

A large, dark silhouette of a tree stands in the center of a field of tall grass. The background is a dramatic sky at sunset or sunrise, with a bright orange and yellow glow near the horizon and a darker blue sky above. The clouds are wispy and catch the light from the sun.

Infrastructure in harmony with nature

2017 INTEGRATED REPORT

Infrastructure in harmony with nature

2017 INTEGRATED REPORT

About the Report | 4

Letter From the Chairman of the Board of Directors | 6

01 Company Profile | 7

- About Us | 8
- Our Investments | 9
- We Create Value | 10
- Our DNA | 11
- Our Talent | 12
- Our Social Commitment | 13
- Our Environmental Commitment | 14
- 2017 in Figures | 16
- Acknowledgements | 18
- Board of Directors | 19
- CEO Committee | 20
- Executive Committee | 21

02 Management Report | 22

- Economic and Political Environment | 24
- Our Strategy | 24
- Most Relevant Milestones of the Year | 25
- Financial Results | 28
- Performance of the Strategic Businesses | 30
- Real Estate Business Performance | 36
- Sustainability in Grupo Argos | 37
- Our Future Vision | 39
- Legal Affairs Annex | 40

03 Sustainable Business Strategy | 41

- Creation of Value and Sustainability | 42
- Materiality | 47

04 Corporate Governance Model | 51

- Corporate Governance | 52

05 Economic Dimension | 59

- Investments With ESG Approach - Environmental, Social and Governance | 60
- Risk Management | 63
- Innovation | 66
- Ethics, Conduct and Transparency | 68
- Tributary Dynamic Model | 71

06 Social Dimension | 73

- Human Talent Management | 74
- Contribution to Social Development | 81
- Human Rights | 85

07 Environmental Dimension | 87

- Climate Change Strategy | 88

08 Consolidated Financial Statements | 96

09 Separated Financial Statements | 108

10 Appendix | 119

- GRI Content Index | 120
- How We Relate | 126
- Investments With ESG Approach | 128
- Ethics, Conduct and Transparency | 129
- Risk Management | 130
- Performance tax | 133
- Human Talent Management | 134
- Contribution to Social Development | 144
- Conservation of Biodiversity | 145
- Energy Consumption | 146
- Independent Review Report | 147
- Self-evaluation of the Application of Principles and Contents of the Integrated Reporting Framework | 149



This report is the result of a transparency exercise on the management of the most relevant economic, social and environmental issues for Grupo Argos and its stakeholders during the year 2017. It also ratifies the company's commitment to the principles of the Global Compact, the 2030 Agenda and the Sustainable Development Goals.

Report Periodicity

(102-50, 102-51, 102-52) Grupo Argos publishes this report annually. In this case the information covers the period between January 1st and December 31st of the year 2017. The latest version was published in March 2017 and corresponds to the results obtained in 2016.

Report Frames

(102-54) This report was prepared following the Integrated Reporting framework and the guidelines of the Global Reporting Initiative (GRI), in accordance with the Standard option indicated by this guide, in order to provide stakeholders a more complete information about the company's ability to create value.

(102-55) In the annexes of the report you can find the GRI Content Index and the self-declaration of compliance with the Integrated Reporting framework (See pages 120 and 149).

Materiality and Participation of Stakeholders

(102-47) This report focuses mainly on those issues identified as relevant in the materiality analysis carried out by the company in 2016, whose elaboration process and results are shown in the Materiality chapter (see page 47). The identified issues are:

- | | |
|---|----------------------------------|
| 1 Investments with ESG approach - Environmental, Social and Governance | 4 Risk management |
| 2 Ethics, conduct and transparency | 5 Human talent management |
| 3 Corporate governance | 6 Climate change strategy |
| | 7 Innovation |

The active participation of the stakeholders in the materiality analysis was crucial for the prioritization of the relevant issues (see page 45).

Coverage

(102-45, 102-46) This report gives an account of the management approach, performance and main results of Grupo Argos, as a matrix of sustainable investments in infrastructure. It also offers relevant information about its cement business (Cementos Argos SA), energy (Celsia S.A. E.S.P.), road and airport concessions (Odinsa S.A.) and coal (Sator S.A.S.), which represent more than 90% of the holding's revenues.

(102-49) Throughout this document the coverage of the indicators is specified, that is, if it corresponds to a holding or Business Group indicator (consolidated with the businesses).

The figures corresponding to the investment in Compas are not included in this report, since the company made the sale of its participation in this asset in August 2017.

The figures in the management report are presented under the International Financial Reporting Standards, IFRS. To maintain comparability with the figures published in previous reports, they are expressed in pesos and dollars at a Prevailing Market Exchange Rate (MER) of COP 2,984.0.

In order to evaluate the evolution of the performance of the Business Group over time, the report provides historical data. **(102-48)** Regarding previous reports, although no relevant information has been restated, it is possible that data have been updated or that the calculation methodology for some indicator has changed. In those cases, the changes are noted in the corresponding section.

The content of this report is complemented by the following public information of Grupo Argos corresponding to the 2017 exercise:

2017 Management Report.

Contents of the corporate website

www.grupoargos.com/en-us/

Web portals of the holding's strategic investments:

www.argos.co/colombia/en

www.celsia.com

www.odinsa.com/en/

External Verification of the Report

(102-32, 102-56) In order to verify the reliability of the financial information, Grupo Argos has submitted this publication for audit by an independent third party, the Deloitte & Touche firm, in its capacity as Statutory Auditor of the company. Senior Management reviewed and approved the Integrated Report and on behalf of the same, Deloitte & Touche made the limited assurance of a sample of the performance indicators included in this report. The independent review report are found in the appendix of this report (see page 147).

Queries

(102-53) This document is published on the website <http://2017report.grupoargos.com/>

In case of any concern regarding its content, you can contact Camilo Abello, Corporate Affairs Vice President (cabello@grupoargos.com), Cristina Arias, Sustainability Manager (cariase@grupoargos.com) or Margarita González, Sustainability Director (mgonzalez@grupoargos.com).



Letter From the **Chairman** of the **Board of Directors**

Dear shareholders:

(102-14) In development of the permanent commitment of Grupo Argos to maintain an open and transparent communication with all of its stakeholders, but especially with you, our shareholders, in this report we present the main achievements and challenges of our management during the year 2017.

This is the fifth consecutive year of delivery of our Integrated Report, where we compile the economic results with the information on sustainability, indicating our environmental and social realities, following the guide of the Global Reporting Initiative, in its “GRI Standard” version, in accordance with the matters that are material or have special importance for the organization and for the stakeholders with which we relate. This Report to Shareholders includes the most relevant aspects, being a summary version of the 2017 Integrated Report that, together with its indicators and tables, is available to be downloaded on our website.

Regarding the strategy to manage investments, Grupo Argos made progress in 2017 in its position as an active holding company for sustainable investments in infrastructure, focused on the generation of responsible value through the creation of competitive and efficient platforms. During the year, notable progresses were achieved in the profitability of our portfolio. In this line, we strengthened efficiency programs in all our businesses, which is materialized in an increase of 200 basis points in the consolidated EBITDA of Grupo Argos, while we made a significant reorganization of the assets portfolio of the concessions business, including the disinvestment of the port assets that Grupo Argos had in Compas, achieving to duplicate in 5 years the assets received from the excision of the cement business.

The 2017 consolidated results show a positive growth in all areas, typical of the stability that brings us adequate diversification and continuity in the long-term vision in business and the active management of investments. Being attentive to select opportunities, together with the focus on the capture of syner-

gies and the search for optimal levels of operational efficiencies, lead us to register the good results we report, always looking for the balance between the economical, the social and the environmental.

That is why it is an honor to be recognized in 2017, for the fifth consecutive year, as members of the Dow Jones Global Sustainability Index, where the company is recognized for its good practices. In addition, in the 2018 Sustainability Yearbook of the RobecoSAM firm, we received the Gold Class distinction.

The challenges our businesses face and the volatile environment represented by the economic and political scenarios, lead us to be aware of future risks, but the long-term vision of the Board of Directors and Management allows us to ratify the commitment to the strategy, unveiling with certainty our positioning in the infrastructure sector with adequate business diversification. *We rely on our principles of integrity, responsibility and sustainability, as axes of value that allow us to meet the challenges, risks and opportunities.*

I conclude by thanking all the collaborators of Grupo Empresarial Argos for the important results achieved in 2017. It is pleasing to highlight the discipline, passion and commitment of the human team of our group of companies, a fundamental pillar to achieve Grupo Argos as the sustainable infrastructure company par excellence in the Americas.

All our gratitude finally, for you, shareholders, for joining us in the purpose of continuing to be the engine of generation of economic and social value in favor of the environments where we are present.

Thank you very much,



ROSARIO CORDOBA

Chairman of the Board of Directors

COMPANY PROFILE

01

Grupo Argos works to protect an ecosystem that, between the departments of Tolima and Quindío, has the highest concentration of wax palm in Colombia. © Rodrigo Durán Bahamón

(102-1) Grupo Argos is a holding company of sustainable investments in infrastructure with strategic businesses in cement, energy and highway and airport concessions. Additionally, we have a solid investment portfolio in the real estate, financial and food sectors.

We are a public limited company registered in the Colombian Stock Exchange, as well as our subsidiaries Argos, Celsia and Odinsa, the latter one being in a delisting process of the Stock Exchange. In the Colombian stock market, we have ordinary and preferential shares directed to strategic investors, private investment funds, pension funds and investors in general (natural and legal persons), being an ideal and liquid vehicle to invest in infrastructure in Colombia. Our strategy focuses in simplification, targeting, profitability and strategic, selective and profit-

able growth. This has led us to be an active administrator of the portfolio, one who manages investments in search for the creation of value for our shareholders, with a common DNA of action with transparency, ethics, responsibility, innovation and commitment to sustainability to guarantee our permanence over time.

(102-3)(102-4) We reside in Medellín (Colombia) and, through our businesses, we are present in 18 countries and territories: Colombia, United States, Panama, Honduras, Dominican Republic, Haiti, French Guiana, Suriname, Antigua, San Martin, St. Tomas, Dominica, Curaçao, Puerto Rico, Venezuela, Costa Rica, Ecuador and Aruba.



Investment matrix with a solid and articulated portfolio with COP 47.6 trillion in assets under management, with a balanced portfolio in regions, currencies and sectors



Strategic focus on Cement, Energy, Road and Airport Concessions



COP 17.5 trillion of market capitalization



Relevant player in infrastructure in the American continent



More than 13,000 direct collaborators



COP 14.6 trillion consolidated revenues in 2017



COP 3.9 trillion EBITDA in 2017



Approximately 10,000 shareholders



Go to the 2017
Integrated Report
/ Company Profile

Presence in 18 countries

Our Investments

(102-2) (102-6) (102-7) (102-10)


ARGOS
 Cement
55.3%*
 United States
 Honduras
 Haiti
 Dominican Republic
 St Thomas
 Puerto Rico
 San Martin
 Antigua
 Dominica
 Panama
 Curaçao
 Colombia
 Surinam
 French Guiana
 Venezuela


CELSIA
 Energy
52.9%
 Costa Rica
 Panama
 Colombia


ODINSA
 Concessions
99.7%
 Dominican Republic
 Aruba
 Colombia
 Ecuador

* Ordinary shares in circulation.

Portfolio

Real Estate

Real Estate Fund

36.3%**

Urban Development
100%

Financial Services


35.9%***

Foods

 Grupo
nutresa
9.8%

** Share in the private equity fund after the entry of Protección.

*** This share corresponds to the share that Grupo Argos and its affiliates have.



Grupo Argos has supported the creation of the Cartagena Water Fund (Bolívar) to improve the quality of the basins that supply the region. © Diana Cuevas

We Create value

Today, in Grupo Argos we have a clear strategic focus in the cement, energy and road and airport concessions businesses, which allows us to create value and attract investment:

We are an ideal and liquid vehicle that allows investment in infrastructure in the Americas.

Our businesses have the highest levels of operational and administrative efficiency.

We have the best human talent, the result of strategies of attraction, retention and mobility of professionals among the different operations of the Group.

In all of our businesses, we develop high standards of corporate governance, ethics and transparency.

Our investments are always framed in criteria of economic, environmental and social sustainability.

In order to preserve our objective of creating greater value every day in a responsible way for our shareholders and our stakeholders in general, we have defined a strategic model that pursues the fundamental purpose of maximizing the value for the shareholders, within the framework of good ethical and sustainable business practices. With that in mind, we direct our actions in four strategic axes:

Growth through mergers, acquisitions and strategic, selective and profitable disinvestments.

Simplification and focus of our portfolio in the three strategic businesses of cements, energy and concessions.

Capture of synergies and implementation of new business models that allow us to create more and more greater value among subsidiary companies.

Promotion of operational and financial efficiency, both in business and in the holding.



The Andean bear can move freely in a territory of 11,000 square kilometers as part of the Conservamos la Vida project. © Julie Larsen

Our DNA

As a parent company of Grupo Empresarial Argos we promote common values in our companies, where we not only look for profitable growth and technical rigor in our operations, but we also act with the conviction that the durability of our businesses implies responsibility with our environment, which is why we always make it so that our business activity becomes a driving force

for development and progress, irrigating ethics, transparency and responsibility in all of our actions.

In our DNA a constant reflection about how our actions can create economic and social value for everyone around us is present, so that people, organizations and societies develop while our businesses evolve positively.



Our talent



13,246
direct collaborators
in the Grupo
Empresarial



More than
COP 1,200
million invested
in training



Almost
400 training
courses



288 people moved
between the companies
in 2017



18 collaborators
were received grants to
specialize in 6 countries

At Grupo Argos we seek to attract, develop, motivate and retain the best talent to accompany the development of the strategy of the Business Group.

For this reason, we are always in search of extraordinary human beings, who act based on values and principles, with a broad vision and willing to develop skills of progress, while being responsible citizens. That talent values diversity, mobility, teamwork ability and the vision of global citizens.

Our corporate practices are based on four pillars:

Talent and Succession Program.

It establishes learning and succession routes and accompanies the teams to achieve the best results.

Performance Management. It is the process of accompanying the leaders so that they develop their collaborators and guide them to create value for all audiences of interest.

Compensation Scheme. It offers competitive, fair and equitable compensation for collaborators which allows us to be able to attract and retain the ideal professional talent.

Training. We have a model that, through leadership, corporate and sustainability practices and specialized education, encourages the knowledge of our collaborators.



Our **Social** Commitment



More than **COP 33,000 million** invested in programs of the **foundations**



More than **100,000 people** benefited

The social management we have carried out during 2017 has allowed us to directly reach more than 40,000 students from 136 educational institutions to raise awareness about the care of the environment. This is one of the examples of the work we have done throughout the year to build a more sustainable society in which people can live in harmony with nature.

This effort has led us to work hand in hand with communities and associations of small producers -like in Montes de María, where we have invested more than COP 3,200 million- to give them technical support, to develop capacities or to improve infrastructure, and thus for them to become actors that drive development and growth in their own regions.

We have biodiversity corridors in Sucre and Bolívar that have allowed us to identify 13 reptile species, such as the yellow-headed gecko (*Gonatodes albogularis*). © Esteban Alzate





Our **Environmental** Commitment



20%, reduction of CO₂ emissions goal, to 2025



More than **11,000 km²** protected in the ecosystem of the Andean bear



More than **1.3 million** trees planted

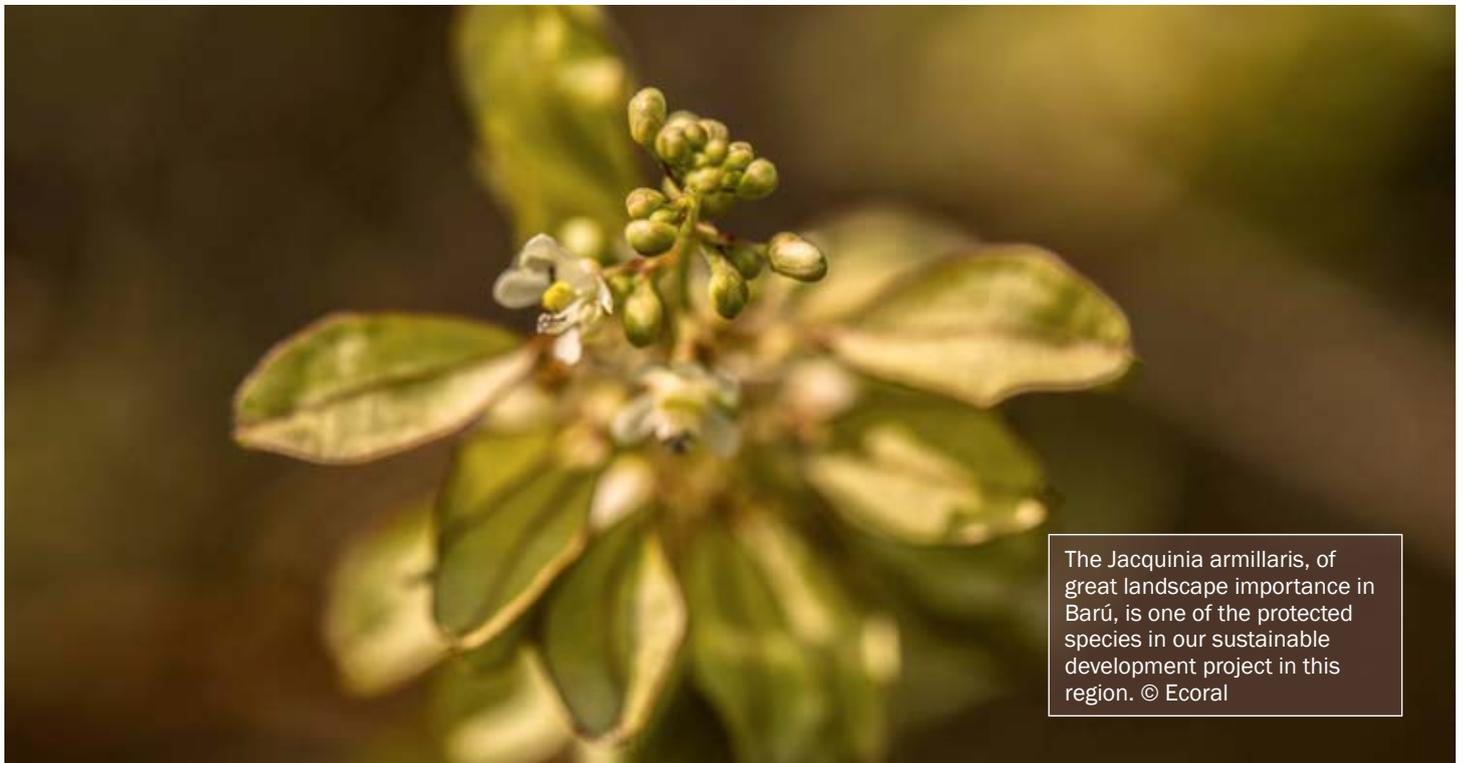


All our companies have **water footprint measurement**

At Grupo Argos we recognize the risks derived from climate change and its effects on the business strategy, that is why we integrate in all our operations an approach of adaptation, prevention, mitigation and compensation of the impacts that we generate. Driven by this commitment, we have set ourselves the goal of reducing by 20% the direct CO₂ emissions for each million COP of revenues in

2025, having 2015 as base year. In addition, we have initiated the certification process for Grupo Argos to be carbon neutral .

From our sustainability policy, we go beyond the mitigation or compensation of environmental impacts and actively participate in conservation processes that help restore ecosystems, protect biodiversity and care for water basins.



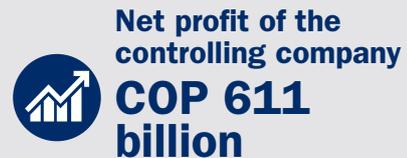
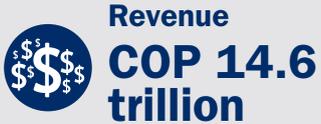
The *Jacquinia armillaris*, of great landscape importance in Barú, is one of the protected species in our sustainable development project in this region. © Ecoral



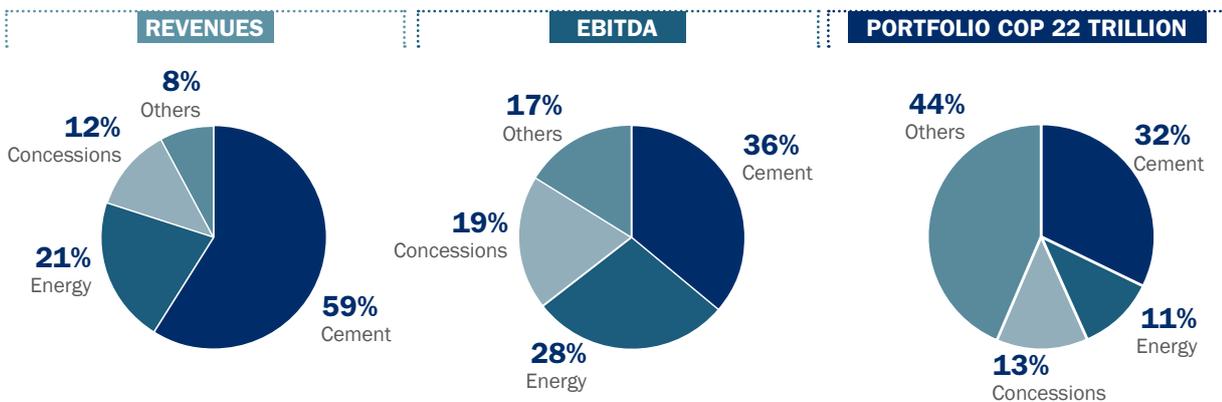
The gabán (maguari stork) is one of the birds benefited by the conservation of the savannas of Cinaruco (Arauca). © Rodrigo Durán Bahamón

2017 in Figures

Today, Grupo Argos closes the year 2017 with significant progresses in terms of targeting, profitability and strategic, selective and profitable growth of its portfolio, as our figures show:



Shares By Business





Assets
**COP 47.6
trillion**



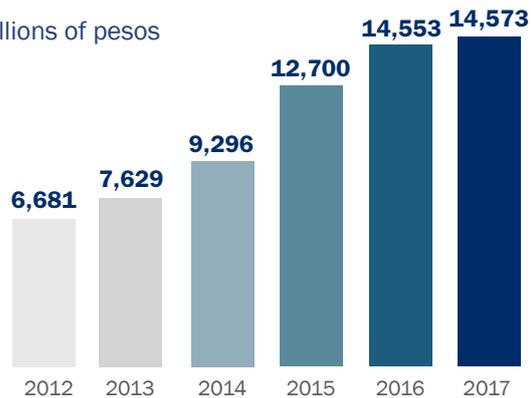
Liabilities
**COP 23
trillion**



Equity
**COP 24
trillion**

Consolidated Revenue

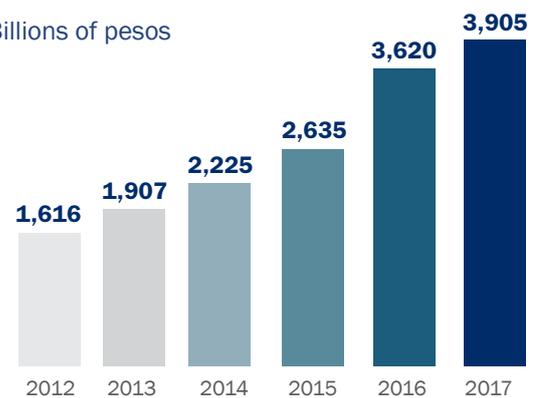
Billions of pesos



17% annual growth average

Consolidated EBITDA

Billions of pesos



22% annual growth average



With the support of international partners, in Barú (Bolívar) we work to conserve 144 hectares of mangroves and streams. © Santiago Ramírez/Ecoral

Acknowledgements



5th consecutive year in the Dow Jones Global Index and the Emerging Markets Index. Global leaders.

Member of the Dow Jones Sustainability Index MILA Alianza Pacífico. Created in 2017 by S&P, RobecoSam, IFC and the Mercado Integrado Latinoamericano Stock Market.



We received the Gold Class 2018 distinction in the Sustainability Yearbook of the European company RobecoSam.



Nomination in 5 categories of the ALAS Colombia 2017 awards. Rosario Córdoba, winner of the category Board of Directors Member in a Leading Company in Sustainability.



One of the 2 Colombian companies included in the Index Americas, created in 2017 by the Inter-American Development Bank and IDB Invest, with Thomson Reuters.



2nd consecutive year in the Emerging Markets Index created in 2016, the second global reference index on responsible investment.



We have the IR recognition of the Colombian Stock Exchange for our information disclosure practices.



First company to obtain the Companies Active in Anticorruption Compliance (EACA, in Spanish) recognition of the initiative of the Secretary of Transparency of the Presidency of the Republic.

Institutional Commitments (102-12) (102-13)



The United Nations Global Compact commits companies to the Sustainable Development Goals.

The CEO Water Mandate

Global Compact initiative to work with companies in sustainability practices in relation to water.



Management report under the practices of the Global Reporting Initiative (GRI).



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



Circle of Companies of the Latin American Corporate Governance Roundtable.



United Nations initiative to deter corruption offenses.

(102-22) (102-26) (102-30) **Board of Directors**



In Grupo Argos we have a Board of Directors composed of seven members, of which five of them meet the independence criteria established both by Colombian law and in the Code of Good Governance of the company. Within this composition the highest standards of corporate governance have been implemented, among which we highlight that the collegial body is chaired by an independent member, there is no presence of executive directors within the Board and it has the presence of professionals of committees of diverse and complementary profiles.

From left to right:

Standing:

David Bojaninni

Mario Scarpetta

Carlos Ignacio Gallego

Jorge Uribe

Sitting:

Rosario Córdoba

Armando Montenegro

Ana Cristina Arango



Board member average permanence: **7.3 years**



Presidency of the board exercised by an **independent** member



28.5% of women



71% independent members



3 Board committees, all chaired by independent members



CEO Committee

One of the greatest strengths of Grupo Argos is the alignment of all of the companies of the Group.

From left to right

Standing:

Juan Esteban Calle,
CEO of **Cementos Argos**
Mauricio Ossa,
CEO of **Odinsa**
Jorge Mario Velásquez,
CEO of Grupo Argos

Sitting:

María Clara Aristizábal,
Urban **Development and Real
Estate Business Manager**
Ricardo Sierra,
CEO of **Celsia**



Steering Committee

In Grupo Argos we accompany the development of the strategy, the growth and the management of the businesses that we control through various government mechanisms:

The CEO of Grupo Argos leads the boards of directors of its subsidiaries, fully adhering to the Code of Good Governance and its principle of respect for all shareholders and other stakeholders.

We have a structure of committees that allows to generate the alignment and transfer of good practices for all the companies of the Group, within which we have:

- Strategic** committees by business
- Thematic** synergy tables
- Sustainability** Committee
- Risk** Committee
- Central Conduct** Committee, among others

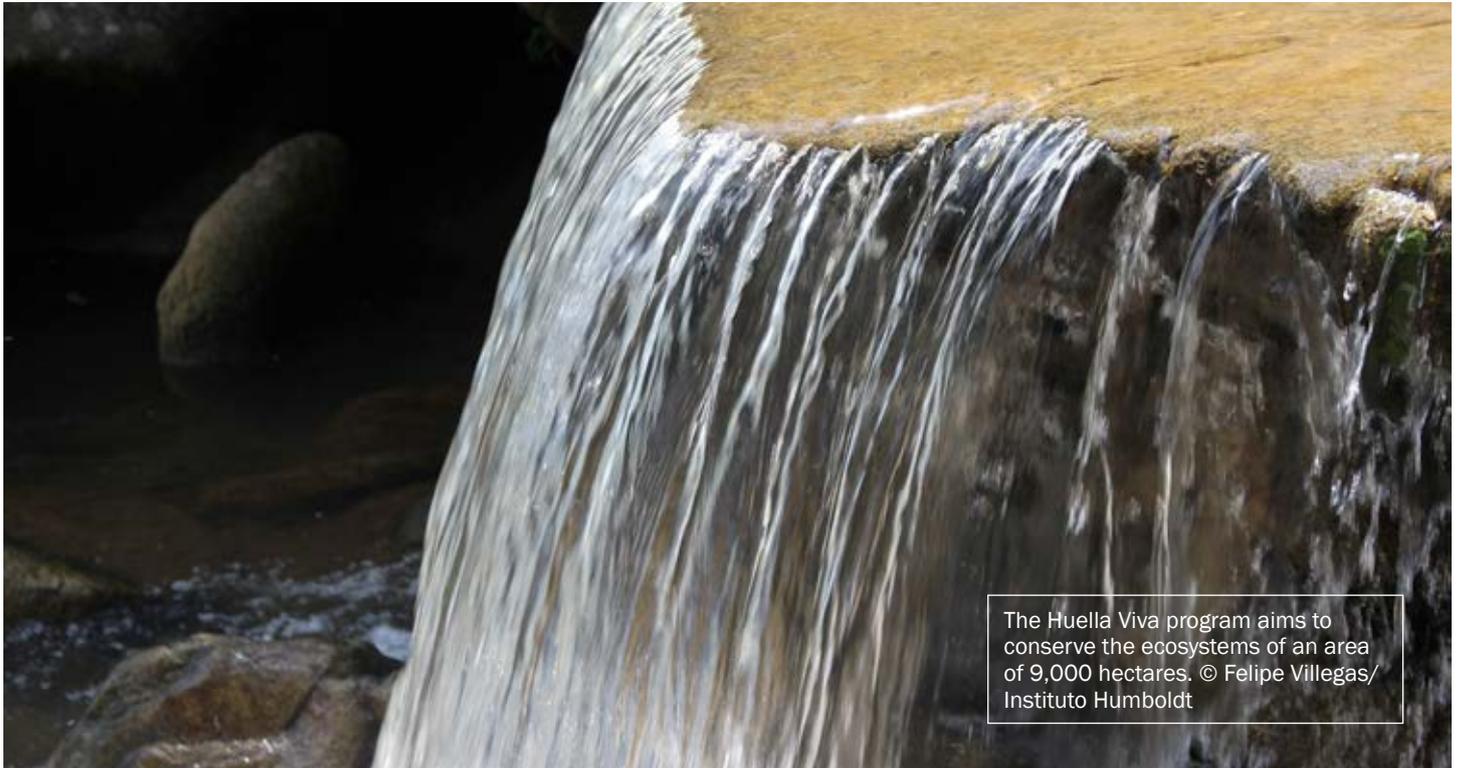
From left to right:

- Sergio Osorio, Vice President of **Administrative and Human Resources**
- Jorge Mario Velásquez, **CEO**
- Alejandro Piedrahíta, Vice President of **Corporate Finance**
- Ana Mercedes Villegas, Business **Management Manager**
- Camilo Abello, Vice President of **Corporate Affairs**

MANAGEMENT REPORT 02



The tree frog is one of the amphibian species identified in our biodiversity corridors of Sucre and Bolívar. © Esteban Alzate



The Huella Viva program aims to conserve the ecosystems of an area of 9,000 hectares. © Felipe Villegas/ Instituto Humboldt

Respected Shareholders

Infrastructure in harmony with nature. With this phrase we open our 2017 Report, highlighting that global concerns for environmental sustainability are also ours, which is why we aim for a responsible business model, where generating value for you, our shareholders, materializes itself in actions that, at the same time, create value for society.

Our long-term strategy seeks that Grupo Argos becomes the engine of social transformation, therefore, we have dedicated all our technical capacity, energy and innovation to achieve a healthy balance between economic performance, environmental preservation and social development, so necessary for the durability of our organization. Infrastructure connects, decreases gaps in social inequality and will continue to be the backbone of the competitiveness of the regions where we have a presence.

Thus, I would like to highlight with particular satisfaction that Grupo Argos entered the Dow Jones Sustainability Index for the fifth year in a row and we received the Gold Class distinction in the RobecoSAM Yearbook. These advances fill us with pride and, at the same time, responsibility for maintaining the balance between financial results and acting with respect for our environment, seeking a better society.

It is important to highlight that our sustainability strategy seeks to transcend the financial results, making possible the welfare of the environment in general, with the conviction that we will endure in the future by generating more just and equitable societies. This ethical sense of business has led us to dedicate a relevant effort to this strategy, whose constant concern focuses on *good work*, which means working with respect for others, responsibility with the territory, communities and other stakeholders.



Economic and Political Environment

During 2017, GDP in Colombia maintained a moderate dynamic of growth, reaching a 1.8% annual variation, below the world average and still far from its potential. The heated political environment and the scandals that shook the country slowed down the large infrastructure projects, the licensing of housing construction and the consumption of energy.

Even so, our strategy of geographic, currency and sector diversification, as well as the work in efficiency, allowed these effects to be mitigated and positive results to be produced in our businesses.

The challenging panorama of the Colombian economy contrasted with the dynamism of growth in several countries where we have a presence. In Central America and the Caribbean, growth rates of over 4% were seen in some cases.

Our diversification strategy allowed for positive results in all our businesses.

On the other hand, the US economy showed growth of 2.3%, advancing for the fourth consecutive year. In this market, economic indicators are positive, and there is an encouraging outlook for the implementation of infrastructure modernization programs. In addition, the benefits for the decrease of 35% to 21% of the tax rate, will be reflected in the future of the cement operation in the United States, which currently represent 55% of the total revenues of this business.



Our Strategy

Beyond short-term conjunctures, our strategy is supported by a long-term vision to strengthen us as a relevant group of infrastructure in the region. To this end, we focus our efforts on creating business platforms linked by infrastructure in the Americas, as a function of the objective of maximizing the value of the portfolio for our shareholders.

In pursuit of this purpose, we work in four axis of action: strategic, selective and profitable growth; the simplification and focus of our portfolio in the strategic business of cement, energy and concessions; the capture of synergies that allow generating greater value among subsidiaries; and operational efficiency. This strategy is based on a deep conviction that only

good results can be achieved through a transparent, innovative and respectful action, with a culture strengthened by diversity and motivated and committed human talent. Therefore, we develop this vision with discipline, consistency and rigor, achieving in 2017 significant progress in the growth and profitability of the existing portfolio.

For Grupo Argos, being an active holding company in the management of our investments means concentrating on being more efficient and profitable in the business of our portfolio and orienting ourselves to expansion aligned with that strategy. This vision, widely understood, also recognizes the value of timely disinvestment to reallocate capital.



In 2017, Grupo Argos supported Odinsa's focus on the aeronautical sector by acquiring control of El Dorado airport in Bogotá.
© Santiago Vergara

Most Relevant **Milestones** of the Year



Mergers, Acquisitions and Disinvestments

An example of our creation of value as a holding company, through the reallocation of capital, is the disinvestment of Grupo Argos in Compas, where in 5 years we managed to increase, by more than double, the value of the port assets received in 2012, transforming them into a port platform with facilities in Buenaventura, Barranquilla, Cartagena and Tolú. The competitiveness of the built platform, added to the global consolidation trend of the port business, allowed us to sell to Goldman Sachs our share in Compas, in a transaction of COP 403 billion, which represented 25 times the EBITDA of the company and a rate of return for Grupo Argos shareholders of 16%.

Disinvestment in Compas for COP 403 billion and acquisition of 30% of Opain.

The resources coming from this disinvestment were used to strengthen our commitment in the airport sector. Thus, mid-year we closed the purchase of 30% of Opain, concessionaire of the El Dorado Airport in Bogotá, the third largest in Latin America in passengers and first in terms of cargo. This is a step forward to be a relevant player in the airport world and be able to take advantage of the growth potential of this sector, since it is estimated that in 10 years, Latin America will mobilize about 600 million passengers, compared to the current 270 million.

In this way, we freed capital through disinvestment in the port sector and, at the same time, strengthened our presence in the strategic airport sector.



At the Argos plants, co-processing is being implemented to reduce the environmental impact of operations.
© Cementos Argos



Simplification and Targeting

In 2017, we also made progress in the reorganization of Odinsa's assets, which allowed this company to complete a high-quality portfolio, with concessions located in markets with good growth prospects.

At the beginning of the year, Odinsa had 16 projects with minority participation. At the end of 2017, after having implemented the ambitious reorganization plan, which involved disinvestments and swaps of COP 294 billion, the portfolio was comprised of seven controlled concessions and one with shared control, six vials and two airports, with a relevant presence in Colombia, Ecuador, Dominican Republic and Aruba.

Likewise, we highlight the operation to strengthen Celsia's capital structure, which began in the second half of 2017 and ended at the beginning of 2018. In said process, a successful issuance of capital was made for close to COP 1.5 trillion, the first in almost 4 years in Colombia, of which Grupo Argos subscribed close to COP 800 billion. At the same

time, we participated in the takeover bid that Celsia launched, selling close to 10% of our share in Epsa.

These transactions allowed the simplification of the structure of Grupo Argos, by consolidating our investments in the energy business in Celsia, thus giving more clarity to the market. Simultaneously, through capitalization, the finances of our energy subsidiary were strengthened to continue its profitable growth. It is worth noting that this reorganization, prepared with high standards of corporate governance, enables a better and clearer disclosure of value in the market, given that the recognition of the share price of Epsa, will unleash a cascade of value for all shareholders in Epsa, Celsia and Grupo Argos.

In summary, during the year, Grupo Argos made disinvestments of assets from its portfolio or those of its subsidiaries for COP 1.3 trillion, which also allowed it to make new investments and strengthen the capital of its strategic businesses.

Odinsa implemented a disinvestment and swap plan for COP 294 billion.



Capture of Synergies and Efficiency

Our orientation to profitability led us to create a Shared Services and Competencies Center in the Grupo Empresarial Argos, a task that was entrusted to the subsidiary Summa. The center seeks to provide financial, accounting, supply and technology services to the companies of the Group, to capture synergies that result in higher returns for our shareholders, aiming for operations to have a focus on their core business. In the first year, savings of over USD 20 million were obtained, with the goal of exceeding USD 140 million over the next 3 years.

These advances, together with the disciplined and coherent work in the management of the businesses, are reflected in the profitability of our investments that have derived in positive contributions to the EBITDA of the companies. This year, Grupo Argos,

We created Summa, a shared services company for the companies of Grupo Argos.

on a consolidated manner, recorded a record COP 3.9 trillion, achieving an EBITDA margin of 27%.

In addition, we want to highlight the dynamism of our companies in the stock market, to which we turn with the aim of improving leverage structures and achieving an increasingly efficient cost of capital. Our effort in this management strategy was accompanied by investor confidence, which during the year responded positively to the issuance of fixed income securities of the Group companies for close to COP 2.6 trillion.

	Grupo Argos	Cementos Argos	Odinsa	Celsia
Value of the Issuance	COP 350 billion	COP 1 trillion	COP 400 billion	COP 960 billion
Demand	2.7 times	1.7 times	2.3 times	
TOTAL	COP 2.6 trillion			



Financial Results

The work done allows us to present results in which, at a consolidated level, we recorded revenues that amounted to COP 14.6 trillion, practically unchanged with respect to the previous year, mainly influenced by COP 700 billion of lower revenues from the energy business, a consequence of the lower thermal generation in Colombia. This decrease was compensated, in a consolidated manner, by the growth in the revenues of other businesses such as concessions and cements. It should be noted that the lower contribution of Celsia in the income did not mean a lower EBITDA and, on the contrary, the efficiency and better management led to a significant growth in its results.

The costs decreased by 1% between the two periods, the result of judicious work in efficiency. These effects are explicit when we observe how we closed 2017 with an EBITDA of COP 3.9 trillion, the highest reached by our business group in history, with a growth of 7% compared to the figure obtained in

2016, despite the stability in the revenues.

In addition, even with the complex conditions of the cement market and the adverse accounting effects generated by a greater provision of deferred taxes, of about COP 260 billion more than in 2016 in all businesses -which do not represent cash outflow-, the net profit reached COP 907 billion, mainly explained by the utility in the disinvestment of Compas and by the higher contributions of the energy business. If the effect of the deferred tax accounting provisions were excluded, the attributable profit would grow by 20%.

At a separate level, our results show increases in all lines. It is worth highlighting the significant increase of 19% in EBITDA, which for this year stands at COP 630 billion, with a margin of 53%, 500 basis points higher than the one achieved in 2016. This increase and the reduction in the financial costs allowed to achieve a growing net profit of COP 453 billion, which grows 29% year on year.



