company's general policy is to minimize exposure to exchange rate risk. When the Company makes investment, financing and operating activities, it is possible to manage this risk by selecting the appropriate hedging instrument. The following options are available for this purpose:

- Natural hedges, consisting of taking two positions that are reflected in the assets and liabilities in the balance sheet, such as a dollar investment and a dollar liability.

- Financial hedges, realized with derivative instruments such as forwards, futures, options, swaps, among others.

7.3.2.1 Foreign currency sensitivity analysis

The Company's general policy is to limit the effects of exposure to exchange rate risk. When the Company carries out investment, financing and operating activities, it is possible to manage this risk by selecting the appropriate hedging instrument.

The Company monitors the concentration of foreign exchange risk in order to avoid volatility in the financial statements and to monitor target exposure limits. For this purpose, sensitivity analyses and Monte Carlo simulations are performed on the exchange rate, based on the monetary cycles in which it is present. The results of these analyses have a direct influence on the capital structure, in particular with respect to the functional currencies of debt, reference indices and the contracting of derivative instruments.

The Company performs various sensitivity analyses in order to quantify the impact of exchange rates on results. In general terms, the Company benefits from increases in exchange rates, which is largely explained by the weight of the investments in Cementos Argos S.A., Celsia S.A. (formerly Celsia S.A. E.S.P.), Odinsa S.A. and the exposure that these companies have to the markets of the United States, the Caribbean and Ecuador. The hedging structures of the Company allow it to maintain a balanced net position in the statement of income and of financial position.

7.3.2.2 Foreign currency derivative contracts

Derivative instruments that arise within a financial hedging relationship, whose value depends on the price of an asset (e.g. a bond, share, product or commodity), of an interest rate, an exchange rate, an index (e.g. of shares, of prices), or any other quantifiable variable (which is called the underlying), may be constituted in such a way as to allow companies to anticipate and hedge risks or changes that may occur in the future, in such a way as to reduce volatility.

Financial derivatives are recognized in the statement of financial position at their fair values, taking into account the market curves in force at the measurement date. Accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as an accounting hedge instrument.

Following is a detail of the foreign currency and interest rate derivatives outstanding at 31 December of the reporting period:

			Notional value of the underlying - Amount of the derivative instrument				Fair value of the asset (liability) derivative instrument	
Type of instrument	Hedged item	Underlying rate	2019	2018	Rate of the derivative instrument	Expiration of the derivative instrument	2019	2018
Forward purchase	Financial obligations	LIBOR12M+0.3%	-	USD 525,293.71	3,212.33	29-Abr-2019	-	33
Forward purchase	Financial obligations	LIBOR12M+0.3%	-	USD 31,528,179.94	3,244.51	29-Oct-2019	-	2,505
								2,538

For 2018 derivative instruments entered into by the Company to cover exchange risk were generally designated as cash flow hedging instruments.

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

	Notional value of the hedged item in Colombian pesos		Fair value of the asset (liability) derivative instrument	
	2019	2018	2019	2018
Cash flow hedging				
1 year or less	-	98,743	-	2,538
Derivative contracts in foreign currency	**-**	**98,743**	**-**	**2,538**

7.3.3 Interest rate risk management and inflation indexes

The Company is exposed to interest rate risks because it borrows money at rates that can be fixed or variable. This risk is managed based on market readings of the macroeconomic environment and of the counterparties, monitoring risk premiums, investment returns and the cost of debt, in real terms.

This monitoring is done through the Treasury Committee, considering the cash flow projections in the short and medium term, in order to establish the efficient index and term compositions. For support, quantitative models are used that allow analyzing the duration, using interest rate curves. Another efficient mechanism for the management of this risk is the interest rate derivatives.

The Company believes that most of its debt should be indexed to indicators such as the CPI and Bank Reference Indicator (BRI), since the rates obtained are linked to inflation and the price at which banks are willing to offer resources to the money market. At the close of 2019, it had financial obligations and bonds payable at a nominal value of $1.59 trillion pesos (2018 $1.60 trillion pesos), with an average life of 6.4 years (2018 4.9 years) and an average cost of 7.03% EAR (2018 6.77% EAR). Thus, it is largely exposed to variations in the general consumer price index and the intervention rate of the Colombian economy.

The following sensitivity analyses have been determined based on the exposure to interest rates and inflation indexes for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, an analysis is prepared assuming that the amount of the liability outstanding at the end of the reporting period has been the liability outstanding for the entire year.

Based on the exposure of the Company's debt to market rates, an increase of 100 PBS (basic points) in the CPI would affect the cost of debt by $9,060 (2018 $4,281); an increase of the same magnitude in the Bank Reference Indicator (BRI) would increase it by $5,033 (2018 $7,599).

7.3.3.1 Contracts derived from interest rates and inflation indexes

Derivative instruments entered into by the Company to cover interest rate risk are designated as cash flow hedging instruments. The Company does not hold any derivative instruments to cover this risk that have not been designated as hedging instruments. The value recognized through other comprehensive income (OCI) for the valuation of these derivative instruments is detailed in Note 27 Reserves and other comprehensive income (OCI).

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

			Notional value of the underlying - Amount of the derivative instrument				Fair value of the asset (liability) derivative instrument	
Type of instrument	Hedged item	Underlying rate	2019	2018	Rate of the derivative instrument	Expiration of the derivative instrument	2019	2018
CPI Swap	Ordinary bonds	CPI	COP 100,000,000	COP 100,000,000	3.72%	10-Jun-2020	(42)	(260)
CPI Swap	Ordinary bonds	CPI	-	COP 200,000,000	3.46%	10-Dic-2019	-	394
							(42)	**134**

	Notional value of the hedged item in Colombian pesos		Fair value of the asset (liability) derivative instrument	
	2019	**2018**	**2019**	**2018**
Cash flow hedging				
1 year or less	100,000,000	200,000,000	(42)	219
1 to 5 years	-	100,000,000	-	(85)
Cash flow hedging	**100,000,000**	**300,000,000**	**(42)**	**134**

7.3.4 Credit risk management

Credit risk is defined as the potential failure to meet contractual obligations arising from the Company's business activities. The Company's cash inflows come from four main sources:

- Dividends from subsidiaries and associates.
- Lot sales.
- Portfolio activities.
- Financial returns.

Of the sources of income for the Company, there are no credit risks on resources coming from divestments, financial returns and dividends, due to the nature of these flows. In the case of real estate sales, this risk is managed through the following mechanisms:

- Analysis of counterparties and their technical, financial and administrative qualities, using qualitative and quantitative criteria.
- Disposal policies that require advance payment of a percentage of the value of the property.
- Definition of maximum client concentration thresholds in relation to the total portfolio.
- Contractual clauses and required collaterals.

The Company periodically performs impairment analysis of its financial assets, including an analysis of expected losses in the portfolio. Details of trade current and other receivables are shown in Note 8 trade and other receivables, net.

7.3.5 Liquidity risk management

Liquidity risk is generated when there is no close relationship between the capital structure and the return on investments. This risk is managed on the basis of financial planning and cash management exercises, with permanent monitoring of the cash flow of the Company and working capital needs. Likewise, through the design and monitoring of the capital structure, the Company efficiently plans sources and uses, guaranteeing financial flexibility, risk management and return.

Finally, the policies established in the Treasury Manual include a list of the type of investment risk authorized for contracting financial instruments, so that the Company minimizes the risk of liquidity, derived from issuers or illiquid instruments.

7.3.5.1 Maturity analysis of non-derivative financial liabilities

The maturity profile of the Company's non-derivative financial liabilities previously agreed upon is detailed below. The tables have been designed based on the undiscounted cash flows of the financial liabilities, taking into account the date on which payments must be made. Additionally, they include both interest and capital cash flows. To the extent that interest is floating rate, the undiscounted amount is derived from the last known interest rate at the end of the reporting period. The contractual maturity is based on the minimum date on which payment must be made.

As at 31 December 2019	**Weighted average effective rate**	**3 months to 1 year**	**1 to 5 years**	**5 years or more**	**Total**	**Carrying amount**
Non-interest-bearing		94,611	57	13,346	108,014	108,014
Fixed-rate instruments	5.78%	7,138	135,352	-	142,490	123,798
Floating rate instruments	7.13%	105,013	1,309,982	898,225	2,313,220	1,477,442
Total as at 31 December 2019		**206,762**	**1,445,391**	**911,571**	**2,563,724**	**1,709,254**
As at 31 December 2018						
Non-interest-bearing	-	91,398	47	12,516	103,961	103,961
Floating rate instruments	6.77%	318,415	1,304,983	568,549	2,191,947	1,620,951
Total as at 31 December 2019		**409,813**	**1,305,030**	**581,065**	**2,295,908**	**1,724,912**

7.3.5.2 Maturity of derivative financial instruments

The following table details the profile for the maturity of the Company's derivative financial instruments:

	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
As at 31 December 2019					
Swaps (net)	(42)	-	-	(42)	(42)
Total (net)	**(42)**	**-**	**-**	**(42)**	**(42)**

	1 year or less	1 to 5 years	5 years or more	Total	Carrying amount
As at 31 December 2018					
Forward	2,538	-	-	2,538	2,538
Swaps (net)	219	(85)	-	134	134
Total (net)	**2,757**	**(85)**	**-**	**2,672**	**2,672**

7.4 Collaterals

Following is the breakdown of Collateral guarantees for financial assets and liabilities provided by the Company:

In 2019, the market value of the Company's financial assets pledged as collateral for financial liabilities is $1,479,613 (2018 $1,523,366). These collaterals correspond to 36,724,303 shares of Grupo Sura S.A. (2018 – 40,773,889 shares) and 9,093,972 shares of Grupo Nutresa S.A. (2018 9,093,972 shares).

A number of 13,364,075 of the shares (2018 27,798,683 shares) pledged back the loans disbursed during 2019 ($92,500 maturing in 2022) and during 2018 ($460,000 maturing in 2023). The remaining shares have been pledged for an indefinite period of time in order to provide the Company with financial flexibility.

7.5 Fair value

The following is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments:

	Carrying amount	Fair value	Carrying amount	Fair value
	2019		2018	
Financial Assets				
Measured at fair value through OCI				
Equity investments *(1)	1,168,501	1,173,928	1,075,719	1,075,719
Derivative financial instruments - Swap (5)	-	-	394	394
Measured at fair value through profit and loss				
Other investments (1)	830	830	814	814
Derivative financial instruments – Swap – Forward (5)	-	-	2,538	2,538
Measured at amortized cost				
Cash and cash equivalents	1,729	1,729	4,850	4,850
Trade and other receivables (2) and (3)	320,315	322,871	274,318	274,591
Total financial assets	**1,491,375**	**1,499,358**	**1,358,633**	**1,358,906**
Financial liabilities				
Measured at fair value through OCI				
Derivative financial instruments	42	42	260	260
Measured at amortized cost				
Financial obligations (2)	502,009	507,862	857,153	861,325

Bonds and securities in circulation (2) and (4)	1,099,288	1,159,884	763,845	808,895
Preferential shares classified as debt	14,193	14,193	13,363	13,363
Suppliers and payables **(3)	93,764	93,764	90,551	90,551
Total financial liabilities	**1,709,296**	**1,775,745**	**1,725,172**	**1,774,394**

* The increase in equity investments is mainly due to the valuation adjustment of Grupo Nutresa shares for $85,963 during the period of 2019.

** This amount includes $79,647 of dividends payable (December 2018, $74,489).

In paragraph 7.5.1, in accordance with reference number (1), (2), (3), (4) and (5), the significant valuation variables for each of the instruments described above are described.

7.5.1 Description of significant valuation variables

The significant variables used in measuring the fair value of financial instruments at 31 December 2019 and 2018 are presented below:

	Hierarchy Level	Valuation technique	Technical description of valuation	Significant variables
Financial Assets				
Measured at fair value through OCI				
Equity investments	1	Market prices (Colombian Stock Market)	(1)	Share price
Derivative financial instruments	2	Fair value for swaps	(5)	Implied inflation, OIS COP curves and CPI curve
Measured at fair value through profit and loss				
Derivative financial instruments	2	Discounted cash flows	(2)	Market rate
Agricultural development titles	1	Market returns	(1)	Market rate
Measured at amortized cost				
Trade and other receivables	2	Discounted cash flows	(2) y (3)	Market rate
Financial liabilities				
Measured at amortized cost				
Financial obligations	2	Discounted cash flows	(2)	Market rate
Bonds in circulation	2	Discounted cash flows	(4)	Discount rate resulting from the zero coupon curve
Preferential shares classified as debt	2	Discounted cash flows	(2)	Market rate
Suppliers and payables	2	Discounted cash flows	(4)	Discount rate

The following are the valuation techniques used to measure the Company's financial assets and liabilities at fair value for disclosure purposes:

(1) Quoted market prices: the fair values of these investments are determined by reference to published quoted prices in active markets, for the financial instrument in question.

(2) Market discount rate: future cash flows are discounted to present value at the market rate for loans with similar conditions on the measurement date according to the days of maturity.

(3) The Company assessed that the fair values of receivables, dividends receivable and payable, suppliers, payables and other current liabilities approximate their carrying values due largely to the short-term maturities of these

assets. Future cash flows of receivables or payables maturing in more than 12 months are discounted to present value at the market rate for loans in similar conditions at the measurement date, according to the days of maturity.

(4) The fair value is calculated by discounting the future cash flows with the zero coupon curve of the ordinary bonds issued by the Company.

(5) The measurement method of the swap financial instrument uses the derivative financial instrument's own cash flows, which are then discounted to their present value. The right is projected using the CPI curve and the obligation corresponds to the same amount in the payment periods during the life of the instrument. Since both flows correspond to future values, they are discounted to present value using the rates of the OIS COP curve (Overnight Index Swap, on the Bank Reference Indicator (BRI) Overnight rate negotiated in the OTC market). The difference between the inflow and the outflow represents the net value of the derivative at the evaluated cut.

