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Technical Committee Meeting 10 July 2014
Minutes No. 647

GRUPO ARGOS S.A.'s ORDINARY BONDS AND/OR COMMERCIAL PAPERS ISSUEANCE AND PLACEMENT PROGRAM

INITIAL RATING	
Ordinary Bonds (Long-Term Debt) AAA	**Commercial Papers (Short-Term Debt) BRC 1+**
Figures in millions at 31 March 2014: Total Assets: $29,956,328. Liabilities: $10,358,180. Shareholders' Equity: $12,975,852. Minority Interest: $6,622,296. Operating Profit: $439,959. Net Profit: $121,084.	**Rating history:** Initial Rating July/14: AAA, BRC 1+

**Represent consolidated Group figures.*

FEATURES OF BONDS:

Securities: Ordinary Bonds
Issuer: Grupo Argos S. A.
Program Global Quota: One trillion Colombian pesos (COP $1,000,000,000,000).
Series: 18 series will be offered: A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q and R.
Amount: Up to one million (1,000,000) Ordinary Bonds and/or Commercial Papers.
Date of Issue To be defined.
Placement Date: To be defined.
Maturity Date: Between one (1) year and fifteen (15) years from the Date of Issue of the Ordinary Bonds.

Features of bonds:

Series	Interest rate	Openin g or	Payment of	Payment of Principal
A	Fix	-	In arrears	On maturity
B	FTD	Opening	In arrears	On maturity
C	CPI	Opening	In arrears	On maturity
D	CPI	Closing	In arrears	On maturity
E	RBI	Opening	In arrears	On maturity
F	RBI	Closing	In arrears	On maturity
G	Fix	-	In arrears	Amortizable**
H	FTD	Opening	In arrears	Amortizable**
I	CPI	Opening	In arrears	Amortizable**
J	CPI	Closing	In arrears	Amortizable**
K	RBI	Opening	In arrears	Amortizable**
L	RBI	Closing	In arrears	Amortizable**
M	Fix	-	In arrears	Payable in
N	FTD	Opening	In arrears	Payable in
O	CPI	Opening	In arrears	Payable in
P	CPI	Closing	In arrears	Payable in
Q	RBI	Opening	In arrears	Payable in
R	RBI	Closing	In arrears	Payable in

PCI annualized for the last 12 months
RBI term one month N.M.A.
*Periodicity to be defined in the public offer notice (monthly, quarterly, biannually and/or annually)
**Partially and according to the nominal value of bond.
***In full or in part, according to the strike price set in the relevant Public Offer Notice for each Issue.

Warranties and precedence: Securities are not collateralized; consequently they are the Issuer's unsecured debt*
General partner: Depósito Centralizado de Valores S. A.
Security Holders' Representative Alianza Fiduciaria S. A.

Structuring agent:	**Banca de Inversión Bancolombia S.A. Placement**
agents:	**Valores Bancolombia S.A. and other to be defined**

*Represent liabilities secured with all of company assets, and not with one (some) particular asset(s).

FEATURES OF COMMERCIAL PAPERS:

Securities:	**Commercial Papers**
Issuer:	**Grupo Argos S. A.**
Program Global Quota:	**One trillion Colombian pesos (COP**
$1,000,000,000,000). Series:	**Four series will be offered: A, B, C and**
D.	
Amount:	**Up to one million (1,000,000) Ordinary Bonds and/or Commercial Papers.**
Date of Issue	**To be defined.**
Placement Date:	**To be defined.**
Maturity:	**Over than fifteen (15) days and less than one (1) year as from the Date of Subscription of Commercial Papers.**
Features of bonds:	

Series	Interest rate	Opening or	Payment of	Payment of Principal
A	Fixed	-	In arrears	On maturity
B	FTD	Opening	In arrears	On maturity
C	RBI	Opening	In arrears	On maturity
D	RBI	Closing	In arrears	On maturity

BRI term one month N.M.A.
*Periodicity to be defined in the public offer notice (monthly, quarterly, biannually and/or annually)

Warranties and precedence:	**Securities are not collateralized, and consequently, they are the Issuer's unsecured debt.**
General partner:	**Depósito Centralizado de Valores S.A**
Security Holders' Representative:	**Alianza Fiduciaria S. A.**
Structuring agent:	**Banca de Inversión Bancolombia S.A.**
Placement agents:	**Valores Bancolombia S.A. and other to be defined**

INTRODUCTION

The purpose of Grupo Argos' [1] (GA) Ordinary Bonds and/or Commercial Papers Issuance and placement Program is: 1) provide Issuer with the required flexibility to tap on capital markets at times deemed pertinent in order to take advantage therefrom, 2) optimize the Group's capital structure via consolidation of its funding structure, and 3) provide tools that allow GA maintaining adequate financial planning in the future.

This Program[2] will have a global quota of one trillion pesos over a three-year term and may be placed in one or several issues made of one or several lots, which, in turn, may be paid on maturity, partially amortized or paid in advance, in full or in part, as defined in the relevant Public Offer Notices. Resources received through the Program will be used to leverage the Issuer's growth plan (including expansion), substitute financial liabilities and/or fund its short-term requirements; in no event more than 10% of such resources will be intended for settling payables with the Issuer's related parties or shareholders.

This report was prepared based on the consolidated financial statements of Grupo Argos (GA) given that, in contrast to the *Holding's* individual figures, these allow understanding the Issuer's and its affiliate's dynamics in a clear and thorough manner, and isolate to a greater extent the volatilities arising from the Group's strategic restructuring decisions and from its disinvestment transactions to fund its expansion plan. Nevertheless, for ease of reference for the reader, Attachment 1 shows

[1] BRC Investor Services have currently rated the Issuer AAA by means of certificate No. 632 dated 13 May 2014.
[2] As of the date of this report, the Program had already been approved by the Board of Grupo Argos (on 16 June 2014) and the approval by the Financial Superintendence was in process.

both, consolidated and individual financial statements of Grupo Argos. Financial liabilities arising from the Program herein rated will rest on the *Holding*.

It is worth mentioning that Situm has the condition of deputy administrator of the Group's properties intended for urban planning, construction and lease. For this reason the assets, revenues and cost of sales arising from its operation are not shown in its financial statements, since such values are individually included in GA's financial statements. Consequently, the analysis of Situm's financial performance herein contained is based on a proforma exercise provided by the Rated party, assuming an accounting if the company would carry all operation-associated variables.

1. GROUNDS FOR RATING

BRC Investor Services S.A. SCV's Technical Committee rated **AAA** the **Long-Term Debt (Ordinary Bonds)** and **BRC 1+** the **Short-Term Debt (Commercial Papers)** under Grupo **Argos S.A.'s Ordinary Bonds and/or Commercial Papers Issuance and placement Program.**

It is made clear that the rating granted to this Program is extensive to all issues under the Global Quota, provided the features defined in the Issuance and placement prospectus, herein mentioned, are maintained and honored

The clarity, soundness and consistency of the Strategic Plan that Grupo Argos S.A. (GA) has implemented since 2005 has been a vehicle to consolidate its position as one of the most important entrepreneurial groups all over the country[3]. This fact is reflected not only in the outstanding operating and financial performance of the cement industry (its traditional business) in Colombia during the past years, but also in the diversification of industry and country risks achieved by the Rated party through its participation in new industries and locations.

[3] According to the figures as of December 2013, Grupo Argos is the eighth-largest company in sales in Colombia. Source: Semana Magazine "The 100 largest companies in Colombia", May 2014.

Such factors, along with its subsidiaries' competitive advantage, its focus and consolidation strategy in existing markets and the ongoing revaluation of its non-strategic investment portfolio, are the main reasons that justify the ratings granted.

Because of the strategic restructuring process implemented by Grupo Argos, in less than a decade the Rated Party moved from being an organization mainly in the cement industry and the Colombian market to have investments in five economic activities and important presence in other regions such as the United States of America, Central America and the Caribbean. Thus, at March 2014 the Issuer's strategic portfolio by industry was made as follows: 1) cement, 53% (Cementos Argos S.A.); 2) energy, 19% (Celsia S.A. ESP); 3) real estate property, 22% (Situm S.A.S.); 4) ports, 3% (Compas S.A.); and 5) coal, 3% (Sator S.A.S.).

The most significant activities carried out by the Group as part of the restructuring process were: 1) The merger back in 2005 of all its cement companies under the name Cementos Argos; 2) the increase of its participation in the energy industry through the acquisition of shares of Celsia[4] and EPSA[5]; 3) the acquisition of cement-related assets in the Southeast of the United States of America (2011 and 2014), in Honduras (2013) and in the French Guiana (2014); and 4) the incorporation in 2012 of Sator, Compas and Situm, resulting, in turn, from the divestment of some of the assets of Cementos Argos.

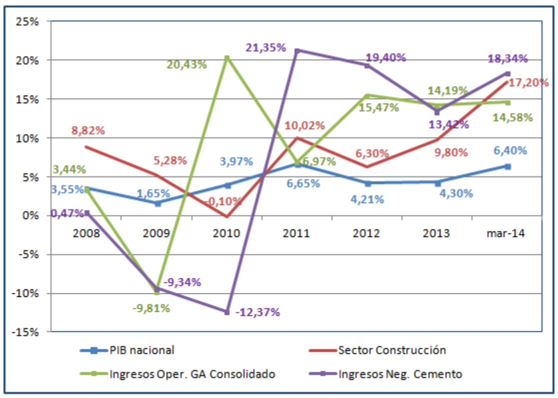
The decision of the Rated Party to invest in the energy industry was the result of a detailed analysis whereby the following advantages were identified: 1) the complementarity with the cement industry; 2) the potential for growth and profitability it had in Colombia and Latin America; 3) the investment opportunities in the short term that allowed rapidly obtaining an important share of the local market; 4) reliability on the regulatory framework; and 5) the industry's cash generation.

As shown in Chart 1, the strategy implemented by the Issuer has allowed it: 1) to mitigate, by way of entry into new markets, the impact on its operating

[4] During 2008, 2009 and the first quarter of 2014.
[5] Empresa de Energía del Pacífico S.A. E.S.P. Celsia (formerly Colinversiones) made the acquisition in March 2010.

revenues[6] of Colombian economic cycles (reflected on the GDP) and 2) to reduce, through active investment in other industries, the Group's dependence on the cement business. These two aspects result in the lower participation of domestic sales and of cement sales in the total of GA's consolidated revenues, which went from 100% in both cases in 2005, to 66.85% and 63.43 in March 2014, respectively.

Chart No.1: Growth of National GDP, Construction GDP and Cementos Argos' and Grupo Argos' Revenues



Source: Banco de la República and Grupo Argos.

In its two main businesses (cement and energy), Grupo Argos has positioned itself as one the most important players in the markets it serves, a situation that will continue in future considering: 1) its experience and knowledge of these industries; 2) Celsia's and Cementos Argos' distinctive attributes (described below); 3) the plan implemented by these companies to keep their market share; 4) the ongoing search for expansion opportunities in their area of influence; and 5) the existing entry barriers in these industries (Detail in section No. 4).

As of March 2014, Cementos Argos (CA) was the fifth producer of cement and concrete in Latin America[7], a position reached in less than one decade and which is the result of: 1) the strategy; 2) the verticality of its operations[8], mainly based on the strategic location of their plants; 3) the strong distribution and logistics network; 4) the broad portfolio of products and solutions tailored to meet customer's needs; and 5) the implementation of sales strategies differentiated in accordance with the target market[9]. The position reached by the company in the markets it serves is remarkable given that its consolidation as a multi-national company is recent as compared to its main regional competitors.

Cement plants in CA are strategically located, close to mineral reservoirs and port assets that the company owns and operates, and close to the most important and dynamic consumption centers in the countries it serves. Such characteristic allows this subsidiary to keep ongoing control over its critical inputs (limestone, transportation and energy[10]), offer its products at competitive costs and adequately satisfy the internal demand of locations where it is present, while maintaining adequate capacity to export to close markets. The latter aspect is a competitive advantage against its *peer group*.

The complementarity of Celsia´s three business lines (generation, distribution and commercialization) together with the diversification of its generation technologies between thermal assets and hydric assets, are facts that contributed to its reaching a relevant position in the Colombian energy market and mitigating the impact of the change in the hydrology contribution to its revenues, a characteristic that differentiates it from other industry players.

In the Colombian market, Celsia and[11] its subsidiaries occupy the fourth position in the

[6] Relate to revenues arising from the Group's strategic investments.

[7] By regions, CA was the leading company in the Colombian market, the second cement producer and the third concrete producer in the Southeast of the United States of America, and one of the top cement companies in Panama and the Caribbean.

[8] Attachment No. 3 shows the cement and concrete production process flowchart.

[9] In emerging economies, the market demand is focused on cement bags, while developed economies require more concrete given the higher industrialization of the construction process.

[10] The participation of these three inputs in the average production cost of one ton of cement is 50%. The remaining 50% is mainly made of: plant maintenance (9%), labor (3%) and administration and sales expenses (11%).

[11] Celsa owns 100% of the Celsia S.A. E.S.P. Free Trade Zone and 50.01% of the shares of EPSA through Colener S.A.S.

generation activity and the fifth in the distribution activity. As evidence in Table No. 1, different from its competitors, Celsia's technology park is balanced between thermal plants (44%) and hydric plants (56%), with the option to switch dispatches according to the hydrological season, in such a way as to generate revenues both in dry seasons and in seasons with great hydric component.

Between March 2013 and March 2014, the Rated Party's consolidated revenues increased by 14.58%, above this item's average growth between 2011 and 2013 (12.21%). Continuance of this dynamics responds to the good performance and positioning of the cement and energy businesses in the regions where they participate, and to the acquisition of new cement-related assets in the South of the United States of America and in Central America.

Even if the expectations of the industries where the Issuer participates are favorable, the Rated Party's consolidated revenue average projected growth between 2014 and 2016 is lower than the average for the last three years (9.83% against 12.21%). Given that the Group's strategy, even if coherent, has been aggressive in terms of expansion and debt, the decision of the Rated Party to consolidate its operation in the markets it currently serves rather than making new significant acquisitions within its area of influence with the relevant debt, takes on particular importance. In this sense, relevant changes in this matter might involve, in future, modification of the rating granted.

A situation that will be subject to monitoring during the following reviews of the rating is the impact that the merger of the world's largest cement companies (Holcim and Lafarge) announced in April 2014 will have on the cement business. On the one hand, even if it is expected that during the next three years these two companies focus on reaching the operating synergies they have foreseen as a result of this transaction, in the long term they could turn to be a stronger player in the locations where CA currently is present. On the other hand, the potential sale of cement-related assets that these two companies will have to undertake to formalize their merger and meet mandatory market participation limits could bring along new investment opportunities for the Group in its strategic zone. Decisions to be made regarding this subject will be monitored to include their impact on the rating.

It is important to mention that, given its recent incorporation and current conditions of the relevant sectors, the developing business of Grupo Argos (coal, ports and real estate) are undergoing a strategic definition process to identify the best way to maximize their future contribution to the growth of the Organization. Activities arising from such process will result in the strengthening of the Rated Party's industry risk diversification.