The Salvajina hydroelectric plant (Cauca) is one of the assets of the generation portfolio of our energy subsidiary Celsia. © Andrés Mayr/Celsia

Consolidated income statement (summary) compared to 2016

In COP billions

	2017	2016	Var. (%)
Revenues	14,574	14,553	0%
EBITDA	3,905	3,641	7%
EBITDA Margin	27%	25%	177pb
Net Profit	907	1,132	-20%
Net Profit of the Controlling	611	589	4%
Net Margin	4%	4%	014pb

In terms of the balance, Grupo Argos' assets totaled COP 47.6 trillion, increasing 6% on the previous year. On the other hand, the liabilities totaled COP 23 trillion, to reach a consolidated debt of COP 16.4 trillion, as a result of the consolidation of Opain. We highlight, however, a decrease in the leverage of Grupo Argos at a separate level, as well as that of our subsidiary Celsia, while Odinsa and Cementos Argos maintained their level of indebtedness. The equity for 2017 closes with an increasing amount of COP 24 trillion.

Regarding indebtedness at a separate level, by December 2017 the debt added to COP 1.6 trillion,

Separated income statement (summary) compared to 2016

In COP billions

	2017	2016	Var. (%)
Revenues	1,190	1,097	8%
EBITDA	630	518	21%
EBITDA Margin	53%	47%	566pb
Net Profit	453	352	29%
Net Margin	38%	32%	599pb

growing 9% year on year. Given the substantial improvement in our EBITDA, it is important to note that the adjusted net debt indicator/EBITDA is 1.8x, an adequate level for our type of company.

On the other hand, the shares of Grupo Argos had appreciations, during 2017, of 9.9% and 8.7% for the ordinary and preferential species, respectively. If we add the performance of the dividends to this behavior, we obtain a total shareholder return (TSR) of 11.5% on ordinary shares and 10.5% on preferential shares, equivalent to almost 3 times the inflation caused in the period.

Performance of the Strategic Businesses

Cement

It is important to remember that we have been present in the cement business for more than 80 years and, despite the natural swings of the economy, it represents the most mature bet of our Business Group.

During 2017, Cementos Argos continued preparing for the future, thanks to a growth trajectory that has allowed it to consolidate a base of cement and concrete assets, interconnected and privileged in the Americas.

With this context, we must remember that we continue to face disruptions in the industry and challenges in the main markets, which is why we focus on advancing the productive transformation, the divestment of non-strategic assets and the consolidation of acquisitions. These three foci allowed the seeds to be planted to guarantee a greater competitiveness, with a powerful brand valued by our customers, as well as a better profitability on the capital employed.

In terms of [productive transformation](#), we approached our customers by expanding our value proposition through innovation. In this sense, in 2017 we launched the largest number of new products to the Colombian market. This effort also gave rise to two new companies: Agregados Argos in the aggregates market and Granulados Recicladados, Greco, where construction waste is recycled. These ventures allow to improve the competitive position and, at the same time, venture into new sectors.

At the same time, the search for excellence led us to concentrate our efforts on the BEST (Building Efficiency and Sustainability for Tomorrow) program, which allowed the productive transformation of the plant network, resorting to new cementing materials and the use of alternative fuels.

The results are visible in the profitability in Colombia, where we achieved a reduction of USD 11 in the cost

We achieved a reduction of USD 11 in the cost of production per ton in Colombia, which positions Cementos Argos as one of the most efficient cement companies in Latin America.

of production per ton, which allowed an EBITDA margin close to 20% in this region. These efforts have counteracted, in a significant manner, the impact of the 23% drop in prices in Colombia, by leaving an operation ready to continue as leaders in the cement market in the country.

As regards [the ambitious divestment plan](#) formulated to be more competitive and profitable, in 2017 we sold non-operating assets for USD 82 million and in the first quarter of 2018 we completed the divestment of three electric self-generation plants in Colombia for USD 57.5 million.

These initiatives, which are part of the divestment strategy for USD 500 million, associated with the acquisition of the cement plant in Martinsburg, allow to achieve greater financial flexibility, maximize the return on capital employed and concentrate on the cement, concrete and aggregates, where we continue to see signs of growth relevant for the future.



The new Atlanta Falcons stadium is one of the emblematic works of Argos in the United States. (c) Courtesy of Mercedes Benz USA

Financial Results of the Cement Business

During 2017, 16.3 million tons of cement were shipped, with an increase of 16.8%, while the volume of concrete closed at 10.6 million cubic meters, 6.1% less than the previous year, affected especially due to climatic effects in the United States and the Caribbean.

Revenues reached COP 8.5 trillion, growing 0.2% with respect to 2016 and, as a result of the operational improvements and a 2.6% reduction in administration and sales expenses, we were able to partially offset the negative impact of the market conditions in Colombia. The adjusted EBITDA decreased by 15% and closed at COP 1.4 trillion, a figure that includes non-recurring charges from the BEST project, which will be a source of efficiency in the future.

On the other hand, net income was mainly affected by the aforementioned effects and by the recently approved tax reform in the United States, which resulted in an accounting adjustment of USD 34 million at the end of the period. This, although it does not imply cash outlays, does represent a non-recurring impairment of the active deferred tax, due to the reduction of the corporate tax rate that went down from 35% to 21%. Despite the negative accounting effects of this reform on the results for 2017, it is important to note that this change notoriously strengthens our prospects for greater cash flow and future net profits in the United States.

Energy

In the Energy sector, our strategy has been oriented towards differentiation, that is, competing with an innovative service portfolio aligned with global trends. Thus, we focus our efforts on strengthening the capital structure of Celsia to leverage its growth, position ourselves as leaders in renewable energies and diversify our business portfolio.

In terms of strengthening the capital structure, Celsia obtained two great achievements. The first, in Panama, we issued a corporate bond for USD 320 million to improve the profile and conditions of indebtedness in Central America. This was the largest operation in the Panamanian market in 2017, which demonstrates investor confidence in our company. The second was the issue of shares, with which we seek to strengthen Celsia in pursuit of its future growth. It is gratifying to note that the issue, finally made at the beginning of this year, was overdemand-ed to close to COP 2 trillion.

During the year, the differentiation strategy was also deepened, with a clean energy portfolio focused on non-conventional renewable energies. In September 2017, Celsia Solar Yumbo began operating, the first large-scale solar farm in Colombia.

And our commitment to clean energy does not stop here, since we have other photovoltaic projects under development in the departments of Bolívar, Cesar and Santander, in Colombia, as well as in the Republic of Panama, which will add to our generation matrix an installed capacity of 200 MW.

Regarding the diversification of the portfolio, the transmission and distribution projects of the Plan-5Caribe on the Atlantic Coast advanced satisfactorily, reaching COP 460 billion of investment.

In water generation, we started the construction of the San Andrés Project, with an investment of USD 60 million, which will provide our generation matrix with a capacity of 19.9 MW. A project in which construction work progresses smoothly.

Finally, being coherent with the purpose that our actions are harmonized with the environment, Celsia has been a pioneer in the promotion of electric mobility, with the installation of vehicle charging stations in places with high public attendance, both in shopping centers and in universities.

Financial Results of the Energy Business

Consolidated revenues reached COP 3.1 trillion, of which COP 2 trillion came from the generation business, 29% less than in 2016. Thermal generation decreased by 60%, while water generation compensated by an increase of 36%. %, before a situation of standardized hydrology. For its part, the distribution business contributed COP 1.15 trillion, 7% higher than the previous year.

As a result of better efficiency and greater water generation, the EBITDA reached COP 1.1 trillion, which means a growth of 9%, which

shows the important effort in making the operations profitable and strengthening them so that they serve as a lever for their future growth. In terms of net income, in 2017, it reached COP 251 billion, 47% higher than at the end of 2016.

In addition to these financial results, Celsia developed an important work of optimizing its leverage structure, which allowed it to close 2017 with a Net Debt/EBITDA indicator of 3.2x, recovering its financial flexibility to continue growing in line with its strategy.



The Yumbo solar farm (Colombia) has become a benchmark in the generation of non-conventional alternative energies in our country. © Celsia



Concessions

The road and airport concessions are the newest among the three strategic sectors of Grupo Argos and with which we hope to consolidate our commitment to infrastructure as a connector of our corporate strategy.

In this business we have the goal of building a relevant regional platform that, based on the Grupo Argos DNA, has a robust and balanced portfolio between projects in stages of structuring, construction and operation.

To do this, in 2017 we took on the task of focusing Odinsa's portfolio and consolidating its projects in construction and operation.

In this line, we are pleased to report that we made progress in all the concessions under our charge. In this regard, we refer to two concessions in particular that, due to their size and key position, are relevant to the country's competitiveness: the Pacifico 2 concession, which is part of the interconnection of Antioquia with the Colombian Pacific coast, and the El Dorado of Bogotá. As for Pacific 2, we are satisfied, both by the progress in works exceeding 30%, and by the completion of the financial closing achieved for

the value of USD 250 million with international banking and COP 510 billion with local banking, where for the first time in Colombia, it has been possible to attract capital from a Canadian investment fund such as CDPQ. This is a demonstration of the confidence of the Grupo Argos seal capitalized in our subsidiary Odinsa.

El Dorado, recognized as the best airport in South America by Skytrax.

Regarding the El Dorado Airport, we closed the year with the inauguration of the expansion of the north and south docks, with an investment of more than COP 420 billion, between voluntary

and complementary works. In this way we increased the boarding docks from 27 to 41, doubled the commercial areas of the airport and generated 51,000 m² more of terminal, for a total of 224,000 m². The extension that we delivered to the country, is equivalent to the total area that the old El Dorado Airport had 10 years ago. This extension is aimed at improving the experience of the 31 million passengers that pass through the airport, which is thus prepared to serve about 40 million passengers a year, which are interconnected with 47 national and 49 international destinations.



In 2017, the expansion of El Dorado airport was inaugurated after an investment of COP 420,000 million.
© Santiago Vergara

Financial Results of the Concessions Business

At the operational level, road concessions recorded a healthy behavior of vehicular traffic, with 27.1 million vehicles transiting our roads, which represented an increase of 1.1%. At the airport level, we highlight the growth of international passenger traffic in our terminals, which exceeded the 2016 figure by 5%. The total passenger traffic reached 31 million at El Dorado Airport in Bogotá and 4.9 million at Mariscal Sucre Airport in Quito.

In terms of revenues, Odinsa recorded COP 813 billion at the end of 2017, with all its road concessions growing in their contributions. As for the airports, the revenues of El Dorado decreased by 3% compared to the previous year, as a result of the discontinuity in Avianca's operations and the reduction of con-

struction activities in said terminal. For its part, the income of the Quito Airport remained constant.

Today, Odinsa is strengthened with a significant improvement in its profitability levels, reaching at the end of 2017 an EBITDA of COP 515 billion and a margin that grows 19 percentage points from the proforma result of 2016, reaching 63%.

Finally, we registered with satisfaction the 7% increase in controlling net income, which reached COP 144 billion. This figure allows us to reaffirm our confidence in the strength of Odinsa to continue with its path of growth, by generating from the infrastructure, better competitiveness conditions for the country.



Performance of the Real Estate Business

The business of urban development in 2017 had significant achievements, both for a better cash flow, in which we went from revenues of COP 101 billion in 2016 to COP 168 billion in 2017 for the deed of 56 thousand square meters, as per the authorization of standards and licenses that optimized the position and value of our properties.

Regarding the behavior of Pactia, where we have a 36% share, in January 2017 the Private Capital Fund, FCP Pactia Inmobiliario, started operations, which

reached consolidated revenues of COP 224 billion, with a positive variation of 9%. This increase in revenues is mainly explained by the good performance of its assets in Colombia and the acquisition of a block of offices in Virginia, United States. Consolidated operating net income amounted to COP 153 billion and EBITDA to COP 107 billion, reaching margins of 68% and 47%, respectively. The consolidated net profit for the period was COP 133 billion.

Sustainability in Grupo Argos



The human team of Grupo Argos has played an essential role to achieve the results of the organization during 2017.
© Carlos Tobón

Environmental and Social Management

We are pleased to note that in 2017 we made progress in the corporate goals of reducing our carbon footprint, by achieving a 22% decrease on the 2015 base. In addition, we offset all of the carbon emissions generated in 2016 and 2017 as the parent company of the Business Group, thanks to the planting of native species.

In this management, it is worth noting that you, our shareholders, have made it possible for us to positively impact the lives of more than 100 thousand people, through the corporate citizenship initiatives that we develop in the Group, with an investment of COP 33 billion during 2017. Achievements, such as the planting of 1.3 million trees, the protection of more than 2 million hectares, the conservation of more than 20 watersheds, the investment in improving educational institutions throughout the country, to name a few, are proof of our genuine interest in good work and the development of the country.

Our effort on sustainability has been world-widely recognized.

Human Talent

The results we present today are the result of the work of a committed human team with global competencies, which constitutes our main asset as a company.

During the past term we decidedly invested in the preparation of our talent, with nearly 100 training programs, where we included an initiative for study grants abroad that has allowed us to develop world class competitions in our collaborators. At the same time, we have generated opportunities for development and mobility among the companies of Grupo Argos, with about 300 people who have switched to another organization, allowing us to irrigate the Grupo Argos DNA in all our subsidiaries.

To that exceptional, diverse and committed human team, we wish to dedicate a greeting of gratitude, because the results obtained in 2017 would not have been achieved without their dedication and professional effort. To all of them, our most sincere recognition.



Our Future Vision

Infrastructure is a dynamic and promising sector, which we expect to experience sustained growth, beyond the organic increase in economies. Our strategic businesses have very attractive prospects, from which we feel prepared to take advantage of the disruptions of different industries.

Grupo Argos will continue to play its role as an active strategic architect in the creation and consolidation of regional platforms in cement, energy, and road and airport concessions. Our businesses maintain positive dynamics with a high growth potential.

In cement, only in the United States, there are plans to invest in infrastructure for USD 1.5 quintillion over the next 10 years. In energy, a demand is expected to grow 4 times faster than the rest of substitutes, with a clear potential in renewable energies. And in concessions, passenger traffic at airports in Latin America is expected to have real growth rates of 7%, twice the estimated GDP of the region in the next 20 years. All this encourages us to continue consolidating a unique vehicle of exposure to these sectors in the Americas.

To conclude our 2017 management report, we would like to reiterate our gratitude for the support of all the audiences of interest and, especially, of you, our shareholders, whose confidence encourages us to work every day to continue increasing this immense social asset which is the Grupo Empresarial Argos.

Being successful in our business management translates into creating value for shareholders and generating wealth for society.

By social asset we mean that we are convinced that being successful in our business management translates into creating value for shareholders and generating wealth for society.

The private company, large, medium or small, acting as a responsible corporate citizen, is the cell that generates social prosperity and is the most powerful lever of well-being for our fellow citizens, which is why it is especially important to preserve the rule of law, where free enterprise continues to be valued, respected and promoted from all levels of society.

Board of Directors

Rosario Córdoba, Chairman

David Bojanini

Carlos Ignacio Gallego

Ana Cristina Arango

Armando Montenegro

Mario Scarpetta

Jorge Uribe

Grupo Argos CEO

Jorge Mario Velásquez

Legal Affairs Annex

The administrative and judicial processes and, in general, the legal situation of the company has been developed normally, without making relevant decisions.

During 2017, no significant transactions were carried out with partners or administrators. The detail of the transactions carried out with affiliates is shown in the Special Report of the Business Group and in the notes to the financial statements, both consolidated and separate, which can be found in the Grupo Argos 2017 Integrated Report.

The operations referred to in article 446 of the Code of Commerce are related in the attached file and the detail of each one of the operations, in the Integrated Report. This document was part of the information that was available to shareholders during the period established by the Law for the exercise of the right of inspection.

The Corporate Governance Report, which is dealt with in Circular 028 of 2014 of the Financial Superintendency, was available to shareholders during the period of the right of inspection and the Country Code Implementation Report is available on our website. It should be noted that this report details the performance of the Board of Directors and their respective support committees (Audit, Finance and Risks Committee, Appointments and Remunerations Committee and Sustainability and Corporate Governance Committee). It should be noted that independent members participate in each of the committees and that they met with the periodicity established in the Action Plan approved for the year 2017.

The company has strictly complied with the regulations governing intellectual property and copyright, for which it has designed and observed the necessary policies and controls to guarantee said compliance and the supports that account for its application are preserved. Likewise, it is recorded that the company did not obstruct the free circulation of invoices issued by vendors or suppliers.

Likewise, the operability of the controls established in the company has been verified and the existing systems for the purposes of the disclosure and control of the financial information have been satisfactorily evaluated, and they were found to work properly.

Aparte de lo reportado en este informe, la compañía no ha tenido informa Apart from what has been reported in this report, the company has not had true and definitive information about important events that occurred between the closing date and the preparation of this report that can jeopardize its evolution or the equity of the shareholders.

A close-up photograph of a white orchid with prominent purple spots and streaks on its petals. A green, unopened bud is visible in the foreground. The background is softly blurred, showing more of the same flowers.

SUSTAINABLE BUSINESS STRATEGY 03

In an effort to make our natural wealth known, we published the Savia Botánica collection, of which we have distributed more than 10,000 books to public libraries and schools in Colombia. © Ana María Mejía/Savia Botánica

Creation of Value and Sustainability

With the objective of becoming the main infrastructure business group in Colombia and the region, Grupo Argos has focused its efforts on being an active holding strategically oriented to maximize the value of the portfolio.

To achieve this, four lines of action have been established:

Growth through strategic, selective and profitable mergers and acquisitions.

The simplification and focus of the portfolio in the three defined strategic businesses: cement, energy and concessions.

The capture of synergies and the implementation of new business models that allow generating value increasingly among subsidiary companies.

The promotion of operational and financial efficiency, both in business and in the holding.

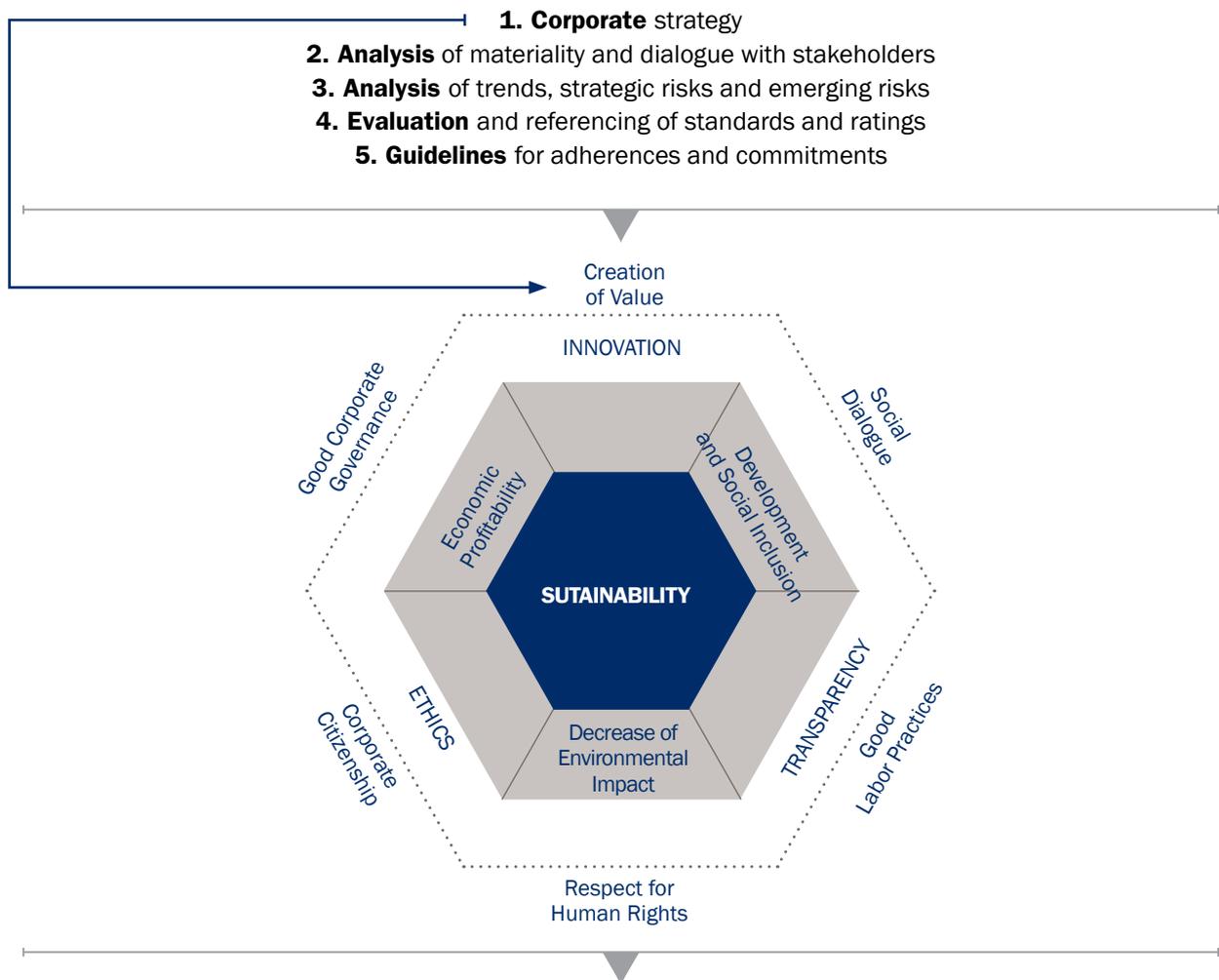
Components of the Strategy



Grupo Argos develops its business model by acting in accordance with responsible management of human talent, the application of good practices in corporate governance and the promotion of an organizational culture based on business ethics, the integration of sustainability as an essential priority to guarantee the permanence over time and strengthen relationships with stakeholders, and the implementation of an innovation model as the engine that stimulates growth.

Strategic Context of Sustainability

Inputs



2017 Action Plan

- 1. Measurement** of externalities
- 2. Long-term** goals
- 3. Alignment** with Sustainable Development Goals
- 4. Due** diligence in Human Rights
- 5. Corporate** Social Responsibility Strategy
- 6. Corporate** Volunteering
- 7. Indicators** on variable remuneration of senior management
- 8. Decrease** in gaps between subsidiaries
- 9. Participation** in global standards



Grupo Argos works with National Natural Parks and other institutions of the Alliance for the Conservation of Biodiversity, Territory and Culture to achieve the protection of eight ecosystems in Colombia such as Cinaruco (Arauca). © Rodrigo Durán

Sustainability Policy

(102-11) To ensure the continuity and preservation of its businesses, Grupo Argos has adopted a Sustainability Policy that ensures the transformation of resources into products and services, creating value in a responsible manner, with a balance between eco-

nommic profitability, social inclusion and the reduction of the environmental impact, taking as guiding principles the principles of the Global Compact and Good Corporate Governance.

How We Interact

Grupo Argos, through permanent contact with its stakeholders, builds relationships of trust, enhances the creation of value, manages risks and impacts and strengthens the good corporate reputation.

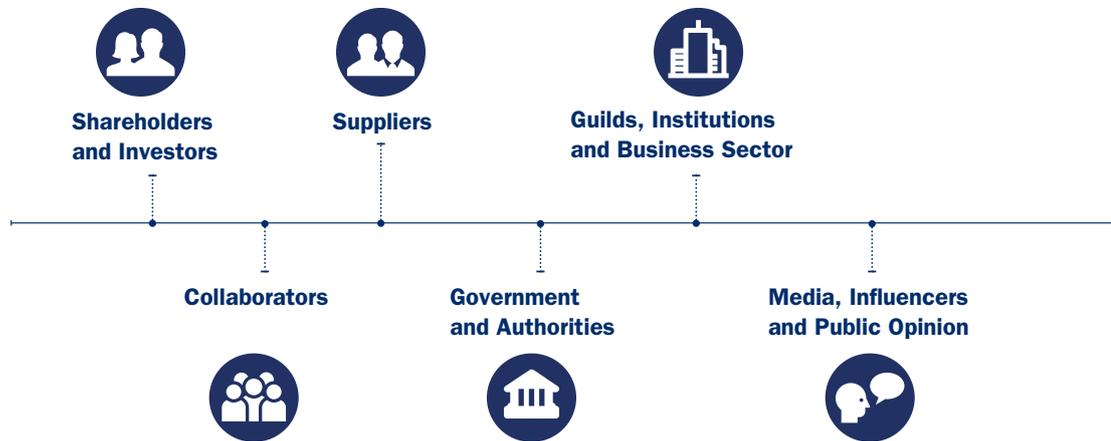
Grupo Argos understands as stakeholders those people or groups that may be impacted by the activities of the organization in the pursuit of its objectives, or to whom behaviors of support relevant to the corporate endeavor can be attributed.

(102-42) Grupo Argos has identified its stakeholders and prioritized them according to their degree of influence. Likewise, it has a management and moni-

toring protocol, which points out the value promises, material issues and support behaviors by audience, the conversation agenda, those responsible for engagement, methodologies for dialogue and communication and interaction channels.

The process of identification, characterization and prioritization of stakeholders is based on the AA1000 (Stakeholder Engagement Standard) international standard, based on questions such as: With whom does Grupo Argos have responsibilities or commitments? What people or groups influence its performance? Who can be affected by its management?

(102-40) Stakeholders



Shareholders and Investors: They are the reason for being of Grupo Argos and have the role of owners and clients of the organization. They can be classified as strategic investors, institutional investors and investors in general (natural and legal persons) and potential shareholders.

Collaborators: They are the most valuable asset of the organization and a key factor of success in its performance and growth. In this group one finds the associates of Grupo Argos and its subsidiaries and businesses.

Suppliers: They contribute to the management of the organization and accompany it in its commitment to sustainability. The relationship with this stakeholder is based on integrity, transparency and responsibility in the establishment of equitable and sustainable commercial relationships.

Government and Authorities: As corporate citizens, we strictly comply with the law and our obligations. Also, in a framework of transparent dialogue, under the principles of integrity and responsibility, we are allies of the State in generating welfare conditions in the regions where we carry out our activities.

Society, Communities: Grupo Argos, as a holding company for sustainable investments in infrastructure, generates guidelines for its subsidiaries to have constructive relationships in the areas of influence where they operate, in order to contribute, from the

different management fronts, to the sustainable development of the regions where they have a presence.

Guilds, Institutions and the Business Sector: These groups are natural allies for the integration of efforts that contribute to the strengthening of the institutionality and sustainable development.

Media, Influencers and Public Opinion: They interpret and translate the organizational endeavor for the different stakeholders and the community in general, constituting themselves as a bridge for the generation of trust, dialogue and permanent feedback.

In order to manage the relationship strategically with the stakeholders, Grupo Argos has different mechanisms that allow to keep them informed, to consult and dialogue with them about different topics of the organization. All the areas of the company, from the Presidency to the vice-presidencies and managements, have participation in the management of relations with the stakeholders.

The Internal Sustainability Committee and the Communications Synergy Board support the subsidiaries to strengthen their Dialogue Systems with Stakeholders, with control boards to measure progress in the implementation of actions, correctives and improvements.

The cement and energy businesses have a relationship system with their stakeholders according to the characteristics of each business. If you want to know this relationship, visit Argos' website, www.argos.co/colombia/en and Celsia's, www.celsia.com

(103-2)

2017 Achievements

- Holding an annual meeting of dialogues with internal and external stakeholders to find out their opinions on the management of the organization, as well as their needs and expectations.
- Monitoring and biannual evaluations of the Dialogue System with Stakeholders within the Continuous Improvement of Sustainability Committee.
- Press management (free press) carried out by Grupo Argos in 2017, to publicize its economic, environmental and social management, was valued at around 35.2 billion pesos, which represents a saving for the company in advertising investment and a positioning of the activities carried out in face of its stakeholders.
- Regular contacts with journalists to ensure a permanent dialogue to disseminate relevant issues of the organization.

Grupo Argos quarterly conducts a results conference with the investing public to present the most relevant figures of the company in those periods. It is a space in which questions related to the performance of the organization are generated, with future projects and in which the organization responds to these questions. Likewise, through the Investor Relations area and the electronic email irelations@grupoargos.com, another communication channel is established to resolve the concerns of this public.

In relation to the media, the requests of journalists are received through the Communications Man-

agement, which are processed with the spokespersons of the organization to talk about the relevant issues that need to be known by public opinion.

There is also a Transparency Hotline to which stakeholders can go to in order to report, anonymously if desired, the breach of the Code of Conduct. This line is managed by an independent third party and the information received is treated with the highest standards of confidentiality.

Challenges

Short-term

The measurement of the externalities of Grupo Argos, as well as of its energy subsidiaries (Celsia) and concessions (Odinsa), will be advanced. This analysis will determine with objective data what the organization delivers in terms of added value to society and will become a tool for decision-making on management.

Medium-term

The Business Group will have a Consolidated Value Added Statement, which will make it possible to better evaluate and guide the efforts in face of organizational priorities and the expectations of the different stakeholders.

Long-term

By 2025, both the Grupo Argos holding company and the 3 subsidiaries that represent the strategic businesses (Argos, Celsia and Odinsa), will work towards achieving long-term goals in reducing carbon footprint, responsible water management, human talent and industrial safety and occupational health.

Materiality

(102-46) Grupo Argos considers a material issue when it affects its ability to create value in the short, medium or long term and exerts significant influence on the decisions of the stakeholders.

To identify and prioritize these issues, a materiality analysis is carried out following the Global Reporting Initiative (GRI) standards, in accordance with the essential option, covering the following stages:

Identification



Prioritization



Validation



Review



Identification

Issues of social, environmental, economic and corporate governance interest are identified in internal and external information sources, with special emphasis on updates to international standards and initiatives such as the Sustainable Development Goals, the principles of the Global Compact, the GRI Standard, the Carbon Disclosure Project initiative - CDP, the Sustain-

ability Accounting Standards Board (SASB), the advanced practices in the Dow Jones Sustainability Index and the World Business Council for Sustainable Development (WBCSD), among others. Subsequently, they are contrasted with the strategic plans and other key business documents in Grupo Argos and the issues identified in the relationship with the stakeholders.



Prioritization

After grouping the issues identified as recurrent, filters are applied according to the environmental, social and economic risk and impact generated by the organization with its operations and to specific materiality dialogues with representatives of stakeholders. This activity results in a preliminary prioritization.

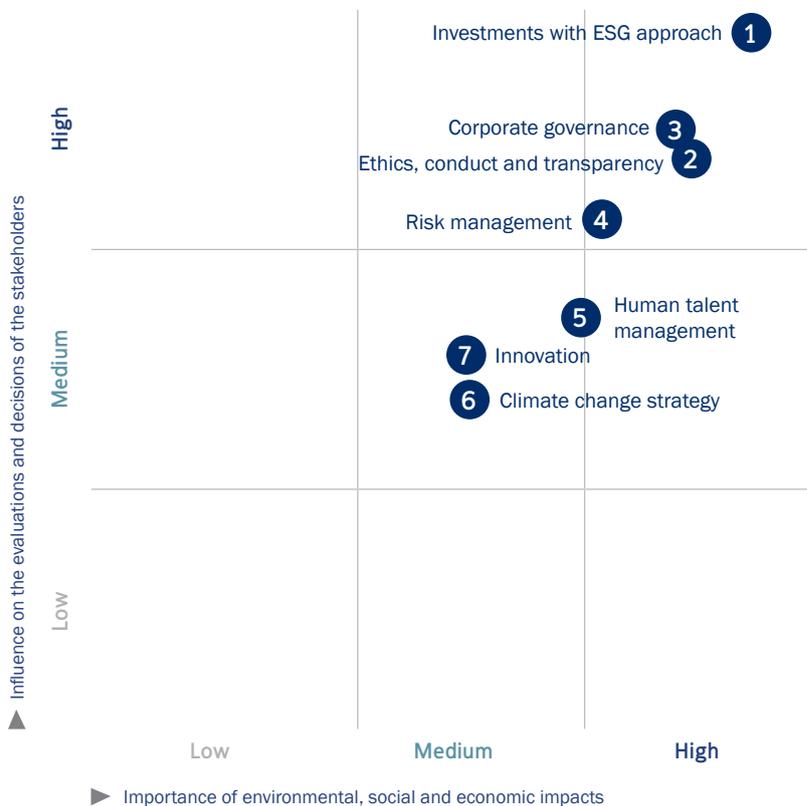


Validation and Communication

The prioritization of the material issues obtained is validated with senior management and the Board of Directors, who incorporate their strategic business vision into the exercise. Subsequently, the results are communicated to the business areas and to the stakeholders to obtain their feedback.

During 2017, the results of the materiality exercise were disseminated to the stakeholders, through the 2016 Integrated Report, of the different means of communication of the organization and of the spaces for dialogue that are held in the case of institutional relationship; and socialization and strategic alignment meetings were held with the business areas in each of the seven material matters:

(102-47)



Other Consulted Issues

Relationship with investors, supplier management, Human Rights, occupational health and safety, contribution to social development.

1. Investments with ESG approach.

Investment management to meet business objectives considering ESG evaluation criteria (environmental, social and governance).

2. Ethics, conduct and transparency.

Compliance with the ethical standards established for the Business Group.

3. Corporate governance.

Adoption of measures regarding the governance of society, management practices and the behavior of officials, management of information and public knowledge of the man-

agement, in such a way as to ensure respect for the rights of those who invest in the company.

4. Risk management.

Identification, evaluation and mitigation of risks in the activities of Grupo Argos, considering those that have environmental, social, governmental and reputational impacts, to promote an environment of prevention and a culture of risk.

5. Management of human talent.

Development of initiatives to maintain employee motivation, strengthen skills, retain talent, promote

mobility between companies of the Business Group and succession.

6. Climate change strategy.

Strategy that allows to prevent, reduce, mitigate and compensate the impacts associated with the operation of the business; besides identifying and carrying out activities for adaptation to the effects of climate change.

7. Innovation.

Ability to organize and direct resources to create new knowledge, develop products, processes and services, or improve existing ones.

Review

In the year 2018, Grupo Argos will carry out the review and update of the identified material issues, making a deeper analysis and incorporating the visions of new sources of information and local and international referents. The results will be published in the 2018 Integrated Report.

Contribution to the Sustainable Development Goals

To materialize the commitment to the SDGs, Grupo Argos adopted the SDG Compass protocol in order to facilitate the understanding of its contribution to the compliance. Following this guide, commitments and goals were defined to integrate current initiatives, determine innovation in processes and technologies, and agree on strategic alliances that can leverage the contribution.

The company held a workshop with the participation of employees of the holding and all its subsidiaries to prioritize the Sustainable Development Goals common to the management of all operations, around which, with the vision of the Business Group, efforts can be integrated and the contribution to the goals defined in the 2030 Global Agenda can be enhanced.

These are the SDGs prioritized by Grupo Argos to focus action, establish strategic initiatives and specific compliance goals.

However, taking into account that all the Sustainable Development Goals are interconnected, it is important to emphasize that from the endeavor of the organization and its subsidiaries, it is possible to influence and contribute to other SDGs of the Global Agenda. Throughout this Integrated Report, the connection of the material issues with the SDGs and concrete examples of contribution are identified.



Alignment of the Material Issues With the Assets of the Integrated Reporting Framework and the Sustainable Development Goals

MATERIAL ISSUE	ASSET	SDG
 Investments with ESG approach	All	8, 9, 11 and 13
 Ethics, conduct and transparency	Social and Human Relational	10 and 16
 Corporate governance	Social Intellectual and Relational	16
 Risk management	Social Financial Industrial and Natural Relational	16
 Human talent management	Social Human and Intellectual Relational	3, 5, 8 and 10
 Climate change strategy	Natural	6, 13 and 15
 Innovation	Industrial Intellectual	9



Working with communities for a greater social inclusion is a key component of Grupo Argos' management of biodiversity.

Challenges

Short-term

Carry out the measurement of externalities for Grupo Argos and its subsidiaries Celsia and Odinsa.

Update the sustainability policy and socialize it internally and externally.

Update the materiality matrix of the organization.

Create a management system to strengthen the communication and feedback with stakeholders.

Implement the transition process to unify the social investment strategy of the Business Group, which includes a focus of social management, roles, vehicle, indicators and goals.

Medium-term

Advance in the innovation strategy based on a committed Human Talent that always seeks sustainable alternatives to create value for shareholders.

Maintain the highest standards of Corporate Governance, based on transparency and the principle of integrity.

Consolidate plans for reducing emissions and efficient use of water, as well as continuing with biodiversity conservation programs.

Long-term

Maximize the creation of responsible value for shareholders, guaranteeing -based on the annual measurement of our externalities- that the positive impacts we leave to society and the environment are greater than the benefits we retain in the operation of our businesses, and being business leaders in conservation and preservation of biodiversity, with a goal of 10 million trees planted by 2025.

CORPORATE GOVERNANCE MODEL 03

The conservation area that Grupo Argos maintains in Barú (Bolívar) includes marine underwater areas near the beaches. © Santiago Ramírez/Ecoral



(103-1)

Stakeholders We Impact:

Collaborators | Shareholders and Investors | Government and Authorities



Corporate Government

(103-1)

Why is the management of the material issue important?

The Corporate Governance defines the structure for the correct administration of the holding’s business and establishes the rules and principles to be observed by the companies that are part of the Grupo Empresarial Argos, its directors, managers and employees, in

their economic, legal, administrative and operational relations. The above always seeks to contribute to the strengthening of the value of business, the preservation of business reputation, the consolidation of organizational identity and the unity of criteria.

(103-2)(103-3)

How do we manage the issue?

(102-18) (102-19) (102-20) Corporate Governance Structure of Grupo Argos



(102-22) (102-26) (102-30)

Board of Directors

The Board of Directors is the highest strategic management body of Grupo Argos and, as a result, maintains a general and consolidated vision of all the Business Group’s businesses, at the same time leaning towards the identification of global trends.

The activity of the Board of Directors is mainly aimed at making decisions regarding the corporate strategic objectives, the supervision of the activities of senior management and the monitoring of risks, always in the search of the best interest for society. and its shareholders.



The functions of the Board of Directors can be found at

www.grupoargos.com/Portals/0/Bylaws%20Grupo%20Argos%202017.pdf

Rosario Córdoba, Chairman

**Studies**

- Economics, Universidad de los Andes, Bogotá, Colombia
- Masters in Economy, Universidad de los Andes, Bogotá, Colombia

Experience

- Private Competitiveness Council CEO
- Previous title: Director of Revista Dinero Magazine

David Bojanini

**Studies**

- Industrial Engineering, Universidad de los Andes, Bogotá, Colombia
- MBA with emphasis on Actuary, University of Michigan, U.S.A.

Experience

- Grupo Sura CEO
- Previous title: Protección CEO

Carlos Ignacio Gallego

**Studies**

- Civil Engineering, Universidad Eafit, Medellín, Colombia
- Masters in Business Administration, Eafit, Medellín, Colombia

Experience

- Grupo Nutresa CEO
- Previous title: Servicios Nutresa CEO

Mario Scarpetta

**Studies**

- Economics, Universidad San Buenaventura, Cali, Colombia
- Masters in Management Sciences, Arthur D. Little Management Institute, U.S.A.

- Masters in Sciences, University of Miami, U.S.A.

Experience

- Azurita CEO

Ana Cristina Arango

**Studies**

- Civil Engineering, Universidad Eafit, Medellín, Colombia
- MBA, Universidad de los Andes, Bogotá, Colombia

Experience

- Independent investor
- Previous title: Financial Management Assistant at Cementos Rioclaro

Aramando Montenegro

**Studies**

- Industrial Engineering, Universidad Javeriana, Bogotá, Colombia
- Masters in Economics and Latin American Studies, University of Ohio, U.S.A.

Experience

- Ph.D. in Economics, New York University, U.S.A.

Experience

- BTG Pactual Chairman
- Previous title: Managing Director at Ágora Investment Banking

Jorge Uribe

**Studies**

- Administrative Engineering, Universidad Nacional, Medellín, Colombia
- MBA, Xavier University, Cincinnati, Ohio, U.S.A.