7.6 Reconciliation between changes in assets and liabilities and cash flows arising from financing activities

	Financial liabilities	Bonds and compound financial instruments	Lease liabilities	Dividend liabilities	Trade liabilities and other liabilities	Derivative (Assets) / liabilities for financial liabilities hedging	Cash flow from financing activities for financial liabilities
Balance at the beginning of the period 1 January 2019	**857,153**	**777,208**	**-**	**87,852**	**2,699**	**(2,672)**	**1,722,240**
Issuance of bonds	-	450,000	-	-	-	-	450,000
Payment of bonds and commercial papers	-	(115,850)	-	-	-	-	(115,850)
Increase in other financing instruments	434,300	-	-	-	-	-	434,300
Decrease in other financing instruments	(790,342)	-	-	-	-	-	(790,342)
Payments for lease liabilities	-	-	(1,808)	-	-	-	(1,808)
Collections from financial derivative contracts with financial liability hedging	-	-	-	-	-	2,538	2,538
Dividends paid on ordinary shares	-	-	-	(222,756)	-	-	(222,756)
Dividends paid on preferential shares	-	-	-	(72,115)	-	-	(72,115)
Interest paid	(40,182)	(60,200)	(828)	-	(2,993)	-	(104,203)
Total changes by cash flows from financing activities	**(396,224)**	**273,950**	**(2,636)**	**(294,871)**	**(2,993)**	**2,538**	**(420,236)**

Unrealized exchange rate difference (effect of changes in foreign exchange rates)	-	-	-	-	(22)	-	(22)
Recognition of leases	-	-	14,108	-	-	-	14,108
Interest caused	41,080	62,323	828	-	2,927	-	107,158
Other changes	-	-	-	300,860	(2,688)	176	298,348
Total changes other than cash flows in financial liabilities	**41,080**	**62,323**	**14,936**	**300,860**	**217**	**176**	**419,592**
Balance at the end of the period 31 December 2019	**502,009**	**1,113,481**	**12,300**	**93,841**	**(77)**	**42**	**1,721,596**

NOTE 8: TRADE AND OTHER RECEIVABLES, NET.

The balance of trade and other receivables, net, as at 31 December comprises:

	2019	2018
Trade receivables		
Domestic customers (1)	121,232	74,408
Foreign customers (1)	8,100	-
Other receivables		
Receivables from related parties (Note 38)	177,216	183,548
Income and other receivables (2)	13,612	15,484
Employee receivables (3)	1,602	1,387
Impairment for doubtful accounts	(1,447)	(509)
Total trade and other receivables, net	**320,315**	**274,318**
Current	223,804	166,415
Non-current	96,511	107,903
Total trade and other receivables, net	**320,315**	**274,318**

(1) At the end of 2019, there was a receivable for $129,332, which mainly corresponds to the sale of lots Pajonal lot D San José Block 1A, lot 2A Barú, Alameda del Río, Volador Oriental, lots Block 24 Alejandría stage 1, lot Block C Clúster Institucional, lot Santa Isabel Concesión, Pajonal Oreja 53 and Lot Villa Carolina 8.

At the end of 2018, there was a receivable for $74,408 corresponding to the sale of Volador Oriental, Lot 1 Barú, Lago Alto 1 - 6, 16 - 17, Villa Carolina VIII B1 - B3 and block 3, Alameda del Río and the sale of 16,616 shares of Contreebute S.A.S.

(2) Corresponds mainly to dividends receivable from Grupo Nutresa S.A. for $6,922 payable between January and March 2020 and sponsorships for $3,292, of which $1,946 correspond to direct employees.

(3) In 2018, corresponds mainly to dividends receivable from Grupo Nutresa S.A. for $6,407 payable between January and March 2019 and sponsorships for $2,688.

(4) Employee receivables do not include key management personnel, which are grouped under related party receivables.

During 2019, there were no transfers of financial assets, nor portfolio endorsed or negotiated with banks or other economic entities.

Long-term receivables are measured at amortized cost under the effective interest rate method and short-term receivables are presented at their nominal amount.

Following is a detail of the maturities for trade and other receivables as of 31 December:

	2019	2018
Unmatured trade receivables	318,791	273,862
Matured trade receivables not impaired (1)	1,524	456
Impaired trade receivables (2)	1,447	509
Total gross receivables	**321,762**	**274,827**
Impairment for doubtful accounts	(1,447)	(509)
Total net receivables	**320,315**	**274,318**

(1) Age of matured but not impaired receivables

	2019	2018
Ageing of matured but not impaired receivables		
Matured between 1-30 days (*)	1,294	56
Matured between 31-90 days	59	119
Matured between 91-180 days	171	-
Matured between 181-360 days	-	4
Matured more than one year	-	277
Total matured receivables not impaired	**1,524**	**456**
Average age (days)	**32**	**178**

(*) Corresponds mainly to the outstanding balances of $1,169 from the sale of the Contreebute shares performed in 2018, which expired in December 2019.

(2) Age of impaired receivables:

	2019	2018
Between 0-90 days	334	-
Between 91-180 days	45	-
Between 180-360 days	88	-
Between 1-3 years	980	509
Total impaired receivables	**1,447**	**509**

The movement in impairment for doubtful accounts at 31 December is detailed below:

	2019	2018
Movement in impairment for doubtful accounts		
Balance at the beginning of the year	509	723
Impairment losses	1,238	86
Recovery of portfolio impairment	(300)	(300)
Balance at the end of the year	**1,447**	**509**

NOTE 9: INVENTORIES, NET.

The balance of inventories, net, at 31 December 2019 comprises:

	2019	2018
Urbanized lots	199,856	201,402
Real estate for sale	6,950	8,213
Total inventories, net	**206,806**	**209,615**
Current	169,602	172,868
Non-current	37,204	36,747
Total inventories, net	**206,806**	**209,615**

The cost of inventories recognized as selling cost at 31 December 2019 is $41,026 (2018 $13,242). (Note 31).

The value of the decrease in inventories to net realizable value corresponds to $142 (2018 $0) which is due to the valuation of lot C7 of the CIC project.

None of the lots in the inventory are pledged as collateral for liabilities, nor do they have any restrictions or liens that limit their disposition, except for the Hotel Calablanca lot in Barú as explained below:

According to the promise of trust rights signed between Grupo Argos, PEI and Arquitectura y Concreto in December 2018, the Company will contribute a lot in Barú for the development of the Hotel Sofitel Calablanca project for which a public deed was signed and is pending the registration process. According to the mentioned promise, the hotel project will have a total value of $200,200 that will be invested as follows:

- 20% (i.e. $40,040) corresponds to the value of the land to be contributed by the Company.
- The 20% (i.e. $40,040) will correspond to contributions from Architecture and Concrete as the only party responsible for building and delivering the hotel fully equipped and in working order.
- 60% (i.e. $120,120) will correspond to capital contributions to be made by PEI in compliance with the aforementioned promise and prior compliance with the conditions agreed upon.
- The lot will be a collateral of a mortgage that will be constituted for the construction of the hotel.

Development time of the project as agreed in the rights subscription promise is 24 months. The opening of the hotel is estimated for the second half of 2021. Currently, Arquitectura y Concreto is developing the project with an estimated progress of 35%.

For the operation of the hotel, the parties signed a hotel management contract with a well-known operator for a duration of 30 years.

NOTE 10: CURRENT AND DEFERRED INCOME TAX.

10.1 Current tax assets

Current tax assets at 31 December comprise:

	2019	2018
Recoverable balance in private liquidation of income tax (*)	30,237	-
Advance payment income tax	-	6,284
Total current tax assets	**30,237**	**6,284**

(*) At 2019, current tax assets consist of:

- Self-withholdings for $27,407.
- Advance payment income 2018 $5,118.

- Deduction at source made to the Company for $2,117.
- Tax discounts for $1,357.
- Current income tax liability ($5,762).

10.2 Current tax liabilities

Current tax liabilities at 31 December comprise:

	2019	2018
Income Tax (*)	-	22,881
Self-withholdings	1,974	930
Total tax liabilities	**1,974**	**23,811**

(*) In 2018 the current tax liability includes:

- Taxes on occasional income $7,145 corresponding to the sale of investment property and investments.
- Income tax settled by the presumptive income system for $15,736.
- Self-withholdings of $930 generated by the sale of lot inventory.

Tax provisions applicable and in force

The income tax in Colombia is settled by 2019 at a rate of 33% according to Law 1943 of 2018. For the taxable period 2018, income tax was settled at a rate of 33% plus a surcharge of 4%, in accordance with Law 1819 of 2016, which came into force on 1 January 2017 and was applied until 31 December 2018.

The capital gains tax rate in Colombia is 10%.

Other relevant provisions

- For 2019 the minimum base for determining the tax is 1.5% of the net worth on the last day of the immediately preceding taxable year.

- Companies may offset tax losses against ordinary net income obtained in the following twelve periods, without prejudice to the presumptive income for the year. Tax losses generated before the entry into force of Law 1819 of 2016 may be offset without any time limitation.

- Excesses of presumptive income over ordinary income may be offset against ordinary net income within five years, adjusted for inflation until the 2016 taxable period.

- Since 2004, income taxpayers who enter into transactions with economic associates or related parties abroad are required to determine for income tax and supplementary tax purposes the transfer pricing study, in accordance with current regulations.

- Companies may apply in their tax liquidation, tax discounts for taxes paid abroad, donations, scholarships to athletes, sales tax paid on imports, training, construction or acquisition of real productive fixed assets and by paid tax of Industry and Commerce.

Tax reforms

Following is a summary of some modifications to the Colombian tax regime for the years 2017 and following:

a. Changes introduced by Law 2010 of 2019.

On 1 January 2019, Law 1943 of 2018 "*Financing Act*" entered into force but was declared unconstitutional by the Constitutional Court in an October ruling that said law would be effective until 1 January 2020.

On 1 January 2020, Law 2010, issued on 27 December 2019, called the *Growth Act*, came into effect with a similar content and some additional ones to the Financing Act.

The most significant changes introduced by this law for income and supplementary tax purposes are as follows:

Rate: the gradual reduction of the income tax rate for national and foreign legal entities and permanent establishments is maintained as follows:

Year	General rate
2020	32%
2021	31%
2022 onward	30%

Presumptive income: the reduction in the percentage applicable to the presumptive income base is modified as follows:

Year	General rate
2020	0.5%
2021 onwards	0%

Deduction for taxes paid: amendment to article 115 of the Colombian tax code is maintained, in the following sense:

- Possibility of taking as a deduction 100% of the taxes, fees and contributions effectively paid during the taxable year, provided that they have a causal relationship, with the exception of income tax.
- The Tax on Financial Movements will be deductible at 50% whether or not there is a causal relationship.
- Possibility of taking as a discount in the income tax liquidation 50% of the Industry and Commerce Tax effectively paid during the taxable year (100% from 2022).

The Sales Tax paid on the acquisition, construction, training and import of real productive fixed assets, as well as the services to commissioning the assets, may be taken as a discount in the income tax liquidation in the year of payment, or in any following taxable period, even if the assets are acquired through leasing.

b. Changes introduced by Law 1943 of 2018.

On 28 December 2018, Law 1943 ("*Financing Act*") was passed and was only effective for fiscal year 2019.

The changes introduced and applied in 2019 were:

- General tax rate of 33%.
- Basis for calculating presumptive income of 1.5% of liquid assets of the previous year.
- It allows deduction of all taxes, rates and contributions, effectively paid during the year or taxable period, that have a causal relationship with the economic activity. Likewise, 50% of the Industry and Commerce Tax and notices and boards paid can be taken as a discount in the income tax liquidation from 2019 to 2021, and 100% from 2022.
- The 4-year time limit for the use of the tax discount for taxes paid abroad is abolished.
- Creates the dividend tax for legal entities for profits generated from 2019 onwards, as a deduction at source and transferable to the final beneficiary, a resident natural person or an investor resident abroad.
- The Sales Tax paid on the acquisition, construction, training and import of real productive fixed assets, as well as the services to commissioning the assets, is deductible from income in the year of payment, or in any subsequent taxable period, even if the assets are acquired through leasing.

10.3 Income tax recognized through profit or loss for the period

	2019	2018
Current tax		
For the current year	5,762	22,796
Previous year's adjustment	(6,752)	(5,992)
Total current tax	**(990)**	**16,804**
Deferred tax		
Changes in temporary differences	13,189	41,843
Changes in laws and tax rates	-	8,610
Uncompensated losses, tax credits and excess presumptive income used	1,062	(32,258)
Total deferred tax for the year	**14,251**	**18,195**
Total tax expense related to continuing operations	**13,261**	**34,999**

The determination of the effective rate applicable to the Company is as follows:

Income Tax	2019	2018
Earnings before income tax and discontinued operations	496,000	846,675
Income Tax (Current + Deferred)	**13,261**	**34,999**
Effective tax rate	2.7%	4.1%

The reconciliation between earnings before taxes and taxable net liquid income is as follows:

Reconciliation of the effective tax rate	Reconciliation of current accounting and fiscal tax	Deferred tax for the year	Reconciliation of the effective tax rate	Reconciliation of current accounting and fiscal tax	Deferred tax for the year	Reconciliation of the effective tax rate
		2019			2018	
Earnings before income tax and discontinued operations	496,000	-	496,000	846,675	-	846,675
Statutory tax rate in (%)	33%	-	33%	33%	-	33%

Current tax expense at the legal rate applicable to the Company	**163,680**	**-**	**163,680**	**279,403**	**-**	**279,403**
Effect of permanent tax differences and others						
Untaxed dividends and shares	(134,485)	-	(134,485)	(32,076)	-	(32,076)
Sale of listed investments and untaxed fixed assets	(20,241)	-	(20,241)	(216,945)	-	(216,945)
Cost of listed investments	-	-	-	97,401	-	97,401
Tax expenses for the period	18,080	-	18,080	22,796	-	22,796
Income from measurement at fair value and other untaxed income	(154,444)	-	(154,444)	(179,897)	-	(179,897)
Expenses or other similar items not taxed	126,420	-	126,420	46,122	-	46,122
Effect of temporary differences						
Receivables, other items	-	5,018	5,018	-	686	686
Investments	-	5,101	5,101	-	(12,142)	(12,142)
Property, plant and equipment	-	9,503	9,503	-	39,513	39,513
Financial liabilities	-	(3,813)	(3,813)	-	794	794
Employee Benefits	-	(74)	(74)	-	1,970	1,970
Provisions	-	(1,051)	(1,051)	-	4,024	4,024
Other items	-	(433)	(433)	-	(16,650)	(16,650)
	(990)	**14,251**	**13,261**	**16,804**	**18,195**	**34,999**

	2019	**2018**
Current tax and deferred tax in profit or loss		
Deferred tax	14,251	18,195
Occasional Income Tax	180	7,145
Presumptive Income Tax	5,582	13,988
Other (surcharge 4% on excess of $800 for 2018)	-	1,663
Adjustment of current tax estimate for previous years	(6,752)	(5,992)
Current and deferred tax	**13,261**	**34,999**
Effective tax rate (in %)	2.7%	4.1%

The income tax rate applicable to the 2019 taxable period is 33%. The Company's effective tax rate is 2.7% since it takes as its tax base the presumptive income and the occasional gain generated from the sale of investment property and investments.

This rate corresponds to a holding company, given that the companies in which it holds investments, considered individually, have already been taxed on their income.