Cementos Argos is the most representative affiliate of the Rated Party with a participation of 64.27% in total consolidated revenues, as an average between 2011 and March 2014. Even if the cement company's sales behavior during such period (annual average increase of 18.01%) is affected by acquisitions made in the United States of America and Honduras, we must highlight: 1) the dynamics of the construction industry in Colombia, where revenues increased at an annual average of 14.55%; the gradual recovery of sales in the United States of America, after the financial crisis of 2008; and 3) the outstanding growth of the construction activity in Panama, mainly supported on the enlargement of the inter-oceanic canal located in that country.

The growth trend of CA's revenues would be maintained at the closing of 2014, and during 2015 and 2016 as result of: 1) housing-related monetary and tax stimuli granted by the Colombian government and its higher public investment in infrastructure during the next years[12], 2) the potential for growth evidence in Florida (USA) and in Honduras given its low cement consumption rate per capita and new infrastructure projects being developed in these zones; 3) the strengthening of airport and road networks that Panama is planning to undertake in order to supplement the enlargement of the canal and turn the country into a multimodal logistics center of prime importance; y 4) the effect of the acquisitions during the

[12] According to information released by the Ministry of Transport and the National Agency for Infrastructure, the Colombian government expects to invest $47.25 trillion in road infrastructure projects under 4G new concession agreements between 2014 and 2018.

first quarter of 2014[13] of cement-related and concrete-related assets from Vulcan Materials in Florida and Georgia (USA) and from Lafage in the French Guiana. Such transactions, that will be formalized as soon as authorization from the relevant bodies is obtained, will significantly increase the installed capacity of the cement company in those locations and will provide more flexibility to handle the operation in USA and the Caribbean.

Celsia's and its subsidiaries' portfolio of thermal and hydric generation assets allowed gaining in 2013 the benefits of higher electric power prices from the dry season and reaching during that year a 17.66% growth of its consolidated revenues, the highest in its history. A 1.96% reduction in this subsidiary's sales was observed between the first quarter of 2013 and the same period of 2014, explained by the increased water inflow during February and March 2014 and by the completion of some gas trading agreements. Even if such behavior is consistent with the normalization of revenues anticipated by Celsia for the closing of 2014, 2015 and 2016 (annual decrease average of 1.22%), these forecasts might be conservative taking into consideration the greater probability that El Niño phenomenon happens during the second half of 2014.

One of the relevant facts related with the energy business was the decision of Grupo Argos and Celsia not to participate in the sale of Isagen S.A. E.S.P. On the grounds of the cost-benefit analysis and the capital market conditions, the Rated Party and its subsidiary determined that such transactions did not meet the value-generation expectations for their shareholders, and, consequently, they withdrew from the privatization process. Although such decision reduces Celsia's inorganic growth possibilities in the medium term, Grupo Argos maintains its decision of continue participating actively in the power industry.

During 2013 and the first quarter of 2014, the coal business showed important recovery with sales growth of 12.54% and 78.35%, respectively, percentages higher than those obtained in 2012 (-11.89%).

[13] The increase in the revenues of CA at March 2014 was 18.34% and includes in full the results of the Honduran operation and 24 days of the results from Vulcan Materials assets.

This is an outstanding result considering the fall in the coal price during such year[14], the difficulties underwent by the sector and the Bijao mine operation difficulties. The high level of informality of the mining sector in Colombia, changes in the regulations and the gradual substitution between gas and coal, are factors that may continue affecting the performance of Sator in the medium term. Facing this scenario, the Group is analyzing the possibility to reorganize the business in such a way as to generate higher added value to the *Holding*.

Following the merger of GA's assets and Southern Port Holding Inc. in December 2012, Compas has focused on the development of projects aiming at consolidating its operations in Colombia and USA. Such measures, along with the increased dynamics of crude oil exports would allow the entity to maintain the positive trend of sales evidence at March 2014 (35.03% growth) and reverse the decreased shown in December 2013 (1.25%).

By 2016 Compas expects to consolidate as the single multipurpose port network in Colombia with terminals on both oceans; such goal is deemed possible given the strategic partnerships entered with traditional companies in this business, the expected growth of Colombian economy and the mining-energy sector, the entry into force of various free-trade agreements between Colombia and other countries, and the progress evidence in the Aguadulce project.

Although the participation of revenues arising from the real estate business (Situm) at March 2014 was still minimum (1.40%), it increased significantly as compared to that at December 2013 (0.83%). This is the result of the growth of sales in this company, which reached $28,577 million, thirteen times more than those at the closing of 2013 ($2,173 million). This positive behavior would be maintained due to: 1) the development of the real estate income segment; 2) the increased number of town planning projects that the Rated Party is arranging in Barranquilla; and 3) the expected

[14] According to the World Bank's statistics, the price of Colombian coal went from 81.5 dollars per metric ton in 2012 to 66.62 dollars in March 2014.

impact on the real estate sector of measures enacted by Law 1673 of July 2013[15].

The effectiveness of the measures implemented by the Group and its subsidiaries, aimed at decreasing costs and expenses and generating operating synergies, along with positive revenues, resulted in the increase of 11.35% in the consolidated EBITDA for the first quarter of 2014, exceeding the average EBITDA margin obtained between 2011 and 2013 (28.17% against 24.52%). In the next three years (2014-2016), the Rated Party would maintain a consolidated EBITDA margin similar to that of 2013 (25%), as a result of: 1) low volatility of Cementos Argos' profitability ratios, explained by its geographical diversification and operation verticality; 2) Celsia's flexibility facing adverse changes in weather conditions, resulting from its technological park; 3) the foreseen recovery of American economy; 4) synergies expected from the operating and cultural integration of the recent acquisitions by Cementos Argos in USA, Honduras and French Guiana; and 5) the higher margin to be generated by the new businesses currently being carried out in Panama.

The profitability of the energy business (which participation in the consolidated EBITDA at March 2014 was 35.87%) is higher than that obtained from the cement investments (which contribute 40.53%), fact reflected in the EBITDA margin generated by each business line for the first quarter of 2014 (39.97% against 20.12%, respectively). Notwithstanding the above, we must highlight that despite of the fact that cement business revenues have shown a volatile behavior between 2009 and March 2014 (reflected in a CV[16] of 1.16 times for this period), CA's participation, both in developed and emerging economies, has allowed it to balance the cyclic fluctuations of individual markets and maintain a steady EBITDA margin (CV of 0.05 times).

During 2013, Cementos Argos had an outstanding financial performance resulting in its EBITDA's growth of 23.62% during such year, the highest in the history of the company.

[15] This Law defined the rules to exercise the appraisal activity and the parameters applicable to the purchase and sale of housing, administration of condominiums and leasing.
[16] Variation coefficient.

($978,108 million). This positive trend was maintained as of March 2014 (12.27% increase), and resulted from: 1) The growth of demand in the USA, region which for the first time after the 2009 crisis reported positive EBITDAs in 2013 and first quarter of 2014 (US$14 million and US$4 million, respectively); 2) the lower volume of cement dispatches to the consortium in charge of the enlargement of the Panama Canal (project which EBITDA is lower than that obtained in other cases); and 3) the reduction of CA's production cost of one tone of cement, of 2% in real terms. The latter achievement, in turn, resulted from: 1) increased energy efficiency from the use of gas and alternative fuels at their plants; 2) decrease of 2.4 percentage points of the clinker/cement factor[17]; 3) the optimization of logistic costs; and 4) the improvement in three percentage points of the kiln reliability[18] coefficient.

In 2003, the thermal plants increased their participation in total energy generated by Celsia, which required increased consumption of gas and fuel as compared to prior years; this meant that, together with the price increase for the electric power price, the company's consolidated cost of sales grew by 17.45%. Even if this behavior reversed during the first quarter (this item was reduced by 7.26%), for the closing of 2014 a new increase in the cost of sales is expected, arising from the increased thermal generation required by El Niño phenomenon during the second quarter of 2014. Thus, for the closing of such year, the EBITDA margin would be similar to that of 2013 (36.31%).

As noted for 2013, there were two situations that had a strong effect on Celsia's profitability: the correct management of their generation assets and the provision of gas for their thermal power plants (which as of December 2013 represented 25% of the consolidated costs). The dynamics of hydric contributions in the country and the effectiveness of the measures implemented by the company to

[17] Indicator that measures the proportion of clinker in one ton of cement. Clinker is the material obtained from the burning process of a mix of clayed limestone and other substances. See Attachment No. 3 - Cement production process flowchart.
[18] Calculated as: number of dead hours / number of operating hours

mitigate the risk arising from its dependence on gas will be subject to monitoring by the Rating Agency.

Margins generated by Compas and Situm are higher than those generated by Celsia and CA; however, the EBITDA for those businesses, together with that of Sator, represents less than 2% of the consolidated EBITDA of the Rated Party as of March 2014. Although the future expectation of growth for these industries is high, the revenues generated would continue small as compared to the cement and energy businesses, reason why no significant changes are expected in such participation for the next years.

Due to the nature of its operation, CA's net working capital requirements (KTNO[19]) are higher than those of other of Group's business lines and were equivalent, as an average, to 0.96 times the EBITDA of such company between 2010 and March 2014. Nevertheless, it is worth mentioning that, because of the actions implemented by this subsidiry to improve its collection of receivables and optimize inventories, the cash cycle moved from 44 days in 2011 to 33 days in 2013. According to CA's forecasts, between 2014 and 2016 this variable would be slightly impaired until the operating and logistic integration of the recently acquired cement-related assets.

Celsia's technological diversification and the impossibility of storing power result in low requirements of KTNO (equivalent to 16.99% of EBITDA generated at March 2014) and a more efficient cash cycle (3 days as of December 2013). During the next three years, the subsidiary would leverage in a higher proportion with suppliers, due to increased advance payments and accounts payable required to develop some generation and distribution projects and for the construction of Porvenir II[20], without any liquidity risk being identified as result of this situation.

[19] Calculated as: short-term debtors + inventories - short-term suppliers.

[20] This will be a "dam-toe" power station with a generation capacity of 352 MW. Its estimated cost is $1.35 trillion; it will begin operation in 2018, will be funded with own resources and currently is in the design stage and waiting for the approval of the relevant license authorizations by the Environmental License National Authority (Autoridad Nacional de Licencias Ambientales - ANLA).

Regarding other businesses, Sator has maintained an increasing KTNO during the last three years due to the increase in its accounts receivable to support its increased revenues. On its part, Compas has leveraged increasingly with suppliers, given the many enlarging projects their ports are undergoing. As regards Situm, the nature of its operations calls for high inventories (land and buildings), so its KTNO is always positive.

Between 2010 and March 2014, at a consolidated level Grupo Argos has generated increasing and sustained own resources, to comfortably cover its KTNO requirements. However, the aggressive expansion strategy implemented by Cementos Argos during this period has resulted in the Rated Party's CAPEX requirements to exceed its operating cash flow, resulting not only in negative free cash flows but also in a significant increase in the Group's total indebtedness. Thus, the Rated Party's gross debt / EBITDA ratio went from 2.35 times in 2009 to 3.81 times as of March 2014[21], reaching important peaks of 4.03 times and 4.12 times in 2011 and 2012, respectively.

It is worth mentioning that between December 2013 and the first quarter of 2014, GA's consolidated financial obligations had an outstanding increase (28.61%) resulting from credits taken on by Cementos Argos to fund the acquisition of cement-related assets from Vulcan Materials in Florida and Lafarge in Guiana. This way, the Group's gross debt / EBITDA ratio went from 3.05 times in December 2013 to 3.81 times in March 2014 (see Attachment No. 2) and the Rated Party foresees it will reach 3.29 times as of the closing of 2014. For 2015 and 2016 this ratio would be around 2.47 times due to expected increase in the EBITDA, the lower CAPEX of the Group (particularly CA), and the amortization of the debt. Although GA's indebtedness ratios exceed those of companies with a similar risk rating, in the opinion of BRC the risk

[21] This calculation is based on the annualized EBITDA (EBITDA Mar/14 + EBITDA 2013 - EBITDA Mar/13).

arising from this situation is partially mitigated by: 1) The strategic nature of investments; 2) the financial flexibility of the Rated Party gained from its experience and history in the securities market and the stock market; 3) the possibility of the Organization to use its cash available and sell assets to obtain resources without jeopardizing its operation; and 4) the size, liquidity and ongoing reappraisal of its non-strategic investments portfolio. Upon discounting cash and tradable investments, total consolidated financial liabilities as of March 2014 would decrease from $7.49 trillion to $5.97 trillion and the debt / EBITDA ratio would go from 3.81 times to 3.04 times for the same cutting off date. For the closing of 2014 and for the period 2015-2016, this ratio would reach 2.85 times and 2.17 times, respectively.

Grupo Argos and its most important subsidiaries (Celsia and Cementos Argos) are open stock corporations listed in the Colombia Stock Exchange (Bolsa de Valores Colombia - BVC) for more than 10 years. This situation has eased their access to the securities market to obtain resources through the issue of shares, both common and preferred, and has allowed strengthening their corporate governance policy.

Recent action taken by the Rated Party and its subsidiaries to obtain resources in the securities market include: 1) The issue of Cementos Argos' preferred stock in amount of $1.6 trillion in 2013 and a Ordinary bonds and Commercial papers issue program with a global quota of $1 trillion in March 2012; 2) the placement of Ordinary bonds in amount of $800,000 million in 2013 by Celsia; and 3) the issue in 2012 of bonds convertible into shares (Boceas) in amount of $750,000 million and Commercial papers in amount of $200,000 million.

As part of the ongoing monitoring by the Group's Senior Management seeking to improve its capital structure, the Rated Party will request authorization from the Financial Superintendence to issue and place a Ordinary Bonds and/or Commercial Papers Program up to $1 trillion, which would provide it with flexibility to raise liquidity on the capital market as required to seize existing opportunities. Pursuant to the press release by GA on 16 June 2014, such resources would be mainly devoted to substitute financial liabilities; this is a positive aspect that would allow improving the financial conditions and the term of its existing debt.

Although if the results of the stress scenarios developed by the Rating company show adequate capacity of Grupo Argos and its subsidiaries companies to honor short-term and long-term liabilities arising from the Program even under adverse conditions, the realization of the forecast submitted by the Rated Party in terms of profitability and indebtedness will be subject to monitoring by BRC. Significant changes in those aspects might result in changes to the rating granted.

An important source of funds for the Rated Party is its non-strategic investments portfolio, which as of March 2014 reached $6.9 trillion or 23.08% of total of GA's assets. Such portfolio is made of stock interest in Grupo Sura, Grupo Nutresa and Bancolombia, companies that have proven consistent positive operating performance during the past years, which reflects in the share price and high tradability[22] (Chart No. 4).

As informed by Cementos Argos, following the acquisitions during the first quarter of 2014 (which cost amounted to US$790 million, approximately), the company's CAPEX for the remaining of the year and for 2015 would stabilize around US$350 million p.a. and would be focused on the enlarging and modernization of existing power plants, the construction of a distribution center in Cartagena and the replacement of the mixers fleet.

As regards the CAPEX for other business, between 2014 and 2016, the Group's decision not to participate in the sale of Isagen would have two effects: 1) Celsia's investment plan would remain focused on such organic growth projects as planned in the country, the most important and challenging being the construction of Porvenir II, and 2) the Rated Party would have a greater availability of resources to

[22] Pursuant to Circular Letter 54 of 2014 issued by the Financial Superintendence of Colombia, the Stock Tradability Index of these shares falls in category IV: High Tradability.

accelerate already identified investments in the real estate business (thus reducing its Situm-related debt requirements for the next years) and complete the construction of the Aguadulce project in Buenaventura by Compas.