Experience

- Independent consultant
- Previous title: Global Director of Productivity and Organizational Transformation, P&G

(102-23) Composition of Board of Directors:

	DAVID BOJANINI	CARLOS IGNACIO GALLEGO	MARIO SCARPETTA
Company where they work	Grupo Sura	Grupo Nutresa S.A.	Azurita
Position	CEO	CEO	CEO
Executive - Non executive	Non executive	Non executive	Non executive
Independent	No	No	Yes
Seniority in the Board	Since 2004	Since 2014	Since 2006
Board Committee(s) they belong to	Appointments and Compensations Committee	Sustainability and Corporate Governance Committee	Sustainability and Corporate Governance Committee
Other Boards of Directors to which they belong	3	8	2
Name of the corporations where they participate as a member of the Board of Directors	<ul style="list-style-type: none"> ▪ Grupo Nutresa S.A. ▪ Grupo Bancolombia S.A. ▪ Suramericana S.A. 	<ul style="list-style-type: none"> ▪ Grupo Sura ▪ Estrella Andina ▪ Tresmontes Luchetti (Chile) ▪ La Recetta ▪ Vidarium 	<ul style="list-style-type: none"> ▪ Amalfi S.A. ▪ Gestión Fiduciaria S.A.
Name of non-profit entities in which they participate as member of the management body	<ul style="list-style-type: none"> ▪ Foundation for the Development of Antioquia - Proantioquia ▪ Empresarios por la Educación Foundation ▪ Colombia Internacional Corporation ▪ Private Competitiveness Council 	<ul style="list-style-type: none"> ▪ Hospital Pablo Tobón Uribe ▪ Pueblo de los Niños Corporation ▪ Proantioquia ▪ Fundación Suramericana ▪ Universidad Eafit ▪ Universidad Católica del Oriente ▪ ANDI 	<ul style="list-style-type: none"> ▪ ABC Foundation ▪ Fundación para el Desarrollo Integral – Management and Innovation Management ▪ Consejo Empresarial de América Latina (CEAL) ▪ Grupo Empresarial Vallecaucano
Competencies and experience related to economic, environmental and social impacts	Yes	Yes	Yes
Are they a shareholder of an important customer or supplier?	No	No	No
Percentage of attended meetings vs. carried out meetings	100%	100%	91,7%

	ANA CRISTINA ARANGO	ROSARIO CÓRDOBA	ARMANDO MONTENEGRO	JORGE URIBE
Company where they work	Independent Investor	Private Competitiveness Council	BTG Pactual	N/A
Position	Not Applicable	CEO	Chairman	Independent Consultant
Executive - Non executive	Non executive	Non executive	Non executive	Non executive
Independent	Yes	Yes	Yes	Yes
Seniority in the Board	Since 2009	Since 2011	Since 2015	Since 2015
Board Committee(s) they belong to	Audit, Finance and Risk Committee	Audit, Finance and Risks Committee, Sustainability and Corporate Governance Committee and Appointments and Compensations Committee	Audit, Finance and Risk Committee	Appointments and Compensations Committee
Other Boards of Directors to which they belong	1	3	0	3
Name of the corporations where they participate as a member of the Board of Directors	<ul style="list-style-type: none"> ▪ Distribuciones Agralba S.A. 			<ul style="list-style-type: none"> ▪ Carvajal S.A. ▪ Ingredion INC (Chicago, USA) ▪ General Mills
Name of non-profit entities in which they participate as member of the management body	<ul style="list-style-type: none"> ▪ Key for Colombia 	<ul style="list-style-type: none"> ▪ Universidad Jorge Tadeo Lozano ▪ Santa Fe de Bogotá Foundation ▪ Semana Foundation ▪ Fedesarrollo Directive Council ▪ Ruta N Medellín ▪ Innpulsa Mipyme Advisory Board 	<ul style="list-style-type: none"> ▪ Fedesarrollo 	<ul style="list-style-type: none"> ▪ United Way Worldwide
Competencies and experience related to economic, environmental and social impacts	Yes	Yes	Yes	Yes
Are they a shareholder of an important customer or supplier?	No	No	No	No
Percentage of attended meetings vs. carried out meetings	100%	91,7%	100%	100%

(102-27) Education, Experience and Evaluation of the Board of Directors

Monthly, the Board of Directors receives a presentation on topics of interest such as: allocation of capital, strategy, sustainability, corporate governance, corporate social responsibility and foundations, risks and reputation. Additionally, each quarter an expert

is invited to delve into some of the sectors in which the organization has investments. In this way, the Board of Directors holds environments of update on the relevant topics for the organization.

(102-28) Evaluation of the Board of Directors

The Board of Directors is evaluated annually, alternating external evaluations with self-evaluations. The external one is carried out by an independent firm selected by the Board itself, as recommended by the

Sustainability and Corporate Governance Committee. These evaluations contemplate both quantitative and qualitative aspects. In 2017, a self-evaluation was carried out by the Board of Directors.

(102-25) Conflicts of Interest

The parameters for the identification, disclosure and prevention of potential conflicts of interest are contained in the Code of Conduct. Grupo Argos requires

the annual completion of a Statement of Potential Sources of Conflicts of Interest to the members of its Board of Directors and all its employees.

(102-24) (102-35) (102-36) (102-37) Appointment and Remuneration

The members of the Board of Directors are appointed in accordance with the proposals presented by the shareholders of Grupo Argos at the Shareholders Assembly. The Assembly takes into consideration the structure, obligations and responsibilities of the Board of Directors in order to determine the remuneration

of its members, as well as the personal and professional qualities of its members, the time of dedication and their experience, within the framework of the established in the Nomination and Remuneration Policy for Directors.



The selection criteria for Board members can be found in the Nomination, Compensation and Succession Policy, which can be consulted at: www.grupoargos.com/Portals/0/Documents/Policy-on-Appointment-Compensation-and-Succession-of-the-Board-of-Directors.pdf

(102-18) (102-22) (102-29) Committees of the Board of Directors

Audit, Finance and Risk Committee

Supervise the services of the Fiscal Audit Office.

Verify that Senior Management takes into account the recommendations of the Statutory Auditor.

Know, prior to its presentation to the Board of Directors, the end of year financial statements approved by the Statutory Auditor.

Supervise the efficiency of the regulatory compliance function and the prevention of money laundering and terrorist financing activities.

Ensure the independence of the internal audit function, receive periodic information on its activities and verify that Senior Management takes its recommendations into account.

Propose the risk policy to the Board of Directors and follow it up.

Sustainability and Corporate Governance Committee

Ensure that corporate governance practices comply with what is prescribed in the Corporate Governance Code.

Study the proposed amendments to the Social Bylaws and the Code of Good Governance.

Be aware of the actions related to the conduct of the members of the Board of Directors that may be contrary to the provisions of the Social Bylaws and the Corporate Governance Code.

Know and supervise the implementation of the Company's Sustainability Policy.

Analyze and monitor the annual program of social responsibility activities.

Promote the training of directors and administrators in matters of corporate sustainability.

Appointment and Compensation Committee

Supervise that the requirements and procedures for the election of the members of the Board of Directors are met.

Propose to the Board of Directors the Appointment and Remuneration Policy of the Board of Directors, to be approved by the General Assembly and the Appointment, Remuneration and Succession Policy of senior management, and follow up on them.

Propose and review the criteria that must be followed for the composition of the Board of Directors and the evaluation of the suitability of the candidates for directors proposed by the shareholders.

Design and implement a scheme of attraction and retention of human talent that is applicable to the company and its subordinates, in such a way that said human talent can be shared or transferred among the different companies that make up the Business Group.

(102-21) (102-33) Environmental, Social and Governance Issues (ESG) Consulted With Our Stakeholders

Role of the holding company; corporate governance, specifically the election, compensation and experience of the board of directors; risks; environmental conservation projects; social licenses and human rights.

(102-34) Critical ESG Matters Brought to the Board of Directors

In each Board of Directors session the review of critical issues that have arisen is included if it is the case. In the event that a critical issue arises that must be discussed by the Board in an urgent manner, an extraordinary in-person meeting is convened.

In 2017 the Board discussed the following issues:

- Recommendation to the Shareholders Assembly for the approval of the Appointment, Remuneration and Succession Policy of the Board of Directors.
- Approval of the System for the Prevention of Money Laundering and Financing of Terrorism.
- Approval of the merger through which Grupo Argos S.A. absorbs Situm S.A.S, FortCorp S.A.S and RoundCorp S.A.S
- Approval of a commercial paper issuance.
- Approval of the general human talent strategy.
- Analysis of 2016 progress and achievements regarding sustainability.
- Approval of the innovation strategy.
- Analysis of the results of the study carried out to evaluate the social impact of Grupo Argos and its companies.
- Approval of the role of the holding company.
- Approval of the Operations Management Policy between Affiliated Companies.
- Approval of long-term social and environmental goals of the Business Group.

(102-31) The risks, opportunities and impacts associated with ESG issues are reviewed by the Board of Directors at least 2 times a year.

(103-2)(103-3)

2017 Achievements

- Political Approval for Operations Management between Affiliated Companies.
- Approval of the Appointment, Remuneration and Succession Policy of the Board of Directors.
- Role of the holding: As part of the strengthening of the Corporate Governance, and based on the Relationship Policy approved by the Board of Directors in 2016, the action model was developed in 2017 to allow Grupo Argos the articulated and active management of its investment portfolio.
- During 2017, work was done on the creation of corporate governance indicators related to the Shareholders Assembly, relationship with investors, the Board of Directors and support committees. In 2018, the collection of progress and data will begin based on these indicators.

(103-2) Challenges

Short-term

Maintain IR recognition and improve the standards that are currently in place.

Approve and continue with the implementation of the different policies and practices included in the new Country Code: Information Management and Disclosure Policy and Administration and Resolution of Conflicts of Interest Policy.

Medium-term

Maintain active participation, local and regional, in different forums such as the Circle of Companies of the Latin American Roundtable on Corporate Governance and the Colombian Stock Exchange Issuers Committee.

Long-term

To be at the forefront in the best practices of corporate governance, in parameters of the Organization for Economic Cooperation and Development (OECD) and the World Bank.

ECONOMIC DIMENSION 04

In the Alliance for the Conservation of Biodiversity, Territory and Culture we have united with National Parks, WWF, WCS and the Mario Santo Domingo Foundation to protect eight million hectares in Colombia. © Rodrigo Durán Bahamón



(103-1)

Stakeholders We Impact:

Shareholders and Investors | Collaborators | Suppliers | Media, Influencers and Public Opinion | Government and Authorities | Guilds, Institutions and the Business Sector.



Investments With ESG Approach Environmental, Social and Governance

(103-1)

Why is the management of the material issue important?

The dynamics of the sectors in which Grupo Argos invests in requires a constant monitoring of ESG factors, which evolve according to the political, economic and social environment. Therefore, proper management mitigates the risks associated with making decisions regarding the allocation of capital during

the life cycle of the investment, with a positive balance of externalities.

At the same time, strategic conversations that make sustainability a transversal pillar of corporate planning and action are promoted.

(103-2)(103-3)

How do we manage the issue?

Grupo Argos promotes common values in its investments, where not only profitable growth and technical rigor in operations are sought, but also an action based on the conviction that the sustainability of our businesses implies responsibility with the environ-

ment, which is why it promotes the generation of economic, environmental and social value for all, so that people, organizations and societies develop while business evolves positively.



Applicable model in the life cycle of the investment:

1. Previous Analysis
2. Investment Decision
3. Asset Management
4. Disinvestment



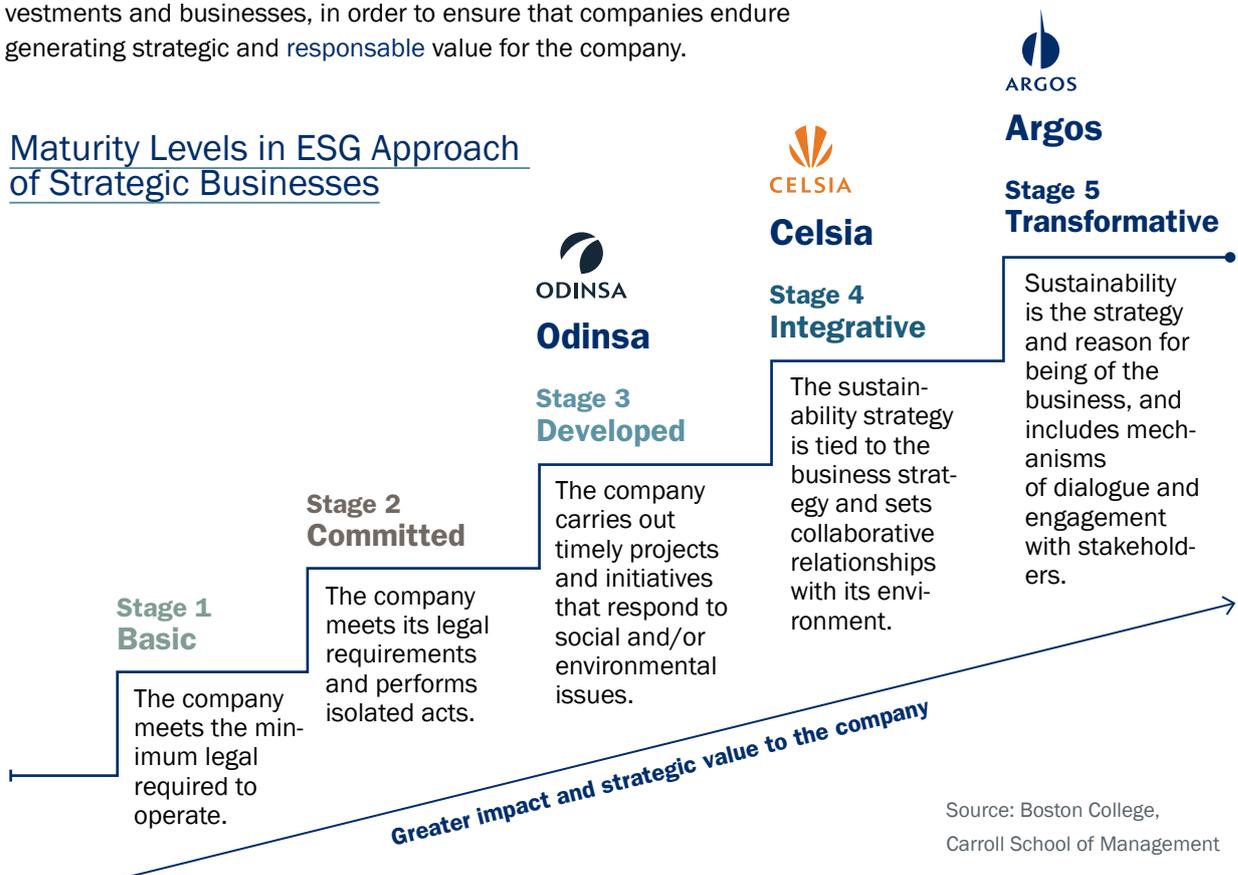
The management of water sources in eastern Antioquia and the Valle de San Nicolás are priorities of the CuencaVerde Alliance.

(103-3)

Maturity of the Businesses

Grupo Argos exercises leadership so that its businesses implement the best standards in sustainability, governance, business conduct, investments and businesses, in order to ensure that companies endure generating strategic and responsible value for the company.

Maturity Levels in ESG Approach of Strategic Businesses



(103-2)(103-3)

2017 Achievements

Investments With Environmental Approach:

- Long-term goals were defined:
 - Reduce** the intensity of water use per million pesos in revenue to 2025, 2015 base year.
 - Rehabilitate** 85% of the areas intervened by the operations of the Business Group.
 - Plant** more than 10 million native trees for watershed care and the generation of wildlife corridors.

Investments With a Social Approach:

- Long-term goals were defined:
 - By 2025** all our operations will be benchmarks in occupational health and safety, with world class indicators in relation to your industry.
 - By 2025** the purpose is to have zero incidents, zero occupational diseases and zero fatalities.
- Review of the voluntary social investment strategy through the foundations, to enhance the social commitment of the Business Group in the territories.

Investments With a Government Approach:

The significant growth in recent years has resulted in a large portfolio, which has required rethinking the

role as a holding company, to strengthen the government and the relationship of the companies of the organization, through an articulated and active management of the investment portfolio.

The role of the holding is developed in the pillars of the Relationship Policy, approved by the Board of Directors in 2016 (generate definitions of the Group, seek synergies, have guidelines and policies and carry out controls), focusing on the portfolio optimization and the capture of synergies

As a result, 11 main holding company functions were defined, grouped into 4 main pillars: strategic, financial, management and institutional.

- The implementation of the Summa shared services center was consolidated, seeking efficiencies, standardization and strengthening the integrity of the information, to improve service levels, optimize internal control.
- The operating model of supply for the common suppliers of the subsidiaries was unified, which includes negotiation schemes and renegotiation of contracts that represented efficiencies to the Business Group.

(103-2) Challenges

Short-term

Perform the measurement of externalities in 2018 in Celsia, Odinsa and Grupo Argos. To make effective decisions, manage risks and be transparent with the generation of social value.

Implement the social investment strategy of the Business Group, which includes a focus on social management, roles, vehicles, indicators and goals.

Continue with the consolidation of the supply process.

Medium-term

Have a consolidated model of externalities of the Business Group, which will serve in the future to make decisions based on previous analyses of each investment (or disinvestment) and its impact on the value added to society.

Long-term

Consolidate the model of the Summa Shared Services Center, extending its coverage to operations in all the geographies where the subsidiaries have operations and managing the sustainable development of the supply chain of the Business Group.



(103-1)

Stakeholders We Impact: Shareholders and Investors



Risk Management

(103-1)

Why is the management of the material issue important?

Adequate risk management supports decision-making with greater assertiveness based on strategic objectives, harmonizes the environment, provides flexibility in scenarios of uncertainty and identifies, in a preventive manner, the risks that could compromise the sustainability of the organization:

Grupo Argos, in its active role as a holding company, has three objectives in terms of risk management:

1. Support the efficient allocation of capital. See also the Investments With ESG Approach chapter pg.60
2. Monitor the relative performance of businesses and changes in their risk factors.
3. The preservation of value and corporate reputation.

(103-2) (103-3)

How do we manage the issue?

Risk management in Grupo Argos is everyone's responsibility. The mandate comes directly from the Board of Directors, the body that defines the general risk appetite of the holding company as a guideline on which the business strategy is developed, the medium and long-term aspirations are stated within a vision of sustainability, and the scheme of roles and responsibilities in terms of corporate risk management.

In relation to the efficient allocation of capital, Grupo Argos establishes the premises on which the maximization of return to shareholders is sought; through sectorial and geographical diversification, financial flexibility and capital mobility, considering business cycles and the perspectives of the environment. For this purpose, the holding company leads the adoption of qualitative and quantitative models for the monitoring of the sectors and the performance of the businesses where Grupo Argos participates in.

(103-3) Some Indicators



14 risk workshops conducted to identify risks



6 quantification processes on prioritized risks of the holding company and subsidiaries



12 risk reports issued on the status of strategic risks

As a fundamental pillar to contribute to the preservation of value, Grupo Argos frames its risk management practices in good governance, ethics and transparency, seeking that its actions benefit its different stakeholders in an adequate control environment.

From the risk area, the Sustainability of the Integral Risk Management System (IRSM) is guaranteed by a coordination with the businesses of the management of their strategic, tactical and operational risks; allowing the visualization of the risk profile of each

business and the aggregation of exposure for the holding company, as well as the supply of information processed under the context of risks at the corporate level to anticipate events that may affect the achievement of strategic objectives.

Likewise, Grupo Argos leads the methodological criteria unit, the search for efficiencies in the treatment and financing of risks, and compliance with the guidelines and the general risk appetite defined for the organization.



 To see the detail of the emerging risks go to: page 132

(103-2)(103-3)

2017 Achievements

1. Adoption of models for the quantification and modeling of risk financing alternatives:
 - Efficient capital allocation based on risks
 - Political risk
 - Correlation of environment variables
 - Risks of nature
2. Construction of a radar for the monitoring of strategic risks and those of impact on reputation.
3. Implementation of corporate software for the management of strategic risks, in processes, projects and facilities (Grupo Argos, Cementos Argos, Celsia and Odinsa), which has allowed:
 - Unification of reports and methodologies
 - Greater traceability and opportunity in the escalation of risks
 - Consolidation of the corporate risk profile and by business unit
4. Strengthening the risk culture program “Being aware is taking reliable steps”, through the inclusion of risk criteria in the compensation of employees.
5. Establishment of risks in each area of the holding.

(103-2) Challenges

Short-term

Continue with the strengthening of the risk culture for decision-making based on trainings and dedicated support from the risk areas to the business areas in the organization.

Work on stabilizing the corporate risk software, its integration with other information assets and the calibration of quantitative models.

Define and adopt a methodology for identifying and assessing trends.

Mediumterm

Deepen tools for information management that allow the visualization and reporting of the risk profile in real time.

Expand the spectrum through quantification models of operational risks of the subsidiaries (Argos, Celsia and Odinsa).

Have mechanisms for the review and assessment of emerging risks.

Long-term

Integrate predictive and Big Data models for environmental monitoring, efficient capital allocation and the anticipation of disruptive events.



(103-1)

Stakeholders We Impact: Collaborators| Shareholders and Investors



Innovation

¿Why is the management of the material issue important?

(103-1) Innovation is one of the pillars of the holding company's role as administrator and manager of its investment portfolio and as a component of the growth strategy and the transformation of its own business model and its subsidiaries.

The physical assets of the holding are strategically complementary and may be threatened by new tech-

nological and market trends. In this sense, innovation, as well as being a catalyst for new opportunities, is a risk mitigator for the environment. (To see more details on risk management go to page 63-65)

How do we manage the issue?

(103-2)(103-3) Innovation in Grupo Argos is managed through a model where the holding company establishes guidelines and coordinates the collaborative and complementary actions of its subsidiaries, which have autonomy to act in accordance with their competitive strategies .

Governance of innovation in the holding company and its subsidiaries seeks to include all operational and strategic levels, in a way that contributes to the construction of a culture of organizational innovation.

Additionally, an Thematic Focal Committee of Innovation has been set up between the holding and its subsidiaries, with bimonthly meetings, for the development and review of the progress in the innovation strategy and its link with the innovation strategy of the subsidiaries. Additionally, the challenges and the situation in each business are identified for the definition of synergies, the identification, incubation and follow-up of transversal innovation projects.

To focus the efforts, three interaction ecosystems or innovation focuses have been defined that respond to the priorities of Grupo Argos and its subsidiaries:

Cities: It is part of the value promise of Grupo Argos as an active holding company in infrastructure, where there are opportunities to work for the sustainable development of cities and the generation of wellbeing of its inhabitants.

Customers: They are the management focus of the holding company and its subsidiaries, with whom the generation of value continues to be a priority. Through innovation, we seek to achieve higher levels of satisfaction and market coverage.

Competitiveness: The essential capacity of the holding company's business to remain valid in an environment of constant change, through innovation applied to both business models and processes, products and services, fulfilling the value promise to its stakeholders.

To materialize the actions in these innovation foci, two specific management vehicles have been defined to be developed in the coming years:



Creation of the innovation model of Argos Group



2 execution routes: Internal development of enterprises and open innovation



3 thematic lines of innovation: Cities, Clients and Improvement of Competitiveness

Corporate Venture:

In a corporate venture pilot, Grupo Argos and its companies will seek innovation opportunities through new ventures (Start-ups) that align with the long-term strategy. At the same time, it will keep the organization connected with new trends and movements in the sector, since the program is a manager of innovation initiatives and a mitigator of environmental risks.

In Company Builders:

This vehicle will be leveraged on the existing knowledge in Grupo Argos and its subsidiaries for the creation of new businesses, contributing to the strengthening of internal capacities and increasing the income of the holding company and its subsidiaries.

(103-2)(103-3)

2017 Achievements

- The innovation model of the organization was built.
- The holding company's Innovation Committee was formalized and activated with its subsidiaries.
- A project was defined under the In Company Builder model for Cementos Argos. This initiative will develop a new business model that facilitates the construction process.
- The investment thesis of the cement, energy and concessions businesses was validated.
- The development of a pilot in 2018 of the corporate venture model for all companies was approved.

(103-2) Challenges

Short-term

Initiate the innovation model of the organization.

Develop the pilot project under the In Company Builder model of Cementos Argos.

Design the pilot corporate venture project for the Business Group.

Medium-term

Perceive strategic profitability based on investments made in innovation.

Long-term

Have new business models developed and underway.



(103-1)

Stakeholders We Impact:

Shareholders and Investors | Collaborators |
Suppliers | Government and Authorities | Media |
Influencers | Public Opinion



Ethics, Conduct and Transparency

¿Why is the management of the material issue important?

(103-1) Ethics, conduct and transparency are essential principles of action that encourage responsible behavior and relations of mutual trust with stakeholders. Likewise, they are the essence of good corporate governance.

How do we manage the issue?

(103-2) (102-16) Grupo Argos' position is that of zero tolerance before fraud, bribery and corruption. The Code of Conduct is the behavior guide whose fundamental principle is integrity, understood as responsible, honest, straight, serious, transparent action and in accordance with the law and internal policies.

(206-1) This code applies to all companies in the Business Group and encourages companies with joint ventures to adopt codes of conduct with equivalent standards. In terms of competition, Grupo Argos defines the framework of action of its subsidiaries and ensures that they have antitrust policies that regulate their participation in the market in which

they operate. These policies cover the prevention of: restrictive business practices (agreements and acts), abuse of a dominant position, unfair competition and business integration without compliance with the law. During 2017, Grupo Argos as a parent company did not have investigations related to competition issues.

In development of the principles contained in the Code of Conduct, Grupo Argos implemented a Risk Management System for Fraud, Bribery and Corruption - MSFBC (SARFC, in Spanish) based on national and international best practices, whose purpose is the establishment of various measures aimed at minimizing the occurrence of situations related to these risks.

Risk Management System for Fraud, Bribery and Corruption:

- Adopted by Senior Management and the Board of Directors.
- Stages: identification, measurement, adoption of controls and preventive measures, disclosure, documentation and monitoring.
- Based on risk assessment: risk matrices tailored to the activities of the organization.
- Promotion of the "compliance culture" at all levels to encourage ethical behavior and commitment to compliance.

(103-3) Some Indicators



Transparency Hotline

01-8000-126-166 | grupoargos@lineatransparencia.com

(205-3) Total number of incidents reported through the transparency hotline by type

TYPE OF INCIDENT	2017
Internal fraud	9
Not categorized	4
Labor issues	2
Conflicts of interest	1
Communities	1
Transfers to another company	2
External fraud	6

(205-2)

100% of employees and board members

were trained and informed about the organization's policies to fight corruption.

(205-1)

100% of the operations were evaluated in significant risks related to corruption.

(206-1)

In 2017, Grupo Argos holding company **was not involved in legal proceedings** for causes related to monopolistic practices or against free competition.

(102-17)

Main Guidelines

- Code of conduct
- MSFBC (SARFC, in Spanish) Policy
- Investigation manual
- Transparency hotline
- Handling of gifts and courtesies

(102-17)(102-25)

Internal and external mechanisms of advisory on ethics

- Compliance Area
- Transparency Hotline (for complaints and inquiries)
- Central Conduct Committee, composed by Grupo Argos personnel and its subsidiary representatives
- Conduct Committees, Business Conduct Officers and Investigation Officers, both in Grupo Argos and in Cementos Argos, Celsia and Odinsa
- Training and mandatory annual certification tied to variable remuneration
- Statement of Conflicts of Interest and of Property and Income
- Training and communication plan for the Board of Directors and employees



More than **6.000** employees throughout the Business Group trained in matters of conduct



100% of the employees of Grupo Argos made the declaration of conflicts of interest



The presidents, vice-presidents and managers of the Business Group made the Statement of Property and Income as part of the anti-corruption commitment

(103-2)(103-3)

2017 Achievements

- Progress was made in the creation of a unified due diligence for the process of investment decision.
- The Statement of Property and Income was extended to Managers, keeping it for President and Vice-presidents.
- We continued with the register of Companies Active in Anticorruption Compliance - EACA (in Spanish), initiative of the Secretary of Transparency of the Presidency with the purpose of increasing the capacity of the private sector to identify and prevent acts of corruption.
- Implementation of Protivity: a technological tool that seeks for all companies of the Business Group to have a unified mechanism for monitoring the internal organizational control system and whose fundamental basis is to have an approved model for comprehensive risk management.

(103-2) Challenges

Short-term

Approval of policies regarding regulatory compliance between Grupo Argos and its subsidiaries.

Medium-term

Have a methodological system for policy updating, training and controls, so that you can have clarity about the map of existing policies, the need and time to update them, that the content and dynamics of the training respond to the needs of each business and that the appropriate controls are implemented to guarantee compliance.

Long-term

To have a unified compliance system in all the subsidiaries of the Grupo Empresarial Argos, in such a way that there is a criterion unit and an automated monitoring management of the regulatory compliance process is facilitated.

Tributary Dynamic Model

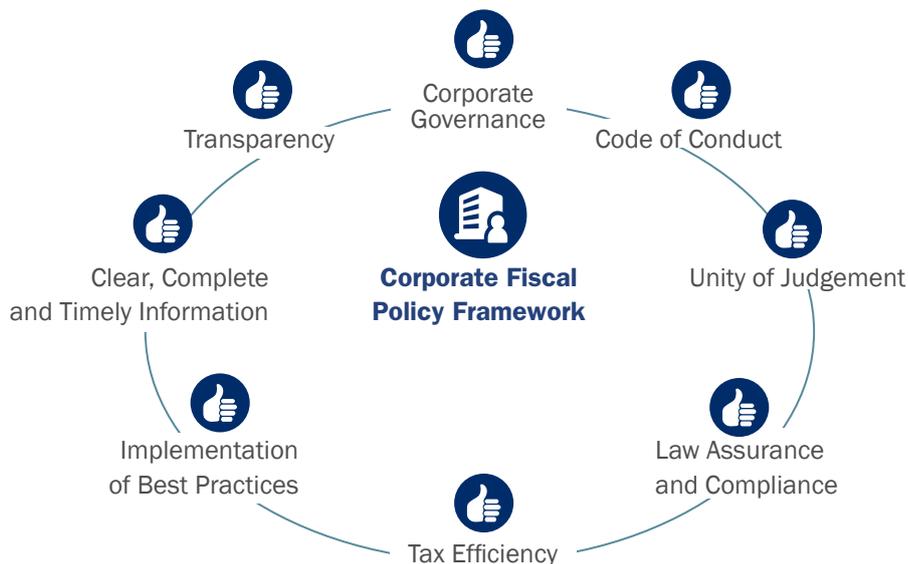
International tax trends and dynamics have become increasingly sophisticated and challenging, which makes it necessary for Grupo Argos to anticipate them to mitigate the risks they may bring and maximize the profits of their investors.

To guarantee efficient management, in 2017, Grupo Argos completed the update and subsequent disclosure of the Corporate Fiscal Policy applicable to all affiliates and subsidiaries.

The main objectives of the policy are:

1. Guarantee strict compliance with tax regulations by all group companies in the jurisdictions they operate.
2. Avoid multiple taxation for the same event.
3. Minimize the fiscal risks.
4. Monitor effective tax rates in accordance with the applicable jurisdictions and the business models of the companies.

Pillars of the Corporate Fiscal Policy:



For more details on the Tax Policy see: www.grupoargos.com/en-us/Tax-policy

(103-2)(103-3)

2017 Achievements

During 2016 a tax reform was processed and approved, Law 1819 of 2016, which is why 2017 was the year of its regulation through decrees issued by the National Government. Grupo Argos participated actively in the discussions for the regulation, probing for the correct understanding and application of the rules, thus avoiding the risks that may arise from an incorrect interpretation of the same.

On the occasion of the reform, new obligations and taxes arose. Topics such as the introduction of a regime of exterior controlled entities (ECE), which seeks to avoid tax deferral by taxing the income of companies abroad under certain parameters; the dividend tax; new obligations in matters of information reporting of global operations (country-by-country report), and others that directly impact their business performance, required Grupo Argos, as a hold-

ing company, to set the guidelines for the proper application of these norms, seeking the assurance of fiscal management in the subsidiaries and compliance with the Corporate Fiscal Policy, which was updated in its content and scope under the exposed regulatory changes, which in turn implied a disclosure in the different businesses.

In addition, the 2016 tax reform introduced an alternative mechanism for paying taxes, called Works for Taxes (Obras por Impuestos, in Spanish), and some tax incentives for the development of business activities in the zones most affected by the armed conflict (ZOMAC). This meant an active participation of the holding company in the different discussions aimed at regulating these normative figures, as well as the identification of opportunities for the subsidiaries.

To see the detail of tax payments by subsidiaries and regions go to pg. 133.

(103-2) Challenges

Short-term

Consolidate the dissemination, application and controls to comply with the Corporate Fiscal Policy.

Continue with the evaluation, review of the impact and compliance with the obligations arising from the tax reform of 2016 and its regulatory standards.

Medium-term

Establish an effective tax rate for Grupo Argos and its subsidiaries, as well as the mechanisms for monitoring and control.

Long-term

To have a dynamic model for the analysis, implementation and control of the Corporate Tax Strategy, which allows real-time analysis of transactions, litigation and impacts that affect the assurance of the fiscal aspects of the Grupo Empresarial Argos.

SOCIAL DIMENSION 05

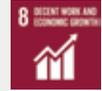


The crowned woodnymph is one of the 30 species of birds identified in our ecological restoration zones in the Caribbean region. © Sergio Chaparro



(103-1)

Stakeholders We Impact: Collaborators and Shareholders



Human Talent Management

Why is the management of the material issue important?

(103-1) Grupo Argos focuses on the attraction, development, motivation and retention of the best talent to accompany the execution of the Business Group strategy, maximize the value of current investments and ensure the success of mergers, acquisitions and expansion of the company..

The collaborators have the professional and personal development required, generating synergies among the subsidiaries, implementing best practices and strengthening the value of diversity and mobility in business.

How do we manage the human talent?

(103-1)(103-2) Grupo Argos has defined guidelines for its subsidiaries on issues of human talent management. Additionally, each of the Group's companies has government policies and systems.

As the international expansion of businesses has taken place, these policies have extended to its operations outside of Colombia. Its management has allowed businesses to reach the levels of equity and external competitiveness that they currently present.

To address the atomization risks generated by the geographical expansion and business dynamics, and as part of the consolidation of its active holding role, Grupo Argos concentrates the human talent management in eight foci in order to encourage mobility, the development, retention and attraction of talent:

How We Intervene In Our Business - Management of strategic human talent and corporate culture, leading development initiatives, succession of critical positions, compensation and mobility. Active role of the holding in the definition of human management policies for the subsidiaries.

Management of Key Talent - Identification of critical positions and design of career and development plans to have successors ready to face new challenges.

Diversity - Diversity and inclusion strategy with emphasis on gender and multiculturalism.

Compensation and Benefits - Definition of a corporate policy of total compensation (fixed salary + variable + benefits).

Corporate Culture - Definition of a common framework of action with values and attributes of culture that generate Group identity and a competency model consistent with our operations and businesses.

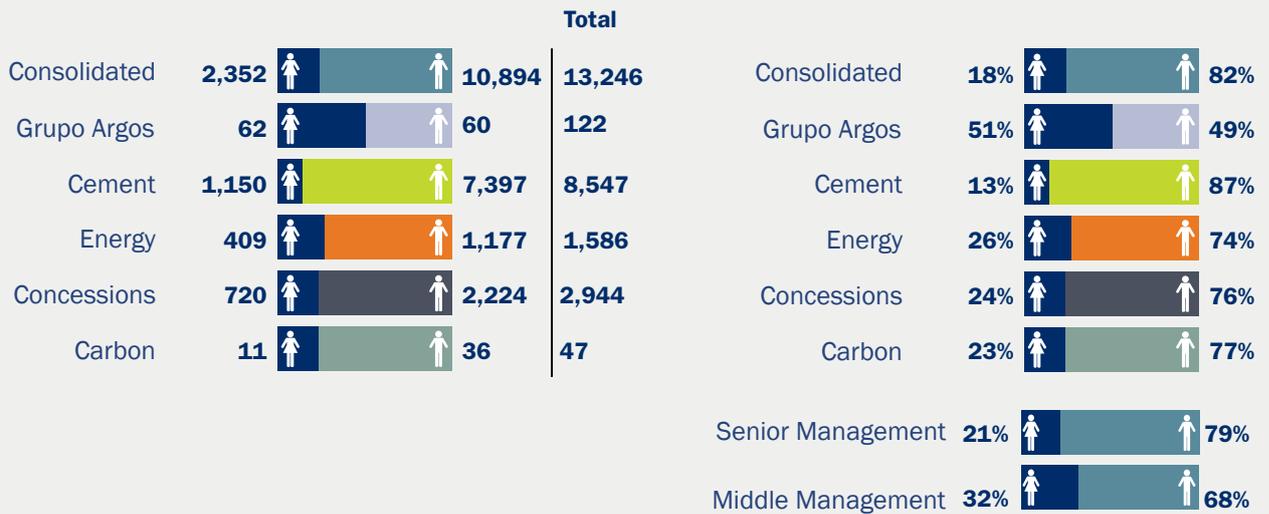
Performance Management - Evaluation of employees in terms of competencies and objectives, in coherence with the results of the business.

EDUCA Training Model - Training model with more than 400 online training courses.

Technological Tool (SuccessFactors) - Enabling technological tool for the management of human processes.

Diversity

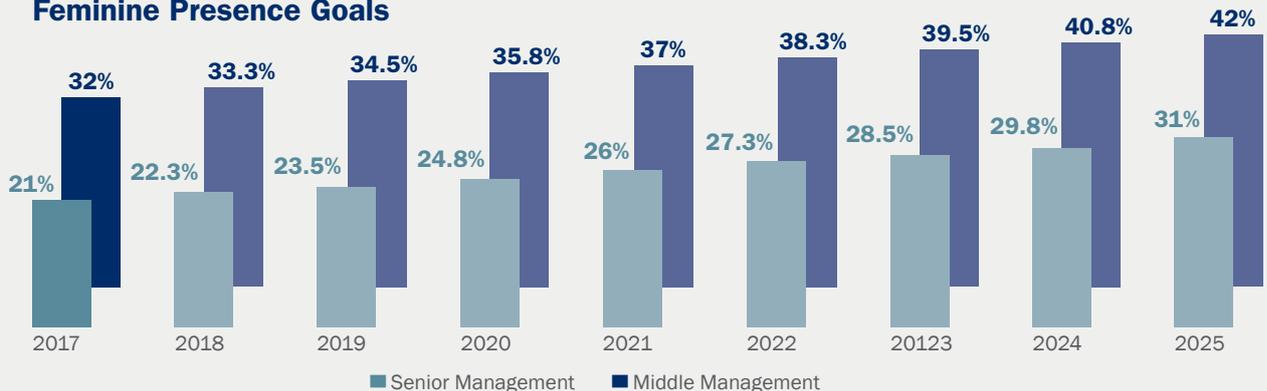
(102-7)(102-8) 2017 Number of Employees



Definition of Diversity Goals for the Business Group

Increase by **10% women** in specialist positions and top management by 2025

Feminine Presence Goals



Increase by **15%** the presence of collaborators of **different nationality** to the Colombian in the **key talent** matrix by 2025

2017 Goals

Of The Business Group



679 Collaborators
valued
in proficiencies
and potencies



149 high
potentials
1% of the total
of collaborators



288 collaborators
that mobilize
in between subsidiaries



52 horas
average
training hours



7 knowledge
schools

- Leadership
- Sustainability
- Supply Chain
- Finance
- Languages
- Information Technologies



More than **400**
virtual courses
from training
schools available for
collaborators in all
of the Business Group

Of The Holding Company



Sustainability
Dow Jones Rating
91 points
in human capital
100 points
points in labor practices
86 points
in attraction
and retention of talent



COP 7,781 million
in optimization
in expenses
budget



90% audited
in the Occupational
Health and Safety
Management System



Sustainable **Mobility**



17,348km have
been **traveled**

1.76 times
the **distance**
from Medellín to
Tierra del Fuego



The **emission**
of **2,723kg** of
carbon dioxide was
avoided



Up to **433 hours**
in travel time have
been **saved**

Work Environment Assessment



95.3 in the labor environment index
 exceeding the previous measurement of 94.6
 and maintaining the excellent level.



Great Place to Work Acknowledgement

Link Index:

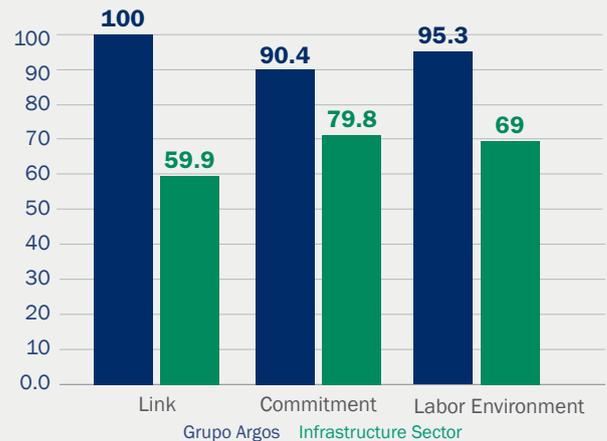
Perception of the value proposition of the organization and, therefore, of its retention capacity. It corresponds to the highest valuation among those corresponding to: compensation, benefits or development.