10.4 Income tax recognized directly in equity and other comprehensive income (OCI)

Balances of deferred taxes recognized through equity, generated by temporary differences caused by transactions recognized through other comprehensive income are detailed as follows:

	2019	2018
Deferred tax		
remeasurements of Defined Benefit Plans	-	876
Cash flow hedges	(14)	46
Valuation of financial instruments	96	96
Total deferred tax recognized through other comprehensive income (OCI)	**82**	**1,018**
Adoption of new standards	-	-
Total deferred tax Recognized through equity	**-**	**-**
Total deferred tax recognized through equity and other comprehensive income (OCI)	**82**	**1,018**

10.5 Current tax assets and liabilities and deferred tax balances

	2019	2018
Current tax assets	30,237	6,284
Current tax liabilities	(1,974)	(23,811)
	28,263	**(17,527)**

The balance of deferred tax assets and liabilities is presented below, net of non-current liabilities:

	2019	2018
Deferred tax assets	202,771	216,836
Deferred tax liabilities	(398,173)	(398,922)
Total deferred tax liabilities	**(195,402)**	**(182,086)**

Changes in deferred tax assets and liabilities is shown below:

2019	Opening Balance	Included in results	Included in other comprehensive income	Final balance
Current assets	(31,305)	(5,018)	-	(36,323)
Associates and joint ventures	(9,979)	(1,800)	-	(11,779)
Other equity investments	(30,119)	(3,301)	-	(33,420)
Property, plant and equipment	(60)	37,506	-	37,446
Investment property	(234,747)	(47,009)	-	(281,756)
Intangible Assets	1,854	-	-	1,854
Other non-current assets	2,094	1,495	-	3,589

Provisions	885	1,051	-	1,936
Employee Benefits	(894)	134	876	116
Financial liabilities	-	3,753	60	3,813
	(302,271)	**(13,189)**	**936**	**(314,524)**
Tax losses	86,173	-	-	86,173
Excess presumptive income	34,011	(1,062)	-	32,949
	120,184	**(1,062)**	**-**	**119,122**
	(182,087)	**(14,251)**	**936**	**(195,402)**

2018	Opening Balance	Included in results	Included in other comprehensive income	Final balance
Current assets	(32,497)	1,192	-	(31,305)
Associates and joint ventures	15,323	(25,302)	-	(9,979)
Other equity investments	(67,563)	37,444	-	(30,119)
Property, plant and equipment	(1,813)	1,753	-	(60)
Investment property	(191,638)	(43,109)	-	(234,747)
Intangible Assets	11	1,843	-	1,854
Other non-current assets	2,094	-	-	2,094
Provisions	4,909	(4,024)	-	885
Employee Benefits	2,229	(1,970)	(1,153)	(894)
Financial liabilities	628	(582)	(46)	-
Share convertible financial instruments	212	(212)	-	-
Other liabilities	17,486	(17,486)	-	-
	(250,619)	**(50,453)**	**(1,199)**	**(302,271)**
Tax losses	76,301	9,872	-	86,173
Excess presumptive income	11,626	22,386	-	34,012
	87,927	**32,258**	**-**	**120,185**
	(162,692)	**(18,195)**	**(1,199)**	**(182,086)**

10.6 Unrecognized deductible temporary differences, unused tax losses and unused tax credits

Unused deductible temporary differences, excesses of presumptive income, tax losses are as follows:

	2019	2018
Unused losses and tax credits		
More than five years	216,822	87,441
No time limit	199,962	199,961
	416,784	**287,402**
Excess presumptive income over ordinary liquid income		
One year later	28,177	21,467
More than one year and up to five years	119,583	106,127
	147,760	**127,594**
Total unused tax benefits	**564,544**	**414,996**

As of 2019, a deferred tax was recognized for $393,529, due to its probable utilization expectation.

Unused tax benefits	2019	2018
Amount of tax shields on which deferred tax was calculated	393,529	393,529
Amount of tax shields for which no deferred tax was calculated (*)	171,015	21,467
Total unused tax benefits	**564,544**	**414,996**

(*) Tax shields for 2017 and 2018 increased by $170,686. Tax shields expiring in 2019 were offset by $12,552 and uncompensated tax shields expiring in 2019 were offset by $8,756.

Finality of declarations

Currently in Colombia the general term of finality of tax returns is three (3) years from the expiration of the period to declare. In the case of returns where tax losses are determined or compensated, finality depends on the year of filing:

Year of presentation	Term of finality
Until 2016	Statements in which losses were liquidated and/or offset become final within five (5) years of filing.
2017 to 2019	For returns that resulted in tax losses, the finality is twelve (12) years; if tax losses were offset, the finality is six (6) years.
From 2020 onwards	For returns in which tax losses are liquidated and/or offset, the finality is five (5) years.

For the returns submitted by taxpayers subject to the transfer pricing regime, the term of finality shall be five (5) years.

Tax returns for the years 2014, 2015, 2016, 2017 and 2018 are subject to review by the tax authority as they have not yet become final. Management and the tax legal advisers consider that the amount recorded as taxes payable is sufficient to cover any liabilities that may be established with respect to those years.

10.7 Unrecognized taxable temporary differences from investments in subsidiaries, associates and joint ventures

	2019	2018
Investments in subsidiaries	2,869,801	3,083,161
Investments in associates and joint ventures	2,864,750	3,569,296

In accordance with paragraph 39 of IAS 12 Income Taxes, the Company applied the deferred tax recognition exception to investments in subsidiaries, associates and joint ventures in which the timing of the reversal of the temporary difference is controlled and it is not likely to reverse in the foreseeable future.

NOTE 11: OTHER FINANCIAL ASSETS.

The following table shows the composition of the other financial assets at the end of the periods:

	2019	2018
Financial assets at fair value through other comprehensive income (1)	1,165,536	1,075,719
Advance payment for purchases of financial assets (1)	1,441	-
Financial assets at fair value through profit or loss (2)	830	814
Total other financial assets	**1,167,807**	**1,076,533**
Current	-	-

Non-current	1,167,807	1,076,533
Total other financial assets	**1,167,807**	**1,076,533**

(1) Financial assets measured at fair value through other comprehensive income are as follows:

	2019	2018
Grupo Nutresa S.A. (*)	1,149,192	1,063,229
Other investments (**)	17,785	12,490
Total non-current	**1,166,977**	**1,075,719**

(*) As of 31 December 2019 and 2018, the Company has a 9.83% interest equivalent to 45,243,781 shares of Grupo Nutresa S.A. This investment is not held for trading purposes, but for strategic medium- and long-term purposes. Considering the above, the accounting recognition of its valuation is made in the other comprehensive income (OCI).

(**) The other investments correspond to shares of unlisted companies; the most representative were valued through financing rounds, which at the cut-off date did not show any variations since their acquisition.

The advance payment for the purchase of financial assets was drawn for the acquisition of a financial asset that will be measured with changes in other comprehensive income.

The balance of these investments at 31 December is detailed below:

Investment	2019	2018
Stem INC.	4,963	4,963
Cimcon lighting INC.	3,634	-
Occipital INC.	3,171	3,171
Innowatts	2,019	-
Scoot networks INC.	1,441	-
Fondo de Capital Privado Progresa Capital (*)	1,221	1,496
Plaza Mayor Medellín Convenciones y Exposiciones	507	507
Fondo Regional de Garantías del Caribe Colombiano S.A.	424	424
Triple A Barranquilla S.A. E.S.P.	252	252
Aeropuerto de Barranquilla S.A.	153	153
Compañía Colombiana de Empaques Bates S.A. (**)	-	1,524
Total other investments	**17,785**	**12,490**

(*) As of December 2019, Progresa Capital Private Equity Fund repaid contributions for $190 (2018 $84) and presented a valuation loss adjustment of $85 (2018 $36).

(**) As of December 2019 Compañía Colombiana de Empaques Bates S.A. is classified as non-current assets held for sale. (Note 18).

(2) The breakdown of financial assets measured at fair value through profit and loss is as follows:

	2019	2018
Agricultural Development Title	830	814
Total Non-Current	**830**	**814**
Total financial assets at fair value through profit or loss	**830**	**814**

Dividends recognized in the revenue item of the separated statement of income for financial assets measured at fair value through changes in other comprehensive income for the period ended December 31 are listed below:

	Investments held at the end of the period	
	2019	2018
Grupo Nutresa S.A.	27,689	25,626
Other investments	195	154
Total dividend income	**27,884**	**25,780**

NOTE 12: PREPAID EXPENSES AND OTHER NON-FINANCIAL ASSETS.

The balance of prepaid expenses and other non-financial assets at 31 December comprises:

	2019	2018
Employee benefit plan assets, net (1)	4,666	-
Insurance and bonds (2)	863	685
Advance payment for purchases of services	309	791
Other current tax assets	11	-
Other prepaid expenses	6	143
Industry and commerce tax withheld	-	37
Total prepaid expenses and other non-financial assets	**5,855**	**1,656**
Current	1,189	1,656
Non-current	4,666	-
Total prepaid expenses and other non-financial assets	**5,855**	**1,656**

1. Corresponds to resources managed by Protección S.A. to fund the employee benefit plans, net of the liability from the actuarial calculation of the same benefit.

2. Corresponds to civil liability policy for $863 (2018 $685).

NOTE 13: INTANGIBLES, NET.

Intangible assets of the Company at 31 December are detailed below:

	2019	2018
Concessions, franchises and rights	137,172	137,172
Patents, licenses and software	1,983	12,866
Intangible assets in progress	214	262
Total intangible assets other than capital gains, gross	**139,369**	**150,300**
Accumulated amortization	(32,364)	(30,667)
Total intangible assets other than capital gains, net	**107,005**	**119,633**

As of December 31, 2019 and 2018, intangible assets under development do not include capitalization of borrowing costs and will begin to be amortized when they become available for use.

Changes in intangible assets are presented below:

	Concessions, franchises and rights	Patents, licenses and software	Intangible assets in progress	Total
1 January 2019	**137,172**	**12,866**	**262**	**150,300**
Transfers	-	(10,883)	-	(10,883)
Transfer from or to other groups of intangibles	-	-	(48)	(48)
Historical cost as of December 31, 2019	**137,172**	**1,983**	**214**	**139,369**
1 January 2019	**18,545**	**12,122**	**-**	**30,667**

Amortization	12,198	382	-	12,580
Transfers	-	(10,883)	-	(10,883)
Amortization and impairment	**30,743**	**1,621**	**-**	**32,364**
Total intangible assets, net at 31 December 2019	**106,429**	**362**	**214**	**107,005**

	Concessions, franchises and rights	Patents, licenses and software	Intangible assets in progress	Total
1 January 2018	**-**	**12,921**	**-**	**12,921**
Additions, other than internally generated assets	-	-	262	262
Transfers	-	(55)	-	(55)
Transfer from or to other groups of intangibles	137,172	-	-	137,172
Historical cost as of 31 December 2018	**137,172**	**12,866**	**262**	**150,300**
1 January 2018	**-**	**9,592**	**-**	**9,592**
Amortization	18,554	2,585	-	21,139
Transfers	-	(55)	-	(55)
Transfer from or to other groups of intangibles	(9)	-	-	(9)
Amortization and impairment	**18,545**	**12,122**	**-**	**30,667**
Total intangible assets, net at 31 December 2018	**118,627**	**744**	**262**	**119,633**

Lifespans of intangible assets are:

Intangible	Lifespan	Lifespan ranges in years	Depreciation method
Patents, licenses and software	Finite	3 to 5 years	Straight line
Concessions, franchises and rights	Finite	10 years	unit-of-production (*) / straight-line
Intangible assets in progress	Finite		

(*) The intangible asset associated to the right over the concession contract of El Dorado International Airport in Bogota, is amortized by means of the technical production units method, based on the number of passengers that pay airport tariffs and that are estimated to use the airport services during the term of the concession contract.

Amortization of intangibles is recognized as an expense in the statement of income under the heading of administrative and selling expenses, as applicable, and impairment losses are recognized as expenses in the statement of income.

As of 31 December 2019 and 2018, there are no restrictions on the realization of intangible assets and no contractual obligations to acquire or develop intangible assets.

The book values and remaining amortization periods for other intangible assets is:

Intangible	Remaining amortization period	2019	2018
Patents, licenses and software	1 year	362	744
Concessions, franchises and rights	8 years	106,429	118,627
Intangible assets in progress	Finite	214	262
		107,005	**119,633**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT.

The balance of property, plant and equipment, net as of 31 December, comprises:

	2019	2018
Furniture and office, computer and communication equipment	634	1,476
Other assets	338	350

Constructions and buildings	317	162
Machinery and equipment	163	34
Total property, plant and equipment, net	**1,452**	**2,022**

	Construction in progress, equipment in assembly and transit	Constructions and buildings	Machinery and production equipment	Furniture and office, computer and communication equipment	Other assets	Total
Balance at 1 January 2019	**-**	**187**	**44**	**4,852**	**584**	**5,667**
Additions	-	163	133	-	67	363
Historical cost at 31 December 2019	**-**	**350**	**177**	**4,852**	**651**	**6,030**
Balance at 1 January 2019	**-**	**25**	**10**	**3,376**	**234**	**3,645**
Depreciation expense for the period	-	8	4	842	79	933
Depreciation and impairment	**-**	**33**	**14**	**4,218**	**313**	**4,578**
Total Property, Plant and Equipment at 31 December 2019	**-**	**317**	**163**	**634**	**338**	**1,452**

	Construction in progress, equipment in assembly and transit	Constructions and buildings	Machinery and production equipment	Furniture and office, computer and communication equipment	Other assets	Total
Balance at 1 January 2018	**7,864**	**187**	**30**	**4,981**	**515**	**13,577**
Additions	-	-	14	43	69	126
Other accounts	(7,226)	-	-	-	-	(7,226)
Sale and transfers of property, plant and equipment	(638)	-	-	(172)	-	(810)
Historical cost at 31 December 2018	**-**	**187**	**44**	**4,852**	**584**	**5,667**
Balance at 1 January 2018	**-**	**18**	**7**	**2,651**	**178**	**2,854**
Depreciation expense for the period	-	7	3	897	56	963
Sale and transfers of property, plant and equipment	-	-	-	(172)	-	(172)
Depreciation and impairment	**-**	**25**	**10**	**3,376**	**234**	**3,645**
Total Property, Plant and Equipment at 31 December 2019	**-**	**162**	**34**	**1,476**	**350**	**2,022**

During the 2019 period there was no capitalization of costs for loans in buildings and construction in progress.

As of 31 December 2019 and 2018, no property, plant and equipment assets have been pledged as collateral for the performance of obligations or payables to third parties.