As of March 2014, the Group's consolidated debt amounted to $7.49 trillion (57.71% of equity) and was made as follows: domestic banks (33.91%), foreign banks (8.32%), bonds (45.05%), Boceas[23] (7.80%) and other liabilities (4.91%). By company, Cementos Argos participated with 52.94%, Celsia with 24.10% and Grupo Argos individually with 20.40%. According to information provided by the Rated Party, the covenants required by some creditors regarding credits outstanding as of the first quarter of 2014 were fulfilled to satisfaction.

The exchange exposure risk of Grupo Argos (arising from its liabilities in foreign currency and from foreign revenues and procurement) is mitigated two ways: 1) with the natural coverage from the administration of the gap between assets and liabilities denominated in US dollars (which allowed coverage of approximately 98% of the exposure in 2013), and 2) by contracting financial derivative instruments from time to time, based on the ongoing analysis of the dynamics of the exchange rate and the development and forecast of export sales.

Although investments made in the Rated Party's cement business have resulted in a temporary decrease of its consolidated free cash flow between 2010 and 2013 (average -$425,729 million[24]), dividends declared during the past years by Grupo Argos and by its main subsidiaries (Cementos Argos and Celsia), have continued growing above inflation for such period. According to the forecast provided by the Rated Party, no significant changes are foreseen in this respect and the dividend distribution policy would be maintained, according to the Group's and its subsidiaries' cash requirements.

As informed by GA, during 2013 and the first quarter of 2014 there were no inspection calls by controlling entities that resulted in warnings or fines, nor convictions in criminal trials, nor administrative, contentious or civil penalties imposed by national, departmental or municipal authorities. As of 31 March 2014, consolidated Grupo Argos had registered provisions for contingencies amounting to $223,040 million, which were valued using the cost method and represent 1.72% of the Rated Party's equity.

2. OPPORTUNITIES AND THREATS

What could maintain the rating

BRC identified the following situations that would help maintaining the current rating:

Continuation of the positive trend of leveraged Cementos Argos' revenues, mainly regarding its current operations and not new acquisitions.

Consolidation of positive profitability results in the cement business in the US region.

The scope of operating synergies expected by Cementos Argos because of its new acquisitions in USA, Honduras and Guiana.

The consolidation of Celsia's diversified generation-assets management model in the Colombian market.

The effectiveness of the strategies implemented by Grupo Argos to develop the coal, real estate and port businesses.

Use of Program resources to substitute Grupo Argos' current financial liabilities individually.

Reduction in current indebtedness levels.

What could change the rating downwards

[23] It should be made clear that the service of debt arising from these bonds only relates to interest, since, given its nature, they must be compulsorily converted into shares not later than November 2015.

[24] Net cash after investment activities as included in the Consolidated Statement of Cash Flows is used as an approximation.

BRC identified the following improvement and/or monitoring situations regarding the company and/or the industry that could undermine the current rating:

New acquisitions by Cementos Argos requiring significant increase in its debt / EBITDA ratio.

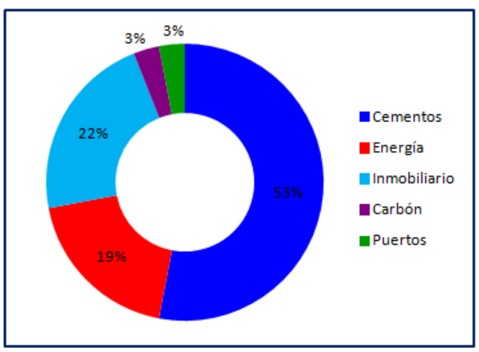
Increase of indebtedness higher than the generation of own resources.

Political and economic situation in some of the countries served by the Group that result in impairment of those markets.

3. ABOUT THE ISSUER AND ITS ACTIVITY

Grupo Argos S.A. was incorporated in 1934 and, pursuant to its corporate strategy, it invests in industries related with economic development in order to diversify the risks attached to each of them and be sustainable from the economic, environmental and social standpoints. As of March 2014, the *Holding* actively participated in the cement, energy, port, coal and real estate businesses (Chart No. 2).

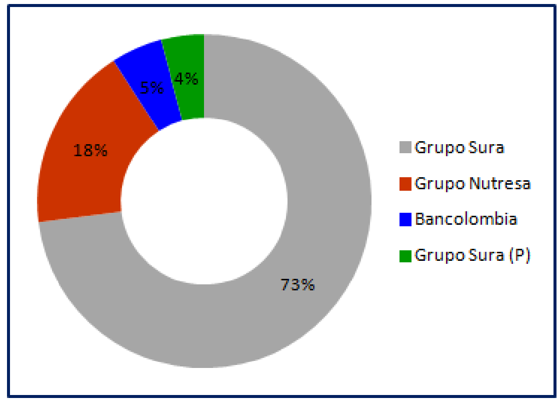
Chart No. 2: Composition of the Strategic Investments portfolio of Grupo Argos as of March 2014



Source: Grupo Argos. The value of each investment is estimated based on market capitalization for listed companies and according to the general terms of the divestment for other assets carried out in 2012.

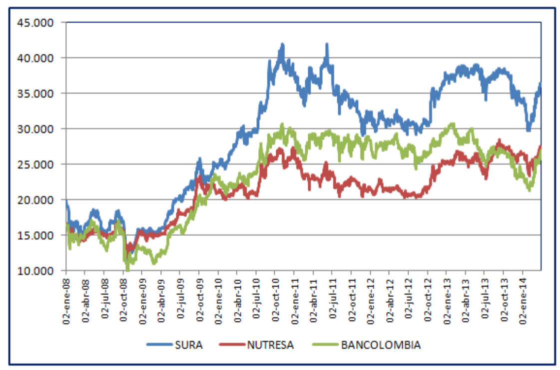
The Rated Party belongs to the Grupo Empresarial Antioqueño – GEA, one of the larger economic conglomerates, and maintains important interest participation in Grupo Sura (35.2%), Grupo Nutresa (9.8%) and Bancolombia (2.5%). Such investments are non- strategic and have been one of the alternative sources of financing used by GA during the last years given its positive performance (Chart No. 4) and high liquidity.

Chart No. 3: Composition of the Non-Strategic Investments portfolio of Grupo Argos as of March 2014



Source: Grupo Argos. The value of each investment has been estimated based on the share price as of December 2013.

Chart No. 4: Development of Sura, Nutresa and Bancolombia shares

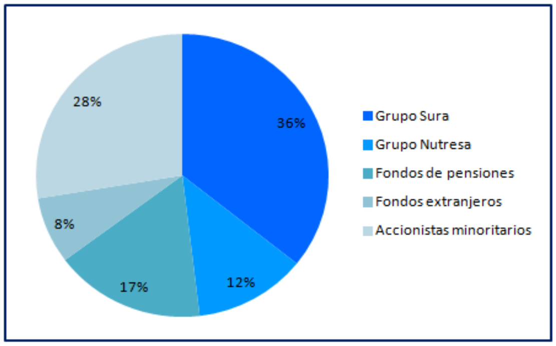


Source: BVC. Chart: BRC.

As result of the GEA entrepreneurial model[25], the largest shareholders of Grupo Argos are, in turn, Grupo Sura (35.71%) and Grupo Nutresa (12.37%). The remaining 52.1% of shares is distributed among retirement pension funds and minority shareholders, given the Rated Party's participation in BVC (Chart No. 5). GA shares have maintained a relatively steady price over the last four years (Chart No. 6) and have been classified as high tradability.

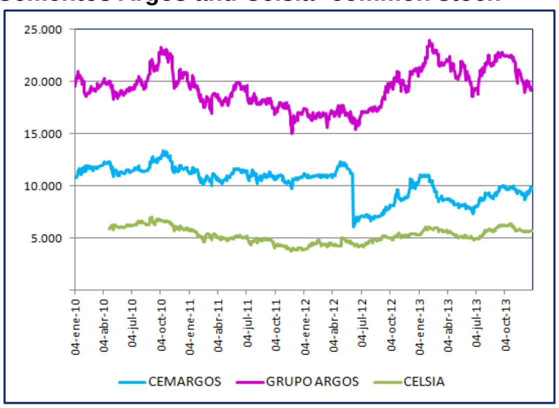
[25]Such model is based on the coalition of companies under common economic goals which, to maintain control, have crossed-equity participation.

Chart No. 5: Shareholding structure of Grupo Argos



Source: Grupo Argos. Relates to common stock.

Chart No. 6: Development of Grupo Argos, Cementos Argos and Celsia* common stock



Source: BVC. Includes information up to 31 March 2014.
* Celsia data is included as from April 2010 upon Colinversiones divestment.

Grupo Argos' organizational structure is headed by the Assembly of Shareholders, which holds its ordinary meeting once a year. Next, is the Board of Directors, made of seven members, none of whom is a Group employee and five are independent members. The Board meets every two months, and the Assembly elects its members for two-year periods.

Individual Financial Statements - Grupo Argos

Holding revenues are of two kinds: 1) recurring (equity method, dividends and real estate business), which reached $194,489 million as of March 2014 and represent 86.11% of this item's total; and 2) non-recurring (sale of investments), which participated with the remaining 13.89% and amounted to $28,577 million.

Between 2010 and the first quarter of 2014, the growth of individual GA's total revenues presented high volatility (CV of 16.78 times), which, in turn, was reflected in the *Holding's* profitability ratios. Such volatility arises from three events: 1) drastic changes in non-recurring revenues, resulting from GA disinvestments to fund its CAPEX requirements; 2) extraordinary profits declared by Cementos Argos in 2012 amounting to $277,000 million; and 3) recovery of the provision arising from the settlement of a legal proceeding with DIAN by Celsia in 2013, which generated extraordinary gains of $115,000 million.

Between 2014 and 2016, individual GA would receive dividends from its controlled and non-controlled subsidiaries amounting to an average similar to that of 2013 ($200,000 million). The behavior of revenues from the sale of investments is uncertain in as much as they respond to the Group's specific needs for resources.

Holding's assets are made of the Rated Party's non-strategic investments portfolio and Situm's lands and constructions in progress (95.32%). As of March 2014, individual GA was liable for financial liabilities amounting to $1.53 trillion, equivalent to 10.72% of its equity and made of debt to private banks and Boceas.

Main subsidiaries

The financial statements of Grupo Argos as of March 2014 consolidate the results of 59 companies, of which the most representative in terms of revenue are the following:

Cementos Argos S.A.

Is the oldest subsidiary of the Group, with an eighty-year's history. Its primary corporate purpose is the exploitation of the cement industry and the manufacturing of cement and any other materials made of limestone and clays, as well as the survey, exploration and exploitation of all kinds of materials used in the manufacturing industry.

The company has two business units (cement and premixed concrete), which participation in the company's revenues at December 2013 was 56.5% and 42.6%, respectively. It has operations in twelve countries, exports to thirty geographical locations and is the leading cement company in the Colombian market, the second cement-producer in the Southeast of the USA, the third largest producer of concrete in that country and one of the two main companies, by volume sold, in the Caribbean and Panama.

CA's corporate strategy is focused on complying with its value proposition (provide products and solutions tailored to satisfy its customers' needs), so the cement is no longer regarded only as a *commodity.* This strategy has seven priorities: 1) the consolidation and expansion of its operations; 2) capital structure; 3) organizational excellence; 4) strategic projects (enlarging and technological renewal of existing plants); 5) standardization of its regional locations' operating models; 6) innovation; and 7) sustainability[26].

As of March 2014, the cement company had 13 cement plants, 390 concrete plants, 9 clinker[27] mills and its own fleet of mixer trucks. The strategic location of its plants: close to mineral reservoirs, to the most important consumption centers and to the ports it owns and operates, enables Cementos Argos to properly satisfy internal demand and maintain an adequate capacity to export to close markets.

During the first quarter of 2014, sales in Colombia generated 46.57% of the total of company's gross revenues with a growth of 3.51% and EBITDA margin of 40.34%, the highest in its recent history. These results arise from the dynamism evidence in the residential and commercial construction activity, and the strengthening of the operation in the country through the opening of new concrete plants and the increase in its coverage.

The gradual recovery of the US economy evidence since 2011 implied that the sales in such geographical location showed a growing trend during the last three years (average increase of 25.46%) and as of March 2014 reached participation of 31.97% in the total of CA's revenues, similar to that reached prior to the 2009 crisis. It should be highlighted that the region reversed the EBITDA negative it showed since 2010, and as from 2013, it has generated positive figures ($27,926 million), though far from its potential.

During 2013 and the first quarter of 2014, the economies in Central America and Caribbean countries where Cementos Argos is present had significant growth driven by the positive performance of the construction industry. This situation, along with a *marketing* strategy applied by CA, which included the conversion of seven existing trademarks into a single one (Argos), contributed to the increase of the region revenues by 42.41% as of March 2014, and generated EBITDA margin of 27.57%.

Celsia S.A. E.S.P.

Celsia's corporate purpose is the provision of public services related to electric power generation and commercialization, pursuant to Laws 142 and 143 of 1994 and amending regulations thereto. In development of such purpose, the Company may undertake any supplementary activity related with the generation and commercialization of electric power, natural gas and other fuels.

Celsa owns the Celsia S.A. E.S.P. Free Trade Zone (ZFC) and Colener S.A.S., an investment vehicle through which it holds 50.01% of share interest in Empresa de Energía del Pacífico S.A. E.S.P. (EPSA). These companies have a joint generation capacity of 1,777 MW, backed on 18 electric power stations, 44% thermal and 56% hydric, which makes it different from its competitors (Table No. 1).

Table No. 1: Comparison of Composition by Technologies

	Celsia	Isagen	EPM	Emgesa
Hidráulica	57,00%	85,99%	86,85%	84,65%
Térmica	43,00%	14,01%	13,15%	15,35%
Capacidad (MW)	1.777	2.106	3.497	2.915

Source: Celsia.
Websites of the mentioned companies.

ZFC has been authorized by the DIAN as user of a permanent special free trade zone, which results in tax benefits such as the reduction from 33% to 15% of the income tax and the exemption from customs duties and VAT on imported equipment sold to this

[26] In September 2013, Cementos Argos and Grupo Argos entered the *Dow Jones Sustainability Index* under the silver category
[27] See chart with the cement production process in Attachment No. 3.

company. ZFC is responsible for the operation of Flores I and Flores IV and transfers 100% of its net profits to Celsia.

EPSA's corporate purpose is the provision of generation, distribution and commercialization services, and its activity is mainly located at Valle del Cauca where it holds natural monopoly. Because of the implementation of the infrastructure replacement and maintenance program, during 2013 this company substantially improved[28] its quality indicators.

Celsia and its subsidiaries have a long-term plan including preventive and major maintenance activities as required by their plants, which purpose is optimizing the operation of their power plants to keep them available and extend the useful lives of their assets.

Having focused its investment portfolio and assets on the electricity sector, for the period 2013-2016 Celsia defined three action lines that will enable it to consolidate and defend its current position in the Colombian electricity market: business growth, optimization of ongoing operations and strengthening of its organizational capabilities.