Commitment Index:

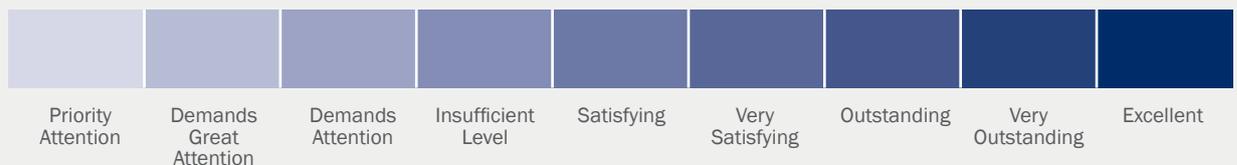
It contemplates aspects associated with different ways of committing oneself: affective, normative and continuity commitment. It corresponds to the average of the valuations of each item that makes up the index.

Labor Environment Index (LEI):

It summarizes the level of achievement of the organization in the management of the Labor Environment. It corresponds to the average of the valuations of the Great Place to Work® model variables.



The assessment of the Labor Environment is determined on a scale of nine ranges, our goal is to be in the upper range



(103-2) (103-3) 2017 Achievements

(404-2) Route of joint work with businesses as a lever of value in order to retain, develop and mobilize talent:

- Salary curves that align compensation with the strategic guidelines of sustainability, facilitating the promotion and mobility processes.
- Annual performance process as a tool for leaders to promote the development of collaborators strengthening skills and leveraging the business results.
- (404-1) EDUCA training model with seven schools of knowledge: Leadership, Sustainability, Supply Chain, Finance, Languages and Technology.
- Design of Human Resources processes that will be supported from the Shared Services Center (mobility, talent attraction, contracting and data management), achieving synergies and guaranteeing the implementation of best practices.
- Implementation of the SuccessFactors technological enabler that supports human processes at the level of the entire Business Group.
- Mobility of 288 collaborators among companies of the Business Group, which allows to transfer knowledge and strengthen the culture.
- Valuation in competencies and potential for 679 Business Group collaborators.
- 48 hours of training were performed on average per collaborators.
- In the Sustainable Mobility program, “La Bici Me Mueve” 17,348 km were covered at the end of 2017.

Strengthening of the motivation, attraction and talent retention initiatives:

- Long-term incentive system with triennial goals that seek alignment with the interests of the shareholder and the stimulation of long-term thinking.
- Flexible benefits plan that serves the interests of different generations and the time of life of each collaborator.
- Measurement of culture in Grupo Argos and subsidiaries to determine the baseline in terms of values and structure a transversal implementation plan with a common framework.
- Organizational climate measurement survey as a collaborator participation mechanism, which allows to understand the reality of the organization and its leaders in the dimensions of credibility, respect, impartiality, camaraderie and pride.

Strengthening the Occupational Health and Safety System, as a commitment to protect the lives of all collaborators:

- Continuous progress is being made in the continuous improvement of the occupational health and safety management system, obtaining compliance of 91% in the face of the minimum standards of law and 96.72% compliance in the last internal audit carried out.
- For Grupo Argos, the management and control focuses on biomechanical, cardiovascular and psychosocial risks and a 100% compliance was achieved with activities planned in these epidemiological surveillance programs.
- Cross-cutting initiatives were led between Grupo Argos and the subsidiaries on issues such as the formation of emergency brigades, psychosocial risk, biomechanical risk, occupation health and safety day and road safety plan.

(103-2) Challenges

Short-term

Retention and Attraction:

- Design a total corporate compensation strategy and policy that establishes transversal guidelines and that takes into account the particularities of businesses and geographies.
- Implement the Employer Brand strategy for the Business Group, identifying the value proposal towards the talent that it wants to attract.
- Define, strengthen and disseminate the culture attributes for the Business Group.

Gender Diversity and Culture:

- Implement diversity programs aimed at strengthening gender and cultural diversity.
- Advance in an additional phase of Telework including the design of policy, the identification of other teleworking positions and the training of leaders and collaborators.

Performance and Development:

- Activation of Supply Chain, Finance and Technology schools in our EDUCA training model to generate transversal training courses in these areas of knowledge.
- Internal successors ready to assume the positions identified as critical and of higher level of contribution.
- Valuation of potential for coordination levels in Grupo Argos and subsidiaries.

Medium-term

Retention and Attraction:

- By 2020 Grupo Argos will be recognized and remembered as an attractive company to work in specialized rankings of employer brand measurement.
- Implement the total compensation strategy and policy in all the regions where the subsidiaries operate.
- Incursion in new work models that guarantee the attraction of young talent.

Gender Diversity:

- Increase by 10% the presence of women in positions of coordination, middle management and senior management in the Business Group by 2025.

Long-term

Occupational Health and Safety

In Grupo Empresarial Argos we are committed to protecting the lives of each of our employees and we work so that we all return home safely and healthily. Our purpose is to have zero fatalities. By 2025 all our operations will be benchmarks in occupational health and safety, with world class indicators in relation to its industry.

Labor Environment

By 2025 all our businesses will be cataloged as a good place to work in the respective markets where they have a presence.

Corporate Culture

By 2025, we envisage having a solid corporate culture that is lived in all of the Group's majority shareholding operations and that is a differentiating element for the sustainability of our businesses.



(103-1)

Stakeholders We Impact: Communities



Contribution to Social Development

(103-1)(103-2) Grupo Argos and its subsidiaries prioritize the creation of well-being for people, society and the environment. This materializes in the areas of influence of the Business Group, through the contribution to social development.

As a holding company, Grupo Argos provides guidelines to its subsidiaries, so that they not only manage the impacts generated by their operations, but also contribute to local development through the design, execution and participation in projects that seek to improve the living conditions of the communities.

One of the important vehicles to carry out this strategy are the foundations of both Grupo Argos

and its subsidiaries. With the purpose of achieving greater efficiencies, synergies and impacts, for the last year the social investment strategy has been reviewed through the foundations, to enhance the social commitment of the Business Group and contribute to sustainable development in the territories.

In Grupo Argos, social management focuses on environmental conservation that includes preservation, restoration, sustainable use, sustainable practices of communities and protection of biodiversity. In this way, it contributes globally to the achievement of the sustainable development objectives (2030 Agenda) and the climate change goals.



363,371
trees planted



2,500
hectares
of protected basins



136
educational sites
intervened



40,000
students
sensitized

Investment



**Environmental conservation
and social development**
COP6,541 million



Culture
COP789 million



Sports
COP276 million



Education
COP113 million

Main Actions

Biodiversity



With the company of the communities, we develop programs, oriented to the protection of focal species, that is to say, species that by their characteristics, required area and connectivity of their habitat are key for the planning and management of conservation. These programs are:

Conservamos la Vida: Protection of the Andean Bear

Alliance for the Conservation of Biodiversity, Culture and Territory

Reforestation and forest restoration

Social Inclusion



With the company of the communities, we develop programs, oriented to the protection of focal species, that is to say, species that by their characteristics, required area and connectivity of their habitat are key for the planning and management of conservation. These programs are:

Water



We contribute technically and financially to the creation and management of partnerships and long-term financial mechanisms for the conservation of watersheds supplying population centers. Through these mechanisms, the conservation of biodiversity and the supply of drinking water are sought. Grupo Argos is:

Main business partner

of the Carrera Verde

Partner of the Cuenca Verde Water Fund

Founder of the Cartagena Water Fund

Founder of the Alliance for Water in Montes de María

Environmental Education: Verde Vivo

Support for the Crecer en Paz Foundation: a commitment to post-conflict and rural and territorial development in Montes de María

Forestry Development: Leading Sustainable Productive Units Program - Sustainable Business Cooperation Network Strategy - RED CES (acronym in Spanish).



Contribution to social development from the subsidiaries:

Cement

Energy



Housing
77,302
beneficiaries



Education
23,410
beneficiaries



Social
Strengthening
34,666
beneficiaries



Access to
Energy
2,433
beneficiaries



Quality of Life
Improvement
191,989 beneficiaries



Community
Infrastructure
124,228
beneficiaries



Productive
Projects
1,969
beneficiaries



Community
Development
29,987
beneficiaries



Promotion of
Education
113,165
beneficiaries

Corporate Volunteering Program

The corporate volunteering of Grupo Argos and its subsidiaries promotes solidarity based on the values of the organization, through the mobilization of energy and talent of employees through the dedication of time, knowledge and resources for the generation of social capital, in projects of high impact,

sustainable and transformative, that contribute to strengthen and reflect the organizational culture.

During 2017, the unification of the corporate volunteering program was carried out, which defined the following points for the entire Business Group:

Corporate policy and unified development.

4 lines of action with options for all types of volunteers, environment, infrastructure, knowledge transfer and solidarity funds.

Integrated government, transversal coordination and a single administration platform.

This first stage applies to all subsidiaries located in Colombia.

	Grupo Argos	Cement	Energy
Number of Volunteers	111	908	263
Total Volunteering Hours	720	2,550	1,959

(103-2) Challenges

Short-term

Carry out measurement of externalities that allows to quantify the added value generated in the communities.

Implement the transition process to unify the social investment strategy of the Business Group, which includes focus of social management, roles, vehicle, indicators and goals.

Implement the corporate volunteering program in all the regions where the subsidiaries operate.

Medium-term

Promote the creation of social value with periodic measurement of outcome or impact variables.

Calculate the return on social investment in order to analyze the relevance of these investments.

Long-term

Evaluate the results obtained from the new social investment strategy in order to validate its creation of value.

Human Rights

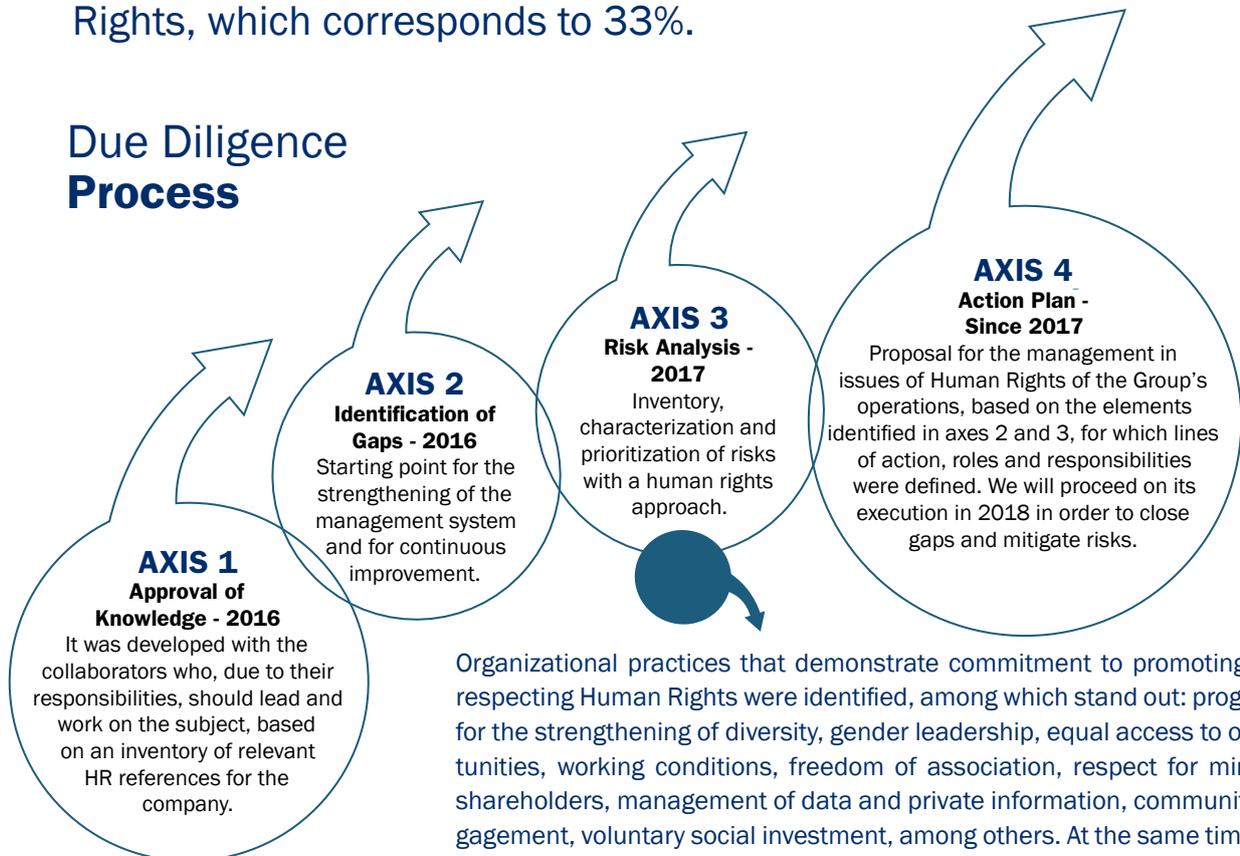
Grupo Argos, in the development of the sustainability policy and the compliance with the publicly expressed commitment on respect for human rights, has a Human Rights Integral System that responds to the principles of the United Nations Ruggie Framework. Therefore, there is a Human Rights policy approved by the Board of Directors and a process of due diligence in this matter, which has been developed through four axes, with the purpose of obtaining a complete diagnosis that serves to take effective measures that contribute to closing gaps and mitigating risks.

HUMAN RIGHTS POLICY

As an essential principle of its sustainability strategy, Grupo Argos is committed to respecting and promoting Human Rights, in all its subsidiaries and regions where they operate, in accordance with the Universal Declaration of Human Rights, the ILO declarations, the Global Compact and the applicable laws in each country. With ethical integrity as the basis for business actions, Grupo Argos assumes the responsibility of preventing, identifying and repairing the negative consequences on Human Rights that its operations and businesses may cause.

44,425 Business Group collaborators received training in Human Rights, which corresponds to 33%.

Due Diligence Process



Organizational practices that demonstrate commitment to promoting and respecting Human Rights were identified, among which stand out: programs for the strengthening of diversity, gender leadership, equal access to opportunities, working conditions, freedom of association, respect for minority shareholders, management of data and private information, community engagement, voluntary social investment, among others. At the same time, 20 risk scenarios were recognized in the operating environments of the holding company and its subsidiaries, four of them transversal to all the companies.



The following are the four transversal risk scenarios and the actions for their mitigation:

TYPE OF RISK	OPPORTUNITY	2017 ACTIONS FOR MITIGATION	2018 ACTIONS FOR MITIGATION
Reputational and Legal	The analysis of Human Rights must be present permanently in the investment processes of the new businesses of Grupo Argos.	Given that in the last materiality exercise of the organization, the topic of investments with an ESG approach was prioritized, the analysis and evaluation of environmental, social and good governance throughout the whole life cycle of the investment has been strengthened, from due diligence -before the merger or acquisition-, during the management of the investment and, finally, in its sale, as the case may be.	Include in the processes of analysis of new investments and/or disinvestments, criteria of a specific nature in Human Rights.
Reputational, Operational and Legal	The complaints and claims mechanisms authorized by the company must be specific in Human Rights.	Within the Transparency Hotline, a specific channel was defined for the reception of complaints and claims, against which work continues to be carried out to effectively close cases.	Strengthen the complaints and claims mechanism attentive to Human Rights in the Business Group. In 2018, the new complaints and claims mechanism of the holding company will be socialized, to 85% of collaborators.
Reputational and Legal	Strengthening of the land and property management system required for the operation, attending to the associated risks.		Deepening of Human Rights criteria in the due diligence processes. Prevention and attention measures, in case of any risk materialization.
Reputational	Greater strategic and operational alignment in management of the environment between holding company and subsidiaries when there is a coincidence in the same territory.	Review of the social investment strategy developed by the foundations of the Business Group companies, in order to enhance social commitment and generate greater impact in the territories.	Develop guidelines for the constant relationship between subsidiaries that operate in the same environment and that coincide in communities of influence.

ENVIRONMENTAL DIMENSION 06



Cabo Manglares, in the department of Nariño, is the first protected reserve within the framework of the Alliance for the Conservation of Biodiversity, Territory and Culture. © Rodrigo Durán Bahamón



(103-1)

STAKEHOLDERS WE IMPACT:**Shareholders and Investors | Government and Authorities | Communities**


Climate Change Strategy

Why is the management of the material issue important?

(103-1)(102-11) Given the importance of natural resources in the business operation and territory development, Grupo Empresarial Argos considers it a priority to lead the transition towards low carbon business models. For this reason, it includes the risks associ-

ated with climate change in the integral management of its strategic risks, in order to adopt measures to prevent, mitigate and adapt to the possible effects of this phenomenon on the business strategy.

How do we manage the issue?

(103-2) The reduction of CO2 emissions, the sustainable use of resources and the protection of water and biodiversity are the main axes of the Group's climate change strategy, which is committed to the integration of renewable energies in the generation mix, the use of alternative raw materials in the processes, the reduction and compensation of their greenhouse gas emissions, the efficient use of water and energy, the protection of watersheds and reforestation of forests, and the continuous search for innovative solutions to generate a lower environmental impact.



What is the mitigation of climate change?

It is the set of strategies, policies and actions aimed at limiting or reducing greenhouse gas (GHG) emissions in production processes and through initiatives for the protection, conservation and restoration of the ecosystems responsible for capturing carbon or the design of artificial mechanisms to absorb it.

What is adaptation to climate change?

The actions and measures aimed at reducing the vulnerability of natural and human systems to the real or expected effects of climate change (warmer or colder weather, periods of drought or longer and intense rainfall, etc.).

Source: Ministry of the Environment

(103-2)(103-3)

Management of Direct and Indirect GHG Emissions

The Business Group established a goal to reduce by 20% the direct emissions of CO₂ per million Colombian pesos in revenues to 2025, taking 2015 as base year.

The actions for the fulfillment of this commitment include:

Cement

- The implementation of the plans to reduce CO₂ emissions from the Colombia, and the Caribbean and Central America Regions began.
- 10,535 tons of CO₂ generated by the consumption of diesel in cement and concrete operations in Colombia were compensated through the acquisition of carbon credits from conservation and reforestation projects.
- The design and construction of a solar farm was initiated in the operation in Honduras, which allowed the replacement of about 25% of the electricity demand, which is based on fossil fuels today.
- Construction was completed for the co-processing of 60,000 tons/year of tires at the Cartagena cement plant.
- A substitution percentage of 5.4% was reached in the caloric consumption of fossil fuels by alternative ones in the cement business.
- There was a decrease of 2.2% in the net specific emissions of CO₂ per ton of cementing material, compared to 2016, favored by a reduction in specific caloric consumption per ton of clinker and an increase in natural gas in the mixture of fuels for clinkerization.

Energy

- The implementation of the first solar farm in Colombia - Celsia Solar Yumbo - with a capacity of 9.9 MW, the installation of 9 new solar roof systems, as well as the entry into operation of the first Thermal District in Colombia, demonstrate the materialization of a strategy based on the growth of conventional and non-conventional renewable energies with low carbon emissions.
- The energy intensity of the business decreased by 48% compared to 2016, mainly due to the decrease in the generation of thermal energy in Colombia and Central America.
- The Nucleus of Advanced Operations (NOVA, in Spanish) building, which will be the integrated operations center for monitoring, supervision and control of the entire electricity network and new businesses, is in its final phase. The building was built under the LEED concept and its operation will be self-sustaining, highlighting the bioclimatic part to reduce energy consumption.

Concessions

In 2017, the carbon footprint was measured for the years 2015, 2016 and 2017, based on the guidelines of the ISO 14064-1 Standard and the Greenhouse Gases Protocol. The quantification of scope 3 was carried out under category 15 (Investments) referred to in the Technical Guidance for Calculating and Man-

aging Scope 3 Emissions in the organizational carbon footprint. The consolidation and monitoring of business emissions and their concessions will allow us to know the associated impacts and have the necessary information to make decisions about emission reduction and compensation plans.

Carbon

- The feeding system was modified to the grinder, which allowed to achieve: a more continuous feeding of coal to the hopper, a 39% increase in the performance, going from 230 ton/hour to 320 ton/hour on average, and a 37% reduction in the specific energy consumption of the grinder.
- A change was made in the transformers and electrical networks of the coal storage yard, in order to avoid the variation in the energy voltage and the consequent stoppage in the electrical equipment and damage to the motors, which allowed savings in the reactive energy consumption of 76% compared to 2016 and a constant and reliable energy supply.
- The design and execution of two communication ramps between the exploitation module and the dump of sterile material was carried out, which allowed to reduce the haulage distance by 1.5 km compared to the 2017 mine planning, which translated into a reduction of 6% fuel consumption.

(305-1) Direct GHG Emissions

Consolidated Direct Emissions (TonCO2eq)

	2014	2015	2016	2017
Group	676	791	585	485
Cement	8,626,983	9,073,027	8,186,365	8,167,887
Energy	1,424,644	2,857,802	2,491,512	967,008
Concessions	Does Not Apply	517	404	406
Urban Development	27	24	Does Not Apply	Does Not Apply
Carbon	24,219	36,650	38,927	36,640
Total	10,076,549	11,968,811	10,718,595	9,172,426

(305-2) Indirect GHG Emissions

Indirect GHG Emissions

	2014	2015	2016	2017
Group	51	56	94	3,964
Cement	657,574	336,482	342,271	436,634
Energy	53,898	63,059	51,371	22,334
Concessions	Does Not Apply	116	118	448
Urban Development	45	43	Does Not Apply	Does Not Apply
Carbon	104	118	107	1,049
Total	711,672	399,874	393,923	459,157

(102-48) The total direct GHG emissions Business Group figures for 2015 and 2016 were restated, due to the inclusion of road and airport concession data in the Group's total data.

**Notes:**

- **(102-48)** A recalculation of the direct CO₂ emissions of the Cement operations was carried out in the three regions (Colombia, the Caribbean and Central America and United States) for the years 2014, 2015 and 2016, in compliance with the guidelines established in the “CO₂ and Energy Accounting and Reporting Standard for the Cement Industry - Energy and CO₂ Protocol in the Cement Industry (WBCSD - CSI, 2011)”. The criteria taken into account to perform the recalculation were the following:
 1. Structural changes were identified in the Company, specifically given by the acquisition of cement assets in the regions of the Caribbean and Central America and United States. Therefore, with this recalculation, the emissions generated by the cement plants that were acquired by Argos and that were in operation in the years 2014, 2015 and 2016 were incorporated into the company’s CO₂ inventory.
 2. It was identified that the data of calculation variables 12

to 17a of the Energy and CO₂ Protocol of the WBCSD-CSI (2011) were on a wet basis and were corrected on a dry basis as established in the protocol.

3. It was corrected for two cement plants of the Colombia Region (Sogamoso and Yumbo), for the year 2014, some CO₂ emissions calculation variables of the Energy and CO₂ Protocol of the WBCSD-CSI (2011).
 - Since 2015, the energy business figures include the company’s operations in Central America.
 - As of 2016, Situm (Urban Development) became a Grupo Argos business line. For this reason, Grupo Argos indicators now include Urban Development data.
 - The scope 1 and 2 of the concessions business corresponds to the Corporate (offices). The quantification of scope 3 was carried out under category 15 (Investments) referred to in the Technical Guidance for Calculating and Managing Scope 3 Emissions in the organizational carbon footprint. In scope 3, scope 1 and scope 2 of the highway and airport concessions are consolidated, multiplied by the participation percentage.

(305-4) Intensity of GHG Emissions

33% decrease in direct emissions compared to 2015 base year. The decrease in CO₂ emissions is mainly due to the fact that in Colombia and Central America, thermal power plants, due to their backup status, operated very little. The above, thanks to the high availability of water resources to generate the energy required by the demand.

Target year: 2025

	2015 restated	2016	2017
Revenues (million COP)	12,700,304	14,552,884	14,573,579
Direct Emissions (tonCO₂)	11,968,811	10,717,793	9,172,426
Direct GHG Emissions Intensity (tonCO₂)/(million COP)	0.94	0.74	0.63

(103-2, 102-3)

Management of Water Resources and Biodiversity

The impacts that businesses generate on ecosystem services are managed through actions aimed at the protection of water resources and the conservation of biodiversity as measures to adapt to climate change. Likewise, from the

Grupo Argos Foundation, whose focus is environmental conservation, public and private resources are articulated to leverage the development of projects in strategic areas for our businesses.

Grupo Argos

- In partnership with Cuenca Verde, the Medellín Water Fund that protects the basins that supply 90% of the water consumed in the Aburrá Valley, more than 27,000 native species were planted in riverbank areas (2,500 hectares), which allow the supply of 15 million liters of water per hectare to the basin. <http://www.cuencaverde.org/>
- In partnership with the Cartagena Water Fund, the ecosystem associated with the Juan Gómez Dolores lagoon system is protected, which provides 90% of the water for Cartagena. Actions of conservation have been taken place for the mangrove ecosystem, which is one of the most important in the Colombian Caribbean. <http://fondodeaguacartagena.org/>
- The creation of an Alliance for Water in the Montes de María began, in the municipalities that suffer the most water stress in the area, in order to generate alternatives for drinking water for the population. In 2017, the planting of 69,000 native species was achieved to contribute to the protection of artificial and natural water sources through the implementation of forest covers with endemic tropical dry forest species.

With the Carrera Verde initiative, 24,000 native species trees were planted, which contribute to the capture of 5,750 tons of CO₂ in the next 15 years.

A total of 363,371 native trees were planted, contributing to a capture potential of 943,710 tons/CO₂. The plantings were made in areas of tropical dry forest and Andean forest.

- In the framework of the “Conservamos la Vida” program, whose focus is the protection of the Andean Bear, work is being done on three priority nuclei under conservation agreements where 397 families with potential of conflict were detected, with which an agreement process is being started to achieve sustainable productive practices and provide forest cover to help the Andean Bear corridor.
- With the Alliance for the Conservation of Biodiversity, Territory and Culture, the statement of the Integrated Management District of Cabo Manglares, Bajo Mira y Frontera, in the department of Nariño, was achieved. This district has an area of more than 190,000 hectares and is part of one of the 25 priority terrestrial ecoregions of greatest biological diversity in the world. <http://www.minambiente.gov.co/index.php/noticias/3380-distrito-nacional-de-manejo-integrado-cabo-manglares-nueva-area-protegida-del-pais>
- Environmental education programs and field samplings have been developed to investigate the diversity of amphibians, reptiles, birds and mammals existing in the forest plantations located in San Onofre (Sucre) and Puerto Libertador (Córdoba), in order to promote the creation of awareness and preservation of endangered species such as the white-tailed deer and the cotton-top tamarins.



Cement

- A specific water consumption of 413 l/t was presented for the cement business and 220 l/m³ for concrete, which represented a reduction of 7% for the concrete business with respect to 2016.
- Microcement was launched on the market, a product with sustainability characteristics that contrib-

utes to maintaining the load in aquifers, which minimizes the impact on surface water sources and the associated ecosystems.

- Progress was made in the identification and prioritization of facilities located in areas of high value for biodiversity.

Energy

- In the second year of implementation of the VerdeC project in the Cauca Valley, more than 1 million new trees were planted near the river basins of the region. The consolidated figure of new trees planted in the region reached a value of 1,586,552, with which more than 1,800 hectares have been protected in 26 municipalities of the department.
- Progress was made in the restoration of degraded or protected areas in the different areas of influence. This is how 1,934 hectares were reforested with the planting of forest individuals of native species, an activity that is carried out in collaboration with third parties for the protection of habitats in Colombia.
- Through partnerships in the territory, watershed restoration and protection of water sources in Colombia have been implemented. During 2017 the implementation of actions continued within the framework of agreements with National Natural

Parks, Vallenpaz Foundation, Agua por la Vida y la Sostenibilidad Fund and with municipal administrations.

- 168 species present in the operations of Colombia and Central America were identified with some degree of threat according to the Red List of the International Union for the Conservation of Nature (IUCN) and national conservation lists, of which 3% are found in critical danger, 3% in danger, 8% vulnerable, 3% almost threatened and 83% with minor concern. Based on these results, knowledge and conservation actions were defined for 20% of the species that are in critical danger and for the 40% that are in danger.
- In the Celsia Free Zone thermal power plant, the reuse of 100% of domestic wastewater was continued in the irrigation of gardens and green areas, avoiding the dumping of 2,640 m³ of water.

Concessions

- 300 trees were planted, as a replacement for the felled individuals for the construction of the Conexión Pacífico 2 control and operation center.
- In partnership with Terrasos S.A.S, the structuring of the first bank for the recovery of the tropical dry forest (the second in the country) is being advanced. This project is a pioneer for contributing to the recovery of one of the most threatened ecosystems in the country.
- The Mariscal Sucre International Airport has developed a process of compensation and relocation of flora and fauna species that are in a certain category of risk or that are endemic to the dry ecosystem of the construction areas, in order to maintain and conserve the dry forest species.
- In 2017, the El Dorado Airport carried out the reforestation of 900 arboreal individuals in Coello, Tolima, to contribute to the recovery and conservation of the aqueduct intake of this municipality that is located within the tropical dry forest ecosystem. In total, an approximate area of 30 hectares was intervened with an expansion projection to 250.
- For the use of rainwater, El Dorado Airport has a treatment plant-PTALL, which allows to treat the water coming from the rainfall and take advantage of it in the sanitary services of terminal 1. This plant can process a flow equivalent to 3.72 liters per second in rainy season. The treated flow of rainwater for the year 2017 was 15,189 m³.
- In 2017 the measurement of the blue and gray water footprint, corporate and of concessions, was made for the years 2015, 2016 and 2017, using the methodology approved by The Water Footprint Network. This, in order to know the real values of water consumption and to determine improvement opportunities to efficiently manage the resource.
- The objective is to reduce consumption volumes and create projects in the areas of influence that contribute to the protection and conservation of the resource.

(303-1) Total Water Capture

Total Water Capture (m³)

	2014	2015	2016	2017
Group	1,056	956	78,459	85,078
Cement	11,504,259	10,606,830	13,407,143	13,900,810
Energy	10,190,279,490	13,422,864,475	12,538,445,474	16,264,000,000*
Concessions	Does Not Apply	835,156	828,951	825,024
Urban Development	47,322	81,726	Does Not Apply	Does Not Apply
Carbon	105,102	103,559	107,202	119,546
Total	10,201,964,060	13,434,547,287	12,553,008,369	16,278,930,458

Note:

(102-48) The water capture data for 2015 and 2016 of the concessions business are restated due to the inclusion of road and airport operations.

*The energy business data correspond to 2016, because at the end of this report there was no verified figure for 2017. Once the final data is available, it will be updated in the 2017 Integrated Report in www.grupoargos.com



(103-2) Challenges

Short-term

Consolidate the emissions reduction plan, which will define a route to quantify the contribution and the role of each business in meeting the Business Group's emissions target.

Define a quantitative goal for water use reduction and emissions reduction per productive unit in the road and airport concessions business.

Carry out an risk analysis derived from climate change in the subsidiaries to assess the vulnerability of the holding company to the effects that the materialization of these risks could have.

Carry out the externalities measurement with environmental variables for Grupo Argos, Celsia and Odinsa.

Medium-term

Contribute to the protection of two million hectares for the generation of wildlife areas or corridors by 2020.

Define an internal price of carbon as a financial tool for investment decision-making.

Long-term

Reduce 20% of direct emissions per million pesos in revenue to 2025 with a 2015 base year.

Rehabilitate 85% of the areas intervened by the operations of the Business Group.

Plant more than 10 million native trees that will contribute to the care of watersheds and the generation of wildlife corridors that contribute to the conservation of biodiversity.

CONSOLIDATED FINANCIAL STATEMENTS 07

The sparrowhawk is one of the species that flies freely in the biodiversity corridors that we conserve in the Caribbean coast. © Sergio Chaparro

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Financial Position

Years ending on December 31 | In millions of Colombian pesos

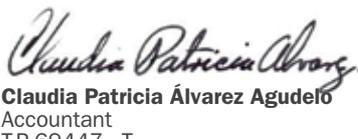
	NOTES	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,625,892	1,921,472
Derivative financial instruments	7	176	1,420
Trade accounts and other accounts receivable	8	2,348,488	2,355,898
Inventories, net	9	1,086,669	1,069,615
Tax assets	10	365,361	351,534
Biological Assets	20	134	-
Other Financial Assets	11	45,371	2,303
Expenses paid in advance and other non-financial assets	12	228,103	198,478
CURRENT ASSETS		6,700,194	5,900,720
Non-current assets held for sale	13	49,925	350,872
TOTAL CURRENT ASSETS		6,750,119	6,251,592
NON-CURRENT ASSETS			
Trade accounts and other accounts receivable	8	2,619,430	2,560,227
Inventories, net	9	47,275	42,583
Merchant Credit	14	2,974,358	3,023,544
Intangibles, net	15	4,221,769	1,615,009
Properties, plant and equipment, net	16	18,481,446	18,258,476
Investment Properties	17	2,203,222	2,273,994
Investments in associates and joint ventures	18	8,258,210	8,475,457
Derivative financial instruments	7	2,533	650
Deferred Tax	10	573,316	758,382
Biological Assets	20	54,129	20,870
Other Financial Assets	11	1,358,463	1,450,450
Expenses paid in advance and other non-financial assets	12	23,678	18,340
TOTAL NON-CURRENT ASSETS		40,817,829	38,497,982
TOTAL ASSETS		47,567,948	44,749,574

	NOTES	2017	2016
LIABILITIES			
CURRENT LIABILITIES			
Financial Obligations	21	2,874,332	3,407,874
Liabilities for employee benefits	24	210,547	202,657
Provisions	25	340,185	328,471
Business liabilities and other accounts payable	26	2,116,725	1,567,365
Tax liability	10	189,664	169,270
Derivative financial instruments	7	3,622	102,555
Bonds and compound financial instruments	27	704,251	760,339
Other non-financial liabilities	28	667,596	480,889
CURRENT LIABILITIES		7,106,922	7,019,420
Liabilities associated with non-current assets held for sale	13	824	191,699
TOTAL CURRENT LIABILITIES		7,107,746	7,211,119
NON-CURRENT LIABILITIES			
Financial Obligations	21	6,499,405	6,363,559
Deferred Tax	10	1,562,383	1,580,512
Liabilities for employee benefits	24	494,531	440,950
Provisions	25	304,360	298,565
Business liabilities and other accounts payable	26	237,324	319,950
Derivative financial instruments	7	-	8,901
Bonds and compound financial instruments	27	6,653,888	4,644,438
Other non-financial liabilities	28	401,163	246,984
TOTAL NON-CURRENT LIABILITIES		16,153,054	13,903,859
TOTAL LIABILITIES		23,260,800	21,114,978
EQUITY			
Capital Stock	29	53,933	53,933
Share placement (issue) premium	29	1,354,759	1,354,759
Retained Profit		9,045,006	8,898,455
Reserves	30	2,829,844	2,743,764
Profit for the year		610,659	589,466
Other components of equity	31	(7,225)	(21,305)
Other comprehensive income	30	2,159,131	1,987,756
EQUITY ATTRIBUTABLE TO CONTROLLERS		16,046,107	15,606,828
Non-controlling interest	33	8,261,041	8,027,768
TOTAL EQUITY		24,307,148	23,634,596
TOTAL LIABILITIES AND EQUITY		47,567,948	44,749,574

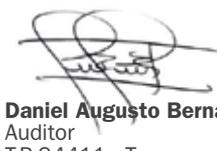
The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative
(See attached certification)



Claudia Patricia Álvarez Agudelo
Accountant
T.P. 69447 - T
(See attached certification)



Daniel Augusto Bernal Jaramillo
Auditor
T.P. 94411 - T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Income

Years ended on December 31 | In millions of Colombian pesos, with the exception of earnings per share

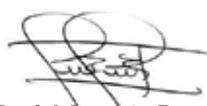
	NOTES	2017	2016
INCOME FROM ORDINARY ACTIVITIES	34	14,573,579	14,552,884
Cost of ordinary activities	35	(10,319,275)	(10,431,474)
GROSS PROFIT		4,254,304	4,121,410
Administrative Expenses	36	(1,621,642)	(1,305,050)
Cost of Sales	37	(257,535)	(269,888)
STRUCTURE EXPENSES		(1,879,177)	(1,574,938)
Other income (expenses), net	38	145,406	(89,836)
EARNINGS FROM OPERATIONAL ACTIVITIES		2,520,533	2,456,636
Financial expenses, net	39	(1,079,085)	(971,602)
EARNINGS BEFORE TAXES		1,441,448	1,485,034
Tax on profits		(534,865)	(353,032)
NET PROFIT		906,583	1,132,002
Attributable to:			
CONTROLLING INTEREST		610,659	589,466
Non-controlling interest		295,924	542,536
PROFIT PER SHARE FROM CONTINUING OPERATIONS	40		
Attributable to the common shareholders of the parent company:			
Basic (*)		712	717
Diluted (*)		712	717

(*) figures expressed in Colombian pesos.