The Company has no contractual commitments for the acquisition of property, plant and equipment; additionally, no compensation was generated by third parties for impaired, lost or abandoned property, plant and equipment. The

Company has adequate insurance policies to protect productive assets, covering mainly material damages caused by fire, earthquake, weak current, natural disasters, terrorism and other risks.

The Company has not presented any changes in accounting estimates that have a significant impact on the period affecting residual values, lifespans and depreciation methods.

NOTE 15: INVESTMENT PROPERTY.

The balance of investment property at 31 December comprises:

	2019	2018
Land	2,107,287	2,104,154
Constructions and buildings	1,059	1,059
Total	**2,108,346**	**2,105,213**

For determination of the fair value of the investment property, independent firms with extensive experience and recognition in the market were hired. To estimate these fair values, the firms used the appropriate valuation techniques for the case, using the guidelines of IFRS 13 Fair Value and International Valuation Standards (IVS), the most commonly used for the case being the market comparison approach and the residual value approach.

All valuations are made under the comparative market value approach and with the residual value technique, both valuation methodologies are internationally recognized. The resulting differences in value opinions were reconciled into a final commercial value opinion for the property.

Input data for the fair value estimate is classified as Level 2 input data within the fair value hierarchy, which also corresponds to the complete estimate, associated with offer prices, appraisals or similar property transactions observable, either directly or indirectly, in the market, and which have been adjusted or homogenized by factors such as area, access roads, immediate neighborhood, finishes, improvements, state of conservation, among others.

Below are the Company's revenue and expenses directly related to the investment property:

	2019	2018
Lease income of investment Property	2,767	4,030
Direct expenses related to investment property	33,601	28,385
Direct expenses related to investment property that did not generate lease income	21,397	21,168

At 31 December 2019, the Company has no contractual obligations to acquire, construct or develop investment property, nor are there any restrictions on any investment property.

Reconciliation of investment property

	2019	2018
Historical cost as of 1 January	**2,105,213**	**2,083,575**
Gain from measurement at fair value (*) (Note 30) (1)	32,482	76,743
Additions (2)	15,739	-
Provisions (3)	(8,497)	(55,105)
Transfers to/from investment property (4)	(36,591)	-
Historical cost as of 31 December	**2,108,346**	**2,105,213**

(1) During 2019 the fair value of the investment property was adjusted, mainly for the land in Pavas, Barú, Pajonal and Insignares, among others.

(2) Corresponds to capitalized disbursements for the adaptation of the Pavas Molina land in Barranquilla and adaptations to the Barú land.

(3) In 2019, investment property Sagaró, lot B in Puerto Colombia was sold, and partial sales were made of land lot Pajonal, lot Matarredonda, lot Insignares lot A and partial sales of Triangular land on the beach.

(4) A reclassification was made from Inventory to Investment Property for the Pavas Molina work for a value of $5,660, additionally $42,251 were transferred to inventories of the Pavas Molina and Pajonal K lot D.

The Company has no contractual obligations or restrictions on the investment property.

NOTE 16: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES.

16.1 General information on associates and joint ventures

The general information on associates and joint ventures for the periods indicated is as follows:

Company name associate or joint venture	Main activity	Country	Interests and voting rights (*)		Investment classification	Book Value	
			2019	2018		2019	2018
Grupo de Inversiones Suramericana S.A.	Financial	Colombia	27.66%	27.66%	Associate	4,368,113	4,368,113
Fondo de Capital Privado Pactia Inmobiliario	Real estate management	Colombia	37.20%	32.14%	Associate	870,133	666,638
Occidental de Empaques S.A.	Packaging	Colombia	49.79%	49.79%	Associate	-	22,954
Consorcio Constructor Nuevo Dorado	Execution of EPC construction contract	Colombia	30.00%	30.00%	Joint venture	1,250	6,143
Internacional Ejecutiva de Aviación S.A.S.	Executive air transport	Colombia	33.33%	33.33%	Associate	4,591	4,591
P.A. Hacienda Niquía	Real estate management	Colombia	51.00%	51.00%	Associate	2,818	2,818
Promotora de Proyectos S.A.	Financial	Colombia	33.68%	30.73%	Associate	1,165	936
Consorcio Mantenimiento Opain	Maintenance and complementary services of works	Colombia	30.00%	30.00%	Joint venture	188	188
Pactia S.A.S.	Real estate management	Colombia	50.00%	50.00%	Joint venture	5	5
Total investments in associates and joint ventures						**5,248,263**	**5,072,386**

(*) Of the associates and joint ventures of the Company, for the associate Grupo de Inversiones Suramericana S.A. the percentage of ownership with voting rights is different from that indicated. The percentage of voting rights at 2019 is 22.29%, taking into account the issue of non-voting preferential shares by this associate. For other investments in associates the percentage of ownership is equal to the voting rights.

All investments in associates and joint ventures are accounted for at cost except for F.C.P. Pactia Inmobiliario which is accounted for at fair value. Of these investments, the only one listed in the stock market is Grupo de Inversiones Suramericana S.A., whose market value at 31 December 2019 for ordinary shares is $34,000 COP per share (2018 $32,120 COP per share). However, the market value of the share is lower than the book value and no impairment is generated because the business fundamentals and the valuation made do not imply impairment (Note 16.6). The value of the F.C.P. Pactia Inmobiliario unit is $11,579.65 COP (2018 $11,156.56 COP).

16.2 Corporate purpose of associates and joint ventures and nature of the relationship

Grupo de Inversiones Suramericana S.A. – Grupo Sura S.A.: is a company with strategic investments in the banking, insurance, pension, savings and investment sectors. Its main domicile is in Medellín (Colombia).

With Grupo de Inversiones Suramericana S.A. significant influence is exercised through participation in the Board of Directors, where the company has two representatives (out of seven in total). This is a relevant investment for Grupo Argos S.A. given its expansion in the region, its leadership in the insurance, pension, banking and investment markets, its financial strength and the demographic evolution in the regions where it is located. It also has a policy of responsibility and corporate citizenship, complying with the highest standards in social, environmental, economic and governance matters.

Fondo de Capital Privado Pactia Inmobiliario: a closed-end private equity fund which is made up of all the resources transferred to the fund by the contributors in kind and in money. The private equity fund is the sole shareholder of Patrimonio Autónomo Pactia - P.A. Pactia.

The fund's main objective is to make long-term strategic investments in assets for economic exploitation and to obtain an attractive return for its investors with a moderate level of risk. Each of the real estate assets in which the fund invests has a defined management, business and brand strategy, whose main focus is the generation of value for the fund.

This alliance gives life to a real estate fund, which is structured through the constitution of a Private Equity Fund, which is the owner of the assets and is managed according to the instructions given by the professional manager in the form of a company called Pactia S.A.S. Its main office is in Medellín (Colombia).

The fund has a duration of 30 years, which can be extended for an additional 10 years period. The alliance between Grupo Argos S.A., Conconcreto S.A. and Protección S.A. is developed through the delivery of contributions represented by real estate and cash to Fiduciaria Bancolombia S.A., the latter acting as the management company.

Occidental de Empaques S.A. – Odempa S.A.: its main corporate purpose is the manufacture, distribution and sale of paper and other packaging. Its main domicile is in the municipality of Girardota (Colombia). The Board of Directors is made up of three main members and three alternate members. Significant influence is exerted through the Board of Directors, where the company, through officers of Cementos Argos S.A., has one principal member and two alternate members.

Consorcio Constructor Nuevo Dorado: has as its corporate purpose the execution of the EPC construction contract for the modernization and expansion of El Dorado International Airport; To this end, it may carry out all the activities and perform all the necessary and complementary acts, including, but not limited to, the conclusion of any type of contract, the acquisition of fixed assets and, in general, the goods and inputs necessary for the provision of the services under its responsibility, the opening of current accounts, the conclusion of guarantee contracts and the rendering of services that are accessory or complementary to those that constitute its main object, on the understanding that the Consortium will be entitled to participate in all the necessary and convenient operations that complement its main object.

The Consorcio Constructor Nuevo Dorado is classified as a joint venture because decisions are taken unanimously by the members of the Administrative Committee, regardless of the percentage of participation of each consortium partner.

Patrimonio Autónomo Hacienda Niquía – P.A. Niquía: alliance between Grupo Argos S.A., Londoño Gómez S.A.S., Arquitectura y Concreto S.A.S. and Situm S.A.S. (merged with Grupo Argos S.A. in 2017), which aims to execute the Hacienda Niquía project. It acts solely and exclusively through its spokesperson and administrator Fiduciaria Bancolombia S.A. The binding agreement was signed on 6 December 2013, which defines the general terms and conditions of the alliance, including the rules for the contribution of assets. Its main domicile is in Medellín (Colombia).

Internacional Ejecutiva de Aviación S.A.S. – IEA S.A.S.: its main corporate purpose is the provision of public, unscheduled commercial air transport services for passengers and cargo, including the performance of charter flights on domestic and international routes in accordance with the regulations in force and international conventions on civil aviation, as well as the performance of activities and services complementary and related to such air transport service. Likewise, the company may provide all ground handling and aircraft handling services at the airport, in accordance with the national and international regulations in force. Its main domicile is in Medellín (Colombia).

Opain Maintenance Consortium: the purpose of the consortium formed under the civil consortium modality is to provide maintenance services for the works that are part of the modernization and expansion stage of Bogota's El Dorado International Airport, as well as complementary works and services, in accordance with the definitions set forth in this agreement and those applicable under the Concession Contract and the EPC Contract.

The services to be provided by the consortium will be executed directly by the parties, without prejudice to the possibility of subcontracting them to third parties.

The Opain Maintenance Consortium is classified as a joint venture because decisions are taken unanimously by the members of the Administrative Committee, regardless of the percentage of participation of each consortium partner.

Promotora de Proyectos S.A.: its main corporate purpose is to undertake activities that will make public and private investment more dynamic, generate employment and foreign currency, replace imports, increase investment in the industrial, agro-industrial, commercial and service sectors and contribute to the creation and consolidation of companies. The main office is located in Medellín (Colombia). The Board of Directors is made up of five principal members and five alternate members. The Company has two principal and two alternate members.

Pactia S.A.S.: its principal corporate purpose is the professional management and administration of a portfolio of real estate assets, regardless of their legal form, including, but not limited to, the operation and lease of shopping centers, corporate buildings, warehouses, distribution centers, logistics parks, hotels and other similar projects. Its main domicile is in Medellín (Colombia). The Board of Directors is comprised of four principal members, the Company participates with two principal members and two alternate members.

16.3 Changes in the ownership interests in associates and joint ventures

Below are the changes presented in the ownership interest in associates and joint ventures for the indicated periods:

Fondo de Capital Privado Pactia Inmobiliario: During 2019 this investment presented different movements, highlighting the distribution of profits $8,677 and the capitalization made by the company $176,487. Likewise, the Equity Fund received a capitalization from Protección S.A. which together with the movements indicated, generated that the participation percentage increased from 32.14% in 2018 to 37.20% in 2019.

Pactia S.A.S.: as of December 2019, the Company has received dividends for $5,186.

Consorcio Constructor Nuevo Dorado: as of December 2019, the Company has received profit distributions for $17,797 and contribution refunds for $4,205, which did not imply changes in the interests percentage.

Opain Maintenance Consortium: as of December 2019, the Company has received profit sharing for $29.

Promotora de Proyectos S.A: in December 2019 the Company made a capitalization of $230 increasing its participation from 30.73% (December 2018) to 33.68% (December 2019).

Occidental de Empaques: on 2 January 2020, Grupo Argos S.A., Cementos Argos S.A. and Smurfit Kappa Centroamérica SLU signed an agreement for the sale of all the shares of Compañía Occidental de Empaques S.A., whose formalization is subject to the approval of the Superintendence of Industry and Commerce (note 18).

During 2018, the following changes were made in the ownership interest of associates and joint ventures:

Fondo de Capital Privado Pactia Inmobiliario: the Company's participation is decreased from 36.29% (December 2017) to 32.14% (December 2018) due to the increase in the participation of Protección S.A. Additionally, in June 2018, a contribution refund for $12,179 was received and a contribution for $7,226 was made in kind. In July 2018, a cash contribution of $588 was made and in October 2018, contribution refund for $86,114 was made. Additionally, dividends for $14,016 were received from the Pactia Private Equity Fund.

Contreebute S.A.S.: in December 2018, the total stake held in Contreebute S.A.S. was divested, generating a profit of $2,380.

Pactia S.A.S.: as of December 2018, there are no changes in the ownership interests. In February 2018, the Company received dividends for $4,223.

Opain Maintenance Consortium: as of December 2018, there were no changes in the ownership interests; in March 2018 the Company received a $450 accountability and in December 2018 a $331.

Consorcio Constructor Nuevo Dorado: no change in ownership interests. In May 2018, a contribution refund for $598 was received. Also, the Company received profit distributions for $1,140, $3,300 and $2,566, in May, June and December 2018, respectively.

Patrimonio Autónomo Hacienda Niquía – P.A. Niquía: as of December 2018, $1,970 was received as contribution refund.

16.4 Summary Financial Information

The summary financial information included in the following tables represents the values presented in the financial statements of associates or joint ventures most significant for the company, prepared in accordance with the International Financial Reporting Standards.

	Grupo de Inversiones Suramericana S.A.	PEF Pactia Inmobiliario	Other Associates and Joint Ventures
December 2019			
Current assets (*)	Not applicable	Not applicable	50,203
Non-current assets (*)	Not applicable	Not applicable	121,107
Total assets	**69,040,114**	**3,871,876**	**171,310**
Current liabilities (*)	Not applicable	Not applicable	67,391
Non-current liabilities (*)	Not applicable	Not applicable	68,258
Total liabilities	**40,949,112**	**1,435,639**	**135,649**
Equity	**28,091,002**	**2,436,237**	**35,661**
Revenue	21,914,782	269,976	120,630
Net income from continuing operations	1,710,506	104,433	49,308
Net income after discontinued operations	1,718,678	104,433	49,308
Other comprehensive income	(122,360)	985	698
Total comprehensive income	**1,596,318**	**105,419**	**219,944**
Dividends paid to the owner	70,309	8,677	23,012

	Grupo de Inversiones Suramericana S.A.	PEF Pactia Inmobiliario	Other Associates and Joint Ventures
December 2018			
Current assets (*)	Not applicable	Not applicable	170,249
Non-current assets (*)	Not applicable	Not applicable	244,730
Total assets	**71,073,372**	**3,387,866**	**414,979**
Current liabilities (*)	Not applicable	Not applicable	177,737
Non-current liabilities (*)	Not applicable	Not applicable	86,631
Total liabilities	**44,172,460**	**1,217,814**	**264,368**
Equity	**26,900,912**	**2,170,052**	**50,611**
December 2018			
Revenue (*)	19,349,819	218,901	219,789
Net income from continuing operations	1,406,349	138,544	56,944
Net income after discontinued operations	1,343,286	138,544	56,944
Other comprehensive income	(246,299)	14,442	14,411
Total comprehensive income	**1,096,987**	**152,986**	**71,355**
Dividends paid to the owner	50,397	13,787	12,011

(*) The associates Grupo de Inversiones Suramericana S.A. and Fondo de Capital Privado Pactia Inmobiliario present the statement of financial position in order of liquidity, and therefore the breakdown of current and non-current assets and liabilities is not included.