During 2013, the dry season together with the higher demand for electric power in the Caribbean Coast and Valle del Cauca (regions where the company has located its most representative assets) contributed to the 17.66% growth of the revenues of Celsia and its subsidiaries. Even if during the first quarter of 2014 sales decreased by 1.96%, this item line would recover by year-end because of the potential El Niño phenomenon during the second half of the year.

Sator S.A.S.

This company was incorporated in 1981 and its corporate purpose is the prospection, exploration, exploitation, production, processing, transformation, procurement, selling, trading and transport of coal. During 2013 this company changed its name Carbones de Caribe S.A.S. to Sator S.A.S., and currently exploits two types of operation: open-pit mining at the Bijao mine in Córdoba; and underground.

Sator sales as of March 2014 grew 78.35% to reach $16,155 million, which represents 0.79% of total of GA's consolidated revenues as of such cut-off date. This increase resulted from the commercial effort carried out to gain new customers, which enabled the company to increase the volume sold and offset the decrease in prices evidence during that year.

Compas S.A.

Back in December 2012, Grupo Argos' port area decided to merge with the Southern Port Holding Corp. investment fund to create Compañía de Puertos Asociados (Compas). Even though these companies have each an interest of 50%, they share control and decisions are jointly made.

The company provides foreign trade comprehensive logistics services, domestically as well as internationally. Currently it maintains three commercial segments (food grains, oil & gas and minerals; and general cargo), and owns five domestic ports (Tolú, Barranquilla, Buenavista, Tamalameque and Cartagena), two abroad (Panamá and Houston-Texas), and one under development (Aguadulce port in Buenaventura).

Of the events occurred during 2013 we highlight:
1) having taken on the operation and commercialization of the Houston port; 2) the progress in the construction of the Buenaventura port, project that is jointly developed with Port Singapore Authority and International Container Terminal Services Inc.; 3) the completion of the construction of warehouses to handle bulks at the Tolú terminal; and 4) the launching of the crude oil shipping operations from Barranquilla.

Situm S.A.S.

The company was incorporated in 2012, from the divestment of real estate-related assets formalized during that year. Currently it has two business lines: land urban development, an activity carried out by the Group as secondary during the last thirty years, and properties for lease, a new business model.

[28] In 2013, EPSA reduced power outage average (SAIDI) by 11.22%, reaching 14.95 hours. In turn, the medium frequency of interruptions (SAIFI) was 17.95 times, a 15.37% improvement as compared to the previous year.

The town planning business (horizontal development of lands) is mainly focused on the Atlántico department where during 2013 and the first quarter of 2014 significant progress was made at the General Town Planning, Palmas del Rio, Portal del Genovés and Portal Empresarial Norte projects. As regards the lease activity, the Group continues identifying potential businesses, of which the development of the Viva Villavicencio project is worth mentioning, as well as the execution of a promise of purchase-sale agreement to acquire close to 30% of commercial premises and office space of stage 3 of the enlargement of the Mayorca Mall in Medellín.

4. INDUSTRY RISKS

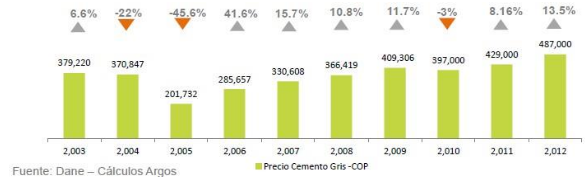
Cement industry

Cement industry is one of the most intensive, both in terms of capital requirements and in terms of the use of energy and, given that cement is a low-cost heavy product, ground transportation is expensive. In this sense, one of the success factors in this activity is having robust distribution and logistics networks, which represent a high portion of its cost structure and which, along with production, imply significant capital requirements. Consequently, the profitability of cement companies is sensitive to the changes in volumes sold due to the effect of this variable on the absorption of fixed costs.

The features described above represent strong entry barriers and have resulted in the cement industry maintaining oligopolistic structures. Price wars arising from such structures and the high sensitivity of this commodity to economic cycles are reflected in permanent changes in price (Chart No. 7: The strategy implemented by the Rated Party to mitigate such risk is the decommoditization of cement, via increased focusing on customer service.

The dynamics of the construction industry, which has a direct effect on the cement business, depends on macroeconomic aspects such as public policies related to the development of infrastructure and housing projects, changes to interest rates and changes to the laws ruling construction licenses and land availability. Although currently in developing economies the cement is commercialized by the bag, a higher demand of cement and premixed concrete is expected in the long term as result of the industrialization of construction, which will require more KTNO arising from the need of a larger fleet of mixer trucks.

Chart No. 7: Annual Variation in the Price of Grey Cement



The production of cement and concrete has significant environmental and social effects, reason why the sustainability practices in these areas (besides the economic) are of the utmost importance to ensure the business feasibility in the long term.

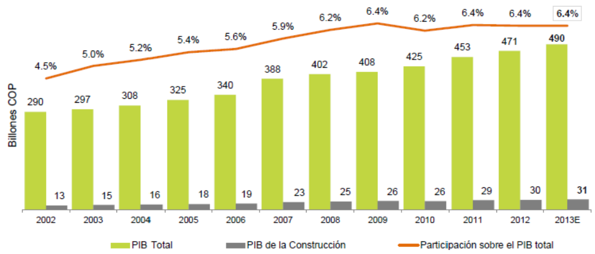
Colombia

The construction activity has increased its participation in total GDP, going from 4.5% in 2002 to 7.69 in March 2014. The reasons to explain such positive performance include: 1) currently existing housing public policy, developed through projects such as VIS[29], VIP[30] and the TACS[31] housing model; 2) the subsidies that through the FRECH[32], are being granted by the National Government on the interest rates of mortgage loans; 3) the housing and office space deficit in the main cities of the country; 4) the increase in public investment in infrastructure; 5) the strengthening of the regulatory framework; and 6) the increased purchasing power of Colombian population as compared to that one decade ago For the period 2014-2016, the continuity of the public policies mentioned above and the expected growth of Colombian economy (4.49% as an average[33]) should contribute to the construction sector to keep the identified growing.

[29] Social Housing.
[30] Priority Housing.
[31] Tasa con Ahorro Construyendo Sociedad (TACS). This model will be administered by the National Savings Fund and is a housing lease credit that will enable the affiliates to acquire a house without down payment.
Fondo de Reserva para la Estabilización de la Cartera Hipotecaria
[32] Source: International Monetary Fund

trend, with expected increase of 5.5% annual average[34].

Chart No. 8: Participation Construction GDP / Total GDP



Source: Banco de la República.
Estimates: Fedesarrollo. Chart: Cementos Argos

United States of America

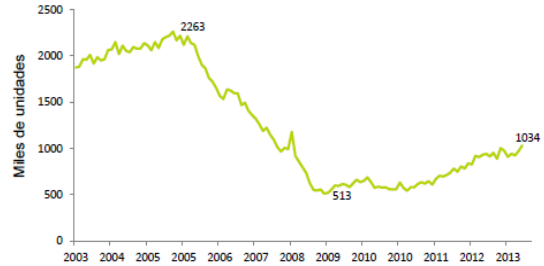
The economic crisis in this country between 2008 and 2009 had a negative impact on the construction industry, and resulted in the housing price ratio [35] going down from 16.6 in 2005 to -18.1 in 2009. Even if since 2012 the main sector ratios have shown a positive development (Chart No. 9) its recovery would only consolidate after 2015.

We must highlight that during 2013 the construction activity in the South of the USA (where Cementos Argos is located) has performed better than the remaining of the country, thus offsetting the slowdown seen in the North. Although the cold winter in this region during the first quarter of 2014 affected the performance of the construction industry, pursuant to the estimates of the PCA (Portland Cement Association) the consumption per capita in the Southeast will grow as twice as the American market; this result will be driven by port and road investments in Florida to serve the increased demand upon completion of the enlarging of the Panama Canal.

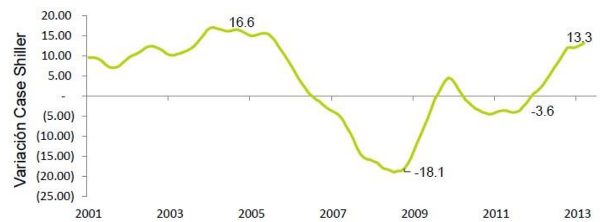
[33] Estimates provided by Cementos Argos.
[34] Measured through the Case-Shiller Index.

Chart No. 9: Development of Main Building Indicators in USA

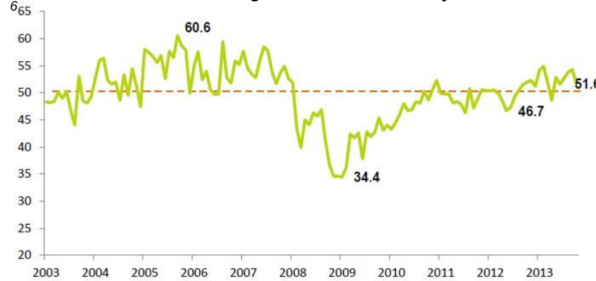
House construction license



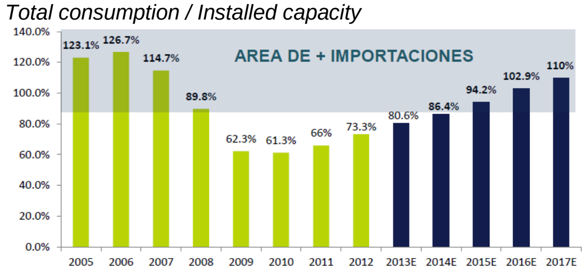
Housing price index



ABI[36] Index – Non-housing construction activity.



Total consumption / Installed capacity



Sources: Bloomberg and the Global Cement Report 2013.
Charts: Cementos Argos

Central America and the Caribbean

The dynamics of the cement industry in this region has been dependent on the cycles of its most

[35] *Architecture Billings Index*. This indicator monitors the construction demand of the industrial and commercial sector, and is estimated based on the monthly survey "Work-on-the-Boards".

A risk rating issued by BRC INVESTOR SERVICES S.A. -A Securities Rating Company- is a technical opinion and is not intended to constitute a recommendation to buy, sell or keep a certain investment and/or security, nor it implies a security payment guarantee, but an assessment on the probability that the principal and interests will be timely paid. The information herein contained has been obtained from sources presumed to be reliable and truthful; consequently we assume no responsibility for errors or omissions or for situations arising from the use of this information

representative economies, the higher propensity of the region to be affected by natural disasters and the political instability of some geographical locations. However, the logistical support offered by their strategic location and their infrastructure requirements turn Central America and the Caribbean into regions with high growth potential.

Construction activity in Panama has performed positively during the last years (average growth of 9.79% between 2010 and 2012, Chart No. 10), explained by the current works to expand the Canal, infrastructure projects being developed and a deficit in housing offer. This dynamics would be maintained during the following years because of the increasing public investment in housing and infrastructure by the Panamanian government and the completion of the Canal works, which progress as of March 2014 was of 74.2%.

Chart No. 10: Percentage variation Construction GDP and Total GDP Panama

Source: International Monetary Fund and Controller's General office of Panama. Chart: Cementos Argos

The increase in tourist inflow, the expansion of the road network, public investment in housing solutions and government measures implemented to restart the economy encouraged the growth of the construction industry in Dominican Republic. Although the development of hydroelectric projects would invigorate this activity, the sector informality could limit this impact.

Even if Honduras' economic growth has been stable during the last three years (GDP annual average increase of 3.7%), increasing dynamics is expected for 2014 and 2015 arising from the infrastructure projects that the government awarded and structured during 2013 and the fostering of public-private alliances.

Colombia's Electric Power Sector

Colombia's electric power sector characteristically is capital-intensive with attractive returns in the medium term. Such aspect is the most significant entry barrier and results in an offer limited to a few players (oligopolistic structure).

Due to the impossibility of storing power, offer and demand must balance permanently; this implies maintaining a rigorous level of coordination to ensure demand is satisfied. This implies, in turn, the existence of a regulatory framework defined by the Ministry of Mines and Energy, the Mining-Energy Planning Unit - UPME, the Energy and Gas Regulation Commission - CREG, the Superintendence of Domiciliary Public Utilities and XM, in charge of the Market Operation and Administration.

Supply chain and Chain Agents in Colombia

The production chain is made of three physical segments, and one segment of commercial intermediation:

- **Generation:** activity where manufacturers apply technologies to convert the potential energy of water, kinetic energy of wind, or chemical energy of fossil fuels into mechanic energy and electric energy. Associated with this segment generally there is an *up-stream* for the supply of energy and for thermal generation. It involves exploration, exploitation, transport, distribution, and possibly the commercialization of energy in the form of coal, natural gas and liquid fuels.

- **Transmission:** is the activity where electric power is injected into a transport network for efficient conduction at high-tension levels, equal to or higher than 220 Kw (with no significant loss of energy), from electricity production centers to demand locations.

- **Distribution:** is the activity where power is made available at tension levels lower than 220 Kw for efficient transportation to disaggregated consumption centers or final residential, commercial or public lighting users, among other. It is a controlled natural monopoly, with a high component of fixed costs, which consideration is defined by CREG, prioritizing companies which proportion of administration, operation and maintenance expenses is the most efficient.

- **Commercialization:** is the commercial intermediation activity between agents in the productive chain and the industry. Fees are individually agreed upon under each individual agreement. Pursuant to the regulation, no company may have more than 25% interest in the commercialization activity.

Features of the Colombian Electric Power Market

Given the high availability of the country's hydric resources, the generation capacity of the electricity industry mostly relies on hydraulic energy (64%), reason why this industry is highly sensitive to changes in hydrological conditions. As a supporting element, the SIN[37] has a thermal generation park which main fuel input is natural gas, and in a lesser proportion, coal, various kinds of *fuel-oils* and diesel.

Seeking to ensure market stability, each generator takes part in an auction for a capacity payment based on the availability of its assets. Through periodic auctions and based on such capacity payment, XM allocates Firm Energy Obligations (OEF), according to the maximum of electric power that a generation plant is capable of delivering for one-year period, under low hydrology conditions.

The irregularity of the dry and rainy seasons, and the difficulty to predict "el Niño" and "la Niña"[38] phenomena are reflected in the high volatility of the electric power price (Chart No. 11), which went from 198.2 $/kWh in 2013 to 169.1 $/kWh in March 2014. Such irregularity, together with the expected growth of electric power demand in Colombia for the following years, would lead industry players to gradually change the composition of their technological park towards assets other than hydric resources, and seek geographical diversification via their participation in other countries.

Chart No. 11: Comparison Development of Electric Power Price with Hydric Contributions

Source and chart: Celsia S.A.

Coal industry in Colombia

The Colombian mining sector is marked by a high component of informality and illegality, and its operation has significant social and environmental impact. During the last years, these aspects, along with the security situation in the regions where some of the coal mines are located, have resulted in penalties imposed on mining companies by environmental authorities, frequent workers strikes and production stoppages, among other. This scenario reflects a competitive environment that challenges Grupo Argos to coordinate this business with its corporate strategy.

Colombian Ports Sector

The deficiencies in the country's road network, the poor dredging level at the ports and the precarious development of the multimodal transportation system are the main challenges currently faced by the ports sector in Colombia.