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


Jorge Mario Velásquez Jaramillo
 Chairman
 Legal Representative
 (See attached certification)


Claudia Patricia Álvarez Agudelo
 Accountant
 T.P. 69447 - T
 (See attached certification)


Daniel Augusto Bernal Jaramillo
 Auditor
 T.P. 94411 - T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Other Comprehensive Income

Years ending on December 31 | In millions of Colombian pesos

	NOTES	2017	2016
NET PROFIT		906,583	1,132,002
ITEMS THAT WILL NOT BE RECLASSIFIED AFTER THE PROFIT/LOSS FOR THE PERIOD	30.2	156,993	207,764
Profits and losses of equity investments		132,570	229,390
Deferred taxes on equity investments		66	(495)
New measurements of defined employee benefit obligations		(16,034)	(44,398)
Taxes deferral for defined employee benefits		(186)	27,369
Profits and losses due to revaluation of property, plant and equipment		13,532	-
Deferred tax due to revaluation of property, plant and equipment		(2,934)	-
Net shareholdings in associates and joint ventures		29,979	(4,102)
ITEMS THAT WILL BE RECLASSIFIED AFTER THE PROFIT/LOSS FOR THE PERIOD	30.2	173,958	(312,629)
Net income from instruments in cash flow hedges		(2,229)	9,721
Deferred taxes on cash flow hedges		(14,039)	(6,391)
Differences in currency conversion due to business abroad		(9,586)	(465,065)
Deferred tax due to translation of foreign operations		(5,414)	-
Net shareholdings in associates and joint ventures		205,226	149,106
OTHER COMPREHENSIVE INCOME, NET OF TAXES	30.2	330,951	(104,865)
TOTAL COMPREHENSIVE INCOME		1,237,534	1,027,137
Attributable to:			
CONTROLLING INTEREST		927,602	619,802
Non-controlling interest		309,932	407,335

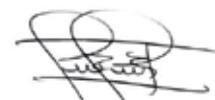
The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative
(See attached certification)



Claudia Patricia Álvarez Agudelo
Accountant
T.P 69447 - T
(See attached certification)



Daniel Augusto Bernal Jaramillo
Auditor
T.P 94411 - T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Grupo Argos S.A. and subsidiaries

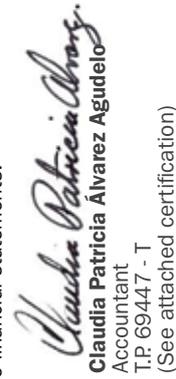
Consolidated Statement of Changes in Equity

Years ended December 31 | In millions of Colombian pesos

	CAPITAL AND SHARE PLACEMENT PREMIUM	LEGAL RESERVE	OTHER RESERVES	OTHER COMPREHENSIVE INCOME	RETAINED EARNINGS AND OTHER COMPONENTS OF EQUITY	ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
BALANCE AS OF JANUARY 1ST, 2016	731,728	29,665	2,577,194	2,028,667	9,103,806	14,929,946	8,044,144	22,974,090
Profit/loss for the period	-	-	-	-	589,466	589,466	542,536	1,132,002
Other comprehensive income for the period, net of tax	-	-	-	30,336	-	30,336	(135,201)	(104,865)
COMPREHENSIVE INCOME OF THE PERIOD 2016	-	-	-	30,336	589,466	619,802	407,335	1,027,137
Issuance of capital and convertible instruments	676,964	-	-	-	-	676,964	-	676,964
Dividends declared in cash	-	-	-	-	(234,896)	(234,896)	(286,944)	(521,840)
Preference dividends declared in cash	-	-	-	-	-	-	-	-
Appropriation of reserves	-	-	136,905	-	(136,905)	-	-	-
Equity method of investees	-	-	-	114,598	(479,586)	(364,988)	-	(364,988)
Transfers to retained earnings	-	-	-	-	(17,830)	(17,830)	-	(17,830)
Transfer from other comprehensive income to retained earnings	-	-	-	(177,586)	28,194	149,392	-	-
Purchases and sales of non-controlling interest	-	-	-	-	(151,492)	(151,492)	(434,173)	(585,665)
Business Combinations	-	-	-	-	-	-	348,768	348,768
Other variations	-	-	-	(8,259)	156,086	149,322	(51,362)	97,960
BALANCE AS OF DECEMBER 31, 2016	1,408,692	29,665	2,714,099	1,987,756	9,487,921	15,606,828	8,027,768	23,634,596
BALANCE AS OF JANUARY 1ST, 2017	1,408,692	29,665	2,714,099	1,987,756	9,487,921	15,606,828	8,027,768	23,634,596
Profit/loss for the period	-	-	-	-	610,659	610,659	295,924	906,583
Other comprehensive income for the period, net of tax	-	-	-	316,943	-	316,943	14,008	330,951
COMPREHENSIVE INCOME RESULT OF THE PERIOD	-	-	-	316,943	610,659	927,602	309,932	1,237,534
Issuance of capital and convertible instruments	-	-	-	-	-	-	-	-
Ordinary dividends declared in cash	-	-	-	(200,074)	-	(200,074)	(354,919)	(554,993)
Preference dividends declared in cash	-	-	-	-	(65,666)	(65,666)	(23,107)	(88,773)
Appropriation of reserves	-	-	86,080	-	(86,080)	-	(5)	(5)
Equity method of associates and joint ventures	-	-	-	-	(176,600)	(176,600)	-	(176,600)
Transfer from other comprehensive income to retained earnings	-	-	-	(127,790)	127,790	-	-	-
Purchases and sales of non-controlling interest	-	-	-	-	1,204	1,204	(25,939)	(24,735)
Business Combinations	-	-	-	-	-	-	457,138	457,138
Other variations	-	-	-	(17,778)	(91,095)	(108,873)	(129,827)	(238,700)
BALANCE AS OF DECEMBER 31, 2017	1,408,692	29,665	2,800,179	2,159,131	9,655,665	16,046,107	8,261,041	24,307,148

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


Jorge Mario Velásquez Jaramillo
 Chairman
 Legal Representative
 (See attached certification)


Claudia Patricia Álvarez Agudelo
 Accountant
 T.P. 69447 - T
 (See attached certification)


Daniel Augusto Bernal Jaramillo
 Auditor
 T.P. 94411 - T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)

Grupo Argos S.A. and subsidiaries

Consolidated Statement of Cash Flows

Years ending on December 31 | In millions of Colombian pesos

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT	906,583	1,132,002
Adjustments by:		
Earning from shares and dividends	(24,392)	-
Income tax expense recognized as profit or loss for the period	534,865	353,032
Equity in earnings of associates and joint ventures	(435,724)	(539,998)
Financial expenses recognized as profit or loss for the period	1,111,264	1,039,415
Interest income recognized as profit or loss for the period	(253,085)	(77,859)
Expenses recognized with respect to employee benefits and provisions	11,964	43,047
Net profit from sale of properties, plant and equipment	(97,165)	(51,783)
Net profit from sale of investments	(171,677)	(71,584)
Net (profit) loss on disposal of investment properties	(1,782)	780
Net profit from fair value arising on investment property	(123,023)	(79,286)
Net (profit) loss arising from the sale of non-current assets held for sale and other assets	24,502	(8,920)
Net gains from valuation of financial instruments, measured at fair value	(5,192)	(8,487)
Net gains arising from the valuation at fair value of biological assets	(1,601)	-
Net gains arising from the valuation at fair value of investments in associates or joint ventures	(18,168)	-
Net gains arising from the valuation of pre-investments	(95,672)	-
Net profit from purchases on advantageous terms	(12,349)	(233,198)
Net impairment of non-current assets recognized as profit or loss for the period	87,144	92,716
Depreciation and amortization of non-current assets	1,344,325	1,083,520
Unrealized exchange difference, recognized as profit or loss, on financial instruments	104,796	16,123
Other adjustments	(47,889)	(164,729)
	2,837,724	2,524,791
CHANGES TO THE WORKING CAPITAL OF:		
Trade accounts receivable and other accounts receivable	47,167	(317,661)
Inventories	37,234	(167,397)
Other assets	53,204	(154,232)
Business accounts payable and other accounts payable	400,361	(233,442)
Provisions	6,103	21,763
Other liabilities	48,740	219,250
CASH GENERATED BY OPERATIONS	3,430,533	1,893,072
Wealth Tax paid	(39,933)	-
Income Tax paid	(451,196)	(343,570)
Dividends received	116,312	140,322
NET CASH FLOW FROM OPERATING ACTIVITIES	3,055,716	1,689,824

	2017	2016
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Financial Interests received	54,770	90,737
Acquisition of properties, plant and equipment	(1,250,619)	(1,110,343)
Proceeds from the sale of properties, plant and equipment	91,591	303,991
Acquisition of Investment Properties	(12,380)	(10,926)
Proceeds from the sales of investment properties	15,960	105,562
Acquisition of intangible assets	(284,761)	(212,106)
Acquisition of other non-current assets	(2,744)	-
Proceeds from the sale of other non-current assets	5,760	-
Acquisition of control of subsidiaries	(24,196)	(1,965,306)
Acquisition of interests in associates and joint ventures	(140,386)	(68,864)
Proceeds from the sale of interests in associates and joint ventures	469,154	290,133
Acquisition of financial assets	(165,545)	(229,981)
Proceeds from sales of financial assets	394,283	710,532
Reinstatement of subordinated debt	(49,772)	-
(Payments) collections from financial derivative contracts	-	(8,792)
Other cash inflows/ outflows	101,222	-
NET CASH FLOW USED IN INVESTMENT ACTIVITIES	(797,663)	(2,105,363)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond issue	2,680,477	399,218
Payment of bonds and commercial papers	(736,797)	(212,561)
(Decrease) increase of other financing instruments	(1,672,187)	1,728,837
Proceeds from the sale of ownership interests in subsidiaries that do not result in loss of control	-	288,008
Purchase sale transaction of shares between controller and non-controller	(20,377)	(138,926)
Dividends paid	(660,451)	(549,914)
Interest paid	(1,062,286)	(1,052,142)
Other cash inflows/ outflows	(78,590)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	(1,550,211)	462,520
NET INCREASE IN CASH AND CASH EQUIVALENTS	707,842	46,981
Cash and cash equivalents at the beginning of the period	1,927,980	1,856,846
Effects of variation of exchange rates on cash and cash equivalents held in foreign currency	(3,422)	24,153
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 6)	2,632,400	1,927,980

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


Jorge Mario Velásquez Jaramillo
 Chairman
 Legal Representative
 (See attached certification)


Claudia Patricia Álvarez Agudelo
 Accountant
 T.P 69447 - T
 (See attached certification)


Daniel Augusto Bernal Jaramillo
 Auditor
 T.P 94411 - T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)

Certification of the Legal Representative of the Company

Medellin, February 21, 2018

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

In my capacity as Legal Representative, I certify that the consolidated financial statements with closing date as of December 31, 2017, which have been made public, do not contain any defects, inaccuracies or material errors that could distort the true financial position or the operations carried out by Grupo Argos S.A. during the corresponding period.



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative

Certification of the Legal Representative and the the Accountant of the Company

Medellin, February 21, 2018

To the shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company) certify that the Company's consolidated financial statements as of December 31, 2017 and 2016 have been faithfully taken from the accounting books and that before being placed at your disposal and third parties we have verified the following statements contained in them:

- a) All assets and liabilities included in the Company's financial statements as of December 31, 2017 and 2016 exist and all transactions included in said statements have been made during the years ended on those dates.
- b) All economic events carried out by the Company during the years ended as of December 31, 2017 and 2016 have been recognized in the financial statements.
- c) Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (liabilities), obtained or payable by the Company as of December 31, 2017 and 2016.
- d) All items have been recognized for their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.


Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative


Claudia Patricia Álvarez Agudelo
Accountant
T.P. 69447 - T

Auditor's Report



To the shareholders of GRUPO ARGOS S.A.:

CONSOLIDATED FINANCIAL STATEMENTS REPORT

I have audited the accompanying financial statements of GRUPO ARGOS S.A., which comprise the statement of financial position as of December 31, 2017, the statements of income and other comprehensive income, changes in equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Responsibility of the management over the financial statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, whether due to fraud or error; selecting and applying appropriate accounting policies; as well as making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with the International Auditing Standards accepted in Colombia. Those standards require that you comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including his assessment of the risks of material misstatement in the financial statements. In the risk assessment, the auditor considers the Company's internal control that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in accordance with the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained gives me a reasonable basis for expressing my opinion.

Opinion

In my opinion, the accompanying financial statements taken from the accounting books reasonably present, in all the significant aspects, the financial situation of GRUPO ARGOS S.A. as at 31 December 2017, the result of its operations and its cash flows for the year ended on that date in accordance with the Rules of Accounting and Financial Information accepted in Colombia.

Other Matters

The financial statements as at 31 December 2016, included for comparative purposes only, were audited by me and I expressed my opinion without reservations on 24 February 2017.



Daniel Augusto Bernal Jaramillo
Auditor
T.P. 94411 - T
Appointed by Deloitte & Touche Ltda.

February 21, 2018

SEPARATE FINANCIAL STATEMENTS 08

As part of the Cuenca Verde program, 27,000 native plants and trees have been planted with the aim of protecting the sources of water around the Aburrá valley. © Santiago Vergara

Grupo Argos S.A.

Separate statement of financial position

Years ending on December 31 | In millions of Colombian pesos

	NOTES	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	299,082	179,358
Trade accounts and other accounts receivable, net	8	195,573	243,494
Inventories, net	9	164,685	81,488
Tax assets	10	2,860	23,272
Other Financial Assets	11	13,692	-
Expenses paid in advance and other non-financial assets	12	3,660	6,660
TOTAL CURRENT ASSETS		679,552	534,272
NON-CURRENT ASSETS			
Trade accounts and other accounts receivable, net	8	11,965	4,166
Inventories, net	9	47,275	42,583
Intangibles, net	13	3,329	5,917
Properties, plant and equipment, net	14	10,723	25,551
Investment Properties	15	2,083,575	1,867,447
Investments in associates and joint ventures	16	5,132,978	5,264,298
Investments in subsidiaries	17	8,290,280	8,119,398
Other Financial Assets	11	1,263,873	1,131,567
TOTAL NON-CURRENT ASSETS		16,843,998	16,460,927
TOTAL ASSETS		17,523,550	16,995,199

	NOTES	2017	2016
LIABILITIES			
CURRENT LIABILITIES			
Financial Obligations	18	3,728	5,920
Liabilities for employee benefits	20	12,683	11,776
Provisions	21	515	1,921
Business liabilities and other accounts payable	22	83,789	92,004
Tax liabilities	10	45,668	5,562
Bonds and compound financial instruments	23	367,340	139,132
Other non-financial liabilities	24	62,970	46,770
TOTAL CURRENT LIABILITIES		576,693	303,085
NON-CURRENT LIABILITIES			
Financial Obligations	18	458,039	550,033
Deferred Tax	10	162,692	132,865
Liabilities for employee benefits	20	11,908	13,075
Bonds and compound financial instruments	23	769,075	766,243
TOTAL NON-CURRENT LIABILITIES		1,401,714	1,462,216
TOTAL LIABILITIES		1,978,407	1,765,301
EQUITY			
Capital Stock	25	53,933	53,933
Share placement (issue) premium	25	1,354,759	1,354,759
Retained Profit		8,696,987	8,699,863
Reserves	26	2,829,844	2,743,764
Profit for the year		452,841	351,820
Other components of equity	27	592,604	466,622
Other comprehensive income	26	1,564,175	1,559,137
TOTAL EQUITY		15,545,143	15,229,898
TOTAL LIABILITIES AND EQUITY		17,523,550	16,995,199

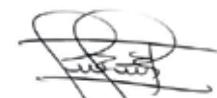
The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative
(See attached certification)



Claudia Patricia Álvarez Agudelo
Accountant
T.P. 69447 - T
(See attached certification)



Daniel Augusto Bernal Jaramillo
Auditor
T.P. 94411 - T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Grupo Argos S.A. Separate Statement of Income

Years ended on December 31 | In millions of Colombian pesos, with the exception of earnings per share

	NOTES	2017	2016
INCOME FROM ORDINARY ACTIVITIES	29	1,190,196	1,097,423
Cost of ordinary activities	30	(397,533)	(458,681)
GROSS PROFIT		792,663	638,742
Administrative Expenses	31	(162,804)	(127,184)
Cost of Sales	32	(2,313)	(2,043)
STRUCTURE EXPENSES		(165,117)	(129,227)
Other income (expenses), net	34	(19,833)	(4,560)
EARNINGS FROM OPERATIONAL ACTIVITIES		607,713	504,955
Financial income (expenses), net	35	(116,347)	(131,696)
EARNINGS BEFORE TAXES		491,366	373,259
Tax on profits	10	(38,525)	(21,439)
NET PROFIT		452,841	351,820
PROFIT PER SHARE FROM CONTINUING OPERATIONS (*)			
Attributable to common stockholders			
Basic	36	528	428
Diluted	36	528	428

(*) figures expressed in Colombian pesos

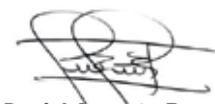
The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative
(See attached certification)



Claudia Patricia Álvarez Agudelo
Accountant
T.P. 69447 - T
(See attached certification)



Daniel Augusto Bernal Jaramillo
Auditor
T.P. 94411 - T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Grupo Argos S.A.

Statement of other comprehensive income

Years ending on December 31 | In millions of Colombian pesos

	2017	2016
NET PROFIT	452,841	351,820
ITEMS THAT WILL NOT BE RECLASSIFIED AFTER THE PROFIT/LOSS FOR THE PERIOD	24,521	55,779
Profits and losses of equity investments	132,025	139,884
Deferred Tax for equity investments	-	38
New measurements of defined employee benefit obligations	4,168	(5,005)
Deferred tax for defined employee benefits	(967)	787
Net shares in other comprehensive income of subsidiaries	(110,705)	(79,925)
ITEMS THAT WILL BE RECLASSIFIED AFTER THE PROFIT/LOSS FOR THE PERIOD	(19,483)	(182,645)
Effect of cash flow hedges and deferred tax	-	(6,341)
Net shares in other comprehensive income of subsidiaries	(19,483)	(176,304)
OTHER COMPREHENSIVE INCOME, NET OF TAXES	5,038	(126,866)
TOTAL COMPREHENSIVE INCOME	457,879	224,954

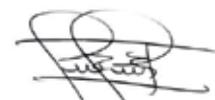
The accompanying notes are an integral part of the financial statements.



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative
(See attached certification)



Claudia Patricia Álvarez Agudelo
Accountant
T.P. 69447 - T
(See attached certification)



Daniel Augusto Bernal Jaramillo
Auditor
T.P. 94411 - T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Grupo Argos S.A. Separate Statement of Changes in Equity

Years ending on December 31 | In millions of Colombian pesos

	CAPITAL AND SHARE PLACEMENT PREMIUM	LEGAL RESERVE	OTHER RESERVES	OTHER COMPREHENSIVE INCOME	ACCRUED INCOME	PROFIT FOR THE YEAR	OTHER COMPONENTS OF EQUITY	TOTAL EQUITY
BALANCE AS OF JANUARY 1, 2016	731,728	29,665	2,577,194	1,714,197	9,061,301	-	169,118	14,283,203
Profit/loss for the period	-	-	-	-	-	351,820	-	351,820
Other comprehensive income for the period, net of tax	-	-	-	(126,866)	-	-	-	(126,866)
COMPREHENSIVE INCOME OF THE PERIOD 2016	-	-	-	(126,866)	-	351,820	-	224,954
Issuance of capital and convertible instruments	676,964	-	-	-	-	-	-	676,964
Ordinary dividends declared in cash	-	-	-	-	(185,230)	-	-	(185,230)
Preference dividends declared in cash	-	-	-	-	(49,666)	-	-	(49,666)
Appropriation of reserves	-	-	136,905	-	(136,905)	-	-	-
Transfers from other comprehensive income to retained earnings	-	-	-	(186,864)	186,864	-	-	-
Other variations	-	-	-	158,670	(176,501)	-	297,504	279,673
BALANCE AS OF DECEMBER 31, 2016	1,408,692	29,665	2,714,099	1,559,137	8,699,863	351,820	466,622	15,229,898
Profit/loss for the period	-	-	-	-	-	452,841	-	452,841
Other comprehensive income for the period, net of tax	-	-	-	5,038	-	-	-	5,038
COMPREHENSIVE INCOME OF THE PERIOD	-	-	-	5,038	-	452,841	-	457,879
Ordinary dividends declared in cash	-	-	-	-	(200,074)	-	-	(200,074)
Preference dividends declared in cash	-	-	-	-	(65,666)	-	-	(65,666)
Appropriation of reserves	-	-	86,080	-	(86,080)	-	-	-
Transfers to retained earnings	-	-	-	-	351,820	(351,820)	-	-
Other variations	-	-	-	-	(2,876)	-	125,982	123,106
BALANCE AS OF DECEMBER 31, 2017	1,408,692	29,665	2,800,179	1,564,175	8,696,987	452,841	592,604	15,545,143

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



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative
(See attached certification)



Claudia Patricia Álvarez Agudelo
Accountant
T.P. 69447 - T
(See attached certification)



Daniel Augusto Bernal Jaramillo
Auditor
T.P. 94411 - T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Grupo Argos S.A.

Separate Statement of Cash Flow

Years ending on December 31 | In millions of Colombian pesos

	2017	2016
OPERATING CASH FLOW		
NET PROFIT	452,841	351,820
Adjustments by:		
Earnings from dividends and shares in non-controlled companies	(99,209)	-
Income tax expense recognized under profit/loss for the period	38,525	21,439
Participation in the income of subsidiary companies	(270,210)	(352,840)
Investment properties valuation income	(115,329)	(66,307)
Financial expenses recognized under profit/loss for the period	134,204	153,714
Interest income recognized under profit/loss for the period	(9,833)	(16,392)
Loss (Profit) on the sale of property, plant and equipment	810	(4,012)
Loss from the sale of intangible assets	10	-
Net (profit) from the sale of investments	(220,773)	(23,725)
Net (gains) arising from the valuation at fair value of investments in associates or joint ventures	(43,659)	-
Loss from the sale of non-current assets held for sale and other assets	2	-
(Profit) from the sale of investment properties	(5,965)	(11,550)
Valuation of financial instruments	(5,295)	(1,311)
Net (recovery) loss due to provisions recognized under profit/loss for the period	(762)	2,235
Depreciation and amortization of non-current assets	18,450	3,412
Net impairment of non-current assets recognized under profit/loss for the period	17	-
Unrealized exchange difference, recognized under profit/loss on financial instruments	272	(5,637)
Other adjustments	25,405	-
	(100,499)	50,846
CHANGES TO THE WORKING CAPITAL:		
Trade accounts receivable and other accounts receivable	148,396	(182,486)
Inventories	31,285	9,211
Other assets	(10,691)	(5,622)
Business accounts payable and other accounts payable	1,614	(58,703)
Provisions	(430)	-
Other liabilities	15,714	24,688
CASH GENERATED FROM OPERATIONS	85,389	(162,066)
Dividends received	351,403	244,743
Tax on income and wealth, paid	(11,206)	(8,260)
NET CASH FLOW GENERATED FROM (USED IN) OPERATING ACTIVITIES	425,586	74,417
CASH FLOW FROM INVESTMENT ACTIVITIES		
Financial Interests received	9,567	-
Acquisition of properties, plant and equipment	(1,402)	(5,727)
Acquisition of Investment Properties	-	(230)
Proceeds from the sales of investment properties	6,564	121,770
Acquisition of intangible assets	-	(25)
Acquisition of subsidiaries	(505,863)	(138,926)
Acquisition of interests in associates and joint ventures	(15,892)	(65,974)
The proceeds from the sale of shares in subsidiary companies	1,753	-
Proceeds from the sale of interests in associates and joint ventures	402,807	188,149
Acquisition of financial assets	(99,752)	(187,147)
Proceeds from sales of financial assets	99,471	472,745
Reinstatement of contributions	48,744	-
CASH FLOW GENERATED FROM INVESTMENT ACTIVITIES	(54,003)	384,635
CASH FLOW FOR FINANCIAL ACTIVITIES		
Bond issue	350,000	-
Payment of bonds and commercial papers	(132,250)	(209,734)
(Decrease) of other financing instruments	(211,992)	(151,389)
Dividends paid to owners	(257,604)	(229,929)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(251,846)	(591,052)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	119,737	(132,000)
Cash and cash equivalents at the beginning of the period	179,358	311,454
Effects of variation in the exchange rate on cash and cash equivalents	(13)	(96)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	299,082	179,358


Jorge Mario Velásquez Jaramillo
 Chairman
 Legal Representative
 (See attached certification)

114


Claudia Patricia Álvarez Agudelo
 Accountant
 T.P 69447 - T
 (See attached certification)

Grupo Argos | Integrated Report | 2017


Daniel Augusto Bernal Jaramillo
 Auditor
 T.P 94411 - T
 Appointed by Deloitte & Touche Ltda.
 (See attached report)

Certification of the Legal Representative of the Company

Medellin, February 21, 2018

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

In my capacity as Legal Representative, I certify that the separate financial statements with closing date as of December 31, 2017, which have been made public, do not contain any defects, inaccuracies or material errors that could distort the true financial position or the operations carried out by Grupo Argos S.A. during the corresponding period.



Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative

Certification of the Legal Representative and the the Accountant of the Company

Medellin, February 21, 2018

To the shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accountant of Grupo Argos S.A. (hereinafter the Company) certify that the Company's separate financial statements as of December 31, 2017 and 2016, have been faithfully taken from the accounting books and that before being placed at your disposal and third parties we have verified the following statements contained in them:

- a) All assets and liabilities included in the Company's financial statements as of December 31, 2017 and 2016 exist and all transactions included in said statements have been made during the years ended on those dates.
- b) All economic events carried out by the Company during the years ended on December 31, 2017 and 2016 have been recognized in the financial statements.
- c) Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (liabilities), obtained or payable by the Company as of December 31, 2017 and 2016.
- d) All items have been recognized for their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.


Jorge Mario Velásquez Jaramillo
Chairman
Legal Representative


Claudia Patricia Álvarez Agudelo
Accountant
T.P. 69447 - T

Auditor's Report



To the shareholders of Grupo Argos S.A.:

SEPARATE FINANCIAL STATEMENTS REPORT

I have audited the accompanying financial statements of GRUPO ARGOS S.A., which comprise the statement of financial position as of December 31, 2017, the statements of income and other comprehensive income, changes in equity and cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes.

Responsibility of the Management over the financial statements

Management is responsible for the preparation and correct presentation of these financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia and for the internal control that management considers relevant for the preparation and correct presentation of the financial statements free of significant errors, whether due to fraud or error; selecting and applying appropriate accounting policies; as well as making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with the International Auditing Standards accepted in Colombia. Those standards require that you comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves developing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the professional judgment of the auditor, including his assessment of the risks of material misstatement in the financial statements. In the risk assessment, the auditor considers the Company's internal control that is relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in accordance with the circumstances. An audit also includes evaluating the accounting policies used and the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained gives me a reasonable basis for expressing my opinion.

Opinion

In my opinion, the accompanying financial statements taken from the accounting books reasonably present, in all the significant aspects, the financial situation of GRUPO ARGOS S.A. as at 31 December 2017, the result of its operations and its cash flows for the year ended on that date in accordance with the Rules of Accounting and Financial Information accepted in Colombia.

Other Matters

The accompanying financial statements were prepared to comply with the legal provisions of statutory information the Company is subject to as a separate and independent corporate entity and, therefore, they do not include the necessary adjustments or eliminations for the presentation of the financial position and the consolidated results of the Company and its subordinates. These financial statements should be read along with the consolidated financial statements of GRUPO ARGOS S.A. and its subordinates.

The financial statements as of December 31, 2016, included for comparative purposes only, were audited by me and I expressed my opinion without reservations on 24 February 2017.

REPORT ON OTHER LEGAL REQUIREMENTS AND REGULATIONS

In accordance with the scope of my audit, I can report that the Company has performed its accounting duties in accordance with the legal standards and technical accounting practices. The transactions recorded in the accounting books, correspondence, supporting documentation to the accounts, the minutes book and the stock register book are accurately rendered. The directors' management report agrees accordingly with the basic financial statements and includes the certification on behalf of the Management that the free circulation of invoices issued by salespersons or suppliers has not been obstructed. The information presented in the returns of self-assessed contributions to the Integrated Social Security System - in particular those relating to affiliates and their basic taxable income - has been extracted from the corresponding accounting records and supporting documentation. As of December 31, 2017, the Company is not in arrears with their contributions to the Integrated Social Security System. Similarly, they have implemented the appropriate mechanisms for the control and prevention of money laundering in accordance with that stipulated by the Financial Superintendence.

As per article 1.2.1.4 of the Decree 2420 of 2015, the auditor will apply the ISAE [International Standard on Assurance Engagements] standards, in fulfilling the responsibilities outlined under article 209 of the Commerce Code, with regard to assessing the level of compliance with the statutory provisions and those of the partnership board or assembly and assessing the internal control. Similarly, as per article 1.2.1.5 of said Decree, and with the purpose of applying article 1.2.1.4, while it will not be necessary for the auditor to prepare separate reports, it is required that their opinion or view be expressed on each of the matters contained therein. The Technical Council of Public Accounting [Consejo Técnico de la Contaduría Pública] will issue the necessary guidelines for these purposes.

Based on the evidence obtained in the process of carrying out my audit during the year 2017, in my view there was nothing that drew my attention to indicate that a) the activities of the Company's management did not conform to the articles of association and/or decisions made at the General Shareholders' Meeting, or b) there was any lack or insufficiency of measures of internal accounting control and of conservation and safeguarding of the Company's assets or those of third parties that are under the Company's control.



Daniel Augusto Bernal Jaramillo
Auditor
T.P. 94411 - T
Appointed by Deloitte & Touche Ltda.

February 21, 2018

APPENDICES 09



GRI Content Index

“Compliant - Essential” option with the GRI Standard

GRI Standard Rationales	GRI Reference Description	GENERAL BASIC CONTENTS Location in the report or response	External check	Advanced Global Compact Criteria	SDG
101	Rationale: a. Principles of reporting b. Using the GRI standard for the Integrated Report c. Declarations of use of the GRI standard		✓		
Organization Profile					
102-1	Name of the organization	Grupo Argos S.A., About us, page 8	✓		
102-2	Activities, brands, products and services	Portfolio of investments, page 9	✓		
102-3	Headquarters of the organization	Carrera 43A, # 1A Sur 143. Medellin, Colombia	✓		
102-4	Name of the countries where the organization operates or conducts significant operations	About us, page 8	✓		
102-5	Nature of the property system and its legal form	Grupo Argos S.A.	✓		
102-6	Markets served (with geographical breakdown, by sectors and types of customers and recipients)	About us, page 8	✓		
102-7	Size of the organization (employees, operations, sales, capitalization, products and services offered)	Our investments, page 9; Human talent management, page 75	✓		
102-8	Employee information	Human talent management, page 75; Appendices, page 137	✓		8
102-9	Supply Chain of the organization	<p>"The supply chain of Grupo Argos as <i>holding company</i> concentrates administrative services providers (office supplies), third parties for cleaning and maintenance services and the service provided by brokers and trust companies that manage and sell the company's shares in different stock markets. Suppliers are segmented by the size of the operation, by incidence in processes and level of risk and by representativeness and external influence.</p> <p>To get to know the supply chain of the cement and energy subsidiaries refer to their Integrated Reports published on their webpages.</p> <p>Payment data to suppliers of goods, services and materials can be found in the indicator 201-1 located in the annex of this report."</p>	✓	2	
102-10	Significant changes in the size, structure, the equity ownership or the supply chain of the organization that may have taken place during the period of analysis	Our investments, page 9	✓	2	
102-11	Precautionary principle	Sustainability policy, page 44	✓		
102-12	External initiatives	Institutional commitments, page 18	✓		
102-13	Partnerships	Institutional commitments, page 18	✓	18	

GRI Standard Rationales	GRI Reference Description	GENERAL BASIC CONTENTS Location in the report or response	External check	Advanced Global Compact Criteria	SDG
Strategy					
102-14	Statement of the person responsible for the decisions of the organization on the importance of sustainability for the organization	Letter from the Chairman, page 6	✓	19	
Ethics and integrity					
102-16	Values, principles, standards and rules of behavior of the organization	Ethics, conduct and transparency, page 68	✓	12, 13 and 14	11, 16
102-17	Internal and external mechanisms for counseling on ethics	Ethics, conduct and transparency, page 69	✓	12, 13 and 14	12, 16
Governance					
102-18	Governance structure of the organization, including the committees of the senior governing body	Corporate governance, page 52, 57	✓	1	5
102-19	Process by which the senior governance body delegates its authority in senior management and in certain employees for questions of an economic, social and environmental nature	Corporate governance, page 52	✓	1, 20	
102-20	Executive or leadership positions in economic, social and environmental affairs	Corporate governance, page 52	✓	1, 20	
102-21	Consultation processes among the interest groups and the senior governance body as regards economic, environmental and social affairs	Corporate governance, page 57	✓	1, 20	16
102-22	Composition of the senior governance body and its committees	Corporate governance, page 19, 52	✓	1, 5	5, 16
102-23	Indicate if the person presiding over the senior governance body also has an executive role	Corporate governance, page 54	✓	1	16
102-24	Processes of appointment and selection of the senior governance body and its committees	Corporate governance, page 56	✓	1	5, 16
102-25	Process by which the senior governance body prevents and manages potential conflicts of interest	Corporate governance, page 56; Ethics, conduct and transparency, page 69	✓	1, 2, 20	16
102-26	Roles of the senior governance body and Senior Management in the development, approval and updating of the purpose, values or mission statements, strategies, policies and objectives related to the economic, environmental and social impacts of the organization	Company profile, page 16; Corporate governance, page 52	✓	1	
102-27	Actions that have been taken to develop and improve the collective knowledge of the senior governance body related to economic, environmental and social affairs	Good governance, page 56	✓	1, 20	4
102-28	Processes to evaluate the performance of the senior governance body in relation to the governance of economic, environmental and social affairs. Please indicate if the assessment is independent and how often it is carried out	Corporate governance, page 56	✓	1, 20	
102-29	Role of the senior governance body in the identification and management of impacts, risks and opportunities of an economic, social and environmental nature	Corporate governance, page 57	✓	1, 20	16

GRI Standard Rationales	GRI Reference Description	GENERAL BASIC CONTENTS Location in the report or response	External check	Advanced Global Compact Criteria	SDG
102-30	Role of the senior governance body in the efficacy analysis of the risk management processes of the organization in regards to the economic, environmental and social affairs	Company profile, page 19; Corporate governance, page 52	✓	1, 20	
102-31	Please indicate how often the senior governance body analyzes the impacts, risks and opportunities of an economic, social and environmental nature	Corporate governance, page 58	✓	1, 20	
102-32	Please indicate which is the committee or the most important position that reviews and approves the organization's sustainability report and ensures that all the material issues are reflected	About the report, page 5	✓	1, 20	
102-33	Process for transmitting major concerns to the senior governance body	Corporate governance, page 57	✓	1, 20	
102-34	Nature and number of significant concerns that were relayed to the senior governance body; also describe the mechanisms used to address and evaluate them	Corporate governance, page 57	✓	1, 20	
102-35	Compensation policies for the senior governance body and senior management	Corporate governance, page 56	✓	1, 20	
102-36	Processes to determine compensation	Corporate governance, page 56	✓	1	
102-37	Explain how the stakeholder's opinion is solicited and taken into account in terms of compensation, including, if applicable, the results of voting on policies and proposals related to this issue	Corporate governance, page 56	✓	1	16
Stakeholders relationship management					
102-40	List of stakeholders in the organization	Our relationships, page 45	✓	21	
102-41	Employees covered by collective bargaining	Appendices, page 138	✓		8
102-42	Identification and selection of stakeholders	Our relationships, page 44	✓	21	
102-43	Focus of the organization on participation by stakeholders	Appendices, page 127	✓	21	
102-44	Questions and key problems that have arisen from the relationship with stakeholders	Appendices, page 127	✓	21	
Reporting practices					
102-45	Entities included in the consolidated financial statements of the organization or equivalent documents, and which ones are not included within the scope of the current report	About the report, page 5	✓		
102-46	Process that has been followed to determine the content of the report and the coverage of every aspect	About the report, page 5; Materiality, page 47	✓		
102-47	Material issues of the organization	About the report, page 5	✓		
102-48	Restatement of information from previous reports and their causes	About the report, page 5; Climate change strategy, page 90, 91, 94, 147	✓		
102-49	Significant changes in the scope and the coverage of each aspect with respect to previous reports	About the report, page 5	✓		
102-50	Reporting period	About the report, page 4	✓		
102-51	Date of the last report	About the report, page 4	✓		
102-52	Reporting cycle	About the report, page 4	✓		
102-53	Point of contact to resolve questions that may arise about the report's content	About the report, page 5	✓		

GRI Standard Rationales	GRI Reference Description	GENERAL BASIC CONTENTS Location in the report or response	External check	Advanced Global Compact Criteria	SDG
102-54	Option to conform to the GRI standard	About the report, page 4	✓		
102-55	GRI Content Index	About the report, page 4	✓		
102-56	External check	About the report, page 5	✓		

GRI Standard	GRI Reference Description	SPECIFIC CONTENT Location in the report or response	Omission	External Check	Advanced Global Compact Criteria	SDG
Material issue: Ethics, conduct and transparency		Aspects of the standard: Anti-corruption and uncompetitive behavior				
103	Management Approach (DMA)	Ethics, conduct and transparency, page 68		✓	3, 4 and 5	16
103-1	Explanation of the material issue and its limits	Ethics, conduct and transparency, page 68		✓		16
103-2	Management approach and its components	Ethics, conduct and transparency, page 68, 70		✓	3, 4 and 5	16
103-3	Management approach evaluation	Ethics, conduct and transparency, page 70		✓		16
205-1	Number and percentage of sites that have evaluated the risks associated with corruption and significant risks detected	Ethics, conduct and transparency, page 69	There are no significant risks reports identified in this assessment process	✓	12, 13 and 14	9, 16
205-2	Communication policies and procedures and training on the fight against corruption	Ethics, conduct and transparency, page 69 100% of the members of the Board of Directors were informed and trained on matters pertaining to organizational policies and procedures to fight against corruption	There are no reports about the number and total percentage of business partners who have been informed about the organization's policies and procedures to fight corruption		12, 13 and 14	9, 16
205-3	Confirmed cases of corruption and actions taken	Ethics, conduct and transparency, page 69		✓	12, 13 and 14	9, 16
206-1	Number of legal proceedings for causes related to monopolistic practices and against free competition and their results	Ethics, conduct and transparency, page 69		✓		9, 16
Material issue: Innovation						
103	Management Approach (DMA)	Innovation, page 66		✓		9
103-1	Explanation of the material issue and its limits	Innovation, page 66		✓		9
103-2	Management approach and its components	Innovation, page 66, 67		✓		9
103-3	Management approach evaluation	Innovation, page 66, 67		✓		9

GRI Standard	GRI Reference Description	SPECIFIC CONTENT Location in the report or response	Omission	External Check	Advanced Global Compact Criteria	SDG
Material issue: Investments with Environmental, Social and Governance focus		Aspects of the standard: Financial performance				
103	Management Approach (DMA)	Investments with ESG focus, page 60		✓		9
103-1	Explanation of the material issue and its limits	Investments with ESG focus, page 60		✓		9
103-2	Management approach and its components	Investments with ESG focus, page 60, 62		✓		9
103-3	Management approach evaluation	Investments with ESG focus, page 60, 61, 62		✓		9
201-1	Direct economic value generated and distributed, including revenue, costs of exploitation, compensation to employees, donations and other investments in the community, retained earnings and payments to capital providers and governments.	Appendices, page 129		✓	15	9
Own indicator	EBITDA Net profit Net debt/EBITDA	Appendices, page 129		✓	15	9
Material issue: Risk Management						
103	Management Approach (DMA)	Risk management, page 63		✓		
103-1	Explanation of the material issue and its limits	Risk management, page 63		✓		
103-2	Management approach and its components	Risk management, page 63, 65		✓		
103-3	Management approach evaluation	Risk management, page 63, 65		✓		
Own indicator	Strategic Risks	Appendices, page 131, 132		✓		
Own indicator	Emerging Risks	Appendices, page 133		✓		
Material issue: Climate change Strategy		Aspects of the standard: Energy and emissions				
103	Management Approach (DMA)	Climate change strategy, page 88		✓		13
103-1	Explanation of the material issue and its limits	Climate change strategy, page 88		✓		13
103-2	Management approach and its components	Climate change strategy, page 88, 89		✓		13
103-3	Management approach evaluation	Climate change strategy, page 89		✓		13
302-1	Internal energy consumption	Appendices, page 147			9, 10 and 11	7, 13
305-1	Direct GHG Emissions (Scope 1).	Climate change strategy, page 90		✓	9, 10 and 11	13, 14
305-4	Severity of GHG emissions	Climate change strategy, page 91			9, 10 and 11	13, 14
305-2	Indirect GHG Emissions (Scope 2).	Climate change strategy, page 90		✓	9, 10 and 11	13, 14
303-1	Total water intake according to the source	Climate change strategy, page 94			9, 10 and 11	6
303-3	Percentage and total volume of recycled and reused water	Appendices, page 147			9, 10 and 11	6
304-3	Habitats protected or refurbished	Appendices, page 146		✓	9, 10 and 11	6, 14, 15
Material issue: Human Talent Management		Aspects of the standard: Employment, labor management, health and security at work, education and training, diversity and equality				
103	Management Approach (DMA)	Human talent management, page 74		✓		8
103-1	Explanation of the material issue and its limits	Human talent management, page 74		✓		8
103-2	Management approach and its components	Human talent management, page 74, 79		✓		8
103-3	Management approach evaluation	Human talent management, page 79		✓		8

GRI Standard	GRI Reference Description	SPECIFIC CONTENT Location in the report or response	Omission	External Check	Advanced Global Compact Criteria	SDG
401-1	Total number and rate of recruitment and average turnover of employees, broken down by age group, sex and region	Appendices, page 138		✓	6, 7 and 8	5, 8
401-2	Social benefits for full-time employees that are not offered to temporary or part-time employees, broken down by locations of significant activity	Appendices, page 140		✓	6, 7 and 8	8
401-3	Levels of return to work and retention after maternity or paternity leave, itemized by sex	Appendices, page 140	There are no reported rates of return to work and retention		6, 7 and 8	5
402-1	Minimum notice periods of operational changes and their possible inclusion in the collective agreements	In Grupo Argos and its affiliates, we support change processes in the organization, crafting communication plans to promptly report their reach and impact. On the other hand, a minimum number of weeks of notice is not established before implementing significant operational changes that could substantially affect workers and their elected representatives.			6, 7 and 8	8
404-1	Average annual hours of training per employee, itemized by sex and by job category	Human talent management, page 79		✓	6, 7 and 8	4, 5, 8
404-2	Skills management and continuing education programs that promote the employability of workers and help them manage the end of their professional careers	Human talent management, page 79; Appendices, page 141			6, 7 and 8	8
404-3	Percentage of employees receiving regular performance and professional development assessments, broken down by sex and by professional category	Appendices, page 142		✓	6, 7 and 8	5, 8
405-1	Composition of governing bodies and breakdown of staff by professional category and sex, age, minority membership and other indicators of diversity	Appendices, page 142			6, 7 and 8	5, 8
405-2	Relationship between the base salary of men with respect to women, broken down by locations of significant activity	Appendices, page 142			6, 7 and 8	5, 8, 10
Contribution to social development						
103	Management Approach (DMA)	Contribution to social development, page 81				
415-1	Value of political contributions, by country and recipient	Appendices, page 145		✓	17	16
Own indicator	Social investments	Contribution to social development, page 82, 83				
Own indicator	Corporate volunteering	Contribution to social development, page 84				
Human Rights						
103	Management Approach (DMA)	Human rights, page 85				
412-2	Hours of training of employees on policies and procedures related to those aspects of Human Rights relevant to their activities, including the percentage of employees trained	Human rights, page 85		✓	3, 4 and 5	
Tax performance						
Own indicator	Taxes paid	Appendices, page 134		✓	15	9
Health and safety in the workplace						
403-2	Type and rate of injuries, occupational diseases, days lost, absenteeism and number of work-related fatalities by region and by sex	Appendices, page 143		✓	2, 6, 7, 8	3, 8

How we communicate and interact

(102-43) (102-44)