Additional summarized financial information for associates and significant joint ventures is provided below:

	Grupo Inversiones Suramericana S.A.	PEF Pactia Inmobiliario	Other Associates and Joint Ventures
December 2019			
Cash and cash equivalents	2,346,157	44,271	13,348
Current financial liabilities (*)	Not applicable	Not applicable	23,638
Non-current financial liabilities (*)	Not applicable	Not applicable	68,054
Financial liabilities (*)	10,092,894	1,331,891	91,692
Depreciation and amortization expense	503,768	443	12,078
Interest income	1,090,921	3,194	137
Interest expenses	716,162	108,514	6,102
Income tax expense	683,746	-	8,610

	Grupo de Inversiones Suramericana S.A.	PEF Pactia Inmobiliario	Other Associates and Joint Ventures
December 2018			
Cash and cash equivalents	1,878,040	47,870	8,484
Current financial liabilities	Not applicable	Not applicable	43,671
Non-current financial liabilities	Not applicable	Not applicable	76,881
Financial liabilities	10,446,774	1,134,674	120,552
Depreciation and amortization expense	358,393	337	12,471
Interest income	1,103,116	5,743	296
Interest expenses	625,181	66,501	5,550
Income tax expense	273,289	-	9,430

(*) The associate Grupo de Inversiones Suramericana S.A. presents the statement of financial position in order of liquidity, and therefore does not include the breakdown of current and non-current assets and liabilities.

16.5 Significant restrictions and commitments

No significant restrictions exist on the ability of joint ventures and associated companies to transfer funds by way of dividends, loan repayments, prepayments or otherwise. Also, there are no unrecognized commitments with joint ventures and associates at 31 December 2019 and 2018 that could give rise to future cash or other resource outflows, such as: contributions of funds or resources, loan or financial support commitments, commitments to acquire an interest in the associate or joint venture from another party.

The Company has as collateral for financial liabilities 36,724,303 (2018 - 40,773,889) shares of Grupo de Inversiones Suramericana S.A. and 9,093,972 (2018 - 9,093,972) shares of Grupo Nutresa S.A.

16.6 Impairment analysis

The analysis in the associates and joint ventures for impairment testing did not generate any situation susceptible to impairment. The methodology used was the Discounted Free Cash Flow (DFCF) to determine the value in use, taking as reference the budget and financial projections approved by the management of each business. For companies trading on the stock market, in addition to the discounted cash flow value, it was also compared with the market value, selecting the one that best approximates the reality of the business.

NOTE 17: INVESTMENTS IN SUBSIDIARIES.

17.1 Overview and corporate purpose of subsidiary companies

Name of the subsidiary	Main activity	Place of incorporation and operations	Functional currency	Portion of direct shareholding		Type of interests	Book value	
				2019	2018		2019	2018
Cementos Argos S.A.	Cements and related products	Colombia	Colombian Pesos	57.98%	57.98%	Direct	4,069,839	4,132,412
Celsia S.A.(formerly Celsia S.A E.S.P.)	Energy	Colombia	Colombian Pesos	52.93%	52.93%	Direct	2,448,774	2,369,426
Odinsa S.A.	Engineering and Architecture	Colombia	Colombian Pesos	94.99%	94.89%	Direct	2,110,767	2,078,168
Sociedad Concesionaria Operadora Aeroportuaria Internacional - Opain S.A.	Concessions	Colombia	Colombian Pesos	30.00%	30.00%	Direct	132,350	262,802
Sator S.A.S.	Coal mining	Colombia	Colombian Pesos	96.76%	96.76%	Direct	121,707	130,080
Valle Cement Investments Ltd.	Financial	British Virgin Islands	United States dollars	8.19%	8.19%	Indirectly through Cementos Argos	36,362	34,789
P.A. Ganadería Río Grande.	Livestock Business	Colombia	Colombian Pesos	13.39%	13.39%	Direct	5,059	5,047
Fucol S.A. in Liquidation.	Metallurgy	Colombia	Colombian Pesos	51.59%	51.59%	Direct	447	455
Summa S.A.S.	Any lawful activity	Colombia	Colombian Pesos	25.00%	25.00%	Direct	97	149
Concretos Argos S.A.S. (*)	Mixes and concretes	Colombia	Colombian Pesos	0.00%	0.00%	Indirectly through Cementos Argos	-	-
Industrias Metalúrgicas Apolo S.A. in liquidation. (*)	Metallurgy	Colombia	Colombian Pesos	76.62%	76.62%	Direct	-	-

Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P.)	Energy	Colombia	Colombian Pesos	0.00%	1.87%	Indirectly through Celsia	-	57,634
Total							**8,925,402**	**9,070,962**

(*) The book values of these investments is rounded to zero when expressed in millions of Colombian pesos.

The following are the main subsidiaries included in the Company's financial statements:

Cementos Argos S.A.: a commercial company incorporated under Colombian law on 14 August 1944. The company's corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and other materials or articles based on cement, lime or clay; the acquisition and sale of minerals or mineral deposits that can be used in the cement industry and its similar industries, of rights to explore and exploit minerals of the aforementioned, whether by concession, privilege, lease or any other title; the provision of port services; acting as a contractor, builder, consultant, controller, designer or planner of civil works or other types, before any public or private entity. The main domicile is in Colombia and its term expires on 14 August 2060.

Celsia S.A. (formerly Celsia S.A. E.S.P.): incorporated under the laws of Colombia on 4 October 2001, its principal place of business is in Colombia. At the ordinary meeting of Celsia S.A.'s Shareholders' Meeting (formerly Celsia S.A. E.S.P.) held on 27 March 2019, a statutory reform was approved which included, among other things, the change of the company name by virtue of which it ceased to be a public home utility company and the modification of the corporate purpose as a result of the business reorganization carried out through the sale of certain electricity generation assets, and the commercial representation, sale of capacity and electricity from a thermal asset to Celsia Colombia S. A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) This amendment to the bylaws was notarized through Public Deed No. 2795 dated 11 September 2019 of the Notary 7 of the Circle of Medellín, registered at the Medellín Chamber of Commerce for Antioquia on 13 September 2019. The above taking into consideration that the registration of the statutory reform before said entity was conditioned to the company's effective withdrawal as Market Agent, which took place at the beginning of September.

As a consequence of the above, the main purpose of the company now consists of the administration, supervision or increase of its assets through the encouragement and promotion of industrial or commercial activities, especially through investment in companies or other legal entities, or participation in other types of corporate structures, related to the energy industry, public utilities and their related or complementary activities, or through entities, organizations, funds or any other legal figure, either by participating as a founding member in its constitution, making subsequent capital contributions or acquiring capital participations. Likewise, it may invest in all types of movable and immovable property, fixed and variable income papers or documents; or any type of securities, whether or not they are registered on the public securities market. It may also provide advice on economic, administrative and financial matters to all types of companies. Its legal term is indefinite.

Odinsa S.A.: incorporated under the Colombian law on 16 July 1992. Its main corporate purpose is the study, implementation, financing and operation of all activities and works of engineering and architecture in all its forms and specialties, inside or outside the country. Its main domicile until May 2016 was Bogotá (Colombia) when it changed its name and address to Medellín (Colombia) and its term expires on 31 December 2100.

Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P.): incorporated on 12 December 1994. Its corporate purpose is to carry out policies, plans, programs and projects for the generation, transmission, distribution and marketing of energy, its administration, management and use in accordance with the regulations, guidelines and directives issued by the Ministry of Mines and Energy. Its domicile is in the municipality of Yumbo (Colombia) and the term of duration is indefinite. Control of this company is maintained through Celsia S.A. (formerly Celsia S.A. E.S.P.).

Sociedad Concesionaria Operadora Aeroportuaria Internacional Opain S.A.: the company has as its sole corporate purpose the subscription and execution of the concession contract subject to public bidding 5000091 OL of 2005, the object of which is the granting of a concession for the concessionaire to carry out, on its own account and at its own risk, among others, the administration, operation, commercial exploitation, maintenance and modernization and expansion of the El Dorado International Airport in the city of Bogotá D.C.

Valle Cement Investments Ltd.: incorporated on 18 December 1998. Its corporate purpose is to make investments of any kind. At present it invests in shares, quotas or interest shares and other types of securities. Its main domicile is in the British Virgin Islands and the term of the company is indefinite. Control of this company is held through Cementos Argos S.A.

Sator S.A.S.: incorporated under Colombian law on 28 October 1981, its main domicile is in Colombia and its term is indefinite; its corporate purpose is to perform the prospecting, exploration, exploitation, production, benefit, transformation, acquisition, disposal, marketing and transportation of coal and any other mineral substance associated with coal, import, export, marketing and supply of raw materials, inputs, equipment and machinery required for mining coal and other minerals.

Fundiciones Colombia S.A. in liquidation: since 29 December 2002, the company suspended the development of its corporate purpose, as a result of the assignment of its assets and liabilities made to Fundicom S.A. at an extraordinary meeting held on 15 November 2002. The administrative management of this company continues to be aimed at the supervision, control and compliance with the payment of the obligations acquired by Fundicom S.A., as established in the agreement signed by the parties. Its main domicile is in Colombia. On 27 November 2018 the termination of the Restructuring Agreement was registered at the Medellin Chamber of Commerce and on 28 January 2019 it was declared dissolved by its Shareholders' Meeting and entered into a state of liquidation. Its main domicile is in Medellín (Colombia).

Concretos Argos S.A.: incorporated on 22 April 1985. Its corporate purpose is the exploration, exploitation, transport, benefit, integral use, commercialization and sale of stone minerals such as: sand, cement, gravel, premixed concrete and prefabricated concrete elements, concrete blocks and any other material and elements of its own, accessories and complementary used in the construction industry. Its domicile is in Bogota (Colombia) and the term of duration is until 8 September 2093. Control of this company is held through Cementos Argos S.A.

Industrias Metalúrgicas Apolo S.A. in liquidation: incorporated on 6 March 1958. Since 2001 year-end, the company has suspended its corporate purpose. At present, its activity is focused on the fulfillment of its obligations under the agreement and administration expenses. Its main domicile is in Medellín (Colombia).

Servicios Corporativos Integrales S.A.S. - SUMMA: incorporated on 7 December 2016. Its corporate purpose is to provide specialized business services in Colombia and abroad to companies linked to Grupo Empresarial Argos or to third parties, in any area that can create value for its clients; to provide consulting or intervention services in any of the businesses of the companies that make up Grupo Empresarial Argos or to third parties; to carry out all those acts that are intended to exercise the rights and comply with the obligations, legal or conventional, derived from the existence and activities developed by the Company and to carry out any other legal economic activity both in Colombia and abroad. Its domicile is in Medellín (Colombia).

Patrimonio Autónomo Ganadería Rio Grande: established on 14 August 2017. It includes all activities related to the operation and administration of the business of breeding and marketing of livestock, biotechnology and maintenance of the farms where the heads of livestock are located. Through the execution of a joint account agreement, in which the assets associated with the livestock business were contributed, the Fundación Grupo Argos, as managing partner, manages and operates the assets related to this business on its own.

17.2 Changes in the ownership interest of a subsidiary

As of 31 December 2019, the following changes were made in the ownership interests of subsidiaries:

Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P.): in March 2019 all 6,495,205 shares of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) were sold to the subsidiary Celsia S.A. (formerly Celsia S.A. E.S.P.) for $122,792 corresponding to a 1.87% ownership interests.

Odinsa S.A.: in April 2019 the Company acquires an additional 0.09% over Odinsa S.A. corresponding to 179,372 shares for a value of $1,884, in July 2019 acquires 0.0016% corresponding to 3,157 shares for a value of $33, in September acquires 0.0046% corresponding to 8,941 shares for a value of $94 and in December 2019 acquires 0.0004% corresponding to 770 shares for a value of $8. In turn, the sale of Odinsa in 2017 represented cash in 2019 for a value of $11,895.

Sociedad Concesionaria Operadora Aeroportuaria Internacional Opain S.A.: the Company received payments for subordinated debt as follows: to capital, in June 2019 for $47,999 and in August for $6,524, to interest of subordinated debt for $16,538.

As of December 2018, the following changes were made to the ownership interests of subsidiaries:

Cementos Argos S.A.: in March 2018, the Company acquired an additional 2.64% interest in Cementos Argos S.A. corresponding to 30,423,040 ordinary shares for $294,627. In September 2018, disbursements related to the purchase of shares were capitalized in the amount of $454.

Empresa de Energía del Pacífico S.A. E.S.P. (now Celsia Colombia S.A. E.S.P.): in February 2018, 34,635,000 shares of EPSA S.A. E.S.P. (now Celsia Colombia S.A. E.S.P.) were sold to the subsidiary Celsia S. A. E.S.P. (now Celsia S.A.) for $654,602 and in October 4,200 shares of EPSA S.A. E.S.P. (now Celsia Colombia S.A. E.S.P.) were sold for $81. This did not implied loss of control.

Odinsa S.A.: in February 2018 the Company acquires an additional 0.13% ownership interest in Odinsa S.A. corresponding to 245,537 shares for $2,578 and in March 2018 acquires 0.01% corresponding to 16,682 shares for $166. In August 2018 it acquires 0.0001% corresponding to 190 shares for $2 and in November 2018 it acquires 0.00004% corresponding to 70 shares for $1. In turn, the sale of Odinsa in 2017 represented cash in 2018 for $4,901.

Celsia S.A. E.S.P. (now Celsia S.A.): in February 2018 the Company acquires 174,677,000 shares of Celsia S.A. E.S.P. for $782,553, without changing its ownership percentage. In September 2018, disbursements related to the purchase of shares were capitalized for $740.

P.A. Ganadería Río Grande: during 2018 additional contributions were made for $2,806 corresponding to 7.02% of the ownership interests in the Autonomous Equity.

Sociedad Concesionaria Operadora Aeroportuaria Internacional Opain S.A.: in June 2018, the Company received a refund of $57,000 corresponding to the subordinated debt included in the initial operation. In December 2018, $137,180 was reclassified to the intangible assets account for rights on contracts, in order to recognize the excess value paid at the time of purchase, which was determined to be a separate intangible and to be amortized.