In this sense, we must highlight the updating of national port policies through Conpes 3744 of 2013, which purpose is strengthening port service efficiency in the country seeking to satisfy the growing demand from free trade agreements -both, already executed and in progress-, the increasing mobilization of loads resulting from the enlargement of the Canal de Panama, and the hydrocarbon and mineral export boom.

As of December 2013, Colombia had granted 81 port permits on the Atlantic Cost, of which Grupo Argos handles five.

[36] National Interconnected System

[37] The La Niña (El Niño) phenomenon, is marked by the cooling (heating) of the Equatorial Pacific Ocean surface and by changes in the direction and speed of wind, which result in the increase (reduction) of the number of rainfalls in the inter-tropical zone.

Colombian Real Estate Sector

50% of Colombian real estate activity is concentrated in six urban centers: Bogotá, Antioquia, Santander, Valle del Cauca, Bolívar and Atlántico. During 2013, the area approved for construction in these regions excluding housing grew by 42%, increase that shows a market recovery after the lower dynamics evidence in 2012 resulting from the potential implementation of a new POT[39] in Bogotá. Office space, Hospitals and Commerce were the categories with the most significant increase.

Given the increasing settlement of industries in the capital city, the decreasing availability of lands for construction and the mobility restrictions imposed on cargo transportation, the value of the lands and rentals in Bogotá is much higher than that in other cities all over the country, a trend that is not expected to change drastically in the medium term.

Construction and development of new projects in the real estate sector is highly regulated and requires participants to meet various legal requirements and obtain the approval of several public entities. Sometimes, completion of these proceedings takes longer than expected, which may result in schedule delays for such projects.

A noteworthy factor in the currently existing segments in the real estate market is the potential growth of commercial malls where total area capable of being rented per capita in Colombia (7.2 m^2 per one hundred inhabitants) is below the values observed in other countries such as Chile and USA (19.2 m^2 and187 m^2 per one hundred inhabitants, respectively). Bogotá remains the city with the biggest developments in this segment, highlighting that as of December 2013 37% of sales by the commercial sector came from the malls.

[38] Plan de Ordenamiento Territorial (Land-use Plan).

The technical visit for the rating process was conducted timely given client's availability, and delivery of information was completed within schedule and in compliance with the Rating Agency requirements.

It is made clear that the Risk Rating Agency is not an Auditor, and consequently Company Management assumes full responsibility for the integrity and fairness of information delivered, which has been used as the basis to prepare this report. On the other hand, the Rating Agency has reviewed public information available and has compared it to that provided by the Rated Party.

Should you have any question regarding indicators herein included, you can go to the glossary onwww.brc.com.co

Financial information included herein is based on: 1) Audited and consolidated financial statements of the Group for the years 2011, 2012 and 2013; 2) audited financial statements of its main subsidiaries for the years 2011, 2012 and 2013; 3) general balance sheet and statement of income, for the consolidated group and for the Holding and its subsidiaries as of March 2013 and March 2014; and 4) GA forecasts of the Group's, Holding's and its subsidiaries' financial reports for the period 2014-2016, with actual information as of March 2014.

5. ATTACHMENTS

Attachment No. 1. (Individual and Consolidated) Financial Statements of Grupo Argos and its main subsidiaries

GRUPO ARGOS S.A. ESP – CONSOLIDATED FINANCIAL STATEMENTS
Amounts in millions of $

						Horizontal Analysis			
BALANCE SHEET	**2011**	**2012**	**2013**	**mar-13**	**mar-14**	**2011**	**2012**	**2013**	**mar-14**
ASSETS									
Cash and negotiable inv.	982.571	1.468.055	1.526.948	1.078.201	1.518.169	-7,42%	49,41%	4,01%	40,81%
Accts receivable - Customers	816.392	736.089	779.530	831.500	1.073.502	32,48%	-9,84%	5,90%	29,10%
Other accounts receivable	381.072	418.962	503.803	569.793	643.047	2,74%	9,94%	20,25%	12,86%
Inventories	397.514	467.056	497.973	511.227	652.979	33,42%	17,49%	6,62%	27,73%
Prepaid expenses	42.048	56.230	35.940	53.023	59.004	37,81%	33,73%	-36,08%	11,28%
Total Current Assets	**2.619.597**	**3.146.392**	**3.344.194**	**3.043.744**	**3.946.701**	10,21%	20,11%	6,29%	29,67%
Accounts receivable net	56.726	85.878	10.518	47.517	802	47,04%	51,39%	-87,75%	-98,31%
Inventories	76.725	86.432	85.247	88.964	48.763	-9,25%	12,65%	-1,37%	-45,19%
Permanent investments, net	1.081.237	1.043.257	1.001.182	1.043.979	1.007.801	28,70%	-3,51%	-4,03%	-3,47%
PPE net	7.370.482	7.172.640	7.566.366	7.176.341	8.441.297	24,58%	-2,68%	5,49%	17,63%
Deferred charges and intangible assets, net	2.017.243	1.918.447	2.732.394	1.984.503	3.269.584	-10,92%	-4,90%	42,43%	64,76%
Other assets	28.214	21.238	19.353	15.516	14.894	-61,34%	-24,73%	-8,88%	-4,01%
Reappraisals net	12.143.890	13.325.550	12.656.081	13.485.102	13.226.486	-4,41%	9,73%	-5,02%	-1,92%
Total non-current Assets	**22.774.517**	**23.653.442**	**24.071.141**	**23.841.922**	**26.009.627**	3,89%	3,86%	1,77%	9,09%
TOTAL ASSETS	**25.394.114**	**26.799.834**	**27.415.335**	**26.885.666**	**29.956.328**	4,51%	5,54%	2,30%	11,42%
LIABILITIES									
ST Financial liabilities	2.352.804	1.409.261	720.914	1.093.455	941.502	206,52%	-40,10%	-48,84%	-13,90%
Bonds and trade papers	433.670	287.091	204.182	286.088	11.133	67,23%	-33,80%	-28,88%	-96,11%
Suppliers and accounts payable	966.555	853.216	873.371	1.086.306	1.180.727	20,43%	-11,73%	2,36%	8,69%
Taxes, contributions and levies	198.439	183.836	304.355	145.275	275.094	52,62%	-7,36%	65,56%	89,36%
Labor liabilities	96.275	66.223	87.119	68.976	93.681	115,49%	-31,21%	31,55%	35,82%
Estimated liabilities and provisions	526.847	653.224	668.750	904.358	846.019	30,97%	23,99%	2,38%	-6,45%
Other current liabilities	58.876	171.181	0	0		-37,39%	190,75%	-100,00%	
Current Liabilities	**4.633.466**	**3.624.032**	**2.858.691**	**3.584.458**	**3.348.156**	85,30%	-21,79%	-21,12%	-6,59%
LT Financial liabilities	2.170.285	1.685.905	1.063.692	1.746.541	2.589.307	-8,18%	-22,32%	-36,91%	48,25%
Outstanding bonds	1.606.146	2.530.588	3.139.655	2.530.998	3.362.581	100,00%	57,56%	24,07%	32,86%
Bonds convertible into shares	0	749.248	694.448	702.316	584.387			-7,31%	-16,79%
Taxes, contributions and levies	93.080	46.923	0	47.082	0	100,00%	-49,59%	-100,00%	-100,00%
Labor liabilities	333.959	340.072	326.510	339.715	323.218	100,00%	1,83%	-3,99%	-4,86%
Accounts payable	111.122	75.857	55.107	78.601	56.208	-18,80%	-31,74%	-27,35%	-28,49%
Other liabilities	136.177	95.751	94.927	97.367	94.323	-32,88%	-29,69%	-0,86%	-3,13%
Non-current Liabilities	**4.450.769**	**5.524.344**	**5.374.339**	**5.542.620**	**7.010.024**	-7,95%	24,12%	-2,72%	26,47%
TOTAL LIABILITIES	**9.084.235**	**9.148.376**	**8.233.030**	**9.127.078**	**10.358.180**	23,84%	0,71%	-10,01%	13,49%
Total shareholders' equity	**9.565.759**	**12.781.338**	**12.441.163**	**12.967.621**	**12.975.852**	-7,85%	33,62%	-2,66%	0,06%
Minority interest	**6.744.120**	**4.870.120**	**6.741.142**	**4.790.967**	**6.622.296**	2,47%	-27,79%	38,42%	38,22%
Liabilities + shareholders' equity	**25.394.114**	**26.799.834**	**27.415.335**	**26.885.666**	**29.956.328**	4,51%	5,54%	2,30%	11,42%

STATEMENT OF INCOME	2011	2012	2013	mar-13	mar-14	Horizontal Analysis 2011	2012	2013	mar-14
Operating revenues	**5.786.283**	**6.681.155**	**7.629.359**	**1.782.427**	**2.042.391**	**6,97%**	**15,47%**	**14,19%**	**14,58%**
Cements and concrete	3.668.168	4.354.519	4.965.803	1.094.711	1.295.431	21,57%	18,71%	14,04%	18,34%
Energy, Gas and related activities	1.844.512	2.021.644	2.377.927	588.857	577.332	2,25%	9,60%	17,62%	-1,96%
Other	0	124.627	142.175	29.898	65.311			14,08%	118,45%
Financial activities	273.603	180.365	143.454	68.961	104.317	-53,48%	-34,08%	-20,46%	51,27%
Cost of sales without DA	3.709.846	4.458.421	5.059.721	1.132.476	1.270.965	13,58%	20,18%	13,49%	12,23%
DA of Cost of Sales	382.386	442.090	476.824	109.055	107.428	1,63%	15,61%	7,86%	-1,49%
Gross Profit	**1.694.051**	**1.780.644**	**2.092.814**	**540.896**	**663.998**	-4,13%	5,11%	17,53%	22,76%
OE (Administration and Sales)	447.388	607.191	662.617	133.298	196.133	-13,52%	35,72%	9,13%	47,14%
DA Expenses	158.432	85.006	82.680	19.967	27.906	-0,44%	-46,35%	-2,74%	39,76%
Operating Profit	**1.088.231**	**1.088.447**	**1.347.517**	**387.631**	**439.959**	-0,21%	0,02%	23,80%	13,50%
Other revenues	**387.958**	**574.346**	**405.436**	**72.447**	**54.926**	-13,74%	48,04%	-29,41%	-24,18%
Other expenses	**1.077.940**	**769.930**	**639.524**	**189.767**	**166.552**	36,66%	-28,57%	-16,94%	-12,23%
Financial expenses	398.633	471.927	399.071	86.827	80.365	9,64%	18,39%	-15,44%	-7,44%
Exchange difference	33.875	0	0	13.519	1.322				-90,22%
Other	645.432	298.003	240.453	89.421	84.865	51,80%	-53,83%	-19,31%	-5,10%
Profit before taxes	**398.249**	**892.863**	**1.113.429**	**270.311**	**328.333**	-47,01%	124,20%	24,70%	21,46%
Total taxes	163.084	163.606	425.404	88.403	106.205	0,00%	0,32%	160,02%	20,14%
Minority interest	81.508	385.319	393.075	67.147	101.044	0,00%	372,74%	2,01%	50,48%
Net Income	**153.657**	**343.938**	**294.950**	**114.761**	**121.084**	-60,46%	123,83%	-14,24%	5,51%
EBITDA	**1.629.049**	**1.615.543**	**1.907.021**	**516.653**	**575.293**	0,19%	-0,83%	18,04%	11,35%

DA: Depreciation and amortization

CASH FLOW	2011	2012	2013	mar-13	mar-14
Net Income	**153.657**	**343.938**	**294.950**	**114.761**	**121.084**
Adjustment to reconcile net income to net cash provided by operating activities	598.269	516.300	860.164	ND	ND
Cash from the operation	**751.926**	**860.238**	**1.155.114**	**ND**	**ND**
Changes in operating assets and liabilities	360.949	-68.605	-3.415	ND	ND
Net cash provided by operating activities	**1.112.875**	**791.633**	**1.151.699**	**ND**	**ND**
Movement of PPE	-1.816.731	-366.279	-653.087	ND	ND
Movement of permanent investments	111.972	325.579	44.343	ND	ND
Deferred charges	-187.755	-116.216	-313.169	ND	ND
Other	-204.048	5.763	-606.732	ND	ND
Net cash after investment Activities	**-983.687**	**640.480**	**-376.946**	**ND**	**ND**
Dividends	-129.080	-166.040	-180.606	ND	ND
Change in financial liabilities	1.332.481	-1.229.633	-1.340.464	ND	ND
Change in bonds and trade papers	-49.652	1.526.221	600.000	ND	ND
Other	-248.805	-285.544	1.356.909	ND	ND
Non-operating cash flow	**904.944**	**-154.996**	**435.839**	**ND**	**ND**

GRUPO ARGOS S.A. ESP – INDIVIDUAL FINANCIAL STATEMENTS
Amounts in millions of $

BALANCE SHEET	2011	2012	2013	mar-13	mar-14	Horizontal Analysis 2011	2012	2013	mar-14
ASSETS									
Cash	5.189	382.305	92.302	111.820	104.694	958,98%	7267,60%	-75,86%	-6,37%
Temporary investments	1.420	171.956	0	0	0	-82,19%	12009,58%	-100,00%	
Receivables, net	56.921	90.057	203.010	340.931	501.064	-45,76%	58,21%	125,42%	46,97%
Inventories	0	75.111	57.744	76.934	37.743			-23,12%	-50,94%
Prepaid expenses	0	900	89	655	809			-90,11%	23,51%
Total Current Assets	**63.530**	**720.329**	**353.145**	**530.340**	**644.310**	-43,98%	1033,84%	-50,97%	21,49%
Receivables, net	238	47.143	35.732	32.737	8.133		19707,98%	-24,21%	-75,16%
Permanent investments, net	10.849.137	7.745.161	8.189.320	7.702.413	8.258.374	32,62%	-28,61%	5,73%	7,22%
PPE, net	2.156	60.983	90.149	61.320	90.469	-11,82%	2728,53%	47,83%	47,54%
Inventories		332	0	515	0			-100,00%	-100,00%
Deferred charges, net	29.572	27.129	90.623	26.655	104.497	945,32%	-8,26%	234,04%	292,04%
Other assets	512	512	1.500	512	1.500	-0,19%	0,00%	192,97%	192,97%
Reappraisals, net	1.060.110	7.540.582	6.708.915	7.687.327	7.101.969	-42,10%	611,30%	-11,03%	-7,61%
Total Non-Current Assets	**11.941.725**	**15.421.842**	**15.116.239**	**15.511.479**	**15.564.942**	19,21%	29,14%	-1,98%	0,34%
TOTAL ASSESTS	**12.005.255**	**16.142.171**	**15.469.384**	**16.041.819**	**16.209.252**	18,50%	34,46%	-4,17%	1,04%
LIABILITIES									
ST financial liabilities	984.668	601.271	373.158	231.773	498.391		-38,94%	-37,94%	115,03%
Bonds and trade papers	0	200.000	0	200.000	0				-100,00%
Accounts payable	57.595	128.856	71.408	71.786	108.694	43,80%	123,73%	-44,58%	51,41%
Taxes, contributions and levies	2.012	5.587	12.057	5.266	11.576		-38,94%	115,80%	119,83%
Labor liabilities	776	1.007	1.712	1.519	879	-21,62%	619,97%	70,01%	-42,13%
Dividends payable			48.549	183.528	199.767				8,85%
Other current liabilities	6.276	23.338	48.618	27.473	52.364	15,33%	-100,00%	108,32%	90,60%
Current Liabilities	**1.051.327**	**960.059**	**555.502**	**721.345**	**871.671**	1976,53%	-8,68%	-42,14%	20,84%
LT financial liabilities	296.109	300.109	445.109	300.109	445.109	-26,21%	1,35%	48,32%	48,32%
Bonds and BOCEAS	0	749.248	694.448	702.316	584.387			-7,31%	-16,79%
Taxes, contributions and levies	1.905	953	0	953	0		-49,97%	-100,00%	-100,00%
Labor liabiities	3.163	3.595	2.191	3.328	2.253	6,97%	13,66%	-39,05%	-32,30%
Other liabiities	0	67.816	53.595	67.816	53.595			-20,97%	-20,97%
Non-Current Liabilities	**301.177**	**1.121.721**	**1.195.343**	**1.074.522**	**1.085.344**	-25,50%	272,45%	6,56%	1,01%
Total Liabilities	**1.352.504**	**2.081.780**	**1.750.845**	**1.795.867**	**1.957.015**	197,33%	53,92%	-15,90%	8,97%
Total shareholders' equity	**10.652.751**	**14.060.391**	**13.718.539**	**14.245.952**	**14.252.237**	10,10%	31,99%	-2,43%	0,04%
Total liabilities + shareholders' equity	**12.005.255**	**16.142.171**	**15.469.384**	**16.041.819**	**16.209.252**	18,50%	34,46%	-4,17%	1,04%