Stakeholders	Medium	Frequency of interaction	Topics of interest	Location in the Integrated Report
Shareholders	Annual Shareholders Meeting	Yearly	<ul style="list-style-type: none"> Management of Investments with Environmental, Social and Governance (ESG) focus Corporate Governance Ethics, conduct and transparency Risk management and auditing and control Human talent management Investor relations 	<ol style="list-style-type: none"> Investments with ESG focus - page 60 Corporate Governance - page 52 Ethics, conduct and transparency - page 68 Risk management - page 63 Human talent management - page 74
	Integrated Sustainability Report			
	Dialogue with stakeholders			
	Report of results with <i>conference call</i>	Quarterly		
	Electronic Bulletin for stakeholders	Monthly		
	Telephone hotline and email managed by the Investor Relations department.	Permanent		
	Website			
	Twitter and LinkedIn			
Grupo Argos Dialogue	Monthly			
Employees	Focus Newsletter	Weekly	<ul style="list-style-type: none"> Ethics, conduct and transparency Corporate Governance Management of investments with Environmental, Social and Governance (ESG) focus Risk management and auditing and control Human talent management 	<ol style="list-style-type: none"> Investments with ESG focus - page 60 Corporate Governance - page 52 Ethics, conduct and transparency - page 68 Risk management - page 63 Human talent management - page 74
	Virtual billboards			
	Intranet			
	Emails	Permanent		
	Transparency Line			
	Hotline			
	Special Bulletins			
	Twitter and LinkedIn	Permanent		
Suppliers	Integrated Sustainability Report	Yearly	<ul style="list-style-type: none"> Management of investments with Environmental, Social and Governance (ESG) focus Corporate Governance Contribution to social development Ethics, conduct and transparency Climate change and water strategy 	<ol style="list-style-type: none"> Investments with ESG focus - page 60 Corporate governance - page 52 Contribution to social development - page 81 Ethics, conduct and transparency - page 68 Climate change strategy - page 88 Human talent management - page 74
	Dialogue with stakeholders			
	Transparency Line			
	Hotline	Permanent		
	Exclusive customer service email			
	Website			
	Electronic Bulletin for stakeholders	Monthly		

Stakeholders	Medium	Frequency of interaction	Topics of interest	Location in the Integrated Report
Media, influencers and public opinion	Integrated Sustainability Report	Yearly	<ul style="list-style-type: none"> Management of investments with Environmental, Social and Governance (ESG) focus Corporate governance Ethics, conduct and transparency Innovation Investor relations Biodiversity 	<ol style="list-style-type: none"> Investments with ESG focus - page 60 Corporate Governance - page 52 Ethics, conduct and transparency - page 68 Innovation - page 66 Biodiversity - page 92
	Dialogue with stakeholders			
	Face-to-face or telephone conversations to meet requirements on organizational issues	Permanent		
	Website			
	Transparency Line			
	Electronic Bulletin for stakeholders	Monthly		
	Press Releases	Based on need		
	Twitter and LinkedIn	Permanent		
Society and Communities	Integrated Sustainability Report	Yearly	<ul style="list-style-type: none"> Management of investments with Environmental, Social and Governance (ESG) focus Contribution to social development Corporate Governance Ethics, conduct and transparency Biodiversity 	<ol style="list-style-type: none"> Investments with ESG focus - page 60 Corporate Governance - page 52 Contribution to social development - page 81 Ethics, conduct and transparency - page 68 Biodiversity - page 92
	Dialogue with stakeholders			
	Transparency Line	Permanent		
	Website			
	Twitter			
	Electronic Bulletin for stakeholders	Monthly		
Government and authorities	Face-to-face meetings in follow-up to agendas with topics of mutual interest	Based on need	<ul style="list-style-type: none"> Corporate Governance Innovation Investor relations Ethics, conduct and transparency Contribution to social development 	<ol style="list-style-type: none"> Investments with ESG focus - page 60 Corporate Governance - page 52 Ethics, conduct and transparency - page 68 Innovation - page 66 Contribution to social development - page 81
	Delivery of reports and answers to requirements			
	Website	Permanent		
	Electronic Bulletin for stakeholders	Monthly		
Associations, institutions and business sector	Face-to-face meetings in follow-up to agendas with topics of mutual interest	Permanent	<ul style="list-style-type: none"> Management of investments with Environmental, Social and Governance (ESG) focus Contribution to social development Corporate governance Ethics, conduct and transparency Biodiversity 	<ol style="list-style-type: none"> Investments with ESG focus - page 60 Corporate Governance - page 52 Ethics, conduct and transparency - page 68 Biodiversity - page 92 Contribution to social development - page 81
	Delivery of reports and answers to requirements			
	Website			
	Electronic Bulletin for stakeholders	Monthly		

Investments with ESG approach

(201-1) Economic value generated and distributed (Figure in thousands)

	Grupo Argos				Cement		Power		Airport		Coal	
	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD	COP	USD
Economic value generated (VEG, for its acronym in Spanish)	1,190,197,000	398,860	8,533,000	2,860	3,094,036,000	1,036,875	813,082,956	272,481	84,089,000	28,180		
Operating income	1,190,197,000	398,860	8,533,000	2,860	3,094,036,000	1,036,875	813,082,956	272,481	84,089,000	28,180		
Economic value distributed	1,019,396,885	341,621	1,550,965,578	519,761	3,033,033,318	1,381,437	472,720,271	158,418	127,907,240	42,864		
Payments made to suppliers of goods, services and materials	97,810,190	32,778	5,490,108	1,640	1,880,388,795	630,157	244,652,921	81,988	114,762,000	38,459		
Salaries and legal and extra-legal benefits for employees	35,555,330	11,915	1,425,883	478	210,734,523	70,621	46,034,812	15,427	4,109,526	1,377		
Social Benefits	2,469,397	828	-	-	-	-	-	-	174,972	59		
Payments to capital providers (applicable to financial obligations and short and long term indebtedness. Does not include Accounts Payable)	791,212,550	265,152	841,756,000	282,090	602,650,000	566,966	182,032,538	61,003	-	-		
Tax payments to governments	84,904,579	28,453	702,275,436	235,347	273,684,000	91,717	-	-	8,860,741	2,969		
Investments in the community	7,444,839	2,495	18,151	6	65,576,000	21,976	-	-	-	-		
Economic value retained	170,800,115	57,239	-1,542,432,578	-516,901	61,002,682	-344,562	340,362,685	114,063	43,818,240	14,684		
EBITDA [Earnings before interest, taxes, depreciation, and amortization (used as an indicator of the overall profitability of a business)]	629,574,000	210,983	1,422,000	477	1,123,661,009	376,569	515,292,364	172,685	9,967,000	3,340		
Net Profit	452,841,000	151,756	-1,2500	-4	183,750,000	61,578	144,006,078	48,259	17,534,000	5,876		
Net Profit/EBITDA		0.72		-0.01		0.16		0.28		1.76		
Net Debt	1,254,611,088	420,446	-	-	3,595,779,230	1,205,020	1,543,819,036	517,366	-	-		
Net Debt/EBITDA		1.99		4.64		3.20		3.00		N/A		

Market Rate: 2,984.00

Ethics, conduct and transparency

(205-2) Employees that have been informed and trained on the organization's policies and procedures to fight corruption

	Grupo Argos				Power				Airport				Coal							
	Total employees	Employees informed		Employees trained		Total employees	Employees informed		Employees trained		Total employees	Employees informed		Employees trained		Total employees	Employees informed		Employees trained	
		No.	%	No.	%		No.	%	No.	%		No.	%	No.	%		No.	%	No.	%
Executive	Executive	6	6	100 %	6	100 %	10	10	100 %	10	100 %	6	6	100 %	6	100 %	0	0	NA	NA
Managerial	Managerial	18	18	100 %	18	100 %	24	24	100 %	24	100 %	18	18	100 %	18	100 %	2	2	100 %	100 %
Directors	Directors	25	25	100 %	25	100 %	37	37	100 %	37	100 %	22	22	100 %	22	100 %	2	2	100 %	100 %
Specialists	Specialists	49	49	100 %	49	100 %	763	763	100 %	763	100 %	47	47	100 %	47	100 %	13	13	100 %	100 %
Other levels	Other levels	24	24	100 %	24	100 %	752	752	100 %	752	100 %	7	7	100 %	7	100 %	30	30	100 %	100 %
Total	Total	122	122	100 %	122	100 %	1586	1586	100 %	1586	100 %	100	100	100 %	100	100 %	47	47	100 %	100 %

Note: in 2017, 58% of employees from the cements business were trained and informed about ant-corruption policies and procedures.

Risk Management

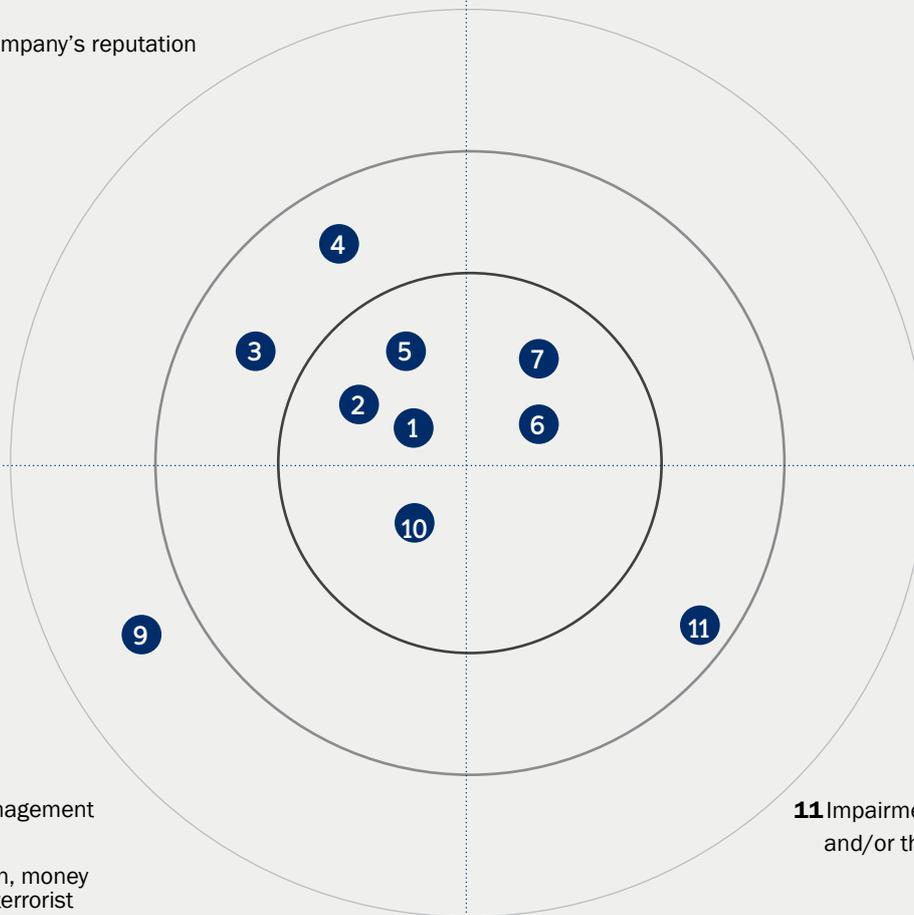
Chart of Strategic Risks

Profitable Operation and Growth

- 1** Risk associated with the business model of subsidiaries
- 2** Changes in the environment (political and economic) and/or in legislation
- 3** Risks in partnerships, mergers, acquisitions or divestments
- 4** Emerging risks
- 5** Damage to the company's reputation

Financial Discipline

- 6** Loss of financial flexibility
- 7** Risks is allocating capital
- 8** Cost overruns in projects



- 9** Risks in the management of human talent
- 10** Fraud, corruption, money laundering and terrorist financing

- 11** Impairment of the environment and/or the community

Commitment and Transparency

Social Management and Environmental Responsibility

Note: The closer to the central point of the diagram indicates a higher level of risk.

Strategic Risks

Strategic risks	Description of the risk	Description of the impact	Type of impact	Company	Mitigation Plan
- Risk associated with the business model of subsidiaries	Impairment of performance targets of the subsidiaries' business plan, due to changes in market conditions, the country's economy, regulations and/or social and environmental factors.	- Decrease in the cash flow and the value of investments	Financial	Businesses	- Cross-sector, geographical and market cycle diversification
- Changes in the environment (political and economic) or in legislation	Adverse changes in the political and economic environment or in the legal framework of regulations, tax, the environment, etc. in the countries where the companies operate. Restrictions or infeasibility of production assets or project resources due to environmental and/or social matters	- Decrease in the cash flow and the value of investments - Fines and sanctions	Financial	Transversal	- Ongoing monitoring and reporting to the Directorate Committee of changes in regulations applicable to the companies and of the markets - Active participation in industry groups conducting analysis of regulatory changes - Cross-sector and geographical diversification
- Risks in partnerships, mergers, acquisitions or divestments	Faults in the processes of valuation and/or due diligence on partnerships, mergers or acquisitions	- Decrease in the cash flow and the value of investments	Financial	Transversal	- Strategic planning exercises to obtain clarity with focus on the activities of mergers and acquisitions - Cross-sector and macroeconomic analysis - Exhaustive model of due diligence
- Emerging risks	Changes in the business models, consumer preferences and/or the regulations that impact on the performance of the companies	- Decrease in the cash flow and the value of investments	Financial	Transversal	- Analysis of global and sector trends to identify the disrupting factors in the industries in which the Group operates - Strengthen the areas of innovation and development of new businesses - Geographical, cross-sector and market cycle diversification
- Damage to the company's reputation	Significant image impairment of the companies that compromises the confidence of some stakeholders	- Adverse effects to the reputation and trust - Potential falls in the share price	Reputational	Transversal	- Implementation of policies of ethics and transparency, corporate governance and risk management adjusted to the best practices of business - Ongoing strengthening of the internal control system and the crisis management plans - Monitoring of the identified risks that could affect the reputation of the Business Group in order to define and monitor the risk mitigation plans
- Loss of financial flexibility	Loss of flexibility in the capital structure of the company, due to an ineffective composition of the debt portfolio of Grupo Argos and its subsidiaries	- Higher capital costs - Restricted access to capital markets - Affects on the reputation	Economic Reputational	Transversal	- Composition of the debt portfolio adjusted to the cash flows from investments - Conservative structure of the leverage, incorporating adjustment criteria for liquidity - Regular monitoring of the capital structure by the Board of Directors
- Risks in allocating capital	Errors and/or omissions in the process of allocating capital, which could affect the relative performance of the portfolio	- Lower returns for shareholders	Financial	Grupo Argos	- Ongoing analysis of opportunities in the sectors and countries - Preparation of quantitative models for allocating capital - Due diligence in mergers and acquisitions - Monitoring of the portfolio performance by the Board of Directors

- Cost overruns in projects	Delays and/or cost overruns in the execution of projects due to errors in the estimation of the required resources	- Impairment of financial viability of projects - Delays in the delivery of works	Financial	Transversal	- Structuring of projects incorporating assumptions of risk and uncertainty - Prior identification of associated risks for every project - Ongoing reporting to the Directorate Committee about the situations that may compromise the ability to keep to the schedule and budget of the projects
- Risks in the management of human talent	Inability to attract, develop and retain human talent with the competencies required in the companies	- Loss of know-how - High employee turnover	Financial	Transversal	- Characterization of the existing and required human talent - Identification of key positions and succession plans - Development of programs to attract and strengthen skills - Training, education and guidance - Competitive remuneration schemes
- Fraud, corruption, money laundering and terrorist financing	Improper practices by employees, partners, suppliers and/or customers, related to acts of fraud, corruption, money laundering and terrorist financing	- Impairment of reputation and trust - Fines, sanctions or legal actions against the company and its executives - Potential fall in the share price	Economic Reputational	Transversal	- Training on the prevention and detection of situations of fraud, corruption, money laundering and terrorist financing - Specialized audits to evaluate the internal control system with the aim of avoiding exposure to this type of risk
- Impairment of the environment and/or the community	Damage to the environment or to communities arising from the operation of company assets	- Impairment of reputation and trust - Fines, sanctions or legal actions against the company - Drop in the value of investments ¹	Economic Reputational	Businesses	- Definition and execution of environmental management plans in accordance with the requirements of the regulations and processes of agreement with communities in the areas of influence - Processes of agreement with communities in the areas of influence of the operation and the projects

Emerging Risks

Emerging risks	Description of the risk	Description of the impact	Mitigation Plan
Crisis in emerging markets	Vulnerability of emerging markets due to imbalance of external accounts, tax accounts and geopolitical instability	Possible impairment of Grupo Argos revenue due to reduced economic growth and depreciation of currencies	- Cross-sector and geographical diversification - Increase exhibitions in countries with mature economies (e.g. United States) - Ongoing monitoring of the sector and macroeconomic performance and trends
Crisis of confidence in the institutionality of companies and the State	The business environment has been affected by scandals of public and private corruption, which could generate an atmosphere of distrust by the shareholders	Possible impairment of Grupo Argos income due to a decrease of infrastructure projects	- Make use of the Good Corporate Governance Code structured on the basis of best practices - Geographical diversification - Continue applying the practices of corporate ethics and transparency across the Business Group
Restrictions on flow of goods and capital	Tendency of governments to implement protectionist measures in the countries that are investment hotspots	Possible impairment to the growth of revenues due to a decrease of infrastructure projects	- Cross-sector and geographical diversification - Ongoing monitoring of the regulatory changes in the countries and sectors where the Group operates
Ineffectiveness in the attraction and retention of millennials	Changes to the workforce with a new outlook on the world, influenced by technology and globalization underpinned by high job mobility	Difficulty in finding and retaining personnel, affecting the company's achievement of objectives	- Characterization of the existing and required human talent - Carry out internal measurements of employee satisfaction and organizational climate - Competitive remuneration schemes

Performance tax

Tax payable by the holding company and its subsidiaries per country (Figures in thousands)

Grupo Argos	Income Tax and Occasional Gain	Wealth Tax	Industry and Commerce	Property Tax	Sales Tax	OTHER	TOTAL							
Holding	53,457,388	17,915	3,409,567	1,143	3,140,017	1,052	24,015,423	8,048	671,888	225	210,297	70	84,904,580	28,453
Colombia	53,457,388	17,915	3,409,567	1,143	3,140,017	1,052	24,015,423	8,048	671,888	225	210,297	70	84,904,580	28,453
Cement	221,809,551	74,333	20,315,277	6,808	25,373,265	8,503	36,339,005	12,178	380,956,106	127,666	17,782,230	5,959	702,575,434	235,448
Colombia	64,541,738	21,629	20,315,049	6,808	21,900,860	7,339	7,200,948	2,413	246,559,198	82,627	2,409,125	807	362,926,918	121,624
USA	2,092,408	701	-	-	-	-	21,300,738	7,138	3,221,447	1,080	128,947	43	26,743,540	8,962
Honduras	90,577,623	30,354	-	1,319,753	442	258,171	87	43,534,483	14,589	9,100,455	3,050	144,790,485	48,522	
Panama	56,867,270	19,057	-	708,226	237	485,570	156	48,430,296	16,230	328,346	110	106,799,708	35,791	
Surinam	-	-	-	-	-	-	-	-	2,441,725	818	-	-	2,441,725	818
Curacao	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	2,303,575	772	228	618,163	207	108,724	36	4,249,633	1,424	147,715	50	7,428,038	2,489	
Puerto Rico	191,811	64	-	826,263	277	6,322,675	2,119	6,276,007	2,103	389,765	131	14,006,521	4,694	
Dominican Republic	3,871,046	1,297	-	-	-	-	-	24,186,086	8,105	281,338	94	28,338,470	9,497	
Saint Martin	-	-	-	-	-	-	-	592,319	198	268,958	90	861,277	289	
Antigua and Barbuda	-	-	-	-	-	-	-	360,846	121	348,983	117	709,829	238	
Saint Thomas	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gujana	1,364,080	457	-	-	-	-	682,179	229	-	-	271,789	91	2,318,048	777
Virgin Islands	-	-	-	-	-	-	-	-	1,104,066	370	4,106,809	1,376	5,210,875	1,746
Power	201,127,515	67,402	14,880,576	4,987	12,905,888	4,325	1,686,495	565	-	-	70,589,929	23,656	301,190,343	100,935
Colombia	199,471,596	66,847	14,880,576	4,987	12,670,450	4,246	1,686,435	565,159,1823	-	-	65,200,572	21,850	293,909,629	98,495
Panama	780,040	261	-	0	177,659	60	-	-	-	-	5,267,682	1,765	6,225,381	2,086
Costa Rica	875,879	294	-	0	57,779	19	-	-	-	-	121,675	41	1,055,333	354
Airport	-	-	1,635,561	548	354,491	119	276,590	93	685,870	230	14,927,016	5,002	17,879,528	5,992
Colombia	-	0	1,635,561	548	354,491	119	276,590	93	685,870	230	14,927,016	5,002	17,879,528	5,992
Coal	7,637,425	2,559	198,967	67	51,463	17	983	0	-	-	971,904	326	8,860,742	2,969
Colombia	7,637,425	2,559	198,967	67	51,463	17	983	0	-	-	971,904	326	8,860,742	2,969
TOTAL	484,031,879	162,209	40,439,948	13,552	41,825,124	14,016	62,318,436	20,884	382,313,864	128,121	104,481,376	35,014	1,115,410,627	373,787

Market Rate at Dec/31/2017: 2,984.00

NUMBER OF EMPLOYEES	2013			2014			2015			2016			2017		
	M	W	TOTAL	M	W	TOTAL									
Grupo Argos	30	49	79	37	62	99	31	57	88	66	80	146	60	62	122
Cement	6,735	1,071	7,806	7,774	1,200	8,974	7,968	1,279	9,247	7,829	1,337	9,166	7,397	1,150	8,547
Power	808	270	1,078	830	286	1,116	1,071	358	1,429	1,165	392	1,557	1,177	409	1,586
Airport	NA	NA	NA	NA	NA	NA	NA	NA	NA	87	185	272	2,224	720	2,944
Coal	609	45	654	60	19	79	56	13	69	46	10	56	36	11	47
Ports	268	80	348	277	81	358	280	87	367	160	62	222	NA	NA	NA
Total	8,476	1,527	10,003	9,011	1,666	10,677	9,435	1,811	11,246	9,353	2,066	11,419	10,894	2,352	13,246

NUMBER OF EMPLOYEES IN THE COMPANY BY JOB CATEGORY	2016						2017					
	Executive	Managerial	Directors	Specialist	Other levels	Executive	Managerial	Directors	Specialist	Other levels		
Grupo Argos	6	18	29	60	33	6	18	25	49	24		
Cement	10	125	312	2,229	6,490	10	118	302	2,125	5,992		
Power	9	27	36	730	755	10	24	37	763	752		
Airport	5	14	27	45	181	8	38	197	902	1,799		
Coal	0	2	3	12	39	0	2	2	13	30		
Ports	5	13	7	60	137	NA	NA	NA	NA	NA		
Total	35	199	414	3,136	7,635	34	200	563	3,852	8,597		

PERCENTAGE OF EMPLOYEES IN THE COMPANY BY JOB CATEGORY	2016						2017					
	Executive	Managerial	Directors	Specialist	Other levels	Executive	Managerial	Directors	Specialist	Other levels		
Grupo Argos	4 %	12 %	20 %	41 %	23 %	5 %	15 %	20 %	40 %	20 %		
Cement	0 %	1 %	3 %	24 %	71 %	0 %	1 %	4 %	25 %	70 %		
Power	1 %	2 %	2 %	47 %	48 %	1 %	2 %	2 %	48 %	47 %		
Airport	2 %	5 %	10 %	17 %	67 %	1 %	3 %	5 %	16 %	75 %		
Coal	0 %	4 %	5 %	21 %	70 %	0 %	4 %	4 %	28 %	64 %		
Ports	2 %	6 %	3 %	27 %	62 %	NA	NA	NA	NA	NA		

Note: the data on concessions includes the following: Corporate Ondinsa, road concessions (Coffee belt highways, Los Llanos, Northeastern highways, Boulevard Turístico del Atlántico, Green Corridor Aruba, La Pintada) and airport concessions (El Dorado, Quiport).

NUMBER OF EMPLOYEES IN THE COMPANY BY AGE	2016											
	under 30		between 30 and 40		between 40 and 50		between 50 and 60		over 60		TOTAL	
		%		%		%		%		%		
Grupo Argos	33	23 %	55	38 %	33	23 %	22	15 %	3	2 %	146	100 %
Cement	1,075	12 %	2,625	29 %	2,736	30 %	2,167	24 %	563	6 %	9,166	100 %
Power	214	14 %	423	27 %	476	31 %	377	24 %	67	4 %	1,557	100 %
Airport	65	24 %	121	44 %	64	24 %	20	7 %	2	1 %	272	100 %
Coal	4	7 %	21	38 %	13	23 %	12	21 %	6	11 %	56	100 %
Ports	40	18 %	66	30 %	60	27 %	48	22 %	8	4 %	222	100 %
Total	1,431		3,311		3,382		2,646		649		11,419	

NUMBER OF EMPLOYEES IN THE COMPANY BY AGE	2017											
	under 30		between 30 and 40		between 40 and 50		between 50 and 60		over 60		TOTAL	
		%		%		%		%		%		
Grupo Argos	28	23 %	41	34 %	29	24 %	20	16 %	4	3 %	122	100 %
Cement	858	10 %	2,351	28 %	2,605	30 %	2,152	25 %	581	7 %	8,547	100 %
Power	206	13 %	444	28 %	472	30 %	386	24 %	76	5 %	1,586	100 %
Airport	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Coal	3	6 %	17	36 %	9	19 %	13	28 %	5	11 %	47	100 %

NUMBER OF EMPLOYEES IN THE COMPANY BY TYPE OF CONTRACT	2016				2017			
	2016		2017		2016		2017	
	Undefined	Fixed	Undefined	Fixed	Undefined	Fixed	Undefined	Fixed
Grupo Argos	145	1	145	1	145	1	145	1
Cement	9,166	-	9,166	-	9,166	-	9,166	-
Power	1,532	25	1,532	25	1,532	25	1,532	25
Airport	268	4	268	4	268	4	268	4
Coal	51	5	51	5	51	5	51	5
Total	11,382	37	11,382	37	11,382	37	11,382	37

(102-7)(102-8) Number and percentage of employees by job category and gender

2016	Grupo Argos						Cement			Power			Airport			Coal			Ports		
	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T
Level 1 Executive	5	1	6	9	1	10	8	1	9	5	-	5	0	0	-	4	1	5			
Level 2 Managerial	10	8	18	106	19	125	16	11	27	10	4	14	2	0	2	12	1	13			
Level 3 Directors	10	19	29	222	90	312	24	12	36	16	11	27	1	2	3	4	3	7			
Level 4 Specialists	22	38	60	1509	720	2,229	506	224	730	26	19	45	7	5	12	32	28	60			
Level 5 Other levels	19	14	33	5983	507	6,490	611	144	755	30	151	181	36	3	39	108	29	137			
TOTAL	66	80	146	7,829	1,337	9,166	1,165	392	1,557	87	185	272	46	10	56	160	62	222			
Level 1 Executive	83%	17%	100%	90%	10%	100%	89%	11%	100%	100%	0%	100%	0%	0%	0%	80%	20%	100%			
Level 2 Managerial	56%	44%	100%	85%	15%	100%	59%	41%	100%	71%	29%	100%	100%	0%	100%	92%	8%	100%			
Level 3 Directors	34%	66%	100%	71%	29%	100%	67%	33%	100%	59%	41%	100%	33%	67%	100%	57%	43%	100%			
Level 4 Specialists	37%	63%	100%	68%	32%	100%	69%	31%	100%	58%	42%	100%	58%	42%	100%	53%	47%	100%			
Level 5 Other levels	58%	42%	100%	92%	8%	100%	81%	19%	100%	17%	83%	100%	92%	8%	100%	79%	21%	100%			
TOTAL	45%	55%	100%	85%	15%	100%	75%	25%	100%	32%	68%	100%	82%	18%	100%	72%	28%	100%			

2017	Grupo Argos						Cement			Power			Airport			Coal			Ports		
	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T
Level 1 Executive	5	1	6	9	1	10	9	1	10	7	1	8	0	0	-						
Level 2 Managerial	10	8	18	103	15	118	14	10	24	28	10	38	2	0	2						
Level 3 Directors	9	16	25	217	85	302	26	11	37	112	85	197	0	2	2						
Level 4 Specialists	19	30	49	1469	656	2,125	519	244	763	696	143	839	7	6	13						
Level 5 Other levels	17	7	24	5599	393	5,992	609	143	752	1,381	481	1,862	27	3	30						
TOTAL	60	62	122	7,397	1,150	8,547	1,177	409	1,586	2,224	720	2,944	36	11	47						
Level 1 Executive	4%	1%	5%	0%	0%	0%	1%	0%	1%	0%	0%	0%	0%	0%	-						
Level 2 Managerial	8%	7%	15%	1%	0%	1%	1%	1%	2%	1%	0%	1%	4%	0%	4%						
Level 3 Directors	7%	13%	20%	3%	1%	4%	2%	1%	2%	4%	3%	7%	0%	4%	4%						
Level 4 Specialists	16%	25%	40%	17%	8%	25%	33%	15%	48%	24%	5%	28%	15%	13%	28%						
Level 5 Other levels	14%	6%	20%	66%	4%	70%	38%	9%	47%	47%	16%	63%	57%	6%	64%						
TOTAL	49%	51%	100%	87%	13%	100%	74%	26%	100%	76%	24%	100%	77%	23%	100%						

(402-41) Employees covered by collective bargaining

	2016					2017					
	Grupo Argos	Cement	Power	Airport	Coal	Ports	Grupo Argos	Cement	Power	Airport	Coal
Total number of employees in the organization	146	9,166	1,557	272	56	222	122	8,547	1,586	100	47
Total number of employees covered by collective bargaining	-	2,350	1,040	0	0	35	0	2,395	1,047	0	0
Percentage of employees covered by collective bargaining	0%	26%	67%	0%	0%	16%	0%	28%	66%	0%	0%

Note: The data shown in the table corresponds to corporate Ondinsa. Data for the Concessions are as follows:

Coffee belt highways (total turnover 12% - voluntary turnover 8%). La Pintada (total turnover 31% - voluntary turnover 25%). Los Llanos (total turnover 10% - voluntary turnover 9%). Northeastern highways (total turnover 13% - voluntary turnover %). Boulevard Turístico del Atlántico (total turnover 38% - voluntary turnover 0%). Green Corridor Aruba (total turnover 53% - voluntary turnover 27%). El Dorado (total turnover 17% - voluntary turnover 6%). Quiport (total turnover 3% - voluntary turnover 1%).

(401-1) Rotación de personal y contrataciones

	2016					2017					
	Grupo Argos	Cement	Power	Airport	Coal	Ports	Grupo Argos	Cement	Power	Airport	Coal
Staff turnover rate	6.16%	15.38%	7.00%	27.21%	12.50%	12.61%	3.28%	22.11%	8.51%	21.67%	25.53%
Voluntary staff turnover rate	4.11%	8.56%	4.43%	15.81%	12.50%	6.31%	3.28%	3.57%	3.97%	9.17%	12.77%
Employees removed by mutual agreement	4	355	9	13	1	0	2	444	25	11	0
Employees removed by pension or termination of contract	0	NA	19	13	2	1	0	NA	16	1	5
Employees removed by voluntary resignation	2	NA	69	43	4	14	2	858	63	11	1
Employees dismissed	3	NA	6	5	0	8	0	NA	7	3	6

	2016					2017					
	Grupo Argos	Cement	Power	Airport	Coal	Ports	Grupo Argos	Cement	Power	Airport	Coal
Staff turnover rate by age and gender											
Under 30	11.11%		18.33%	33.78%	0.00%	33.78%	25%		1.58%	19%	8%
Between 30 and 40	55.56%		23.13%	35.14%	28.57%	35.14%	50%		3.09%	31%	33%
Between 40 and 50	11.11%		7.50%	20.27%	57.14%	3.57%	25%		1.88%	31%	17%
Between 50 and 60	22.22%	NA	0.83%	9.46%	0.00%	7.14%	0%	NA	1.13%	12%	25%
Over 60	0.00%		0.21%	1.35%	14.29%	0.00%	0%		0.82%	8%	25%
Female	66.67%		16.04%	52.70%	0.00%	39.29%	100%		2.33%	46%	0%
Male	33.33%		33.96%	47.30%	100.00%	60.71%	0%		6.18%	54%	100%

Note: The concessions data corresponds to corporate Ondinsa only.

Number of staff recruitments by age and gender	2016					2017					
	Grupo Argos	Cement	Power	Airport	Coal	Ports	Grupo Argos	Cement	Power	Airport	Coal
Under 30	9		88	29	0	12	7		55	665	1
Between 30 and 40	14		111	15	1	7	6		60	527	1
Between 40 and 50	2		36	6	0	5	2		29	251	0
Between 50 and 60	4	NA	4	1	0	2	0	NA	5	77	0
Over 60	0		1	0	0	0	0		3	1	0
Female	15		77	20	1	13	8		49	243	1
Male	14		163	31	0	13	7		103	1.278	1

Staff recruitment percentage by age and gender	2016					2017					
	Grupo Argos	Cement	Power	Airport	Coal	Ports	Grupo Argos	Cement	Power	Airport	Coal
Under 30	31.03 %	32.32 %	36.67 %	56.86 %	0.00 %	46.15 %	46.67 %	23.4 %	36.18 %	43.72 %	50 %
Between 30 and 40	48.28 %	33.91 %	46.25 %	29.41 %	100.00 %	26.92 %	40 %	30.1 %	39.47 %	34.65 %	50 %
Between 40 and 50	6.90 %	21.73 %	15.00 %	11.76 %	0.00 %	19.23 %	13.33 %	27.3 %	19.08 %	16.50 %	0 %
Between 50 and 60	13.79 %	10.30 %	1.67 %	1.96 %	0.00 %	7.69 %	0 %	16.7 %	3.29 %	5.06 %	0 %
Over 60	0.00 %	1.74 %	0.42 %	0.00 %	0.00 %	0.00 %	0 %	2 %	1.97 %	0.07 %	0 %
Female	51.72 %	16.1 %	32.08 %	39.22 %	100.00 %	50.00 %	53.33 %	11.19 %	32.24 %	15.98 %	50 %
Male	48.28 %	83.95 %	67.92 %	60.78 %	0.00 %	50.00 %	46.67 %	88.81 %	67.76 %	84.02 %	50 %

Note: the data on concessions includes the following: Corporate Ondinsa, road concessions (Coffee belt highways, Los Llanos, Northeastern highways, Boulevard Turístico del Atlántico, Green Corridor Aruba, La Pintada) and airport concessions (El Dorado, Quiport).

(401-2) Company benefits for full-time employees

Mandatory company benefits for full-time employees	Grupo Argos		Cement		Power		Airport		Coal	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Do you have any of the following company benefits mandatory for all full-time employees?										
Social Security	X		X		X		X		X	
Pension Fund	X		X		X		X		X	
Other (Vacations, premium services, layoffs, interests, parafiscal contributions)	X		X		X		X		X	

Voluntary company benefits for full-time employees	Grupo Argos		Cement		Power		Airport		Coal	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Life Insurance	X		X		X		X		X	
Medical Insurance	X		X		X		X		X	
Accident Insurance	X		X		X		X		X	
Health aids	X		X		X		X		X	
Marriage assistance		X	X		X		X			X
Food assistance	X		X		X		X			X
Holiday bonus	X		X		X		X		X	
Flexible working hours	X		X		X		X		X	
Sponsorship for study	X		X		X		X			X
Actions		X	X			X		X		X
Other	X		X		X		X		X	

Note: The concessions data corresponds to corporate Ondinsa only.

401-3 Maternity or paternity leave

2016	Employees who were entitled to maternity or paternity leave		Employees who have enjoyed maternity or paternity leave		Employees who returned to work after completing their maternity or paternity leave		Employees who continue in the organization after 12 months of having completed their maternity or paternity leave	
	M	W	M	W	M	W	M	W
Grupo Argos	2	4	2	4	2	3	0	1
Cement					NA			
Power	22	13	22	13	22	9	19	13
Airport	4	10	4	10	4	10	1	4
Ports	0	3	0	3	0	2	0	1
Coal	0	1	0	1	0	1	1	1

2017	Employees who were entitled to maternity or paternity leave		Employees who have enjoyed maternity or paternity leave		Employees who returned to work after completing their maternity or paternity leave		Employees who continue in the organization after 12 months of having completed their maternity or paternity leave	
	M	W	M	W	M	W	M	W
Grupo Argos	3	2	3	2	3	1	2	3
Cement					NA			
Power	39	26	39	26	39	26	22	7
Airport	34	44	36	44	36	39	40	32
Coal	1	1	1	1	1	1	0	1

Note: the data on concessions includes the following: Corporate Ondinsa, road concessions (Coffee belt highways, Los Llanos, Northeastern highways, Boulevard Turístico del Atlántico, Green Corridor Aruba, La Pintada) and airport concessions (El Dorado, Quiport).

(404-1) (404-2) Average hours of training

2016	Grupo Argos	Cement	Power	Airport	Ports	Coal
Number of hours of training level 1	124	982	162	247	4	-
Number of hours of training level 2	1,374	11,598	1,419	622	46	313
Number of hours of training level 3	1,520	31,234	2,028	601	48	322
Number of hours of training level 4	2,227	198,712	32,022	1,500	968	840
Number of hours of training level 5	1,935	361,790	17,927	5,115	1,162	658
Average hours of training level 1	21	98	18	49	1	0
Average hours of training level 2	76	93	53	44	4	156
Average hours of training level 3	52	100	56	22	7	107
Average hours of training level 4	37	89	44	33	16	70
Average hours of training level 5	59	56	24	28	8	17
Number of hours of training by gender (female)	5,070	122,244	18,659	5,318	685	680
Number of hours of training by gender (male)	2,110	482,072	34,900	2,767	1,543	1,453
Average hours of training by gender (female)	63	91	48	29	11	68
Average hours of training by gender (male)	32	62	30	32	10	32

2017	Grupo Argos	Cement	Power	Airport	Coal
Number of hours of training level 1	113	84	350	328	0
Number of hours of training level 2	607	4,713	1,696	1,454	243
Number of hours of training level 3	1,664	16,302	2,975	2,832	183
Number of hours of training level 4	2,799	102,419	49,593	1,362	602
Number of hours of training level 5	601	231,318	29,729	1	735
Average hours of training level 1	19	8	35	55	0
Average hours of training level 2	34	40	71	80	121
Average hours of training level 3	67	54	80	98	92
Average hours of training level 4	57	48	65	47	46
Average hours of training level 5	25	39	39	1	24
Number of hours of training by gender (female)	3,701	55,977	21,252	2,754	480
Number of hours of training by gender (male)	2,083	298,857	63,091	3,222	1,283
Average hours of training by gender (female)	60	49	52	62	44
Average hours of training by gender (male)	35	40	53,60	57	36

Note: The data shown in the table corresponds to corporate Ondinsa. Data for the Concessions are as follows: Coffee belt highways: hours of training 21,569, average 115. La Pintada: hours of training 164,913, average 106. Los Llanos: hours of training 692, average 4. El Dorado: hours of training 9,893, average 15. Quiport: hours of training 29,776, average 111.