17.3 Significant restrictions and commitments

No significant restrictions exist on the ability of direct subsidiaries to transfer funds to the Company in the form of cash dividends, loan repayments, advances or otherwise.

17.4 Impairment analysis

Signs of impairment associated with each investment are reviewed annually.

Impairment tests are performed through a combination of different valuation techniques, mainly under the Discounted Free Cash Flow (DFCF) methodology and addition of parts to find its value in use. These valuations take as a reference a base line of results such as the budget and financial projections approved by the management of each business. Also, the discount rate used was the Weighted Average Cost of Capital (WACC) of each. In the case of companies trading on the stock exchange, the fair values of the companies were compared with the prices of the shares as of 31 December of the respective valuation years, subtracting the transaction or sale costs on the stock exchange.

None of the investments in subsidiaries showed any indication of impairment for the years 2019 and 2018.

NOTE 18: NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS.

At 31 December 2019, non-current assets held for sale relate to the investment of:

- 1,080,000 shares of Compañía Occidental de Empaques S.A. for $22,954.
- 2,402 shares of Compañía Colombiana de Empaques Bates S.A. for $1,524. This investment was classified as a financial instrument measured at fair value for $1,524. This classification generated a deferred tax liability of $96.

On 19 December 2019, an arrangement for the sale of all the shares of the Colombian company Empaques Bates S.A. Colombates was signed between Grupo Argos S.A., Cementos Argos S.A. and Smurfit Kappa Centroamérica SLU, with a sale date of 15 January 2020.

On 2 January 2020, an agreement was signed between Grupo Argos S.A., Cementos Argos S.A. and Smurfit Kappa Centroamérica SLU for the sale of all the shares of Compañía Occidental de Empaques S.A., the formalization of which is subject to the approval of the Superintendence of Industry and Commerce.

As of 31 December 2019 and 2018, the Company has no non-current assets held for sale that are classified as discontinued operations.

NOTE 19: FINANCIAL OBLIGATIONS.

The following is a summary of the composition with financial entities held by the Company as of 31 December:

	2019	2018
Promissory notes in local currency	501,952	755,773
Other obligations	57	47
Promissory notes in foreign currency	-	101,333
Total financial obligations	**502,009**	**857,153**
Current	4,252	119,106
Non-current	497,757	738,047
Total financial obligations	**502,009**	**857,153**

The financial obligations consist mainly of the obligations acquired with the national bank for $737,500, the balance of which at 31 December is $497,700, and the disbursement made during 2019 was $434,300 to finance investment projects and replace debt. These loans are secured with a collateral of 36,724,303 (2018 - 40,773,889) shares of Grupo Sura S.A.

Breakdown of the Company's loans with national banks at nominal value

Financial institution	Maturity	Currency	Amount of loan	Agreed interest rate	Balance of debt 2019	Balance of debt 2018
Bancolombia	2023	COP	460,000	BRI+1.86%	385,700	460,000
Banco de Bogotá	2022	COP	92,500	BRI+1.57%	52,500	-
Banco Popular	2022	COP	100,000	BRI+2%	40,000	73,000

Bancolombia	2022	COP	19,500	BRI+1.59%	19,500	-
Banco de Bogotá	2021	COP	200,000	BRI+2%	-	185,000
Banco Itaú	2020	COP	160,000	BRI+2%	-	20,000
Bancolombia	2019	COP	30,000	BRI+2.2%	-	15,000
Total					**497,700**	**753,000**

Breakdown of the Company's loans with international banks at nominal value

Financial institution	Maturity	Currency	Amount of loan	Agreed interest rate	Balance of debt 2019	Balance of debt 2018
Sumitomo	2019	USD	31,000,000	LIBOR +0.3%	-	98,743
Total					**-**	**98,743**

During 2019 the Banco de Bogotá loan contract for $92,500 had a modification consisting in a rate reduction from BRI + 2% to BRI + 1.57% and a 6 months increase on the maturity date. With respect to the other loans, no modifications were made to the original conditions of the loan contracts. During 2018, there were no modifications to the original conditions of the loan contracts.

During the reported periods, there were no defaults on principal or interest payments on financial liabilities and/or loans payable.

NOTE 20: LEASES.

20.1 Leases as a lessee

20.1.1 Lease arrangements

As a result of the adoption of IFRS 16 Leases, the Company performed the assessment of the leases in effect at 1 January 2019, for the purpose of right-of-use assets, except for those leases which have a term of less than twelve months or the underlying assets of the new lease which are valued at less than $3,500 for operating assets and $5,000 for administrative assets. As a result of the evaluation, it was observed that the terms of the most significant non-cancellable leases vary for building leases of 8 years and vehicle leases of 3 years, signed with Leasing Bancolombia S.A., which mature in 2026. Additionally, it was identified that there are no significant lease arrangements that provide restrictions related to dividend distribution, additional indebtedness or to new lease arrangements, nor are there contingent quotas, renewal options or escalation clauses.

As of 31 December 2019, recognized real estate leases are linked to the consumer price index (CPI).

20.1.2 Right-of-use assets and liabilities

The balance of right-of-use lease assets and liabilities comprises:

2019	Right-of-use lease assets					Ending balance of lease liabilities
	Opening balance	Additions	Depreciation	Other changes	Ending balance	
Constructions and buildings	-	11,784	(1,423)	44	10,405	10,714
Land transport equipment	-	2,706	(800)	(381)	1,525	1,586

Right-of-use improvements in other people's properties	-	1,004	(117)	-	887	-
Right-of-use assets/liabilities, net	**-**	**15,494**	**(2,340)**	**(337)**	**12,817**	**12,300**

The contractual cash flows of lease liabilities classified by maturity at 31 December are:

	2019
One year or less	2,643
1 to 3 years	4,723
3 to 5 years	3,905
5 onwards	3,989
Total contractual cash flows from lease liabilities	**15,260**
Effect of discounting lease liabilities	(2,960)
Total lease liabilities	**12,300**
Current	2,036
Non-current	10,264
Total lease liabilities	**12,300**

20.1.3 Items recognized in the statement of income and cash flows from leases

	2019
2019, leases under IFRS 16	
Interest expense on lease liabilities	828
Variable lease payment expense	3
Expenses related to short-term leases	925
Expenses related to low value asset leases	239
Cash flows from leasing (including interest)	2,636
2018, operating leases under IAS 17	
Leasing costs	3,655

20.1.4 Renewal options

The Company's leases contain renewal options that can be exercised to extend the lease term from one year to six years, that can be exercised up to one year before the end of the non-cancellable period of the contract.
Generally, the Company can exercise these renewal options because of the financial and operating facilities they provide. Renewal options are only exercisable by the Company and not by the lessor. The Company assesses at the commencement date of the lease whether it is reasonably safe to exercise the renewal options and considers them in determining the lease term, meanwhile, it reassesses whether it is reasonably safe to exercise the options if there is a significant event or change in the circumstances under its control.

20.2 Leases as a lessor

20.2.1 Financial leases

The Company does not have any financial lease arrangements in which it acts as the lessor.

20.2.2 Operating leases

The Company enters into lease arrangements as lessor mainly on land, buildings and constructions, mainly on land in Pajonal, Corporative lot, Hacienda Campo Alegre and Pocihueca.

Lase income recognized by the Company during 2019 was $3,207 (2018 $4,047)

For the year 2018, the Company did not have financial lease assets, recognized under IAS 17 Leases.

NOTE 21: EMPLOYEE BENEFITS LIABILITIES.

Employee benefits are classified as:

	2019	2018
Short-term employee benefits	11,933	10,908
Post-employment benefits	33,269	24,854
Plan assets	(30,013)	(22,483)
Total employee benefits	**15,189**	**13,279**
Current	12,404	11,414
Non-current	2,785	1,865
Total employee benefits	**15,189**	**13,279**

21.1 Short-term employee benefits

The following are recognized as short-term employee benefits: vacations, bonuses, extralegal premiums, collective life insurance, health insurance and education policies, among others.

For retired employees in Colombia, a death benefit is granted which is increased in accordance with the Consumer Price Index (CPI), up to the equivalent of five times the current legal minimum monthly wage (SMLV).

21.2 Post-Employment Employee Benefits

The actuarial valuation of plan assets and the present value of the defined benefit obligation is performed annually by independent actuarial consultants. The present value of the defined benefit obligation and the current service cost and related past service cost were measured using the projected credit unit method. The Company's employees belong to a public retirement benefit plan managed by the Government, or a private pension fund. The Company is required to contribute a specific percentage of the payroll costs to the retirement benefit scheme.

Regarding the retirement pensions assumed by the Company, the most recent actuarial valuation of the present value of the defined benefit obligation was performed as of 31 December 2019. The present value of the defined benefit obligation, current service cost and related past service cost were measured using the projected unit credit method.

The amount included in the Statement of Financial Position for the entity's obligation under defined benefit plans, defined contribution plans, the movement in the present value of the benefit obligation in the current year and changes in the fair value of plan assets in the current period are as follows:

	2019	2018
Present value of obligations at 1 January	24,656	24,421
Fair value of plan assets at 1 January	(34,679)	(12,256)
Present value of obligations, net at 1 January	**(10,023)**	**12,165**
Cost of current service	1,010	742
Interest expenses	1,765	1,620
New defined benefit plan measures net of contributions	5,535	(1,734)
Increase in plan assets	-	(10,227)
Actuarial gain (loss) from changes in:	489	(97)
Financial assumptions	71	(20)
Demographic assumptions	418	(77)
Benefits paid directly by the Company	(336)	(296)
Other changes	-	-

Present value of obligations at 31 December	**(1,560)**	**2,173**
Defined contribution plan liabilities	150	198
Reclassification of Plan Assets	4,666	-
Post-Employment Benefits	**3,256**	**2,371**
Present value of obligations at 31 December	33,269	24,854
Fair value of plan assets at 31 December	(30,013)	(22,483)
Present value of obligations at 31 December	**3,256**	**2,371**

Retirement Benefit

The retirement benefit is equal to 75% of the average monthly salary, payable for life, subject to the following limits:

- Minimum payment equal to the minimum monthly wage.
- Maximum payment equal to 25 minimum monthly salaries.

In addition, two additional payments are made, one in June and one in December. For participants who retire after 25 July 2005, the June payment is eliminated, except for participants who receive less than three minimum wages. After 31 July 2011, all participants who retire are not eligible for the June payment, therefore, they receive only 13 annual payments.

When the participant expects to receive benefits under the Colpensiones, these benefits are deducted from the benefits payable by the Company´s plan, thereby reducing the obligation.
Pensions in payment increase in accordance with inflation. When a participant receives a pension equal to the minimum wage, the pension increases in accordance with increases in the minimum wage.

In the event of the participant's death after retirement, the beneficiary receives 100% of the pension. The beneficiary or beneficiaries are those established by legal provisions.

An additional benefit is granted to participants who do not receive benefits from Colpensiones, which consists of a single payment equal to the participant's monthly pension, subject to the following limits:

a) Minimum payment of 5 minimum monthly wages.
b) Maximum payment of 10 minimum monthly wages.

Social Security Contribution Benefit

Corresponds to a post-retirement benefit in addition to the statutory pension plan (retirement benefit), in which the Company assumes the payment of health contributions to social security entities. The beneficiary or beneficiaries are those established by legal provisions.

Pension Gap at Retirement Benefit

This benefit consists of the granting of a single premium at the time of separation from the entity to enjoy the old-age pension, the value of which corresponds to the money needed to close the executive's pension gap. This benefit currently has contributions in private pension funds that will be used only when the requirements for obtaining the benefit are met.

The following is the expenditure of defined contributions for 2019 and 2018, which includes the expenditure of compulsory pension contributions and severance payments:

	2019	2018
Defined contribution expenses	2,051	1,961

Main actuarial assumptions

(1) The main actuarial assumptions used to determine the obligations for the defined benefit plans are as follows:

	2019	2018
Discount rate	6.52%	7.12%
Salary increase	4.40%	4.20%
Pension increase	4.15%	3.95%
Inflation rate (%)	3.35%	3.35%

(2) Below is a detail of the mortality rates used to determine plan longevity conditions:

	2019		2018	
Age	Women	Men	Women	Men
35	0.06%	0.11%	0.06%	0.11%
40	0.09%	0.16%	0.09%	0.16%
45	0.13%	0.23%	0.13%	0.23%
50	0.19%	0.34%	0.19%	0.34%
55	0.29%	0.51%	0.29%	0.51%
60	0.43%	0.77%	0.43%	0.77%
65	0.69%	1.27%	0.69%	1.27%
70	1.14%	2.11%	1.14%	2.11%
75	1.92%	3.40%	1.92%	3.40%

Sensitivity analysis

The following table shows the effect of a 1% change in the inflation rate and a 1% change in the discount rate on the defined post-employment benefit plan obligation:

	Total
Change in discount rate	
Increase in discount rate by +1%	32,743
Decrease in the discount rate by -1%	37,973
Change in inflation rate	
Increase in inflation rate by 1%.	30,088
Decrease in inflation rate by -1%	30,164
Change in mortality rate	
10% increase in mortality rate	2,989
Decrease in mortality rate by -10%	3,236

There was no change in the methods and assumptions used in preparing the sensitivity analysis of previous years.

Expected contributions for the next few years financed from own resources:

	2019
2020	321
2021	317
2022	312

2023	306
2024	297
Assessment date +6 years to assessment date +10 years (5 years)	78,257

As required by Decree 2131 of 2016, the principal assumptions used for purposes of actuarial valuations under Decree 1625 of 2016 and partial pension commutations under Decree 1833 of 2016 are as follows:

	2019
Inflation rate (%)	3.9%
Discount rate (%)	4.8%
Minimum wage increase (%)	3.9%

Below is the difference between the calculation of defined benefit plans and pension commutations, under the methodology described in Decree 2131 of 2016 and the methodology applicable to comply with the technical regulatory framework applicable in Colombia, as of 31 December 2019:

	Assumptions Decree 1625 of 2016 (Decree 2131 of 2016)	Assumptions Employee Benefits (IAS 19)	Difference
Present value of defined benefit plan obligations at 31 December 2019	2,733	3,105	372
Present value of defined benefit plan obligations at 31 December 2018	2,523	2,769	246

NOTE 22: PROVISIONS.

As of 31 December 2019, provisions include a balance for $103 (2018 $482) with the National Tax and Customs Administration DIAN for a 2016 magnetic media process. Likewise, they include $219 (2018 $219), corresponding to the obligations of Industrias Metalúrgicas Apolo S.A. in liquidation. The recognition of the latter was made taking into account the 76.62% ownership interests in said company.

NOTE 23: TRADE LIABILITIES AND OTHER PAYABLES.