						Análisis Horizontal			
STATEMENT OF INCOME	2011	2012	2013	mar-13	mar-14	2011	2012	2013	mar-14
Operating Revenues	**372.669**	**602.326**	**517.303**	**150.870**	**225.857**	**-66,34%**	**61,62%**	**-14,12%**	**49,70%**
Revenues from the sale of investments	244.757	107.019	57.603	0	31.368	-72,96%	-56,28%	-46,17%	
Equity Method	101.902	391.344	318.718	66.088	79.058	49,76%	284,04%	-18,56%	19,63%
Dividends	26.010	69.936	82.659	82.609	86.854	-18,68%	168,88%	18,19%	5,14%
Reappraisal of investments	0	0	0	0	0	-100,00%			
Real estate business	0	34.027	58.323	2.173	28.577			71,40%	1215,09%
Cost of sales without DA	**31.823**	**69.673**	**69.517**	**0**	**43.394**	**-74,17%**	**118,94%**	**-0,22%**	
Cost of sales of investments	31.823	51.789	49.133	0	32.895	-74,17%	62,74%	-5,13%	
Urbanized lots	0	17.884	20.384	0	10.499			13,98%	
Gross Profit	**340.846**	**532.653**	**447.786**	**150.870**	**182.463**	-65,36%	56,27%	-15,93%	20,94%
OE (Administration and sales)	138.947	97.997	88.083	15.675	32.962	645,30%	-29,47%	-10,12%	110,28%
DA Expenses	2.002	192	2.158	518	357	-13,07%	-90,41%	1023,96%	-31,08%
Operating Profit	**199.897**	**434.464**	**357.545**	**134.677**	**149.144**	79,24%	117,34%	-17,70%	10,74%
Other Revenues	**5.193**	**19.862**	**43.588**	**7.678**	**565**	4,31%	282,48%	119,45%	-92,64%
Other Expenses	**50.362**	**108.349**	**89.877**	**26.031**	**27.149**	14,26%	115,14%	-17,05%	4,29%
Financial expenses	40.467	91.644	65.037	18.702	13.418	25,77%	126,47%	-29,03%	-28,25%
Exchange difference	5.734	8.844	8.317	2.240	1.796		54,24%	-5,96%	-19,82%
Other	4.161	7.861	16.523	5.089	11.935	1,37%	88,92%	110,19%	134,53%
Profit before taxes	**154.728**	**345.977**	**311.256**	**116.324**	**122.560**	-82,99%	123,60%	-10,04%	5,36%
Taxes	1.071	2.039	16.306	1.563	1.476	-66,17%	90,38%	699,71%	-5,57%
Net Income	**153.657**	**343.938**	**294.950**	**114.761**	**121.084**	-83,05%	123,83%	-14,24%	5,51%
EBITDA	**201.899**	**434.656**	**359.703**	**135.195**	**149.501**	-79,08%	115,28%	-17,24%	10,58%

DA: Depreciation and Amortization

CASH FLOW	2011	2012	2013	mar-13	mar-14
Net Income	**153.657**	**343.938**	**294.950**	**114.761**	**121.084**
Adjustment to reconcile net income to net cash provided by operating activities	-32.695	-245.234	-89.602	19.219	-95.099
Cash from the operation	**120.962**	**98.704**	**205.348**	**133.980**	**25.985**
Changes in operating assets and liabilities	-8.355	104.734	-175.303	-29.121	8.859
Net cash provided by operating activities	**112.607**	**203.438**	**30.045**	**104.859**	**34.844**
Movement of PPE	-100	-8.782	-7.484	-8.893	-14.933
Movement of permanent investments	-739.013	-52.179	44.800	0	-56.202
Deferred charges	-33	614	-65.507	0	0
Other	0	0	0	0	-10.429
Net cash after investment activities	**-626.539**	**143.091**	**1.854**	**95.966**	**-46.720**
Dividends	-129.080	-166.040	-180.700	-41.397	-44.934
Change in financial liabilities	764.748	-379.397	-283.113	-383.066	118.405
Change in bonds and trade papers	0	950.000	0		
Other	-3.812	-2	0	-113.944	-14.359
Non-operating cash flow	**631.856**	**404.561**	**-463.813**	**-538.407**	**59.112**

CEMENTOS ARGOS S.A.
Amounts in millions of $

BALANCE SHEET	2011	2012	2013	mar-13	mar-14	2011	2012	2013	mar-14
						Horizontal Analysis			
ASSETS									
Cash and negotiable inv.	290.935	156.865	528.013	139.479	490.545	-38,90%	-46,08%	236,60%	251,70%
Receivables, net	837.267	796.519	826.294	893.161	1.078.009	21,72%	-4,87%	3,74%	20,70%
Inventories	376.626	355.379	402.435	389.825	522.327	30,11%	-5,64%	13,24%	33,99%
Prepaid expenses	29.530	24.910	28.240	22.295	25.349	25,04%	-15,65%	13,37%	13,70%
Total Current Assets	**1.534.358**	**1.333.673**	**1.784.982**	**1.444.760**	**2.116.230**	3,88%	-13,08%	33,84%	46,48%
Accounts receivable, net	53.815	39.718	40.254	39.575	22.968	48,53%	-26,20%	1,35%	-41,96%
Inventories	38.237	0	0	0	0	-2,98%	-100,00%		
Permanent investments, net	299.457	145.095	145.898	145.717	151.977	-11,95%	-51,55%	0,55%	4,30%
PPE net	4.177.137	3.779.319	4.070.292	3.801.537	4.947.963	45,51%	-9,52%	7,70%	30,16%
Deferred charges and intangible assets, net	1.466.387	1.375.489	2.047.755	1.426.035	2.558.909	-10,28%	-6,20%	48,87%	79,44%
Other assets	26.933	19.437	16.832	13.716	12.372	-39,23%	-27,83%	-13,40%	-9,80%
Reappraisals, net	9.184.742	3.573.985	3.525.705	3.572.260	3.672.142	1,64%	-61,09%	-1,35%	2,80%
	15.246.708	**8.933.043**	**9.846.736**	**8.998.840**	**11.366.331**	8,89%	-41,41%	10,23%	26,31%
Total non-current Assets	**16.781.066**	**10.266.716**	**11.631.718**	**10.443.600**	**13.482.561**	8,41%	-38,82%	13,30%	29,10%
TOTAL ASSETS									
LIABILITIES									
ST Financial liabilities	1.269.423	653.306	289.290	688.676	386.748	86,08%	-48,54%	-55,72%	-43,84%
Bonds and trade papers	423.032	77.200	192.575	77.200	192.575	69,21%	-81,75%	149,45%	149,45%
Suppliers and accounts payable	618.347	560.779	629.937	492.353	553.928	23,48%	-9,31%	12,33%	12,51%
Taxes, contributions and levies	121.499	124.320	195.940	77.721	156.352	161,60%	2,32%	57,61%	101,17%
Labor liabilities	87.072	51.106	69.347	54.812	78.722	139,08%	-41,31%	35,69%	43,62%
Estimated liabilities and provisions	248.050	240.394	344.758	360.942	477.414	44,16%	-3,09%	43,41%	32,27%
Dividends payable	0	0	0	187.088	283.646				51,61%
Other current liabilities	74.033	62.569	0	0	0	-3,95%	-15,48%	-100,00%	
Current Liabilities	**2.841.456**	**1.769.674**	**1.721.847**	**1.938.792**	**2.129.385**	60,99%	-37,72%	-2,70%	9,83%
LT Financial liabilities	719.717	369.717	222.158	411.173	1.645.772	2,79%	-48,63%	-39,91%	300,26%
Bonds and BOCEAS	1.006.146	1.930.588	1.739.655	1.930.998	1.739.655	100,00%	91,88%	-9,89%	-9,91%
Taxes, contributions and levies	63.481	30.745	0	30.992	0	100,00%	-51,57%	-100,00%	-100,00%
Labor liabilities	253.366	255.627	242.455	254.318	238.927	100,00%	0,89%	-5,15%	-6,05%
Deferred charges	87.074	38.166	38.189	39.226	38.722	100,00%	-56,17%	0,06%	-1,28%
Accounts payable	111.122	75.857	55.107	78.601	56.208	-18,80%	-31,74%	-27,35%	-28,49%
Non-current Liabilities	**2.240.906**	**2.700.700**	**2.297.564**	**2.745.308**	**3.719.284**	-8,51%	20,52%	-14,93%	35,48%
TOTAL LIABILITIES	**5.082.362**	**4.470.374**	**4.019.411**	**4.684.100**	**5.848.669**	20,60%	-12,04%	-10,09%	24,86%
Total shareholders' equity	**11.617.399**	**5.713.485**	**7.242.551**	**5.674.502**	**7.263.504**	3,95%	-50,82%	26,76%	28,00%
Minority interest	**81.305**	**82.857**	**369.756**	**84.998**	**370.388**	-8,10%	1,91%	346,26%	335,76%
Liabilities + shareholders' equity	**16.781.066**	**10.266.716**	**11.631.718**	**10.443.600**	**13.482.561**	8,41%	-38,82%	13,30%	29,10%

STATEMENT OF INCOME	2011	2012	2013	mar-13	mar-14	Horizontal Analysis 2011	2012	2013	mar-14
Operating Revenues	**3.668.610**	**4.380.393**	**4.968.414**	**1.094.711**	**1.295.431**	**21,35%**	**19,40%**	**13,42%**	**18,34%**
Cost of sales without DA	2.623.816	3.144.877	3.512.683	767.697	888.420	24,77%	19,86%	11,70%	15,73%
DA of costo of sales	280.549	323.580	347.728	80.811	76.986	-12,49%	15,34%	7,46%	-4,73%
Gross Profit	**764.245**	**911.936**	**1.108.003**	**246.203**	**330.025**	27,45%	19,33%	21,50%	34,05%
OE (Administration and sales)	363.250	444.326	477.623	94.818	146.328	-4,67%	22,32%	7,49%	54,33%
DA Expenses	128.162	53.043	49.265	12.690	21.071	45,07%	-58,61%	-7,12%	66,04%
Operating Profit	**272.833**	**414.567**	**581.115**	**138.695**	**162.626**	109,46%	51,95%	40,17%	17,25%
Other Revenues	**837.091**	**410.270**	**146.804**	**42.306**	**38.654**	21,78%	-50,99%	-64,22%	-8,63%
Other Expenses	**705.146**	**408.047**	**324.612**	**90.265**	**62.490**	44,59%	-42,13%	-20,45%	-30,77%
Financial expenses	195.963	223.942	149.434	41.670	39.766	1,95%	14,28%	-33,27%	-4,57%
Exchange difference	15.848	1.160	0	3.457	-4.057		-92,68%	-100,00%	-217,36%
Other	493.335	182.945	175.178	45.138	26.781	66,95%	-62,92%	-4,25%	-40,67%
Profit before taxes	**404.778**	**416.790**	**403.307**	**90.736**	**138.790**	22,68%	2,97%	-3,23%	52,96%
Total taxes	25.024	17.083	211.684	37.550	49.720	0,00%	-31,73%	1139,15%	32,41%
Minority Interest	9.780	12.088	7.913	684	9.443	0,00%	23,60%	-34,54%	1280,56%
Net Income	**369.974**	**387.619**	**183.710**	**52.502**	**79.627**	28,07%	4,77%	-52,61%	51,66%
EBITDA	**681.544**	**791.190**	**978.108**	**232.196**	**260.683**	26,40%	16,09%	23,62%	12,27%

DA: Depreciation and amortization

CASH FLOW	2011	2012	2013	mar-13	mar-14
Net Income	**369.974**	**387.619**	**183.710**	**52.502**	**79.627**
Adjustment to reconcile net income to net cash provided by operating activities	44.119	85.884	393.230	146.533	-250.826
Cash from the operation	**414.093**	**473.503**	**576.940**	**199.035**	**-171.199**
Changes in operating assets and liabilities	-4.369	-144.720	32.876	-82.849	205.174
Net cash provided by operating activities	**409.724**	**328.783**	**609.816**	**116.186**	**33.975**
Movement of PPE	-1.581.516	-161.166	-449.182	-82.857	-1.526.933
Movement of permanent investments	681.806	256.557	-1.764	0	0
Deferred charges	-159.046	3.505	-141.891	0	0
Other	17.386	-4.638	-487.177	8.759	17.605
Net cash after investment activities	**-631.646**	**423.041**	**-470.198**	**42.088**	**-1.475.353**
Dividends	-152.021	-161.234	-197.199	-58.585	-56.665
Change in financial liabilities	553.148	-868.038	-495.446	-4.126	1.479.443
Change in bonds and trade papers	-50.970	576.968	-77.200	0	0
Other	96.294	-76.824	1.611.191	3237	15.107
Non-operating cash flow	**446.451**	**-529.128**	**841.346**	**-59.474**	**1.437.885**