(404-3) Employee performance

Employee performance	2016														
	Executive			Managerial			Directors			Specialist			Other levels		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Grupo Argos	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	36.9 %	100 %	63.6 %
Cement	NA	NA	100 %	NA	NA	100 %	NA	NA	100 %	NA	NA	100 %	NA	NA	63 %
Power	NA	NA	89 %	NA	NA	100 %	NA	NA	100 %	NA	NA	99 %	NA	NA	94 %
Airport	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Coal	0 %	0 %	0 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	19 %	66 %	23 %
Ports	100 %	100 %	100 %	100 %	100 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

Employee performance	2017														
	Executive			Managerial			Directors			Specialist			Other levels		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Grupo Argos	100 %	100 %	100 %	100 %	100 %	100 %	66.7 %	100 %	88 %	89.5 %	93.3 %	91.8 %	100 %	100 %	100 %
Cement	NA	NA	100 %	NA	NA	100 %	NA	NA	98 %	NA	NA	98 %	NA	NA	94 %
Power	NA	NA	89 %	NA	NA	100 %	NA	NA	97 %	NA	NA	99 %	NA	NA	95 %
Airport	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Coal	NA	NA	NA	100 %	NA	100 %	NA	100 %	100 %	100 %	100 %	100 %	96.3 %	100 %	96.7 %

(405-1) Composition of governance bodies (Board of Directors)

Members belonging to a governance body (Board of Directors)	Men	Women	Under 30	Between 30 and 40	Between 40 and 50	Over 50	Minority Groups
Grupo Argos	71.43 %	28.57 %	0 %	0 %	14 %	86 %	0 %
Cement	71.43 %	28.57 %	0 %	0 %	29 %	71 %	0 %
Power	71.43 %	28.57 %	0 %	0 %	14 %	86 %	0 %
Airport	71.43 %	28.57 %	0 %	0 %	29 %	71 %	0 %

(405-2) Ratio between the salary of men and women

2016	Units	Grupo Argos	Cement	Power	Airport	Coal
Level 1 Executive	Ratio	NA	NA	0.84	NA	NA
Level 2 Middle management	Ratio	0.94	0.84	1.44	0.98	NA
Level 3 of Managers	Ratio	0.97	0.94	1.09	1.14	0.64
Level 4: Specialists	Ratio	1.04	0.98	1.14	1.14	1.20
Level 5: Operatives	Ratio	0.67	1.08	1.08	1.31	0.94
2017	Units	Grupo Argos	Cement	Power	Airport	Coal
Level 1 Executive	Ratio	NA	NA	0.98	NA	NA
Level 2 Middle management	Ratio	0.89	0.86	1.09	0.91	0.00
Level 3 of Managers	Ratio	0.92	0.90	1.09	1.05	0.00
Level 4: Specialists	Ratio	1.05	0.96	1.13	1.12	1.15
Level 5: Operatives	Ratio	0.68	1.02	1.10	0.47	0.97

Note: The concessions data corresponds to corporate Ondinsa only.

(403-2) Injuries, occupational illnesses, days lost, absenteeism and number of work-related fatalities

		2016									
Unity of	Unity of	Grupo Argos		Cement	Power		Airport		Coal		
		M	W		M	W	M	W	M	W	
EMPLOYEES											
Total cases of work-related accidents and illnesses	Number	0	0	34	23	15	2	13	1	0	
Days of absence by work-related accidents and illnesses	Days	0	0	661	547	39	1	47	11	0	
Sick leave number for common illness	Cases	25	57	4	830	390	46	478	84	15	
Sick leave days	Days	117	205	31.697	4.616	2.198	478	2.538	528	481	
Total hours worked	Hours	169.260	230.248	24.413.394	2.912.257	1.062.661	217.820	622.950	143.714	31.216	
Total days worked	Days	21.158	28.781	NA	342.618	125.019	27.228	77.869	17.964	3.902	
Casualties	Number	0	0	1	0	0	0	0	0	0	
CONTRACTORS											
Total cases of work-related accidents and illnesses	Number	4	1	19	159	1	3	3	11	-	
Days of absence by work-related accidents and illnesses	Days	20	7	306	13.964	7	17	3	142	-	
Sick leave number for common illness	Cases	36	37	NA	1.006	181	NA	NA	149	14	
Sick leave days	Days	122	142	NA	4.678	675	NA	NA	626	60	
Total hours worked	Hours	516.543	95.073	24.230.568	3.681.050	291.529	184.840	186.960	513.240	43.285	
Total days worked	Days	64.568	11.884	NA	433.065	34.298	23.105	23.370	64.155	5.411	
Casualties	Number	0	0	0	2	0	0	0	0	0	

2017

	Unity of	Grupo Argos		Cement	Power		Airport		Coal	
		M	W		M	W	M	W	M	W
		EMPLOYEES								
Total cases of work-related accidents and illnesses	Number	0	1	36	18	10	70	34	0	0
Days of absence by work-related accidents and illnesses	Days	0	3	680	58	58	652	106	0	0
Sick leave number for common illness	Cases	13	37	9	668	373	561	662	47	2
Sick leave days	Days	57	143	24.317	3.733	1.749	4.068	4.524	265	103
Total hours worked	Hours	152.770	219.728	23.806.354	3.202.026	1.031.342	2.292.336	1.636.380	100.860	32.488
Total days worked	Days	19.096	27.466	NA	376.709	121.335	229.321	77.872	12.608	4.061
Casualties	Number	0	0	0	0	0	0	0	0	0
CONTRACTORS										
Total cases of work-related accidents and illnesses	Number	14	0	13	149	1	329	151	17	0
Days of absence by work-related accidents and illnesses	Days	100	0	152	6.901	100	7.451	64	124	0
Sick leave number for common illness	Cases	38	6	NA	835	100	999	334	246	10
Sick leave days	Days	201	85	NA	5.053	552	3.555	1.157	1.937	33
Total hours worked	Hours	681.502	60.221	18.295.795	4.174.390	325.405	2.404.579	686.457	628.709	34.874
Total days worked	Days	2.533	1.936	NA	491.105	38.283	48.468	22.554	78.589	4.359
Casualties	Number	0	0	1	1	0	2	0	0	0

Note: the data on concessions includes the following: Corporate Ondinsa, road concessions (Coffee belt highways, Los Llanos, Northeastern highways, Boulevard Turístico del Atlántico, Green Corridor Aruba, La Pintada) and airport concessions (El Dorado, Quiport).

Contribution to social development

Payments made to guilds, associations and political contributions (Figures in thousands)

	Currency	2014	2015	2016	2017
(415-1) Political contributions	COP	260,000	560,000	In 2016, no political contributions were made, because it was not an election year	180,000
Payment to guilds and associations	COP	156,953	488,918	479,585	939,664
Total political contributions, guilds and associations	COP	416,953	1,048,918	479,585	1,119,664
Coverage (as a % of revenue)	Revenue	100 %	100 %	100 %	100 %

Payments to guilds and associations (5 main ones)

Name of the organization	Type of the organization	Description of the organization	Total amount paid in 2017
World Business Council for Sustainable Development		<ul style="list-style-type: none"> WBCSD is a global organization that helps make the member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies. 	243,045
World Economic Forum	Non-profit foundation	<ul style="list-style-type: none"> WEF is a private, international, independent and non-profit organization, which brings business, political, intellectual and social leaders together from around the world, who seek to use their influence on industrial, regional and global agendas in their commitment to making the world a better place. 	182,510
Consejo Privado de Competitividad	Non-profit organization	<ul style="list-style-type: none"> The Consejo Privado de Competitividad (CPC) [Competitiveness Private Council] is a non-profit organization whose objective is to contribute directly to the articulation of strategies that enable significant improvements to be achieved in the scope of competitiveness in Colombia. The Consejo Privado de Competitividad serves as an articulator and spokesperson between the public sector, the private sector, the academic sector and other organizations interested in promoting competitiveness and the relevant public policies. 	143,680
National Association of Colombian Industrials (ANDI)	Non-profit guild	<ul style="list-style-type: none"> The Asociación Nacional de Empresarios de Colombia (ANDI) [National Association of Colombian Industrials] is a non-profit guild that aims to disseminate and provide political, economic and social principles promoting a healthy system of free trade. It was founded on September 11, 1944, in Medellín, and since then it has been the most important trade guild in Colombia. 	102,557
Foundation for Progress in Antioquia - ProAntioquia	Non-profit foundation	<ul style="list-style-type: none"> ProAntioquia is a private foundation of the business sector, which promotes and leads strategic initiatives aimed at fair and sustainable development by reaching agreements that mobilize public, social, business and academic resources for use towards social transformation with equal opportunities, sustainable land development, institutional reinforcement and good governance. 	58,750

The contributions focused on efforts to promote, strengthen and improve Colombia's competitiveness through collaboration between the public and private sectors.

(304-3) Biodiversity Conservation

Location of protected or restored habitat	Purpose of the restoration or conservation	Collaboration with a third party to protect or restore this area	Size of the protected or restored area by direct action of the company (hectare)	2017 Progress
Antioquia/ Rio Negro, Belmira, San Pedro de los Milagros	Strengthen the integrated management of water basins and governance of water resources through the financing of long-term conservation actions and the integration of efforts from relevant stakeholders in the interests of water management.	EPM, Postobón, Cornare, Valle de Aburra Metropolitan Area, Nutresa and Medellín City Council (Water fund of Medellín - Cuenca Verde)	2,500	27,000 native trees planted for the protection of the water basins that supply the population of the Valle de Aburra.
Nariño	Declaration of the protected marine area to benefit from the connection of the Colombian Pacific areas to the National System of Protected Areas and the Ecological Reserve Manglares Cayapas Mataje, located in Ecuador.	National Natural Reserve Parks, WCS, WWF, Mario Santo Domingo Foundation	190,282	Backing in the Declaration of Cabo Manglares as a District of Integrated Management, which is listed as one of the 25 most biodiverse ecoregions in the world.
Morroa and Carmen de Bolívar	Protect aquifers and tropical dry forest corridors (Water Alliance in Montes de María).	Crecer en Paz Foundation, Patrimonio Naturalm, Fundacion Semana and Ayuda en Accion	69	69,000 trees planted.
San Onofre	Protect water basins by means of voluntary work with Verde Vivo for planting species.	La Libertad school	5.4	9,639 trees planted.
Puerto Libertador	Restore ecosystems through voluntary work with the environmental program Verde Vivo for planting species.	Tekia and schools in the area	0.18	130 trees planted.
Tolúviejo (Sucre)	Plant trees in the Concretos Argos planting area	Concretos Argos	1.3	3,000 trees planted.
Obando (Valle del Cauca)	Undertake the restoration of basin areas in the Valle del Cauca department with the ReverdeC program.	Celsia, Epsa and conTREEbute	38	45,000 native trees planted for the protection of river banks.
San Onofre	Protect aquifers by planting tropical dry forest species.	Tekia	6	5,704 trees of tropical dry forest planted for the protection of aquifers.
Carmen de Bolívar	Restore biological corridor.	Tekia and Corpoica	1	1,300 trees of tropical dry forest planted.
Carmen de Bolívar	Recovery of the tropical dry forest ecosystem through environmental compensation.	Tekia	77	77,779 trees planted.
Guasca, Cundinamarca El Retiro, Antioquia Encino, Santander	Undertake restoration in basin areas and natural reserves for life in the Carrera Verde program.	Fundación Natura	22	Over 24,000 native species planted in different regions of the country in order to promote the care of forests and to adapt reclaimed areas to conservation in perpetuity.

Power consumption

302-1 Internal energy consumption (GJ)

	Internal energy consumption (GJ)	2015	2016	2017
Average	9,507	11,552.36	10,759.06	8,528
Cement	40,816,337.40	44,331,467.81	39,205,325.04	45,368,301.56
Power	15,459,434.22	27,014,948.79	21,489,700.58	9,123,036
Airport	NA	NA	284,021	413,364
Urban Development	1,195.68	1,043.29	NA	NA
Coal	128,790.91	187,495.04	211,939	214,661
Total	56,441,287	71,557,641	61,211,642	55,127,890

303-3 Internal energy consumption (GJ)

	Internal energy consumption (GJ)	2015	2016	2017
Average	Not Reported	Not Reported	Not Reported	Not Reported
Cement	28	274	214	258
Power	Not Reported	Not Reported	15.13	13.6
Airport	Not Reported	0.3	3.1	1.5
Urban Development	Not Reported	Not Reported	NA	NA
Coal	Not Reported	Not Reported	Not Reported	Not Reported
Total	28.3 %	254.3 %	201.7 %	243.6 %

Notes:

- 1 In 2016, Situm (Urban Development) became a line of business of Grupo Argos. For this reason, the indicators of Grupo Argos now include Urban Development data.
- 2 Since 2015, the energy business figures include operations of the company in Central America.
- 3 **(102-48)** The data on power consumption in 2015 and 2016 by the Concessions business was restated, due to the inclusion of road and airport works.
- 4 **(102-48)** The percentage figures of recycled water of the Energy business was restated, due to changes in the methods used for quantification.
5. **(102-48)** The percentage figures of total recycled water was restated, due to the change in methodology applied in the energy business and due to the inclusion of the Concessions business.



Independent Review Report

Independent Review of the 2017 Grupo Argos Integrated Report.

Scope of our work

We have reviewed the adaptation of the contents of the 2017 Grupo Argos Integrated Report, taking into account the guide for preparation of sustainability reports of the Global Reporting Initiative (GRI) under the GRI Standard version.

Standards and verification processes

We have conducted our work according to the ISAE 3000 standard - *International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the *International Auditing and Assurance Standard Board (IAASB)* of the *International Federation of Accountants (IFAC)*.

Our review work consisted of formulating questions to the Management, as well as to the various Grupo Argos departments that have participated in the preparation of the Integrated Report and in the application of certain analytical procedures and sampling review tests as described below:

- Interviews with Grupo Argos staff in order to understand the principles, systems and management approaches applied in preparation of the report.
- Analysis of how the Report content, structure and indicators are defined based on the materiality exercise, according to that suggested by the GRI Standard methodology.
- Evaluation of the processes used to collect and validate the data presented in the report.
- Checking, by means of tests based on the selection of samples and review of the evidence of quantitative and qualitative information corresponding to the GRI and specific indicators included in the integrated report and its proper compilation from the data provided by the information sources of Grupo Argos.

Deloitte & Touche Ltda.
Edificio Corficolombiana
Calle 16 Sur 43 A-49 Piso 9 y 10
Nit 860.005.813-4
Medellín
Colombia

Tel : 57 (4) 313 8899
Fax: 57 (4) 313 32 25
www.deloitte.com.co

Responsibilities of the Grupo Argos and Deloitte Management

- Preparation of the 2017 Integrated Report, as well as its content, is the responsibility of the organization, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This Report has been prepared exclusively in the interest of the organization according to the terms of our service proposal. We do not assume any liability to third parties other than the company's management.
- We have carried out our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).
- The scope of a limited review is substantially lower than that of an audit. Therefore we do not provide audit opinion on the Integrated Report

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Partner



Medellín, March 2018

Confirmation that the Integrated Report has been prepared according to the GRI Standard methodology in its “Core” version.

General aspects

It is confirmed that the report meets the requirements of the essential option of the general concepts of the GRI Standard version.

Specific aspects

We reviewed the management approach and GRI and specific indicators of the material issues (See Appendix 1)

APPENDIX 1.

Material issues	GRI and/or Own Grupo Argos Indicator
Investments with ESG focus	201-1
Risk management	Own Grupo Argos. Strategic risks Own Grupo Argos. Emerging risks
Ethics, transparency and competence	205-1, 205-3, 206-1
Climate change strategy	305-1, 305-2, 304-3
Human talent management	401-1, 401-2, 404-1, 404-3

APPENDIX 2 Other relevant matters for Grupo Argos verified

Matter	GRI and/or Own Grupo Argos Indicator
Contribution to social development	415-1 Own Grupo Argos. Social investments
Human rights	412-2
Fiscal performance	Own Grupo Argos. Taxes paid
Health and security at work	403-2

APPENDIX 3 Declaration of independence

Deloitte is one of the largest companies in the provision of professional services in auditing, taxes, consulting and financial and sustainability counseling to public and private organizations in various industries. With a global network of member firms in more than 185 countries, Deloitte offers world class skills and high quality services to its customers. Approximately 250,000 professionals are committed to being a standard of excellence. We confirm our independence from Grupo Argos. All of our employees conduct annual updates to the Ethics Policy where we duly declare that we have no conflicts of interest with Grupo Argos, its subsidiaries and its stakeholders.

Self-assessment of the application of principles and content of the Integrated Report Framework

The 2017 Integrated Report has been prepared following principles and elements of the *International Integrated Report Council (IIRC)*¹, to properly inform stakeholders about material issues that impact the organization's ability to create value and its coordination with the strategy and business model, taking into account the different risks and opportunities presented in the Business Group.

Guidelines applied from the Integrated Report

Strategic focus and future direction

By presenting the business model from the start of the report and in a way in which the *holding company* creates value, information is provided on the organization's strategy and how it relates with this ability to generate value in the short, medium and long terms. Under the section *Creation of value and sustainability*, the objectives and the components of the process for creating value of Grupo Argos are presented. These are shown within a sustainable act, as well as its use and effects on the capitals presented throughout the report and the contribution of the management of said objectives and the strategic risks. The chapters describe the actions that the head

office and its subsidiaries carry out and will carry out in the short, medium and long terms towards the achievement of the *holding company's* objectives.

In particular, the business strategy made progress in defining the role of Grupo Argos as the active *holding company*, defining the key objective of maximizing the value of the portfolio and establishing the four specific action axes to achieve it.

Grupo Argos will continue working to disclose its long-term goals opportunely and to present the analyses that it carries out in relation to the views of its business and investments in the national and international spheres.

Connectivity of information

This report has been structured to provide a holistic view of the combinations, interrelations and dependencies between the factors that affect the ability of the organization to create value over time, as well as the connection between these and the objectives and performance of the *holding company* and its subsidiaries in relation to the material

aspects. The material aspects in the economic, social and environmental dimensions have been assessed, where the strategic guidelines of Grupo Argos have been incorporated for its subsidiaries and the management of the *holding company* in each material matter.

Engagement with stakeholders

The Integrated Report 2017 of Grupo Argos provides information on the nature, mechanisms, and quality of the organization's relationships with its key stakeholders in the [Engagement with stakeholders](#) section, including how and to what extent the organization understands, takes into account and responds to the expectations and legitimate interests of stakeholders to generate a value proposition and maintain permanent dialogues. Also, throughout

the report it is highlighted how the management of material issues responds to these expectations and interests.

For 2018, a review will be made of the process of identifying and prioritizing stakeholders with which the *holding company* interacts, which in turn will strengthen the analysis of the material matters and the management of each of these.

Materiality

In 2017 progress was made in the deployment of material matters with each of the key areas and processes of the organization, strengthening the conception itself of each matter with the heads of the departments, their management and reporting of indicators that directly measure each one of these. Among these, management of the matters of investments with ESG focus and innovation stand out, in which work sessions were carried out to address each matter and establish the current conception, progress and possible roadmaps for the future. In this report of 2017, the results have been

incorporated, presenting qualitative and quantitative information that is more adapted to each material matter and the impacts - both positive and negative - generated by the *holding company* and the way in which these are taken into account within the process of creating value and in the decisions of investment and divestment.

In 2018, an update will be carried out of the most relevant environmental, social, economic and governmental matters for the *holding company* and its stakeholders.

Conciseness

There have been advances in the completion of the Integrated Report by submitting a report that clearly and concisely informs about the most significant issues concerning the *holding company* and relationships that exist between these, the business model, the strategy and the manner in which the *holding company* creates value in the short, medium and long term, as well as the stakeholders that are

affected by the management of material affairs.

Grupo Argos has worked on creating a clear and concise report, with support from the company's website, in the development of an exclusive microsite for the report and in the annual reports of the business subsidiaries of cement, energy and concessions in order to present specific and relevant additional information.

Viability and completeness

The reliability of the report is reflected in the audit of the financial and accounting information conducted by Deloitte & Touche, an independent third party acting as Grupo Argos Statutory Auditor. In addition,

the same firm conducted the limited assurance of a selection of sustainability performance indicators presented in the GRI Content Index.

Compatibility and consistency

By applying the guidelines of the GRI Standard under the *Global Reporting Initiative* (GRI) framework in its *Essential version*, the information has been reported on the basis that it is constant over time and in a way that demonstrates the historical comparison of the

holding company and its subsidiaries, as well as with other organizations of the industry.

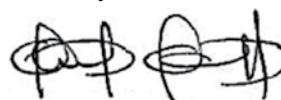
Below are the elements of the Integrated Report framework that have been applied in the making of this report.

Content element	Aspects included	Section
General vision of the organization and of the external environment	Business Model and its relationship with the creation of value	Creation of value and sustainability / Investments with ESG focus
	Grupo Argos stock portfolio	Performance of the investment portfolio
	Geographic presence of subsidiaries of the <i>holding company</i>	About Grupo Argos
Corporate Governance	Structure of the Board of Directors and the Steering Committee	Corporate Governance
	Committees and responsibilities of the Board of Directors	Corporate Governance
	Good practices with the Board of Directors: nomination, election, compensation, training and evaluation of the Board of Directors	Corporate Governance
	Codes and guidelines for ethical behavior in the <i>holding company</i>	Ethics, conduct and transparency
Business Model	Business Model and its relationship with the creation of value	Creation of value and sustainability / Components of the strategy
Risks and opportunities	Strategic risks and mitigation activities of the <i>holding company</i>	Risk Management
	Risks and opportunities of the <i>holding company</i> in ESG aspects	<ul style="list-style-type: none"> • Management Report • About Grupo Argos • Creation of value and sustainability • Economic dimension • Environmental dimension • Social dimension
Strategy and allocation of resources	Business model for obtaining results	Creation of value and sustainability / Investments with ESG focus
	Sustainability Strategy	<ul style="list-style-type: none"> • Creation of value and sustainability • Strategy • Sustainability Policy • Materiality • Communicating with stakeholders

Content element	Aspects included	Section
Performance	Financial Performance of the subsidiaries	Management Report - Creation of value and sustainability / Investments with ESG focus - Economic dimension / Fiscal performance
	Performance and results for the <i>holding company</i> and its subsidiaries in the context of the triple account	<ul style="list-style-type: none"> • Management Report • Creation of value and sustainability / Investments with ESG focus • Creation of value and sustainability / Innovation • Environmental dimension / Climate change strategy and biodiversity • Social dimension / Management of human talent, contribution to social development and Human Rights
Future projection	Future projection in the relationship with stakeholders	Stakeholders relationship management
	Future projection in the management of ethics, transparency and anti-corruption mechanisms	Ethics, conduct and transparency
	Future projection in financial capital management	<ul style="list-style-type: none"> • About Grupo Argos • Investment portfolio • Relevant figures • Management Report • Fiscal performance • Investments with ESG focus
	Future projection in the intellectual capital management	<ul style="list-style-type: none"> • Investments with ESG focus • Innovation
	Future projection in industrial capital management	<ul style="list-style-type: none"> • About Grupo Argos • Integrated Report Celsia 2017 • Integrated Report Cementos Argos 2017 • Annual Report Odinsa 2017
	Future projection in the protection of the natural capital	Climate Change
	Future projection in human capital management	<ul style="list-style-type: none"> • Management of human talent • Human Rights
	Future projection in the social capital management	Contribution to social development
Bases of preparation and presentation	Contextualization and progress of the Integrated Report	About the report
	Identification of the material issues in sustainability and value creation	<ul style="list-style-type: none"> • Creation of value and sustainability • Materiality • Recognition of stakeholders

In conclusion, there has been positive progress vis-a-vis fulfillment of the Integrated Report framework with respect to 2016 and the necessary considerations have been taken to ensure the integrity of the framework. Even so, the Business Group is aware of the challenges and opportunities for improvement with the goal of moving closer to compliance with this framework.

Sincerely,



Camilo Abello Vives

Vice President of Corporate Affairs

All departments of Grupo Argos took part in the preparation of the Shareholders' Report (executive version) and the Integrated Report, with coordination by the Sustainability and Communication Management Teams.

Photographs pages 19, 20 and 21: Carlos Tobón

Journalistic and graphics editing:
Taller de Edición
www.tallerdeedicion.co

Note 16: Property, Plant and Equipment, Net

16.1 Composition and Activity of Property, Plant and Equipment

The balance of property, plant and equipment, net, as at December 31 is as follows:

	2017	2016
Land	1,657,247	1,588,106
Constructions underway, and equipment in assembly and in transit	1,424,199	1,312,591
Constructions and buildings for administrative use (1)	37,942	26,565
Constructions and buildings	1,663,332	1,714,296
Machinery and production equipment	5,032,183	4,784,469
Furniture and office, IT and communications equipment	156,127	130,751
Mines, quarries and deposits	1,886,798	1,886,603
Land transportation equipment	418,363	357,399
Water transportation fleet	1,402	2,449
Waterlines, plants, networks and communication lines	6,131,652	6,312,933
Other assets	6	8
Prepayments	72,195	142,306
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	18,481,446	18,258,476

	Land	Constructions underway, and equipment in assembly and in transit	Constructions and Buildings for Administrative Use	Constructions and buildings	Machinery and production equipment	Furniture and office, IT and communications equipment	Mines, quarries and deposits	Land transportation equipment	Water transportation fleet	Waterlines, plants, networks and communication lines	Other assets	Prepayments	Total
JANUARY 1, 2017	1,588,320	1,312,591	37,751	2,325,906	6,523,325	286,460	1,993,676	935,117	4,294	8,740,911	12	142,306	23,890,669
Additions	24,755	1,104,891	-	18,875	33,010	11,950	20,663	4,652	-	39,612	-	9,989	1,268,397
Held for sale	(1,504)	-	-	(13,391)	-	-	-	-	-	-	-	-	(14,895)
Transfers from (to)													
Other accounts	36,509	(670,713)	-	44,915	295,409	47,689	17,794	145,152	818	119,326	-	(79,634)	(42,735)
Investment properties	52,560	-	-	(300)	-	-	-	-	-	-	-	-	52,260
Effect of conversion	(2,852)	(9,604)	(541)	(2,755)	(11,843)	(97)	(10,343)	(3,213)	(15)	(19,227)	-	(466)	(60,956)
Sale and retirements	(20,395)	(917)	-	(21,317)	(33,953)	(4,030)	(21,335)	(24,435)	(16)	(29,197)	-	-	(155,595)
Business combinations	6,738	17,526	-	6,469	14,449	8,248	4,304	1,983	23	-	-	-	59,740
Revaluation adjustment	-	-	22,011	-	-	-	-	-	-	-	-	-	22,011
Other changes	(26,670)	(329,575)	-	(21,208)	231,290	4,576	6,839	(24,538)	5	(31,073)	-	-	(190,354)
HISTORICAL COST	1,657,461	1,424,199	59,221	2,337,194	7,051,687	354,796	2,011,598	1,034,718	5,109	8,820,352	12	72,195	24,828,542

	Land	Constructions underway, and equipment in assembly and in transit	Constructions and Buildings for Administrative Use	Constructions and buildings	Machinery and production equipment	Furniture and office, IT and communications equipment	Mines, quarries and deposits	Land transportation equipment	Water transportation fleet	Waterlines, plants, networks and communication lines	Other assets	Prepayments	Total
JANUARY 1, 2017	214	-	11,186	611,610	1,738,856	155,709	107,073	577,718	1,845	2,427,978	4	-	5,632,193
Depreciation of the period	-	-	700	106,476	333,217	39,263	18,276	93,797	1,848	296,013	2	-	889,592
Held for sale	-	-	-	(691)	-	-	-	-	-	-	-	-	(691)
Transfers from (to)													
Other accounts	-	-	-	(12,280)	5,293	917	(1,179)	6,645	-	391	-	-	(213)
Investment properties	-	-	-	(230)	-	-	-	-	-	-	-	-	(230)
Effect of conversion	-	-	(97)	(4,208)	347	6	446	(2,502)	14	(9,662)	-	-	(15,656)
Sale and retirements	-	-	-	(16,212)	(20,262)	(1,715)	-	(20,713)	-	(25,750)	-	-	(84,652)
Business combinations	-	-	-	-	2,622	5,133	-	1,331	-	-	-	-	9,086
Impairment losses	-	-	440	2,032	-	-	-	-	-	-	-	-	2,472
Revaluation adjustment	-	-	9,050	-	-	-	-	-	-	-	-	-	9,050
Other changes	-	-	-	(12,635)	(40,569)	(644)	184	(39,921)	-	(270)	-	-	(93,855)
IMPAIRMENT AND DEPRECIATION	214	-	21,279	673,862	2,019,504	198,669	124,800	616,355	3,707	2,688,700	6	-	6,347,096
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,657,247	1,424,199	37,942	1,663,332	5,032,183	156,127	1,886,798	418,363	1,402	6,131,652	6	72,195	18,481,446

	Land	Constructions underway, and equipment in assembly and in transit	Constructions and Buildings (1)	Machinery and production equipment	Furniture and office, IT and communications equipment	Mines, quarries and deposits	Land transportation equipment	Water transportation fleet	Waterlines, plants, networks and communication lines	Other assets	Prepayments	Total
JANUARY 1, 2016	1,638,559	1,198,168	2,112,724	5,472,477	248,233	1,676,792	1,030,108	3,611	9,261,578	5,611	72,365	22,720,226
Additions	2,208	855,226	10,381	20,809	21,576	1,217	7,277	793	112,878	8,036	69,941	1,110,342
Held for sale	(1,857)	(55,488)	(8,505)	(94,858)	(1,427)	-	(1,954)	-	(724,822)	(2,355)	-	(891,266)
Transfers from (to)												
Other accounts	378	(646,307)	142,150	229,065	27,373	3,635	(87,121)	-	303,630	(7,508)	-	(34,705)
Investment properties	7,066	(38,832)	268	-	-	-	38,832	-	-	-	-	7,334
Effect of conversion	(27,496)	(57,719)	(81,781)	(222,753)	(10,011)	(94,883)	(40,052)	(110)	(298,027)	(465)	-	(833,297)
Sale and retirements	(37,299)	5,716	(106,813)	(38,896)	(2,919)	-	(27,166)	-	(24,320)	(7)	-	(231,704)
Business combinations	6,843	3,147	295,815	1,207,730	3,939	396,269	15,227	-	-	204	-	1,929,174
Impairment losses	-	(6,062)	-	(50,578)	(257)	-	-	-	-	(8)	-	(56,905)
Other changes	(82)	54,742	(582)	329	(47)	10,646	(34)	-	109,994	(3,496)	-	171,470
HISTORICAL COST	1,588,320	1,312,591	2,363,657	6,523,325	286,460	1,993,676	935,117	4,294	8,740,911	12	142,306	23,890,669

	Land	Constructions underway, and equipment in assembly and in transit	Constructions and Buildings (1)	Machinery and production equipment	Furniture and office, IT and communications equipment	Mines, quarries and deposits	Land transportation equipment	Water transportation fleet	Waterlines, plants, networks and communication lines	Other assets	Prepayments	Total
JANUARY 1, 2016	214	-	449,538	1,589,445	134,113	101,806	623,620	759	2,727,983	4,840	-	5,632,318
Depreciation of the period	-	-	94,119	315,172	27,841	14,646	81,064	1,103	316,925	1,424	-	852,294
Held for sale	-	-	(4,321)	(13,753)	(847)	-	(1,403)	-	(489,716)	(183)	-	(510,223)
Transfers from (to)												
Other accounts	-	-	111,424	(62,542)	3,303	3,341	(75,751)	-	(139,553)	(5,989)	-	(165,767)
Investment properties	-	-	16	-	-	-	-	-	-	-	-	16
Effect of conversion	-	-	(21,788)	(54,445)	(6,293)	(7,570)	(26,511)	(17)	(90,668)	(88)	-	(207,380)
Sale and retirements	-	-	(5,607)	(35,498)	(2,888)	-	(24,611)	-	(3,681)	-	-	(72,285)
Business combinations	-	-	741	245	929	-	1,138	-	-	-	-	3,053
Impairment losses	-	-	-	-	(388)	-	-	-	-	-	-	(388)
Other changes	-	-	(1,326)	232	(61)	(5,150)	172	-	106,688	-	-	100,555
IMPAIRMENT AND DEPRECIATION	214	-	622,796	1,738,856	155,709	107,073	577,718	1,845	2,427,978	4	-	5,632,193
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,588,106	1,312,591	1,740,861	4,784,469	130,751	1,886,603	357,399	2,449	6,312,933	8	142,306	18,258,476

(1) Land and buildings for administrative use are included in the group of constructions and buildings, as their amount is not significant.

To establish the fair value of the land and buildings for administrative use, independent firms were hired with ample experience and recognition on the market. To estimate these fair values, these firms used the appropriate valuation techniques for the situation, following the guidelines of IFRS 13 – Fair Value Measurement and the International Valuation Standards (IVS), with market comparison being the most used one in this case.

The inputs to estimate the fair value are classified as level 2 inputs in the fair value hierarchy. This hierarchy also corresponds to the full estimate, as they are offer prices, appraisals or transactions of similar real estate that are observable, either directly or indirectly, on the market, and that have been adjusted or standardized by factors including the location, sales and finishes.

The carrying amount of the land and buildings for administrative use that would have been reported if they had been accounted for using the cost model is COP 23,902.

Constructions underway include the capitalization of borrowing costs of COP 11,254 (2016: COP 22,226). The average rate used to determine the amount of the borrowing costs was 6.54% (2016: 5.44%), which is the average effective interest rate of generic loans.

As at December 31, property, plant and equipment had been affected as collateral for compliance with obligations amounting to COP 1,209 (2016: COP 18,425).

The Group does not have contractual commitments for the acquisition of property, plant and equipment. Additionally, it did not receive compensation from third parties for impaired, lost or abandoned property, plant and equipment. The Company has sufficient insurance policies to protect its production assets, mainly covering material damage caused by fire, earthquake, weak current, natural disasters, terrorism and other risks.

The Group has not had any changes in the accounting estimates with a significant impact on the period that affect the residual value, useful lives and depreciation methods.

16.2 Impairment of Other Assets

At the end of the reporting period, the Group assesses the existence of indications of impairment of non-current assets based on the external and internal information available. The Group revises the carrying amount of the non-current assets for impairment every time the events or circumstances indicate that the carrying amount may not be recoverable. If the total of discounted future cash flows is less than the carrying amount, the carrying amount of the non-current asset is not recoverable, and an impairment loss is reported in the consolidated statement of income. After the assessment was made, the following assets showed indications of impairment:

In 2017:

The Group reported the impairment of COP 2,032 in the consolidated statement of income because of the impact of Hurricane Harvey, which was Category (4) and affected the states of Texas and Louisiana in the United States and certain assets of the subsidiary located in Houston. In 2017, the insurance company made payments of COP 10,328 to offset the disbursements incurred in the repair of damages and losses according to the coverage of the policies. The amounts received were reported as other income in the consolidated statement of income. The Group and

the insurance company keep assessing the losses from this event. However, Management considers that the coverage of the insurance policies is ample and sufficient to minimize any negative impact on the statement of income resulting from the resolution of this situation.

In 2016:

The Group started a productive transformation process aimed at improving the efficiency of its operations, with adjustment of its production plants in the cement segment to the network. It started with the transformation of the production processes of the cement production plants of Sabanagrande and San Gil, located in the municipality of Sabanagrande in Atlántico and the municipality of San Gil in Santander, respectively. The transformation process of these plants involved reporting an impairment of COP 49,033 allocated to the cement segment. The impairment was reported in the consolidated statement of income and it was fully allocated to the property, plant and equipment entry. This decision is part of the Argos Building Efficiency and Sustainability for Tomorrow (BEST) program, which aims to achieve greater efficiency and competitiveness, innovation, quick response and better value propositions.

The Group reported an impairment of COP 7,484 in the statement of income related to a significant component of vertical mill no. 4 installed in the cement plant of Harleyville in the United States,

for the cement segment. The event was the result of a technical failure, which after a series of analyses and on-site tests demonstrated the need to replace the equipment. Part of the cost of this was assumed by the Great Lakes Reinsurance company.

Note 17: Investment Properties

As at December 31, the investment property balance is as follows:

	2017	2016
Land	2,191,051	2,227,915
Constructions and buildings	12,171	46,079
TOTAL	2,203,222	2,273,994

The activity of investment properties during the period is presented below:

	2017	2016
INVESTMENT PROPERTIES AS AT JANUARY 1	2,273,994	2,403,554
Additions	12,319	10,926
Acquisitions through business combinations	2,914	-
Gain from measurement at fair value	123,023	79,286
Effect of conversion	18	(274)
Transfers from/to investment properties	(170,527)	(113,735)
Disposals	(7,202)	(105,561)
Assets classified as held for sale	(28,480)	-
Other changes	(2,837)	(202)
INVESTMENT PROPERTIES AS AT DECEMBER 31	2,203,222	2,273,994

Independent firms were hired with ample experience and recognition on the market in order to establish the fair value of the investment properties. To estimate these fair values, these firms used the appropriate valuation techniques for the situation, following the guidelines of IFRS 13 – Fair Value Measurement and the International Valuation Standards (IVS), with the market comparison and residual value approaches being the ones most used in this case.

The inputs to estimate the fair value are classified as level 2 inputs in the fair value hierarchy. This hierarchy also corresponds to the full estimate,

associated with offer prices, appraisals or transactions of similar real estate that are observable, either directly or indirectly, on the market, and that have been adjusted or standardized by factors including the area, access roads, immediate surroundings, finishes, improvements and state of conservation.

The lease income from investment properties of the period amounted to COP 4,707 (2016: COP 8,514).

The indirect expenses related to investment properties are COP 30,252 (2016: COP 21,199).

Out of which COP 21,289 (2016: COP 18,349) are related to properties that did not generate lease income. The direct expenses mainly include property tax.

As at December 31, 2017 and 2016, the Group did not have contractual obligations to acquire, build or develop investment properties, nor were there restrictions on any investment property.

Note 18: Investments in Associates and Joint Ventures

18.1 General Information on Associates and Joint Ventures

Business Name	Country	Nominal Shareholding		Classification of Investment	Carrying Amount	
		2017	2016		2017	2016
Grupo de Inversiones Suramericana S.A.	Colombia	33.67%	33.67%	Associate	6,262,383	6,105,765
Quiport Holdings S.A.	Uruguay	50.00%	50.00%	Joint venture	832,317	799,918
F.C.P. Pactia Inmobiliario	Colombia	36.29%	44.06%	Associate	724,297	683,564
Concesión La Pintada S.A.S.	Colombia	78.85%	78.85%	Associate	175,478	73,303
Consortio Farallones	Colombia	50.00%	78.85%	Joint venture	61,412	76,599
Omya Andina S.A.	Colombia	50.00%	50.00%	Joint venture	41,003	39,651
Begonia Power S.A.S. E.S.P. (1)	Colombia	33.24%	0.00%	Associate	37,989	32,102
Occidental de Empaques S.A.	Colombia	49.99%	49.99%	Associate	32,554	32,045
Transatlantic Shipmanagement Ltd.	British Virgin Islands	50.00%	50.00%	Joint venture	18,975	18,522
Consortio Constructor Nuevo Dorado	Colombia	65.00%	35.00%	Joint venture	18,677	11,806
Caltek S.A.S.	Colombia	50.00%	50.00%	Joint venture	14,671	14,158
CNC del Mar	Colombia	50.00%	0.00%	Joint venture	7,804	-
Internacional Ejecutiva de Aviación S.A.S.	Colombia	33.33%	33.33%	Associate	6,295	7,108
Patrimonio Autónomo Hacienda Niquía	Colombia	51.00%	51.00%	Associate	5,099	8,611
MMC Cement Division C.V.	Colombia	50.00%	50.00%	Joint venture	4,867	4,535
Pactia S.A.S.	Colombia	50.00%	50.00%	Joint venture	4,262	37
Consortio Imhotep	Colombia	50.00%	50.00%	Joint venture	3,549	4,425
Aerotocumen S.A.	Panama	50.00%	50.00%	Joint venture	1,898	2,042
Granulados Recicladados de Colombia Greco S.A.S.	Colombia	40.00%	40.00%	Joint venture	1,815	2,539

Business Name	Country	Nominal Shareholding		Classification of Investment	Carrying Amount	
		2017	2016		2017	2016
Contreebute S.A.S.	Colombia	39.57%	39.57%	Associate	883	735
Consorcio Mantenimiento Opain	Colombia	65.00%	35.00%	Joint venture	852	1,197
Calamarí LNG (LNG Reseller)	Colombia	28.09%	0.00%	Associate	495	-
Promotora de Proyectos S.A.	Colombia	30.73%	30.73%	Associate	486	1,237
Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. (2)	Colombia	0.00%	35.00%	Associate	-	260,591
Compañía de Puertos Asociados S.A. – Compas S.A. (3)	Colombia	50.00%	50.00%	Joint venture	-	258,837
Concesión Santa Marta Paraguachón S.A.	Colombia	0.00%	35.80%	Associate	-	32,082
Consorcio Odinsa Valorcon	Colombia	0.00%	50.00%	Joint venture	-	123
Other insignificant associates and joint ventures				Associates and joint ventures	149	3,925
TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES					8,258,210	8,475,457

(1) For the purposes of presentation, the prepayment of COP 32,102 for future capitalizations of Begonia Power S.A.S. E.S.P. was reclassified from the financial instruments account to investments in associates and joint ventures.

(2) In January 2017, the Group completed the purchase of 30% of Opain S.A., obtaining control of the company, because Odinsa, its road and airport concessions subsidiary, owned 35% of the shareholding in Opain S.A.