Trade liabilities and other payables at 31 December comprise:

	2019	2018
Dividends payable	59,629	55,687
Payables to related parties (Note 38)	22,498	22,261
National suppliers	7,533	7,316
Other payables	3,535	3,449
Overseas suppliers	569	1,838
Total trade liabilities and other payables	**93,764**	**90,551**
Current	93,764	90,551
Total trade liabilities and other payables	**93,764**	**90,551**

The Company has implemented financial risk management policies to ensure that all payables are paid in accordance with pre-agreed credit terms.

NOTE 24: BONDS AND COMPOUND FINANCIAL INSTRUMENTS.

	2019	2018
Bonds and commercial papers in circulation (1)	1,099,288	763,845
Preferential shares classified as compound financial instruments (2)	14,193	13,363
Total bonds and compound financial instruments	**1,113,481**	**777,208**
Current	8,274	121,691
Non-current	1,105,207	655,517
Total bonds and compound financial instruments	**1,113,481**	**777,208**

(1) On 28 August 2019 the Company issued $450,000 in ordinary bonds. On 10 September 2014 the Company issued $1 trillion in ordinary bonds (2019 issuance balance $644,422).

The nominal amounts of the outstanding series with different maturities and amounts are shown below:

Issuer	Placement date	Term	Rate	Issues standing at: 2019	2018
Bonds					
Grupo Argos S.A.	10/09/2014	15 years	CPI + 4.24%	390,104	390,104
Grupo Argos S.A.	10/09/2014	10 years	CPI + 3.95%	254,318	254,318
Grupo Argos S.A.	10/09/2014	5 years	CPI + 3.10%	-	114,963
Grupo Argos S.A.	28/08/2019	3 years	FTD+ 5.78%	123,500	-
Grupo Argos S.A.	28/08/2019	15 years	CPI + 3.20%	168,535	-
Grupo Argos S.A.	28/08/2019	6 years	CPI + 2.44%	157,965	-

During 2019 the Company paid $114,963 corresponding to the second series of CPI-indexed bonds.

Details of the conditions are included in the Prospectus for the Issuance and Placement of Ordinary Bonds and Commercial Papers for September 2014 and August 2019.

(2) The Company's preferential shares confer on their holders the right to receive a preferential dividend of $4 (four Colombian pesos) per share, which will be paid in preference to the ordinary shares, provided that a dividend has been declared from the funds legally available for this purpose. In no case may the preferential dividend be accumulated for subsequent years. In each case, the first dividend payment will correspond to those decreed by the Company after the shares have been subscribed.

For subsequent recognition and measurement, the Company identified the debt and equity components by evaluating the contractual terms of the instrument and the obligations as issuer. Given the contractual obligation of the issuer to pay the minimum annual dividend to the holders of the shares, the issuance incorporates a financial liability component. Once this liability is measured, the difference between the value received and the value of the obligation constitutes an equity component. The financial liability component must be measured at least in each interim period and its effects Recognized in profit or loss for the period. The equity component is not subject to subsequent measurement.

The Company determined the liability component by discounting the cash flows corresponding to the minimum preferential dividend, which were calculated in perpetuity. Considering the difficulty of identifying in the market a financial instrument with the same characteristics of the issuance, the discount rate of the financial liability was determined with reference to the average cost of the Company's debt.

At the end of each reporting period, the Company has 211,827,180 preferential shares outstanding (2018 - 211,827,180 shares).

NOTE 25: OTHER NON-FINANCIAL LIABILITIES.

The balance of other liabilities at 31 December comprises:

	2019	2018
Income received in advance (1)	37,139	17,655
Other prepayments and advances received (2)	14,300	6,534
Industry and commerce tax	947	72
Deduction at source	714	887
Sales tax	84	116
Sales tax withheld	148	155
Total other non-financial liabilities	**53,332**	**25,419**

(1) During 2019 and 2018 corresponds to the income related to the costs of urban development pending execution on the lots sold.

(2) The increase corresponds to advance payments received from clients for the sale of lots, mainly associated with the proyecto Alameda del Río.

Outstanding performance obligations

The Company's contracts are primarily for the delivery of goods and services within the next 12 months, for which the practical solution in paragraph 121(a) of IFRS 15 Revenue from Contracts with Customers applies.

Revenue to be recognized in future periods on development contracts and lot sales, when the remaining performance obligations are satisfied, is Recognized as follows:

	2019	2018
Within a year	51,565	24,189
Later than a year	-	-

Contractual balances from contracts with customers

The balance of receivables, contract assets and contract liabilities from contracts with customer as at 31 December comprises:

	2019	2018
Trade receivables	121,861	69,034
Contract liabilities	51,565	24,189

NOTE 26: SHARE CAPITAL.

The balance of the share capital issued at 31 December comprises:

	2019	2018
Authorized capital:		
1,200,000,000 ordinary shares with a nominal value of $62.5	75,000	75,000
subscribed and paid capital		
651,102,432 ordinary shares with a nominal value of $62.5	40,694	40,694

211,827,180 Preferential shares with a nominal value of $62.5 (2018 211,827,180 shares)	13,239	13,239
Total	**53,933**	**53,933**

Preferential shares confer the following rights on the holders:

1) To receive a preferential dividend of $4 (four pesos) per share, which will be paid in preference to that corresponding to the ordinary shares, provided that a dividend has been declared from the funds legally available for this purpose. In no case may the dividend received by the holders of ordinary shares be greater than that declared in favor of the preferential shares.

   In no case may preferential dividend be accumulated for subsequent years. In each case, the first payment of dividends will correspond to those that the Company decrees after the shares are subscribed.

2) To participate jointly with the holders of ordinary shares in the distributable profits, in proportion to their participation in the subscribed capital of the Company, after payment of the preferential dividend and the ordinary dividend that is equal to the preferential dividend.

3) Have priority in the reimbursement of contributions in the liquidation process, provided that the Company's external liabilities have been fully covered.

4) Be called to Shareholders Meetings in the same manner and within the same time limits as the holders of ordinary shares.

5) To participate in Shareholders Meetings and to vote thereat only in the following situations:

   a) When it is a matter of approving modifications that may deteriorate the conditions or rights established for the preferential shares. In this case, the favorable vote of 70% of the shares into which the subscribed capital is divided will be required, including in said percentage and in the same proportion the favorable vote of the preferential shares.

   b) When voting on the conversion of preferential shares into ordinary shares, unless the respective regulations specifically regulate the possibility of conversion and the terms on which it is to be carried out. In the event that it is decided to approve a conversion different from that approved in the regulations or that the regulations have not contemplated this option, the same majority indicated in the preceding paragraph will be applied.

   c) If at the end of a corporate year the company does not generate distributable profits that allow it to cancel the preferential dividend, and the Superintendence of Finance of Colombia, ex-officio or at the request of holders of preferential shares that represent at least 10% of these shares, establishes that benefits that reduce distributable profits have been hidden or distracted, may determine that the owners of these shares participate with voice and vote in the meetings of the shareholders' meeting, until it is verified that the irregularities that gave rise to this measure have disappeared, in accordance with the provisions of Article 64 of Law 222 of 1995.

   d) Exercise the right of inspection in the same cases, terms and conditions as the holders of ordinary shares.

Own shares reacquired are 5,702,432 (2018 - 5,702,432 shares). The ordinary shares held by associates and joint ventures are: 229,295,179 (2018 - 229,295,179). At 31 December 2019, the ordinary shares outstanding were 645,400,000 (2018 - 645,400,000).

At 31 December 2019, the ordinary shares are 651,102,432 (2018 - 651,102,432).

Reconciliation of ordinary shares

	Number of shares	Share capital	additional paid-in capital
Balance at 31 December 2018 (*)	**651,102,432**	**40,694**	**553**
Balance at 31 December 2019 (*)	**651,102,432**	**40,694**	**553**

(*) Includes 5,702,432 repurchased own shares (2018 - 5,702,432 shares).

Reconciliation of preferential shares

	Number of shares	Share capital	additional paid-in capital
Balance at 31 December 2018	**211,827,180**	**13,239**	**1,354,206**
Issuance of preferential shares	-	-	-
Balance at 31 December 2019	**211,827,180**	**13,239**	**1,354,206**
Total ordinary and preferential shares at 31 December 2018	**862,929,612**	**53,933**	**1,354,759**
Total ordinary and preferential shares at 31 December 2019	**862,929,612**	**53,933**	**1,354,759**

There were no issues or repurchase of shares during the reporting period.

NOTE 27: RESERVES AND OTHER COMPREHENSIVE INCOME.

27.1 Reserves

The balance of reserves at 31 December comprises:

	2019	2018
Legal reserves	29,665	29,665
Mandatory reserves	5,988	5,988
Other occasional reserves	3,477,508	2,965,862
Total reserves	**3,513,161**	**3,001,515**

Legal reserves

The Company is required to appropriate 10% of its net annual profits as a legal reserve until the balance of this reserve reaches 50% of the subscribed capital. The reserve is not distributable prior to the liquidation of the Company but must be used to absorb or reduce annual net losses. Appropriations made in excess of the aforementioned 50% are freely available to the shareholders at the General Shareholders Meeting.

Mandatory reserves comprise the reserve for the repurchase of shares of $5,988 (2018 $5,988).

As of 2019, the reserve for reacquisition of shares has been used for the acquisition of 5,702,432 own shares.

Other occasional reserves

The balance of the other reserves comprises:

	2019	2018
Reserves for future investments	3,307,581	2,802,435
Reserves for future expansion	163,427	163,427

Reserves for social responsibility activities	6,500	-
Subtotal reserves investments, future expansions and social responsibility	**3,477,508**	**2,965,862**

The other occasional reserves are freely available to shareholders.

The Shareholders Meeting, in its ordinary meeting held on 28 March 2019, appropriated the profits and as reserves for future investments $505,146 (2018 - $171,671) and $6,500 to be used for social responsibility activities.

27.2 Other comprehensive income (OCI)

	2019	2018
Gains and losses on equity investments	610,886	508,745
New measures of defined benefit obligations	(27,491)	(15,480)
Cash flow hedges	(39,189)	(37,081)
Revaluation of property, plant and equipment	3,714	4,308
Exchange differences on translation of foreign operations	1,217,549	1,232,162
Total other comprehensive income (OCI)	**1,765,469**	**1,692,654**

During 2019, the Company made reclassifications from other comprehensive income to profit or loss for the period, decreasing interest expense by $60, due to the settlement of CPI swap on ordinary bonds.

During 2019, the Company made transfers from other comprehensive income to retained earnings for changes in the equity method of subsidiaries for $9,103 in the following items: Sale of Omya and Carton de Colombia investments for $9,382, revaluation of property, plant and equipment for $144, new profit measurements for ($262), reciclaje Fondo Progresa for $190 and for the disposal of 6,495,205 shares of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) for ($351).

NOTA 28: OTHER COMPONENTS OF EQUITY.

When the proportion of equity held by non-controlling interests in subsidiaries changes, the Company shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Company shall recognize directly in equity the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received and attributed to the owners of the controlling company.

Accordingly, the balances of other components of equity correspond to the equity method for other changes in equity of subsidiaries 2019 $301,188 (2018 $374,968).

NOTE 29: DIVIDENDS.

The General Shareholders Meeting of the parent company, held on 28 March 2019, declared cash dividends on the ordinary shares of $350 pesos per share per year (2018 $328), payable in four quarterly installments of $87.50 (2018 - $82) pesos per share beginning in April 2019 for a total value of $225,890 (April 2018 $211,691) million pesos.

In addition, preferent cash dividends were declared on 211,827,180 preferential shares (April 2018 211,827,180) at $350 per share (2018 $328), quarterly starting April 2019, for a total value of $74,139 (April 2018 $69,479) million pesos.

Dividends declared	Shares	$ per share per year	2019
Ordinary Dividends	645,400,000	350	225,890

Preferential Dividend	211,827,180	350	74,140
Total	**857,227,180**		**300,030**

Dividends declared	Shares	$ per share per year	2018
Ordinary Dividends (*)	645,400,000	328	211,691
Preferential Dividend	211,827,180	328	69,479
Total	**857,227,180**		**281,170**

(*) The General Shareholders' Meeting at which these dividends were declared was held on 16 April 2018.

NOTE 30: REVENUE.

The following is an analysis of the Company's revenue:

	2019	2018
Equity method (1)	433,901	436,069
Financial activity (2)	222,023	751,463
Real estate (3)	130,195	82,608
Income from investment property valuation (4)	32,482	76,743
Income from valuation of private equity funds (5)	27,008	32,820
Total revenue	**845,609**	**1,379,703**

(1) As of 31 December 2019, $433,901 (2018 $436,069) corresponds to equity method in the following subsidiaries:

	2019	2018
Celsia S.A. (formerly Celsia S.A. E.S.P.)	250,634	120,598
Odinsa S.A.	125,115	110,299
Cementos Argos S.A.	60,738	88,579
Opain S.A.	3,224	26,263
Valle Cement Investments Ltd.	1,803	3,119
Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P.)	810	7,884
P.A. Ganadería Río Grande.	11	162
Fucol S.A. in liquidation.	(7)	(3)
Summa - Servicios Corporativos Integrales S.A.S.	(53)	8
Sator S.A.S.	(8,374)	79,160
Total equity method	**433,901**	**436,069**

(2) In 2019, the financial activity mainly corresponds to:

a. Sale in 2019 for $122,792 of 6,495,205 shares of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) to Celsia S.A. (formerly Celsia S.A. E.S.P.).
b. Dividends of 99,231 (2018 $92,976), which were declared by:

- Grupo de Inversiones Suramericana S.A. $71,347 (2018 $67,196)
- Grupo Nutresa S.A. $27,689 (2018 $25,626)
- Compañía Colombiana de Empaques Bates S.A. $158 (2018 $106)
- Fondo Regional de Garantías del Caribe Colombiano S.A. $37 (2018 $30)
- Triple A Barranquilla S.A. $0 (2018 $18)

(3) Revenue from the real estate business as of December 2019 corresponds mainly to:

- Sale of lot Block C1 of the Institutional Cluster, Block 24 of Alejandría stage1, Block 1 Pajonal San José, EDS and concession of Santa Isabel, 2A Calablanca Barú for $66,674 (2018, sale of urbanized lots correspond to the projects Villa Carolina VIII, Lago Alto, Miramar III and Pactia for $25,874). Recognition of income on land in the city of Barranquilla (projects Portal Empresarial Norte 4, Miramar IV, Palmas del Rio, CIC, Portal Genovés, Portal Empresarial Norte, Villa Carolina VIII, Lago Alto, Alejandría Etapa1, Pajonal San José, and Barú) for $16,745 (2018 Projects Portal Empresarial Norte 4, Miramar IV, Palmas del Rio, CIC, Porta Genovés, Portal Empresarial Norte and Lago alto for $14,695).