CELSIA – CONSOLIDATED FINANCIAL STATEMENTS

Amounts in millions of $

						Horizontal Analysis			
BALANCE SHEET	2011	2012	2013	mar-13	mar-14	2011	2012	2013	mar-14
ASSETS									
Cash	233.343	299.785	200.684	242.795	195.700	333,30%	28,47%	-33,06%	-19,40%
Temporary investments	451.683	444.442	697.076	577.003	714.349	-14,78%	-1,60%	56,84%	23,80%
Receivables, net	342.842	273.375	305.424	319.289	352.615	17,45%	-20,26%	11,72%	10,44%
Inventories	20.790	8.398	19.245	13.271	28.431	145,40%	-59,61%	129,16%	114,23%
Prepaid expenses	12.518	29.536	6.067	25.794	31.174	81,55%	135,95%	-79,46%	20,86%
Total Current Assets	**1.061.176**	**1.055.536**	**1.228.496**	**1.178.152**	**1.322.269**	19,08%	-0,53%	16,39%	12,23%
Receivables, net	1.874	3.502	4.072	3.451	11.375	-24,62%	86,87%	16,28%	229,61%
Inventories	38.586	47.298	46.605	49.647	48.763	-14,50%	22,58%	-1,47%	-1,78%
Permanent investments, net	101.812	102.605	101.060	102.513	97.339	-50,32%	0,78%	-1,51%	-5,05%
PPE, net	3.202.796	3.268.328	3.342.856	3.254.366	3.344.458	4,90%	2,05%	2,28%	2,77%
Deferred charges, net	67.139	63.757	31.176	62.956	30.412	19,76%	-5,04%	-51,10%	-51,69%
Intangible assets, net	424.826	71.276	268.128	87.177	177.406	-20,76%	-83,22%	276,18%	103,50%
Assets under financial lease agreements	29.320	285.521	163.309	280.392	263.455	350,18%	873,81%	-42,80%	-6,04%
Other assets	768	826	810	826	810	-97,27%	7,55%	-1,94%	-1,94%
Reappraisals, net	1.867.730	1.941.359	2.140.033	1.951.907	2.164.977	-2,72%	3,94%	10,23%	10,92%
Total Non-Current Assets	**5.734.851**	**5.784.472**	**6.098.049**	**5.793.235**	**6.138.995**	-2,01%	0,87%	5,42%	5,97%
TOTAL ASSETS	**6.796.027**	**6.840.008**	**7.326.545**	**6.971.387**	**7.461.264**	0,77%	0,65%	7,11%	7,03%
LIABILITIES									
ST financial liabilities	98.713	130.877	33.845	152.457	37.642	253,72%	32,58%	-74,14%	-75,31%
Bonds and trade papers	10.638	9.891	11.607	8.888	11.133	14,14%	-7,02%	17,35%	25,26%
Accounts payable	337.299	193.550	205.776	313.739	341.841	12,62%	-42,62%	6,32%	8,96%
Taxes, contributions and levies	76.235	51.931	93.270	60.947	106.588	12,03%	-31,88%	79,60%	74,89%
Labor liabilities	9.176	11.100	13.656	10.901	11.080	30,42%	20,97%	23,03%	1,64%
Estimated liabilities and provisions	90.069	36.198	35.329	87.082	81.858	32,63%	-59,81%	-2,40%	-6,00%
Retirement pensions	0	0	0	0	0	-100,00%			
Other current liabilities	9.607	9.184	13.711	8.606	12.821	-21,05%	-4,40%	49,29%	48,98%
Current Liabilities	**631.737**	**442.731**	**407.194**	**642.620**	**602.963**	28,17%	-29,92%	-8,03%	-6,17%
LT financial liabilities	1.154.459	975.576	340.707	995.396	355.944	-4,77%	-15,49%	-65,08%	-64,24%
Bonds and BOCEAS	600.000	600.000	1.400.000	600.000	1.400.000	100,00%	0,00%	133,33%	133,33%
Taxes, contributions and levies	27.694	13.847	0	13.847	0	100,00%	-50,00%	-100,00%	-100,00%
Estimated liabilities and provisions	164.177	314.217	151.259	314.217	152.959	100,00%	91,39%	-51,86%	-51,32%
Retirement pensions	76.680	80.150	80.864	81.070	81.084	4,52%	4,53%	0,89%	0,02%
Other liabilities	40.993	40.075	36.040	40.838	35.886	-2,44%	-2,24%	-10,07%	-12,13%
Non-Current Liabilities	**2.064.003**	**2.023.865**	**2.008.870**	**2.045.368**	**2.025.873**	-1,14%	-1,94%	-0,74%	-0,95%
TOTAL LIABILITIES	**2.695.740**	**2.466.596**	**2.416.064**	**2.687.988**	**2.628.836**	4,46%	-8,50%	-2,05%	-2,20%
TOTAL SHARESHOLDERS' EQUIY	**2.650.542**	**2.905.411**	**3.288.325**	**2.891.694**	**3.281.775**	-1,28%	9,62%	13,18%	13,49%
Minority interest	**1.449.745**	**1.468.001**	**1.622.156**	**1.391.705**	**1.550.653**	-1,92%	1,26%	10,50%	11,42%
Total liabilities + shareholders' equity	**6.796.027**	**6.840.008**	**7.326.545**	**6.971.387**	**7.461.264**	0,77%	0,65%	7,11%	7,03%

STATEMENT OF INCOME	2011	2012	2013	mar-13	mar-14	Horizontal Analysis 2011	2012	2013	mar-14
Wholesale generation and commercialization	**1.849.505**	**2.023.672**	**2.381.116**	**588.857**	**577.332**	**2,44%**	**9,42%**	**17,66%**	**-1,96%**
Sales of energy at the power exchange	**951.403**	**1.101.436**	**1.525.375**	**376.301**	**363.711**	0,11%	15,77%	38,49%	-3,35%
Capacity payment	471.050	646.197	1.067.708	259.475	227.903	-31,09%	37,18%	65,23%	-12,17%
Commercialization wholesale market	205.226	209.343	221.617	55.782	54.335	18,27%	2,01%	5,86%	-2,59%
	275.127	245.896	236.050	61.044	81.473	194,71%	-10,62%	-4,00%	33,47%
Retail Commercialization	**520.198**	**543.652**	**570.268**	**138.586**	**146.467**	2,83%	4,51%	4,90%	5,69%
Controlled market	373.563	397.437	392.631	98.554	99.126	1,29%	6,39%	-1,21%	0,58%
Non-controlled market	146.635	146.215	177.637	40.032	47.341	7,00%	-0,29%	21,49%	18,26%
Other services	**377.904**	**378.584**	**285.473**	**73.970**	**67.154**	8,21%	0,18%	-24,59%	-9,21%
Network use and connection	194.974	194.337	197.408	50.024	52.526	16,37%	-0,33%	1,58%	5,00%
Commercialization natural gas	167.639	152.912	52.655	15.889	5.843	78,32%	-8,78%	-65,57%	-63,23%
Other services	15.291	31.335	35.410	8.057	8.785	-82,56%	104,92%	13,00%	9,04%
Cost of sales without DA	1.030.932	1.172.686	1.391.720	352.252	324.846	10,52%	13,75%	18,68%	-7,78%
DA of cost of sales	131.830	138.686	148.445	31.925	33.696	-12,68%	5,20%	7,04%	5,55%
Gross Profit	**686.743**	**712.300**	**840.951**	**204.680**	**218.790**	-4,84%	3,72%	18,06%	6,89%
OE (Administration and sales)	104.797	119.812	124.833	25.899	21.751	-21,41%	14,33%	4,19%	-16,02%
DA Expenses									
Operating Profit	**581.946**	**592.488**	**716.118**	**178.781**	**197.039**	-1,09%	1,81%	20,87%	10,21%
Other Revenues	**121.899**	**122.546**	**199.282**	**24.274**	**19.725**	-49,69%	0,53%	62,62%	-18,74%
Other Expenses	**316.466**	**201.876**	**205.938**	**77.842**	**76.134**	16,25%	-36,21%	2,01%	-2,19%
Interest	169.295	154.375	142.034	36.438	33.490	14,74%	-8,81%	-7,99%	-8,09%
Other	147.171	47.501	63.904	41.404	42.644	18,04%	-67,72%	34,53%	2,99%
Earnings before taxes	**387.379**	**513.158**	**709.462**	**125.213**	**140.630**	-30,63%	32,47%	38,25%	12,31%
Total taxes	136.830	142.193	194.597	48.998	54.556	0,00%	3,92%	36,85%	11,34%
Minority interest	97.658	140.205	141.220	28.247	37.101	0,00%	43,57%	0,72%	31,34%
Net Income	**152.891**	**230.760**	**373.645**	**47.968**	**48.973**	-40,97%	50,93%	61,92%	2,10%
EBITDA	**713.776**	**731.174**	**864.563**	**210.706**	**230.735**	-3,45%	2,44%	18,24%	9,51%

DA: Depreciation and amortization

CASH FLOW	2011	2012	2013	mar-13	mar-14
Net Income	**152.891**	**230.760**	**373.645**	**47.968**	**48.973**
Adjustment to reconcile net income to net cash provided by operating activities	238.258	260.581	212.679	13.828	139.971
Cash from the operation	**391.149**	**491.341**	**586.324**	**61.796**	**188.944**
Changes in operating assets and liabilities	34.257	-7.819	22.026	-10.350	-105.221
Net cash provided by operating activities	**425.406**	**483.522**	**608.350**	**51.446**	**83.723**
Movement of PPE	-236.082	-152.629	-185.609	-11.357	-52.519
Movement of permanent investments	40.048	-1.367	5.987	0	0
Deferred charges	-3.619	-16.015	-4.486	0	0
Other	63.934	-42.013	-145.705	0	0
Net cash after investment activities	**289.687**	**271.498**	**278.537**	**40.089**	**31.204**
Dividends	-58.719	-64.762	-71.959	-7	-18.094
Change in financial liabilities	13.592	-24.953	-746.463	4.113	11.953
Change in bonds and trade papers	0	0	800.000	0	
Other	-170.859	-122.582	-106.582	31.376	-12.774
Non-operating cash flow	**-215.986**	**-212.297**	**-125.004**	**35.482**	**-18.915**

	COMPAS				SITUM (Proforma)*				SATOR			
	2011	2012	2013	mar-14	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Sales	25.399	103.329	103.075	31.230	19.471	40.255	63.478	ND	78.582	69.237	77.921	16.155
Cost of sales	16.318	74.387	78.808	21.676	6.157	17.884	20.384	ND	79.261	69.061	76.642	15.345
Gross profit	9.081	28.941	24.267	9.554	13.314	22.371	43.094	ND	-679	176	1.279	810
Operating Profit	7.245	15.965	10.035	6.037	10.296	16.704	17.803	ND	-3.912	-13.110	-13.516	-986
Net Income	5.524	3.663	-7.035	1.055	6.024	15.206	7.290	ND	-44.013	-38.953	-3.046	-1.374
D&A	4.785	14.126	16.783	4.043	34	26	57	ND	2.575	1.252	2.060	447
EBITDA	12.030	30.091	26.818	10.080	10.330	16.730	17.860	ND	-1.337	-11.858	-11.456	-528
Accounts receivable	11.310	7.777	10.796	10.376	ND	ND	46.486	ND	3.881	29.826	61.497	45.560
Inventories	145	2.536	2.352	2.157	ND	ND	107.208	ND	21.311	16.081	6.412	13.662
Suppliers	838	18.005	28.380	26.812	ND	ND	70.935	ND	11.847	14.073	58.769	59.673
Gross financial debt	34.982	59.687	83.196	101.241	ND	ND	0	ND	7.771	20.733	19.268	19.653
Assets	191.696	432.546	445.615	460.417	ND	ND	2.581.001	ND	99.219	122.788	151.387	152.683
Liabilities	63.838	153.039	175.476	189.222	ND	ND	182.701	ND	60.151	94.554	130.601	133.270
Shareholders' equity	127.858	279.507	270.139	271.195	ND	ND	2.398.300	ND	39.068	28.234	20.786	19.413

Sales growth	ND	306,82%	-0,25%	35,03%	ND	106,74%	57,69%	ND	ND	-11,89%	12,54%	78,35%
EBITDA growth	ND	150,13%	-10,88%	80,94%	ND	61,96%	6,75%	ND	ND	786,91%	-3,39%	95,39%
Gross margin	35,75%	28,01%	23,54%	30,59%	68,38%	55,57%	67,89%	ND	-0,86%	0,25%	1,64%	5,01%
Operating margin	28,52%	15,45%	9,74%	19,33%	52,88%	41,50%	28,05%	ND	-4,98%	-18,93%	-17,35%	-6,10%
Net margin	21,75%	3,55%	-6,83%	3,38%	30,94%	37,77%	11,48%	ND	-56,01%	-56,26%	-3,91%	-8,51%
EBITDA margin	47,36%	29,12%	26,02%	32,28%	53,05%	41,56%	28,14%	ND	-1,70%	-17,13%	-14,70%	-3,27%
Receivable days	160	27	38	120	ND	ND	264	ND	18	155	284	254
Payable days	18	87	130	445	ND	ND	1.253	ND	54	73	276	350
Inventory days	3	12	11	36	ND	ND	1.893	ND	97	84	30	80
Cash cycle	145	-48	-81	-290	ND	ND	904	ND	61	166	38	-16
Gross debt / liabilities	54,80%	39,00%	47,41%	53,50%	ND	ND	0,00%	ND	12,92%	21,93%	14,75%	14,75%
Gross debt / EBITDA	2,91	1,98	3,10	10,04	ND	ND	-	ND	-5,81	-1,75	-1,68	-37,22
Working capital	10.617	-7.692	-15.232	-14.279	ND	ND	82.759	ND	13.345	31.834	9.140	-451
KT productivity	2,39	-13,43	-6,77	-2,19	ND	ND	0,77	ND	5,89	2,17	8,53	-35,82
Leverage	49,93%	54,75%	64,96%	69,77%	ND	ND	7,62%	ND	153,96%	334,89%	628,31%	686,50%

* Relate to a proforma exercise carried out by Grupo Argos assuming accounting figures as if the company recorded all variables from its operation (revenues, cost of sales and assets used in its operation

Attachment No. 2 Financial Ratios

	Grupo Argos - Consolidated				Grupo Argos - Individual			
PROFITABILITY	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Net Sales	5.786.283	6.681.155	7.629.359	2.042.391	372.669	602.326	517.303	225.857
EBITDA	1.629.049	1.615.543	1.907.021	575.293	201.899	434.656	359.703	149.501
Sales growth COP	6,97%	15,47%	14,19%	14,58%	-50,98%	61,62%	-14,12%	49,70%
Gross margin	29,28%	26,65%	27,43%	32,51%	91,46%	88,43%	86,56%	80,79%
Operating margin	18,81%	16,29%	17,66%	21,54%	53,64%	72,13%	69,12%	66,03%
Net margin before taxes	6,88%	13,36%	14,59%	16,08%	41,52%	57,44%	60,17%	54,26%
Net margin	2,66%	5,15%	3,87%	5,93%	41,23%	57,10%	57,02%	53,61%
EBITDA margin	28,15%	24,18%	25,00%	28,17%	54,18%	72,16%	69,53%	66,19%
Sales / Assets	22,79%	24,93%	27,83%	26,34%	3,10%	3,73%	3,34%	3,65%
ROA	0,61%	1,28%	1,08%	1,01%	1,28%	2,13%	1,91%	1,86%
ROE	1,61%	2,69%	2,37%	2,32%	1,44%	2,45%	2,15%	2,11%

	Grupo Argos - Consolidated				Grupo Argos - Individual			
ACTIVITY	2011	2012	2013	mar-14	2011	2012	2013	mar-14
KTNO	247.351	349.929	404.132	545.754	-674	36.312	189.346	430.113
KTNO productivity (sales / KTNO)	23,39	19,09	18,88	14,46	-552,92	16,59	2,73	1,38
Receivables turnover	51	40	37	47	55	54	141	200
Payables turnover	85	63	57	77	652	666	370	225
Inventory turnover	35	34	32	43	0	388	299	78
Cash cycle	1	11	12	13	-597	-224	71	53

	Grupo Argos - Consolidated				Grupo Argos - Individual			
LIQUIDITY	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Cash	982.571	1.468.055	1.526.948	1.518.169	6.609	554.261	92.302	104.694
Cash / Assets	3,87%	5,48%	5,57%	5,07%	0,06%	3,43%	0,60%	0,65%
Cash / Current liabilities	21,21%	40,51%	53,41%	45,34%	0,63%	57,73%	16,62%	12,01%
Current ratio	0,57	0,87	1,17	1,18	0,06	0,75	0,64	0,74
Current assets / Total liabilities	0,29	0,34	0,41	0,38	0,05	0,35	0,20	0,33
Acid-test ratio	0,48	0,74	1,00	0,98	0,06	0,67	0,53	0,70

	Grupo Argos - Consolidated				Grupo Argos - Individual			
INDEBTEDNESS	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Gross debt	6.562.905	6.662.093	5.822.891	7.488.910	1.280.777	1.850.628	1.512.715	1.527.887
Net debt	5.580.334	5.194.038	4.295.943	5.970.741	1.274.168	1.296.367	1.420.413	1.423.193
ST debt (amount)	2.786.474	1.696.352	925.096	952.635	984.668	801.271	373.158	498.391
ST debt (%)	42,46%	25,46%	15,89%	12,72%	76,88%	43,30%	24,67%	32,62%
LT debt	3.776.431	4.965.741	4.897.795	6.536.275	296.109	1.049.357	1.139.557	1.029.496
LT debt (%)	57,54%	74,54%	84,11%	87,28%	23,12%	56,70%	75,33%	67,38%
ST debt / Shareholders' equity	0,29	0,13	0,07	0,07	0,09	0,06	0,03	0,03
Debt / Shareholders' equity	68,6%	52,1%	46,8%	57,7%	12,0%	13,2%	11,0%	10,7%
Current liabilities / Total liabilities	51,0%	39,6%	34,7%	32,3%	77,7%	46,1%	31,7%	44,5%
Financial debt / Total liabilities	72,24%	72,82%	70,73%	72,30%	94,70%	88,90%	86,40%	78,07%
Leverage (Liabilities / Shareholders' equity)	0,95	0,72	0,66	0,80	0,13	0,15	0,13	0,14

	Grupo Argos - Consolidated				Grupo Argos - Individual			
COVERAGE	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Interest / Sales	6,89%	7,06%	5,23%	3,93%	10,86%	15,22%	12,57%	5,94%
Operating profit / Interest	2,73	2,31	3,38	5,47	4,94	4,74	5,50	11,12
Operating profit / Debt	16,58%	16,34%	23,14%	18,69%	15,61%	23,48%	23,64%	24,35%
EBITDA / Interest	4,09	3,42	4,78	7,16	4,99	4,74	5,53	11,14
EBITDA / Financial debt	0,25	0,24	0,33	0,26	0,16	0,23	0,24	0,24
Gross debt / EBITDA	4,03	4,12	3,05	3,81	6,34	4,26	4,21	4,09
Net debt / EBITDA	3,43	3,22	2,25	3,04	0,00	0,00	0,00	0,00
FCL / Debt	-0,15	0,10	-0,06	ND	0,00	0,00	0,00	-0,01
FCO / Debt	0,17	0,12	0,20	ND	6,31	2,98	3,95	3,81
Service of debt	398.633	471.927	1.139.535	80.365	40.467	91.644	348.150	13.418
FCO / Service of debt	2,79	1,68	1,01	ND	2,78	2,22	0,09	2,60
Ebitda / Service of debt	4,09	3,42	1,67	7,16	4,99	4,74	1,03	11,14

	Cementos Argos				Celsia S.A.			
PROFITABILITY	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Net Sales	3.668.610	4.380.393	4.968.414	1.295.431	1.849.505	2.023.672	2.381.116	577.332
EBITDA	681.544	791.190	978.108	260.683	713.776	731.174	864.563	230.735
Sales growth COP	21,35%	19,40%	13,42%	18,34%	2,44%	9,42%	17,66%	-1,96%
Gross margin	20,83%	20,82%	22,30%	25,48%	37,13%	35,20%	35,32%	37,90%
Operating margin	7,44%	9,46%	11,70%	12,55%	31,46%	29,28%	30,07%	34,13%
Net margin before taxes	11,03%	9,51%	8,12%	10,71%	20,95%	25,36%	29,80%	24,36%
Net margin	10,08%	8,85%	3,70%	6,15%	8,27%	11,40%	15,69%	8,48%
EBITDA margin	18,58%	18,06%	19,69%	20,12%	38,59%	36,13%	36,31%	39,97%
Sales / Assets	21,86%	42,67%	42,71%	38,34%	27,21%	29,59%	32,50%	31,76%
ROA	2,20%	3,78%	1,58%	1,56%	2,25%	3,37%	5,10%	5,02%
ROE	3,18%	6,78%	2,54%	2,90%	5,77%	7,94%	11,36%	11,42%

	Cementos Argos				Celsia S.A.			
ACTIVITY	2011	2012	2013	mar-14	2011	2012	2013	mar-14
KTNO	595.546	591.119	598.792	1.046.408	26.333	88.223	118.893	39.205
KTNO productivity (sales / KTNO)	6,16	7,41	8,30	4,94	70,24	22,94	20,03	14,73
Receivables turnover	82	65	60	75	67	49	46	55
Payables turnover	77	58	59	52	104	53	48	86
Inventory turnover	47	37	38	49	6	2	4	7
Cash cycle	52	44	39	72	-31	-2	3	-24

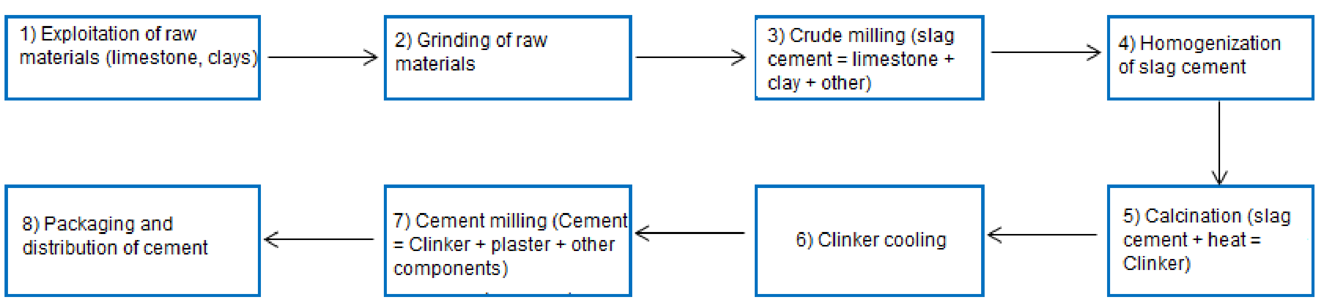
	Cementos Argos				Celsia S.A.			
LIQUIDITY	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Cash	290.935	156.865	528.013	490.545	685.026	744.227	897.760	910.049
Cash / Assets	1,73%	1,53%	4,54%	3,64%	10,08%	10,88%	12,25%	12,20%
Cash / Current liabilities	10,24%	8,86%	30,67%	23,04%	108,44%	168,10%	220,47%	150,93%
Current ratio	0,54	0,75	1,04	0,99	1,68	2,38	3,02	2,19
Current assets / Total liabilities	0,30	0,30	0,44	0,36	0,39	0,43	0,51	0,50
Acid-test ratio	0,53	0,75	1,04	0,99	1,65	2,37	2,97	2,15

	Cementos Argos				Celsia S.A.			
INDEBTEDNESS	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Gross debt	3.418.318	3.030.811	2.443.678	3.964.750	1.863.810	1.716.344	1.786.159	1.804.719
Net debt	3.127.383	2.873.946	1.915.665	3.474.205	1.178.784	972.117	888.399	894.670
ST debt (amount)	1.692.455	730.506	481.865	579.323	109.351	140.768	45.452	48.775
ST debt (%)	49,51%	24,10%	19,72%	14,61%	5,87%	8,20%	2,54%	2,70%
LT debt	1.725.863	2.300.305	1.961.813	3.385.427	1.754.459	1.575.576	1.740.707	1.755.944
LT debt (%)	50,49%	75,90%	80,28%	85,39%	94,13%	91,80%	97,46%	97,30%
ST debt / Shareholders' equity	0,15	0,13	0,07	0,08	0,04	0,05	0,01	0,01
Debt / Shareholders' equity	29,4%	53,0%	33,7%	54,6%	70,3%	59,1%	54,3%	55,0%
Current liabilities / Total liabilities	55,9%	39,6%	42,8%	36,4%	23,4%	17,9%	16,9%	22,9%
Financial debt / Total liabilities	67,26%	67,80%	60,80%	67,79%	69,14%	69,58%	73,93%	68,65%
Leverage (Liabilities / Sahreholders' equity	0,44	0,78	0,55	0,81	1,02	0,85	0,73	0,80

	Cementos Argos				Celsia S.A.			
COVERAGE	2011	2012	2013	mar-14	2011	2012	2013	mar-14
Interest / Sales	5,34%	5,11%	3,01%	3,07%	9,15%	7,63%	5,97%	5,80%
Operating profit / Interest	1,39	1,85	3,89	4,09	3,44	3,84	5,04	5,88
Operating profit / Debt	7,98%	13,68%	23,78%	15,26%	31,22%	34,52%	40,09%	40,69%
EBITDA / Interest	3,48	3,53	6,55	6,56	4,22	4,74	6,09	6,89
EBITDA / Financial Debt	0,20	0,26	0,40	0,25	0,38	0,43	0,48	0,49
Gross debt / EBITDA	5,02	3,83	2,50	3,94	2,61	2,35	2,07	2,04
Net debt / EBITDA	4,59	3,63	1,96	3,45	1,65	1,33	1,03	1,01
FCL / Debt	-0,18	0,14	-0,19	-0,50	0,16	0,16	0,16	0,15
FCO / Debt	0,12	0,11	0,25	0,13	0,23	0,28	0,34	0,35
Service of debt	195.963	515.012	722.080	39.766	169.295	179.328	142.034	33.490
FCO / Service of debt	2,09	0,64	0,84	0,85	2,51	2,70	4,28	2,50
EBITDA / Service of debt	3,48	1,54	1,35	6,56	4,22	4,08	6,09	6,89

Attachment No. 3. Production

Processes Cement



Concrete

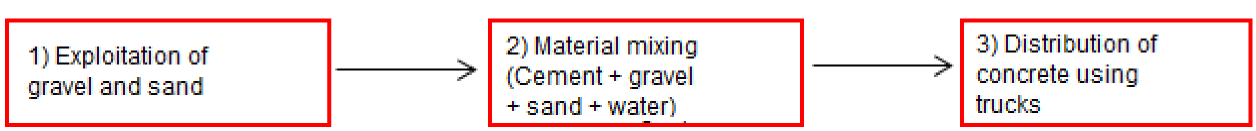


Chart: BRC Investor Services

Attachment No. 4. Rating Scales

LONG-TERM DEBT RATING

This rating applies to debt instruments with original maturity of over one (1) year. Scales between AA and CC may be accompanied by a sign (+) or (-), to indicate whether the rating is close to the category immediately above or below, as the case may be.

Long-term debt ratings are based on the following scale:

- **Investment Grade**

SCALE	DEFINITION
AAA	AAA rating is the highest granted by BRC, which means that the capacity of the Issuer or Issue to meet its financial liabilities is extremely strong.
AA	AA rating means that the capacity of the Issuer or Issue to meet its financial liabilities is very strong. However, the issuer or issues with this rating could be more vulnerable to adverse events as compared to those rated under the highest category.
A	A rating means that the capacity of the Issuer or Issue to meet its financial liabilities is strong. However, the issuer or issues with this rating could be more vulnerable to adverse events as compared to those rated under higher categories.
BBB	BBB rating means that the capacity of the Issuer or Issue to meet its financial liabilities is adequate. However, the issuer or issues with this rating could be more vulnerable to adverse events as compared to those rated under higher categories.

- **Non-investment Grade or High Risk**

SCALE	DEFINITION
BB	BB rating means that the capacity of the Issuer or Issue to meet its financial liabilities is limited. The issuer or issuers granted this rating suggest lower probability of default as compared to those rated under lower categories.
B	B rating means that the capacity of the Issuer or Issue to meet its financial liabilities is low. The issuers or issues granted this rating suggest considerable probability of default.
CCC	CCC rating means that the capacity of the Issuer or Issue to meet its financial liabilities is very low. The issuer or issuers granted this rating actually suggest high probability of default.
CC	CC rating means that the capacity of the Issuer or Issue to meet its financial liabilities is extremely low. The issuer or issuers granted this rating currently suggest very high probability of default.
D	D rating means that the Issuer or Issuers has defaulted.
E	E rating means that BRC has no enough information to rate the company.

SHORT-TERM DEBT RATING

This rating applies to debt instruments with original maturity of one (1) year or less. Ratings represent an assessment of the probability of default regarding both, principal and interest. Important factors that may have an effect on this rating are the financial soundness of the entity and the probability that the government undertakes the rescue of a troubled entity, to prevent default.

The short-term debt rating is limited to instruments in local currency and is based on the following scale and definitions:

□ **Investment Grade**

SCALE	DEFINITION
BRC 1+	BRC 1+ rating is the highest granted by BRC, which means that the capacity of the Issuer or Issue to meet its financial liabilities is extremely strong.
BRC 1	BRC 1 rating means that the capacity of the Issuer or Issue to meet its financial liabilities is very strong. However, the issuer or issues with this rating could be more vulnerable to adverse events as compared to those rated under the highest category.
BRC 2+	BRC 2+ rating means that the capacity of the Issuer or Issue to meet its financial liabilities is strong. However, the issuer or issues with this rating could be more vulnerable to adverse events as compared to those rated under higher categories.
BRC 2	BRC 2 rating means that the capacity of the Issuer or Issue to meet its financial liabilities is satisfactory. However, the issuer or issues with this rating could be more vulnerable to adverse events as compared to those rated under higher categories.
BRC 3	BRC 3 rating means that the capacity of the Issuer or Issue to meet its financial liabilities is adequate. However, the issuer or issues with this rating could be more vulnerable to adverse events as compared to those rated under higher categories.

□ **Non-investment Grade or High Risk**

SCALE	DEFINITION
BRC 4	BRC 4 rating means that the capacity of the Issuer or Issue to meet its financial liabilities is low. The issuer or issuers granted this rating currently suggest very high probability of default.
BRC 5	BRC 5 rating means that the capacity of the Issuer or Issue to meet its financial liabilities is extremely low. The issuer or issuers granted this rating actually suggest very high probability of default.
BRC 6	BRC 6 rating means that the Issuer or Issuers has defaulted.
E	E rating means that BRC has no enough information to rate the company.

6. MEMBERS OF THE TECHNICAL COMMITTEE

*The résumés of the members of the Rating Technical Committee are available on our website*www.brc.com.co