- Income from easements $52 (2018 $724).
- Income from the option to purchase $600 from lots A and B of Insignares.
- Income from leases and related activities for $3,207 (2018 $5,058).
- Dividends from Pactia Private Equity Fund $8,677 (2018 $14,016), Proyecto Alameda del Rio $10,944 (2018 $10,231) and Pactia S.A.S. $5,186 (2018 $4,223), PA. Tata $284.
- Profit sharing of Consorcio Constructor Nuevo Dorado for $17,797 (2018 $7,006) and Consorcio Mantenimiento Opain $29 (2018 $781).

(4) Corresponds to the net income from the adjustment of the fair value of the investment property, mainly the Pavas, Barú, Pajonal and Insignares lands

(5) Corresponds to the fair value adjustment of the associated investment in F.C.P. Pactia Inmobiliario for $27,008 (2018 $32,820).

NOTE 31: COST OF REVENUE.

Selling costs at December 31 comprises:

	2019	2018
Cost of financial activity (1)	58,454	295,155
Cost of the real estate business (2)	41,026	13,242
Total cost of revenue	**99,480**	**308,397**

(1) The cost of the financial activity in 2019 corresponds to the selling costs of 6,495 shares of Celsia Colombia S.A. E.S.P. (formerly Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.) sold to Celsia S.A. (formerly Celsia S.A. E.S.P.) (2018 selling cost of 34,635 shares of EPSA S.A. E.S.P. sold to Celsia S.A. E.S.P. and selling cost of shares of Contreebute for $346).

(2) Cost of the real estate business at the end of 2019 corresponds to the actual costs executed of the deferred income from the Pen, Miramar IV, Pen 4, Palmas del Rio, Lago Alto, Villa Carolina VIII, Portal Genovés, CIC lots and the sale of the Block C1 lot of the Institutional Cluster, Alejandría stage 1, Pajonal San José, Santa Isabel, Barú (2018 corresponds to the actual costs executed of the deferred income of the lots Portal Empresarial, Miramar IV, Palmas del Rio, CIC A2 and A3, and the negotiations of the lots Lago Alto and Villa Carolina VIII).

NOTE 32: ADMINISTRATIVE EXPENSES.

Administrative expenses as of 31 December include:

	2019	2018

Staff expenses	44,838	36,641
Taxes (1)	30,892	25,795
Services (2)	18,299	16,296
Depreciation and amortization (3)	16,391	22,103
Fees (4)	9,030	13,858
Travel expenses	6,958	8,259
Maintenance and repairs (5)	5,291	3,379
Others	5,145	4,224
Miscellaneous	3,753	5,540
Leases (6)	1,164	3,655
Total administrative expenses	**141,761**	**139,750**

(1) Corresponds mainly to the payment of property tax related to lots in the real estate business.

(2) The increase corresponds to expenses for technical assistance services and surveillance services.

(3) It is mainly due to the amortization of the intangible right on contracts, arising from the excess value paid in the purchase of Opain. Additionally, in 2019, an amortization for $538 is recognized on the investment in Consorcio Constructor Nuevo Dorado.

(4) The decrease in fee expense is due to the reduction of financial and legal advisory services.

(5) The increase corresponds mainly to the maintenance of land and lodging of the wardens.

(6) The decrease in lease expenses is mainly presented in construction and building leases, fleet and transportation equipment which were recognized in 2019 as Right-of-use Assets (IFRS16 Leases).

NOTE 33: SELLING EXPENSES.

Selling expenses at 31 December include:

	2019	2018
Staff costs	509	443
Legal (1)	307	175
Taxes (2)	196	774
Travel expenses (3)	76	65
Fees	63	61
Miscellaneous (4)	45	36
Contributions and affiliations	13	17
Services	19	4
Insurance	6	6
Total selling expenses	**1,234**	**1,581**

(1) The increase is given by the notary expenses and systematization pro-development stamp lot 2A Calablanca.

(2) The decrease in the pro-hospital stamp tax is due to the repeal of the rule.

(3) The increase is mainly due to travel expenses for the real estate business.

(4) The increase corresponds to the commission for the management of the Fiduciary of lot C1 Palmas del Río.

NOTE 34: EMPLOYEE BENFITS EXPENSES.

The balance of employee benefit expenses generated during the periods presented by each significant category is as follows:

	2019	2018
Wages and salaries	20,249	20,393
Social security contributions	2,351	2,264
Other short-term employee benefits	13,946	10,351
Total short-term employee benefit expenses	**36,546**	**33,008**
Post-employment benefit expenses, defined contribution plans	1,541	1,602
Post-employment benefit expense, defined benefit plans	4,796	839
Total post-employment employee benefit expense	**6,337**	**2,441**
Other staff costs	2,330	1,607
Total other employee benefit expenses	**2,330**	**1,607**
Total selling and administrative employee benefits	**45,213**	**37,056**
Other post-employment and defined benefit plan expenses	6	22
Total employee benefit expense	**45,219**	**37,078**

The increase corresponds to personnel expenses mainly due to salary increases, actuarial updates of post-employment benefits and personnel assistance.

NOTE 35: OTHER (EXPENSES) INCOME, NET.

At 31 December, comprise:

	2019	2018
Gain on disposal of investment property (1)	5,433	42,369
Gain on recovery of impairment of inventories, investments, receivables	1,110	300
Other earnings	479	-
Total other income	**7,022**	**42,669**
Taxes (2)	(4,756)	(5,815)
Donations (3)	(4,241)	(5,290)
Other net gains (loss)	(1,481)	(3,135)
Net loss arising from retirements of other assets	(1,025)	-
Loss on disposal of property, plant and equipment	-	(679)
Total other expenses	**(11,503)**	**(14,919)**
Total other (expenses) income, net	**(4,481)**	**27,750**

(1) Corresponds to the sale of the land: Insignares, La Playita Triangular, Matarredonda, Pajonal and Puerto Colombia Lot B. In 2018 corresponds to the sale of the land Pajonal (portion), Pajonal K Lot D, Lot Corregimiento de Pance (Minas Lili) and the total sale of the land Finca La Esperanza Mina Cial, Lot 1 Isla Barú and El Volador Oriental.

(2) Composed of a financial movement tax for $3,712 (2018 $2,877) and other taxes for $1,044 (2018 $2,938).

(3) Corresponds mainly to donations made to Fundación Grupo Argos.

NOTE 36: FINANCE EXPENSES, NET.

At 31 December, comprise:

	2019	2018

Other financial income	277	-
Gains (losses) from valuation of financial assets at fair value	17	(493)
Total financial income	**294**	**(493)**
Other financial expenses	(698)	(901)
Valuation loss or amortized cost	(834)	-
Exchange rate differences (1)	(2,468)	440
Interest (2)	(98,947)	(110,096)
Total financial expenses	**(102,947)**	**(110,557)**
Total financial expenses, net	**(102,653)**	**(111,050)**

(1) During the year the Company had a net foreign exchange expense of $2,468 (2018 net income of $440) which is explained:

• Exchange rate difference on synthetic credits: expense of $2,621 corresponding to the devaluation assumed on the derivatives used to cover the credits. This difference in exchange corresponds to a higher cost of debt.

• Exchange rate difference in other commercial operations: income of $153 that corresponds to the impact of the variation in the exchange rate on payables and the clearing account.

(2) The Company did not capitalize any borrowing costs.

NOTE 37: EARNINGS PER SHARE.

	2019	2018
	Pesos per share	Pesos per share
Basic earnings per share:		
From continuing operations	563	947
Total basic earnings per share	**563**	**947**
Diluted earnings per share:		
From continuing operations	563	947
Total diluted earnings per share	**563**	**947**

37.1 Basic earnings per ordinary share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2019	2018
Profit for the year attributable to controllers of the company	482,739	811,676
Earnings used in the calculation of basic earnings per share	482,739	811,676
Earnings used in the calculation of basic earnings per share from continuing operations	482,739	811,676
Weighted average number of ordinary shares for basic earnings per share purposes	857,227,180	857,227,180

37.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	2019	2018
Earnings used in the calculation of total basic earnings per share	482,739	811,676
Earnings used in the calculation of diluted earnings per share	482,739	811,676

Earnings used in the calculation of diluted earnings per share from continuing operations	482,739	811,676

The weighted average number of ordinary shares for diluted earnings per share purposes is reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2019	2018
Weighted average number of ordinary shares used in calculation of basic earnings per share	857,227,180	857,227,180
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	857,227,180	857,227,180

NOTE 38: INFORMATION ON RELATED PARTIES.

Transactions with related parties - Income and Expenses	**Entities with significant influence on the Company**		**Investments in associates**		**Investments in joint ventures**		**Investments in subsidiaries**		**Member of the Board of Directors**		**Other related parties**		**Key Management Personnel**		**Grand total**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Dividend income	71,347	67,196	8,677	14,016	23,012	11,513	-	-	-	-	-	-	-	-	103,036	92,725
Leases as lessor	-	-	-	-	-	-	2,820	4,081	-	-	-	-	-	-	2,820	4,081
Income from the sale of goods and services	-	-	92	157	-	-	122,792	654,602	-	-	-	-	-	-	122,884	654,759
Transfers according to financial agreements to the entity	-	-	-	-	-	-	5,668	2,057	-	-	-	-	373	316	6,041	2,373
Total income	**71,347**	**67,196**	**8,769**	**14,173**	**23,012**	**11,513**	**131,280**	**660,740**	**-**	**-**	**-**	**-**	**373**	**316**	**234,781**	**753,938**
Services received and remuneration	999	1,345	4,088	2,081	-	-	184	305	801	770	-	-	40,857	26,643	46,929	31,144
Leases as a lessee	-	-	1,364	4,531	-	-	-	-	-	-	-	-	-	-	1,364	4,531
Transfers according to financial agreements from the entity	-	-	667	-	-	-	-	-	-	-	-	-	-	-	667	-
Settlement of the entity's liabilities by a related party	-	-	-	1,128	-	-	-	16	-	-	-	-	-	-	-	1,144
Total expenses	**999**	**1,345**	**6,119**	**7,740**	**-**	**-**	**184**	**321**	**801**	**770**	**-**	**-**	**40,857**	**26,643**	**48,960**	**36,819**

Transactions with related parties - Receivables and Payables	**Entities with significant influence on the Company**		**Investments in associates**		**Investments in joint ventures**		**Investments in subsidiaries**		**Other related parties**		**Key Management Personnel**		**Grand total**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Business Current Accounts	-	-	7	-	-	-	86,770	98,342	-	-	-	-	86,777	98,342
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associated receivables and joint control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends and/or shares receivable	17,837	16,799	-	-	-	-	66,451	63,008	-	-	-	-	84,288	79,807
Receivables from management employees	-	-	-	-	-	-	-	-	-	-	6,151	5,399	6,151	5,399
Total receivables	**17,837**	**16,799**	**7**	**-**	**-**	**-**	**153,221**	**161,350**	**-**	**-**	**6,151**	**5,399**	**177,216**	**183,548**
Suppliers associates	-	747	250	111	-	-	2,230	143	-	-	-	-	2,480	1,001
Payables to associates	-	-	-	324	-	-	-	2,134	-	-	-	-	-	2,458
Dividends payable	20,018	18,802	-	-	-	-	-	-	-	-	-	-	20,018	18,802
Total payables	**20,018**	**19,549**	**250**	**435**	**-**	**-**	**2,230**	**2,277**	**-**	**-**	**-**	**-**	**22,498**	**22,261**
Right-of-use assets	**-**	**-**	**9,333**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,333**	**-**
Right-of-use liabilities	**-**	**-**	**9,620**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,620**	**-**

The outstanding amounts are not guaranteed and will be settled in cash. No collaterals have been pledged or received. These amounts are measured at amortized cost since they have an agreed remuneration condition. The rate for these receivables is the cost of the Company's short-term debt plus an additional two hundred basic points. For payables it is the cost of the Company's debt.

In 2019, impairment is recognized on receivables from Industrias Metalurgica Apolo S.A. for $325 due to the fact that it entered into the liquidation process.

The Company has granted loans to key management personnel at preferential interest rates but subsequently values the instrument at comparable market rates.

Transactions between the reporting company and its related parties are realized on terms equivalent to those of transactions between independent party.

The average term of receivables from related parties with respect to the sale of goods is 30 days, except for companies in liquidation which is 12 months.

At the end of 2019, receivables from related parties include $86,391 (2018 $97,242) from the sale of 9,704,318 shares of Odinsa S.A. to the subsidiary Sator S.A.S. and include interest.

Payables to key personnel have an average term of 60 days. The average term of the loans for 2019 is 7 years, agreed at a rate of 5.6% EAR, (in 2018 the loans had a term of 2 years at a rate of 7.01%)

Remuneration to key management personnel

The remuneration awarded to key management personnel during the year was as follows:

	2019	2018
Short-term benefits	40,677	25,246
Post-Employment Benefits	573	2,167
Termination benefits	408	-
Total compensation awarded to key management personnel	**41,658**	**27,413**

Values detailed in the table correspond to the values recognized as expenses during the period.

NOTE 39: CONTINGENT ASSETS AND LIABILITIES

The most significant contingencies that were not recognized as provisions in the financial statements are indicated below:

39.1 Contingent assets

At 31 December 2019, the Company has contingent assets for $2,900 with the Special Industrial and Port District of Barranquilla for processes with pro-hospital stamps, of which $2,294 correspond to the plaintiff Grupo Argos S.A. and $606 correspond to Situm S.A.S. (company absorbed by Grupo Argos).

39.2 Contingent liabilities

The Company does not present contingent liabilities subject to disclosure.

NOTE 40: EMISSIONS. REPURCHASES AND REIMBURSEMENT OF DEBT OR CAPITAL.

In June 2019, the Board of Directors authorized the legal representatives to take the necessary steps to increase the global quota of the issuance and placement program of ordinary bonds and commercial papers of Grupo Argos S.A. for an additional $850,000, of which $450,000 were issued in August 2019, distributed in 3 series: 3 years $123,500 at a fixed rate, 6 years $157,965 and 15 years $168,535 indexed to the CPI. In addition, in September the third series of bonds, issued in 2014 for $114,963, matured.

In 2018, commercial papers were repurchased for $259,039, which matured in full in the same period. In addition, the Company received a five-year loan of $460,000 which was used to finance the purchase of shares of Cementos Argos S.A. and to replace liabilities maturing in 2020 for $160,000.

NOTE 41: EVENTS AFTER THE REPORTING PERIOD.

Between 31 December 2019 and the issuance date of the Company's separated financial statements, no subsequent events occurred that might significantly affect the financial position reflected in the financial statements.