(3) In August 2017, the Group sold all of the shareholding it had in Compañía de Puertos y Asociados S.A. – Compas S.A., amounting to 50% of its outstanding shares.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements. For cases in which the exemption established in paragraph 19 of IAS 28 – Investments in Associates and Joint Ventures is applicable, they are accounted for at fair value through profit or loss. Out of all these investments, the only one listed on the local securities exchange

is Grupo de Inversiones Suramericana S.A., and its listed value as at December 31, 2017, for common shares is COP 40,300 per share (2016: COP 38,200 per share). These figures are only for informative purposes as the investment of Suramericana S.A. is accounted for using the equity method.

18.2. Corporate Purpose of Main Associates and Joint Ventures and Nature of the Relationship

Grupo de Inversiones Suramericana S.A. Grupo Sura S.A.: It is a company with strategic investments in the banking, insurance, pension, savings and investment sectors. Its headquarters is in Colombia.

In Grupo de Inversiones Suramericana S.A., significant influence is exercised through participation in the Board of Directors, where the Company has two representatives (out of seven in total). This is an important investment for Grupo Argos S.A. given the expansion that

it has had in the region, its leadership in the insurance, pension, banking and investment markets, its financial strength and the demographic evolution in the regions where it operates. It also has a corporate citizenship and responsibility policy complying with the highest standards regarding the social, environmental, economic and governance spheres.

Fondo de Capital Privado Pactia Inmobiliario:

It is a closed private capital fund comprised of all the resources transferred to the fund by the sources of funding in kind and in cash. The private capital fund is the only shareholder of Patrimonio Autónomo Pactia – P.A. Pactia.

The main objective of the fund is strategic long-term investment in assets for their economic exploitation and to obtain an attractive return on its investment with a moderate level of risk. Each one of the real estate assets in which the fund invests has a management, business and defined trademark strategy with the main approach of generating value for the fund.

This private capital fund is the owner of the assets and is managed according to the instructions provided by the professional manager, which is a company called Pactia S.A.S. with its headquarters in Colombia.

The fund has a duration of 30 years, which is extendable for 10 more years. The partnership between Grupo Argos S.A., Concreto S.A. and Protección S.A. is developed through the delivery of contributions represented in real estate and in cash to Fiduciaria Bancolombia S.A., the latter acting as the managing company.

Quiport Holdings S.A.: Company incorporated in Uruguay on September 11, 2002. The company operates as an investment vehicle of Corporación Quiport S.A. (Ecuadorian company), which is responsible for acting as the concession holder to manage and operate the old airport of Quito, Mariscal Sucre International Airport, and

to develop, build, manage, operate and maintain the new Quito International Airport, and the implementation of all the activities inherent to the concession agreement granted by Corporación Aeropuerto y Zona Franca del Distrito Metropolitano de Quito. The agreement establishes a term of 35 years for the concession from January 27, 2006, until January 2041. The percentage that Odinsa S.A. acquired from Quiport varies over time. In 2017, the shareholding percentage was 50% and in 2020, it will decrease to 46.5%. Quiport Holding S.A. has 100% of the shareholding in Corporación Quiport S.A., 75% directly and 25% through the Icaros investment vehicle. The investment in Quiport Holding is held through the investment vehicles Black Coral Investments Inc. and Red Coral Investments Inc.

18.3. Changes in Shareholding in Associates and Joint Ventures

The changes that arose in the share in the property of associates and joint ventures during 2017 are presented below:

Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. In January 2017, Grupo Argos S.A. completed the purchase of 30% of Opain S.A., a concession holding company responsible for the administration, operation, commercial exploitation, maintenance, upgrade, and expansion of the passenger and cargo terminals at El Dorado International Airport in Bogotá. This acquisition gives Grupo Argos control over this asset, considering that Odinsa, its road and airport concessions subsidiary, holds 35% of the shares in Opain S.A.

Consorcio Constructor Nuevo Dorado: As of January 2017 the Group increased the shareholding of this investment from 35% to 64.86% for COP 12,153.

Consortio Mantenimiento Opain: As of January 2017, the Group increased its share in the investment from 35% to 64.86% for COP 905 through Opain S.A. This activity did not involve cash because it was a reclassification in the initial purchase (see Note 43 Business Combinations).

Begonia Power S.A.S. E.S.P. In December 2017, through its subsidiary Celsia S.A. E.S.P., the Group completed the purchase of 7.06% of Begonia Power S.A.S. E.S.P., a company that owns two wind power projects to develop in the north of Colombia. With this acquisition, the Group increases its share from 26.18% to 33.24%, and taking into account its significant influence, it is classified as an associate at the time of purchase of the additional shareholding.

CNC del Mar: The Group entered into a joint arrangement with this company through the subsidiary Celsia S.A. E.S.P. for 50.00%. CNC del Mar. is a commercial company that has the purpose of providing public utilities for the distribution and sale of electricity, waterlines, sewage services and natural gas. This company is located in Colombia.

Calamarí LNG (LNG Reseller): The company was incorporated in December 2016, starting to operate in 2017, when the Celsia S.A. E.S.P. subsidiary acquired 28.09% of Calamarí LNG. This company has the purpose of selling liquefied natural gas and it is located in Colombia. According to the significant influence, it is classified as an investment in an associate from the start of operations.

Patrimonio Autónomo Hacienda Niquía – P.A. Niquía: A return of contributions amounting to COP 3,614 was received in 2017.

Compañía de Puertos Asociados S.A. – COMPAS S.A.: In August 2017, Grupo Argos S.A. disinvested all of the shareholding in Compañía de Puertos y Asociados S.A. – Compas S.A., which amounted to 50%. The sale was made to West Street Infrastructure Partners III, an investment fund managed by the Business Banking Division of Goldman Sachs, generating a profit of COP 152,590.

Concesión Santa Marta Paraguachón S.A.: In June 2017, the sale was completed of the 35.8% shareholding that Odinsa S.A. had in Concesión Santa Marta Paraguachón S.A.; a company responsible for Concession Agreement No. 445 / 1994, Santa Marta – Riohacha – Paraguachón Road Project, with an extension of 284 km. The sale was made to Fondo Ashmore Andino II – FCP and Ashmore Andean Fund II LP, generating a profit of COP 11,804.

Fondo de Capital Privado Pactia Inmobiliario: In January 2017, Patrimonio Autónomo Pactia – PA. Pactia, was contributed to Fondo de Capital Privado Pactia, including a new participant, AFP Protección S.A. The Group's shareholding as at the close of December 2017 was 36.29% and as at December 2016, it was 44.06%. Additionally, capitalizations of COP 3,739 were made.

Given the increase in the shareholding of Protección S.A. in Fondo de Capital Privado Pactia Inmobiliario, and considering the decision-making structure established in the regulation of the fund for the different committees, the joint control situation of Grupo Argos over the fund was reviewed. It was established that under the existing conditions, Grupo Argos will come to exercise the same significant influence on the fund, maintaining the investment classified as an associate. Considering that Fondo de Capital Privado Pactia Inmobiliario is an investment entity and adopting the exemption established in paragraph 19 of IAS 28 – Investments in Associates and Joint Ventures, the subsequent measurement of this investment changes from using the equity method to measurement at fair value through profit or loss in accordance with IFRS 9.

Consortio Farallones: In January 2017, Odinsa S.A. disinvested the construction consortium of the Conexión Pacífico II Project, 28.85% of the shareholding. The sale was made to Construcciones el Cóndor S.A., generating a profit of COP 4,166.

Consortio Odinsa Valorcon: This company was liquidated in the first quarter of 2017.

18.4 Summarized Financial Information

The summarized financial information included in the following tables represents the values presented in the financial statements of the associate or joint venture, prepared in accordance with the Generally Accepted Accounting and Financial Reporting Standards in Colombia. This is restated, when appropriate, by the adjustments made by the Group to apply the equity method, including adjustments related to the standardization of accounting policies, and elimination of acquisitions or transfers of assets between companies of the Group up to the percentage of the shareholding in the associates and joint ventures:

	Grupo de Inversiones Suramericana S.A.	Fondo de Capital Privado Pactia Inmobiliario	Compañía de Puertos Asociados S.A. - Compas S.A. (*)	Quiport Holdings S.A. (**)	Opain S.A. (***)	Other Insignificant Associates and Joint Ventures (**)
2017						
Current assets (1)	-	-	-	224,757	-	527,181
Non-current assets (1)	-	-	-	2,252,531	-	1,235,327
TOTAL ASSETS	69,376,294	2,444,046	-	2,477,288	-	1,762,508
Current liabilities (1)	-	-	-	232,411	-	547,463
Non-current liabilities (1)	-	-	-	1,078,008	-	860,510
TOTAL LIABILITIES	43,149,733	445,528	-	1,310,419	-	1,407,973
EQUITY	26,226,561	1,998,518	-	1,166,869	-	354,535
Revenue	20,461,749	134,323	-	489,404	-	930,870
Net profit from continuing operations	1,373,770	117,459	-	185,106	-	36,056
Net profit after discontinued operations	1,454,616	117,459	-	185,106	-	36,056
Other comprehensive income	942,997	(1,143)	-	-	-	3,790
Total comprehensive income	2,397,613	116,316	-	185,106	-	39,846
Dividends received or profits distributed (2)	78,092	5,967	-	33,941	-	16,587
2016						
Current assets (1)	-	-	57,410	272,199	667,767	430,497
Non-current assets (1)	-	-	980,483	2,323,337	1,875,082	834,429
TOTAL ASSETS	67,837,301	1,733,334	1,037,893	2,595,536	2,542,849	1,264,926
Current liabilities (1)	-	-	80,637	237,266	604,424	383,090
Non-current liabilities (1)	-	-	440,798	1,278,873	1,854,897	483,550
TOTAL LIABILITIES	42,421,214	196,958	521,435	1,516,139	2,459,321	866,640
EQUITY	25,416,087	1,536,376	516,458	1,079,397	83,528	398,286
Revenue	18,970,824	32,443	128,687	491,426	171,353	713,902
Net profit from continuing operations	1,669,159	92,345	7,666	173,629	63,983	36,804
Net profit after discontinued operations	1,669,159	92,345	7,666	173,629	63,983	36,804
Other comprehensive income	(112,535)	-	(141)	-	(11,926)	3,753
Total comprehensive income	1,556,624	92,345	7,525	173,629	52,057	40,557
Dividends received or profits distributed (2)	74,318	-	-	-	-	-

	Grupo de Inversiones Suramericana S.A.	Pactia Inmobiliario Private Capital Fund	Compañía de Puertos Asociados S.A. - Compas S.A. (*)	Quiport Holdings S.A. (**)	Opain S.A. (***)	Other Insignificant Associates and Joint Ventures (**)
2017						
Cash and cash equivalents	1,574,944	10,729	-	145,840	-	189,725
Current financial liabilities (3)	-	-	-	133,589	-	227,611
Non-current financial liabilities (3)	-	-	-	424,046	-	762,506
Financial liabilities (3)	8,967,274	338,895	-	557,635	-	990,117
Depreciation and amortization expenses	289,220	36	-	96,878	-	29,761
Interest revenue	967,461	1,888	-	394	-	11,453
Interest expenses	638,707	7,137	-	51,289	-	24,721
Income tax expenses	477,160	-	-	-	-	25,420
2016						
Cash and cash equivalents	2,066,959	5,990	36,684	188,805	596,011	94,160
Current financial liabilities (3)	-	-	31,588	118,039	124,387	171,492
Non-current financial liabilities (3)	-	-	274,652	660,901	1,276,154	458,192
Financial liabilities (3)	9,744,402	146,827	306,240	778,940	1,400,541	629,684
Depreciation and amortization expenses	321,679	1	17,641	98,604	93,768	39,050
Interest revenue	1,182,002	333	466	285	13,084	10,018
Interest expenses	532,932	9,578	14,954	70,777	89,497	30,780
Income tax expenses	430,249	-	5,781	-	23,348	6,557

(*) In August 2017, the Group sold all of the shareholding it had in Compañía de Puertos y Asociados S.A. – Compas S.A., amounting to 50% of its outstanding shares.

(**) These figures were adjusted with the updated information by the associate or joint venture at the close of the companies' financial statements.

(***) In January 2017, Grupo Argos S.A. completed the purchase of 30% of Opain S.A. With this acquisition, it obtains control of the company, because through Odinsa S.A., its road and airport concessions subsidiary, it owns 35%, amounting to an effective percentage of 64.49%. Through this transaction, the shareholding in Opain S.A. changes from an investment in an associate to an investment in a subsidiary.

(1) The associate of Grupo de Inversiones Suramericana S.A. and Fondo de Capital Privado Pactia Inmobiliario presents the statement of financial position by order of liquidity. Therefore, details of the current and non-current financial assets and liabilities are not included.

(2) These consist of the dividends paid by the associates and joint ventures for the 12-month periods ending on December 31, 2017 and 2016. Additionally, the return of payments of Consorcio Constructor Nuevo Dorado was received of COP 5,413 and of Consorcio de Mantenimiento Opain of COP 717.

(3) For the purposes of presentation, trade and other accounts payable are not included.

18.5 Significant Restrictions and Commitments

There are no significant restrictions on the capacity of joint ventures and associates to transfer funds through dividends, reimbursement of loans, prepayments or other means. Additionally, there are no commitments with joint ventures and associates reported as at December 31, 2017 and 2016, that could lead to outflows of cash or other resources in the future, such as: payment of funds or resources, commitments of loans or financial support, and commitments to acquire a shareholding in an associate or joint venture of another party.

The group has pledged shares in Grupo de Inversiones Suramericana S.A. as collateral for financial liabilities (See Note 7.4 Collateral).

18.6. Analysis of Indications of Impairment

The analysis of indications of impairment in the associates and joint ventures did not generate any review of their impairment.

Note 19: Subsidiaries

19.1 Composition of Grupo Argos

As at December 31, Grupo Argos consolidates the companies listed below:

Name of Subsidiary	Main Activity	Country	Functional Currency	Effective Shareholding	
				2017	2016
Fundiciones Colombia S.A. (under restructuring)	Metallurgy	Colombia	Colombian peso	52.44%	52.44%
Industrias Metalúrgicas Apolo S.A. (under restructuring)	Metallurgy	Colombia	Colombian peso	76.62%	76.62%
Patrimonio Autónomo Ganadería Rio Grande	Cattle farming business	Colombia	Colombian peso	6.37%	0.00%
Sator S.A.S.	Coal mining	Colombia	Colombian peso	98.67%	98.67%
Servicios Corporativos Integrales S.A.S. – SUMMA S.A.S.	Any legal activity	Colombia	Colombian peso	76.98%	84.63%
Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A.	Concessions	Colombia	Colombian peso	64.87%	0.00%
Cementos Argos S.A.	Cement and related materials	Colombia	Colombian peso	55.34%	55.34%
Agregados Argos S.A.S.	Mining of stone minerals	Colombia	Colombian peso	52.69%	0.00%
American Cement Terminals LLC.	Investments	United States	U.S. dollar	55.34%	55.34%
American Cement Terminals Trust	Investments	United States	U.S. dollar	55.34%	55.34%
Argos (Dominica) Ltd.	Cement distribution	Virgin Islands	East Caribbean dollar	55.34%	55.34%
Argos Dominicana S.A. and subsidiaries	Exploitation of clinker and cement	Dominican Republic	Dominican peso	44.64%	44.64%
Argos Honduras S.A. de C.V. and subsidiaries	Exploitation of cement and derivatives	Honduras	Honduran lempira	29.49%	29.49%
Argos North America Corp.	Investments	United States	U.S. dollar	55.75%	55.95%
Argos Panamá S.A. and subsidiaries	Cement exploitation	Panama	U.S. dollar	43.41%	43.41%

Name of Subsidiary	Main Activity	Country	Functional Currency	Effective Shareholding	
				2017	2016
Argos Ports (Houston) LLC.	Distribution and sale of cement	United States	U.S. dollar	55.75%	55.95%
Argos Ports (Savannah) LLC.	Distribution and sale of cement	United States	U.S. dollar	55.75%	55.95%
Argos Ports (Wilmington) LLC.	Distribution and sale of cement	United States	U.S. dollar	55.34%	55.34%
Argos Puerto Rico LLC.	Distribution and sale of cement	Puerto Rico	U.S. dollar	33.20%	33.20%
Argos San Juan Corp.	Cement production	Puerto Rico	U.S. dollar	33.20%	0.00%
Argos SEM S.A.	Investments	Panama	U.S. dollar	55.34%	55.34%
Argos St. Maarten N.V.	Cement distribution	Virgin Islands	U.S. dollar	55.34%	55.34%
Argos USA LLC.	Cement industry	United States	U.S. dollar	55.75%	55.95%
Argos USVI Corp.	Cement distribution	U.S. Virgin Islands	U.S. dollar	55.34%	55.34%
Canteras de Colombia S.A.S.	Extraction of aggregates	Colombia	Colombian peso	55.65%	55.65%
Caricement Antigua Limited	Cement distribution	Antigua	East Caribbean dollar	55.34%	55.34%
Cement and Mining Engineering Inc.	Investment	Panama	U.S. dollar	55.34%	55.34%
Cementos de Caldas S.A.	Cement production	Colombia	Colombian peso	22.17%	22.17%
Central Aggregates LLC.	Aggregate production	United States	U.S. dollar	55.75%	55.95%
CI del Mar Caribe (BVI) Inc.	Sales	Virgin Islands	U.S. dollar	55.36%	55.36%
Cimenterie Nationale S.E.M. (CINA)	Cement industry	Haiti	Haitian gourde	35.97%	35.97%
Ciments Guyanais S.A.S.	Cement exploitation	French Guiana	Euro	55.34%	55.34%
Colcaribe Holdings S.A.	Investment	Panama	U.S. dollar	55.34%	55.34%
Comercial Arvenco C.A.	Sales	Venezuela	Venezuelan bolivar fuerte	55.34%	55.34%
Concretos Argos S.A.	Mixes and concrete	Colombia	Colombian peso	55.59%	55.59%
Corporaciones e Inversiones del Mar Caribe S.A.S.	Investment	Colombia	Colombian peso	55.34%	55.34%
Fiduciaria Corficolombiana S.A. - Fideicomiso Gaseosas Lux	Real estate management	Colombia	Colombian peso	55.34%	55.34%
Haiti Cement Holding S.A.	Investment	Panama	U.S. dollar	55.34%	55.34%
International Cement Company S.A.	Investment	Panama	U.S. dollar	55.34%	55.34%
Logística de Transporte S.A.	Transportation	Colombia	Colombian peso	55.35%	55.35%
Marítima de Gráneles S.A.	Sea transportation	Panama	U.S. dollar	55.34%	55.34%
Southern Star Leasing, LLC.	Leasing company	United States	U.S. dollar	55.75%	55.95%
Surcol Houdstermaatschappij NV	Investment	Suriname	U.S. dollar	27.67%	27.67%
Transatlantic Cement Carriers Inc.	Sea transportation	Panama	U.S. dollar	55.34%	55.34%
Transportes Elman Ltda. (in liquidation)	Transportation	Colombia	Colombian peso	54.65%	54.65%
Valle Cement Investments Ltd.	Financial	British Virgin Islands	U.S. dollar	59.00%	59.00%

Name of Subsidiary	Main Activity	Country	Functional Currency	Effective Shareholding	
				2017	2016
Venezuela Ports Company S.A.	Investment	Panama	U.S. dollar	55.34%	55.34%
Vensur NV	Cement production	Suriname	U.S. dollar	23.30%	23.30%
Wetvan Overseas Ltd.	Investments	Puerto Rico	U.S. dollar	33.20%	33.20%
Zona Franca Argos S.A.S.	Cement industry	Colombia	Colombian peso	55.34%	55.34%
Celsia S.A. E.S.P.	Energy	Colombia	Colombian peso	52.93%	52.93%
Alternegy S.A.	Energy	Panama	U.S. dollar	52.93%	52.93%
Bahía Las Minas Corp.	Energy	Panama	U.S. dollar	27.12%	27.12%
Bontex S.A.	Energy	Panama	U.S. dollar	52.93%	52.93%
Callco-La Gloria S.A.	Commercial and industrial	Costa Rica	U.S. dollar	52.93%	52.93%
Celsia Centroamérica S.A.	Services	Panama	U.S. dollar	52.93%	52.93%
Celsolar S.A.	Energy	Panama	U.S. dollar	52.93%	52.93%
Colener S.A.S.	Energy	Colombia	Colombian peso	52.93%	52.93%
Colon Energy Power S.A.	Energy	Panama	U.S. dollar	52.93%	52.93%
Compañía de Electricidad de Tuluá S.A. E.S.P. - CETSA E.S.P.	Energy	Colombia	Colombian peso	37.71%	33.94%
CTC Curacao B.V.	Financial	Curaçao	U.S. dollar	52.93%	52.93%
Empresa de Energía del Pacífico S.A. E.S.P. - EPSA S.A. E.S.P.	Energy	Colombia	Colombian peso	38.33%	38.33%
Enerwinds de Costa Rica S.A.	Energy	Costa Rica	U.S. dollar	32.34%	32.34%
EPSA Inversiones S.A.S.	Any civil and commercial activity	Colombia	Colombian peso	52.93%	52.93%
LandCO La Gloria S.A.	Commercial and industrial	Costa Rica	U.S. dollar	52.93%	52.93%
PEG Operaciones Ltda.	Energy	Costa Rica	U.S. dollar	52.93%	52.93%
Planta Eólica Guanacaste S.A. (PEG)	Energy	Costa Rica	U.S. dollar	52.93%	52.93%
Porvenir II S.A.S E.S.P.	Energy	Colombia	Colombian peso	52.93%	52.93%
Vientos de la Gloria S.A.	Energy	Costa Rica	U.S. dollar	34.40%	34.40%
Vientos de Limonal S.A.	Energy	Costa Rica	U.S. dollar	34.40%	34.40%
Vientos de Mogote S.A.	Energy	Costa Rica	U.S. dollar	34.40%	34.40%
Zona Franca Celsia S.A. E.S.P.	Energy	Colombia	Colombian peso	52.92%	52.92%
Odinsa S.A.	Engineering and architecture	Colombia	Colombian peso	99.64%	98.55%
Autopistas de los Llanos S.A. (1)	Road concessions	Colombia	Colombian peso	68.21%	67.47%
Autopistas del Café S.A. (1)	Road concessions	Colombia	Colombian peso	59.46%	58.80%
Autopistas del Nordeste Cayman LTD. (1)	Investment vehicle	Cayman Islands	U.S. dollar	67.24%	66.50%
Autopistas del Nordeste S.A. (1)	Road concessions	Dominican Republic	U.S. dollar	0.02%	0.02%
Autopistas del Oeste S.A. (1)	Road concessions	Dominican Republic	Dominican peso	79.63%	78.76%
Black Coral Investment Inc. (1)	Investment vehicle	British Virgin Islands	U.S. dollar	99.64%	98.55%
Boulevard Turístico del Atlántico S.A. (1)	Road concessions	Dominican Republic	U.S. dollar	67.26%	66.52%

Name of Subsidiary	Main Activity	Country	Functional Currency	Effective Shareholding	
				2017	2016
Caribbean Infrastructure Company (1)	Road concessions	Aruba	Aruban florin	99.64%	98.55%
Concesión Vial de los Llanos S.A.S. (1)	Road concessions	Colombia	Colombian peso	50.82%	50.26%
Consortio Grupo Constructor Autopistas del Café S.A. (1)	Road construction	Colombia	Colombian peso	59.46%	58.80%
Consortio Vial de los Llanos (1)	Road construction	Colombia	Colombian peso	50.82%	50.26%
Constructora Bogotá Fase III – Confase S.A. (1)	Road construction	Colombia	Colombian peso	50.82%	50.26%
Generadora del Atlántico S.A.	Electric power generation	Panama	Panamanian balboa	0.00%	58.80%
Generadora del Pacífico S.A.	Electric power generation	Chile	U.S. dollar	0.00%	50.48%
Green Coral Corporation (1)	Investment vehicle	Barbados	U.S. dollar	99.64%	98.55%
JV Proyecto ADN, S.R.L. (1)	Road construction	Dominican Republic	Dominican peso	67.26%	66.52%
JV Proyecto BTA, S.R.L. (1)	Road construction	Dominican Republic	Dominican peso	67.26%	66.52%
La Concepción Advirsors Inc. (1)	Investment vehicle	British Virgin Islands	Panamanian balboa	99.64%	98.55%
Marjoram Riverside Company S.A.(1)	Investment vehicle	British Virgin Islands	U.S. dollar	99.64%	98.55%
N.V. Chamba Blou (1)	Road construction	Aruba	Aruban florin	99.64%	98.55%
Odinsa Holding. Inc. (1)	Investment vehicle	British Virgin Islands	U.S. dollar	99.64%	98.55%
Odinsa Proyectos e Inversiones S.A. (1)	Road concessions	Colombia	Colombian peso	99.31%	98.22%
Odinsa Servicios S.A.S. (1)	Road signposting services	Colombia	Colombian peso	99.64%	98.55%
Quadrat Group Inc. (1)	Investment vehicle	British Virgin Islands	U.S. dollar	99.64%	98.55%
Red Coral Investment Inc. (1)	Investment vehicle	British Virgin Islands	U.S. dollar	99.64%	98.55%
Inversiones FortCorp S.A.S. (in liquidation) (2)	Construction	Colombia	Colombian peso	0.00%	100.00%
Inversiones RoundCorp S.A.S. (in liquidation) (2)	Construction	Colombia	Colombian peso	0.00%	100.00%
Situm S.A.S. (2)	Real estate	Colombia	Colombian peso	0.00%	100.00%

(1) The increase in the share of these investments is a result of the Group's acquisition of a share in Odinsa S.A. in 2017 (See 19.3.1 Changes in Shareholding of a Subsidiary that Do Not Lead to Obtaining or Losing Control).

(2) Companies that merged with Grupo Argos S.A. in 2017.

The following companies are the main subsidiaries included in the consolidated financial statements of Grupo Argos:

Cementos Argos S.A.: Company incorporated in accordance with Colombian law on August 14, 1944. The company's corporate purpose is the exploitation of cement products; the production of concrete mixes, and of any other materials or cement, lime or clay-based materials; the acquisition and transfer of exploitable minerals or deposits in cement and similar industries, as well as rights to explore and exploit the aforementioned minerals, either through concession, lien, lease or by any other means; the provision of port

services; and the role of contractor, constructor, consultant, auditor, designer or project manager for civil works or other works for any public or private entity. The company's headquarters is in Colombia and its term is until August 14, 2060.

This company merged with: Agregados Argos S.A.S., American Cement Terminals LLC, American Cement Terminals Trust, Argos Dominicana S.A. (in turn, this company merged with Concretos Argos Dominicanos S.L.R.), Argos Honduras S.A. de C.V. (this company merged with Concretos Argos Honduras S.A. and Cementos del Sur S.A.), Argos Panamá S.A. (this company merged with Grava S.A., Concreto S.A., Terminal Granelera Bahía Las Minas S.A. and Inversiones e Inmobiliaria Tocumen S.A.), Argos Ports (Wilmington) LLC., Argos Puerto Rico LLC, Argos SEM S.A., Argos North America CORP (this company merged with Argos USA LLC), Southern Star Leasing LLC., Argos Ports (Savannah) LLC., Argos Ports (Houston) LLC., Central Aggregates LLC., Palmetto Leasing Company and Metro Products and Construction Inc., C.I. del Mar Caribe (BVI) Inc., Canteras de Colombia S.A.S., Cement and Mining Engineering Inc., Cementos de Caldas S.A., Ciments Guyanais S.A.S., Colcaribe Holdings S.A., Comercial Arvenco C.A., Concretos Argos S.A., Corporaciones e Inversiones del Mar Caribe S.A.S. (this company merged with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. and Caricement Antigua Limited), Argos San Juan Corp. (formerly ESSROC San Juan Inc.), Fiduciaria Corficolombiana S.A., Fideicomiso Gaseosas LUX, Haití Cement Holding S.A. (this company merged with Cimenterie Nationale S.E.M. – CINA), International Cement Company S.A., Logística de Transporte S.A., Marítima de Gráneles S.A., Surcol Houdstermaatschappij N.V. (this company merged with Vensur N.V.), Transatlantic Cement Carriers Inc., Transportes Elman Ltda. – in liquidation, Valle Cement Investments Ltd., Venezuela Ports Company S.A., Wetvan Overseas Ltd. (this company controls a maritime cement terminal in Puerto Rico called CPA Puerto Rico, now Argos Puerto Rico LLC.), and Zona Franca Argos S.A.S.

Celsia S.A. E.S.P.: Incorporated in accordance with Colombian law on October 4, 2001, with its headquarters in Colombia. Its corporate purpose is to provide the public utility of electricity generation and sales, and ancillary services related to the same public utility activities. Its legal term is indefinite.

This company merged with Zona Franca Celsia S.A. E.S.P., Colener S.A.S., Empresa de Energía del Pacífico S.A. E.S.P – Epsa (this company merged with Compañía de Electricidad de Tuluá S.A. E.S.P - CETSA S.A. E.S.P and EPSA Inversiones S.A.S.), Porvenir II S.A.S. E.S.P (formerly Producción de Energía S.A.S. E.S.P – Proe S.A.S.), CTC Curazao B.V., Bahía Las Minas Corp., Alternegy S.A., Bontex S.A., Celsia Centroamérica S.A., Enerwinds S.A. (this company merged with Planta Eólica Guanacaste S.A. (PEG), PEG Operaciones Ltda., LandCO La Gloria S.A. and Calco La Gloria S.A.), Colon Energy Power S.A., Celsolar S.A., Vientos de la Gloria S.A., Vientos de Limonal S.A., and Vientos de Mogote S.A.

Odinsa S.A.: Company incorporated in accordance with Colombian law on July 16, 1992. Its main corporate purpose is the study, realization, financing and exploitation of all activities and own work in engineering and architecture in all its expressions, forms and specialties inside or outside of the country. The company's headquarters is in Colombia and its term is until December 31, 2100.

This company merged with Odinsa Proyectos e Inversiones S.A., Autopistas de los Llanos S.A., Autopistas del Café S.A., Autopistas del Nordeste Cayman LTD., Autopistas del Nordeste S.A., Boulevard Turístico del Atlántico S.A., Odinsa Holding Inc., Autopistas del Oeste S.A., La Concepción Advirsors Inc., Quadrat Group Inc., Marjoram Riverside Company S.A., N.V. Chamba Blou, Odinsa Servicios S.A.S., Constructora Bogotá Fase III - Confase S.A., Caribbean Infrastructure Company, Concesión Vial de los Llanos S.A.S., Consorcio Grupo Constructor

Autopistas del Café S.A., Consorcio Vial de los Llanos, Black Coral Investment Inc., Green Coral Corporation., JV Proyecto ADN, S.R.L., JV Proyecto BTA, S.R.L., and Red Coral Investment Inc. In 2016, it also merged with Generadora del Atlántico S.A. and Generadora del Pacífico S.A.

EmpresadeEnergíadelPacíficoS.A.E.S.P.–EPSA: Incorporated on December 12, 1994. Its corporate purpose is to manage the execution of policies, plans, programs and projects related to the generation, transmission, distribution and sale of energy, and its administration, management and use pursuant to the regulations, norms, and guidelines issued by the Ministry of Mines and Energy. Its headquarters is in Colombia and has an indefinite term. Control of this company is held through Celsia S.A. E.S.P

Sociedad Operadora Internacional S.A. – Opain S.A.:	Concesionaria Aeroportuaria
--	--

The company's sole corporate purpose is to sign and execute the concession agreement subject of Public Invitation to Bid No. 5000091 OL of 2005, with the purpose of granting a concession so that the concession holder carries out activities including the management, operation, commercial exploitation, maintenance, renovation and expansion of El Dorado International Airport in the city of Bogotá., on its own account and at its own risk.

Sator S.A.S.: Incorporated in accordance with Colombian law on October 28, 1981, its headquarters is in Colombia and its term is indefinite. Its corporate purpose is to carry out the prospecting, exploration, mining, production, beneficiation, transformation, acquisition, transfer, sale, and transportation of coal and any other mineral substance thereto related; and to import, export, sell and supply raw materials, supplies, equipment and machinery necessary for mining of coal and other minerals.

Situm S.A.S.: Incorporated in accordance with Colombian law on June 18, 1974, with its headquarters in Colombia and an indefinite term. Its

corporate purpose is the investment, acquisition, participation, urbanization, promotion, design, provision of technical services, construction, administration, consultancy, management, and auditing of the real estate business. The company merged with Grupo Argos S.A. in 2017.

Valle Cement Investments Ltd.: Incorporated on December 18, 1998. Its corporate purpose is to carry out any kind of investment. Currently, it is dedicated to investing in stock, quotas or shares of equity, and other types of securities. Its headquarters is in the British Virgin Islands and it has an indefinite term. Control of this company is held through Cementos Argos S.A.

Concretos Argos S.A.: Incorporated on April 22, 1985. Its corporate purpose is the exploration, exploitation, transportation, beneficiation, comprehensive use, commercialization and sale of stone minerals: sand, cement, gravel, ready-mix concrete, prefabricated elements of concrete, concrete blocks and any material or items thereof, accessories and ancillary items used in the construction industry. The company's headquarters is in Colombia and its term is until September 8, 2093. Control of this company is held through Cementos Argos S.A.

Servicios Corporativos Integrales S.A.S. – SUMMA S.A.S.: Incorporated on December 7, 2016. Its corporate purpose is to provide specialized business services in Colombia and abroad to companies related to Grupo Empresarial Argos or to third parties in any area that can create value for its customers; provide consulting or audit services in any of the businesses of the companies that comprise Grupo Empresarial Argos or to third parties; carry out any action with the aim to exercise the rights and comply with the legal obligations or those conventionally derived from the existence and activities developed by the company; and implement any other legal economic activity in Colombia or abroad. Its headquarters is in Colombia.

Patrimonio Autónomo Ganadería Rio Grande:

Incorporated on August 14, 2017. Includes all activities related to the operation and management of the business of rearing and selling cattle, biotechnology and maintenance of the farms where the cattle are located. By entering into a contract of shareholding accounts in which the assets related to the cattle farming business were contributed, Fundación Grupo Argos, as managing participant, manages and operates the assets of this business on its own account.

Subsidiaries with special company characteristics:

Inversiones FortCorp S.A.S. (in liquidation):

Its corporate purpose is to carry out any legal economic activity in Colombia or abroad. Consequently, it is understood that it may, among other roles, act as a contractor, constructor, consultant, auditor, designer or project manager of civil or other kind works for any public or private entity.

Its headquarters is in Colombia. In December 2014, under Minutes no. 3 of the Meeting of Shareholders, the dissolution of the company was authorized, entering into the process of liquidation. Said minutes were registered on December 19, 2014, in the Chamber of Commerce under number 24277. The company merged with Grupo Argos S.A. in 2017.

Inversiones RoundCorp S.A.S. (under liquidation):

Its corporate purpose is to carry out any legal economic activity in Colombia or abroad. Consequently, it is understood that it may, among other roles, act as a contractor, constructor, consultant, auditor, designer or project manager of civil or other kind works for any public or private entity. Its headquarters is in Colombia. On December 10, 2014, under Minutes no. 03 of the Meeting of Shareholders, the dissolution of the company was authorized, entering into the process of liquidation. Said minutes were registered on December 19, 2014, in the

Chamber of Commerce under number 24277. The company merged with Grupo Argos S.A. in 2017.

Fundiciones Colombia S.A. (under restructuring agreement):

Since December 29, 2002, the company has suspended the development of its corporate purpose as a result of the transfer of its assets and liabilities carried out with Sociedad Fundicom S.A. at the Extraordinary Meeting of Shareholders held on November 15, 2002. The administrative management of this company continues to focus on supervision, control and compliance in the payment of its own obligations acquired by Fundicom S.A. as stated in the terms established in the agreement signed by the parties. Its headquarters is in Colombia.

Industrias Metalúrgicas Apolo S.A. (under restructuring agreement):

Incorporated on March 6, 1958. Since the end of the 2001 accounting period, the company has suspended the development of its corporate purpose. Currently, its activity is focused on meeting its obligations of the agreement and administration expenses. Its headquarters is in Colombia.

19.2 Main Subsidiaries with Significant Minority Holdings

The following table shows the summarized financial information of the Group's main subsidiaries that have significant minority holdings as at December 2017 and 2016. This information is prepared in accordance with the Generally Accepted Accounting and Financial Reporting Standards in Colombia (NCIF, for the Spanish original), which are based on the International Financial Reporting Standards (IFRS), and is restated, when appropriate, due to adjustments made to standardize accounting policies. The values before eliminations between companies of the Group are presented below:

	Celsia S.A. E.S.P.		Cementos Argos S.A.		Odinsa S.A.	
	2017	2016	2017	2016	2017	2016
Headquarters	Colombia		Colombia		Colombia	
Revenue	3,094,036	3,794,910	8,534,528	8,517,382	825,553	1,078,655
Profit from continuing operations	250,964	171,034	59,224	514,492	152,354	178,133
Profit from discontinued operations	-	-	-	-	-	-
Other comprehensive income	(2,297)	(53,102)	53,649	(209,235)	(35,326)	(15,807)
Total comprehensive income	248,667	117,932	112,873	305,257	117,028	162,326
Current assets	1,003,529	1,109,552	3,060,506	3,050,402	1,231,656	1,617,618
Non-current assets	8,826,753	8,634,210	15,745,393	16,116,555	4,238,555	3,990,300
Current liabilities	1,333,949	1,081,289	3,675,405	4,838,940	775,896	997,433
Non-current liabilities	4,059,441	4,267,949	6,332,173	5,245,264	2,758,016	2,726,868
Net assets	4,436,892	4,394,524	8,798,321	9,082,753	1,936,299	1,883,617
Attributable to minority holdings						
Continuing operations	101,819	138,037	89,709	142,499	52,829	(52,773)
Discontinued operations	-	-	-	-	-	-
Total comprehensive income	101,819	138,037	80,442	191,014	53,260	(55,635)
Net assets	1,265,806	1,274,090	747,143	731,178	467,475	369,929
Dividends paid to Grupo Argos S.A.	62,006	77,259	150,191	123,959	94,199	-
Dividends paid to minority holdings	111,086	96,456	254,894	213,571	36,867	-

19.3. Changes in Shareholding of a Subsidiary

19.3.1 Changes in Shareholding of a Subsidiary that Do Not Result in a Gain or Loss of Control

Servicios Corporativos Integrales S.A.S. – SUMMA: In March 2017, this company becomes shareholder of Celsia S.A. E.S.P. with a 25% shareholding. After this transaction, the Group's effective shareholding changes to 76.98%.

Odinsa S.A.: In May and June 2017, Grupo Argos S.A. acquired an additional 0.04% shareholding in this company through 79,653 shares at a value of COP 708 each. In July 2017, an additional 0.03% was acquired, through 59,320 shares at a value of COP 528 each. In August 2017, 1.09% was acquired through 2,126,772 shares at a value of COP 19,141 each. There is a 0.07% dilution due

to Grupo Argos S.A. selling 9,704,318 shares in Odinsa S.A. to the Sator S.A.S. subsidiary, a company of which the Group owns 98.67%

Compañía de Electricidad de Tuluá S.A. E.S.P. – CETSA E.S.P.: In November 2017, Empresa de Energía del Pacífico S.A. E.S.P. – EPSA increased its share in this investment by 9.84%. After this transaction, the Group's effective share changes to 37.71%.

The following changes occurred in 2016:

Celsia S.A. E.S.P.: There was an increase in the shareholding in 2016, resulting from the reporting of dividends declared in shares, from 52.52% in 2015 to 52.93% in 2016, for 13,739,256 common shares.

Odinsa S.A.: In December 2016, the Company significantly increased its shareholding from 54.75% in 2015 to 98.55% in 2016, as a result of the public takeover bid (TOB) made in November of the same year.

Through the TOB, acceptances were received for 85,870,051 shares, which represent a total transaction cost of COP 815,765. Considering that the sellers could choose the form of payment in cash and/or shares with a preferred dividend and without voting rights (hereinafter, preferred shares) in Grupo Argos S.A., 83% of the value was paid through preferred shares.

Autopistas del Café S.A.: In September 2016, the shareholding of this investment decreased 2.25% as compensation for the acquisition of shareholdings in Pintada S.A.S. and Consorcio Farallones. The above did not entail a loss of control.

Argos Panamá S.A.: On October 3, 2016, Cementos Argos S.A. and its subsidiary Colcaribe Holdings S.A. sold 302,701 shares to Provicem S.A., a company that is part of Grupo Provienda, equivalent to 20.00% of the shareholding in the Argos Panamá S.A. subsidiary, a company with the main corporate purpose of

manufacturing, sale, import and export of cement and its derivatives.

19.3.2 Changes in Shareholding of a Subsidiary that Result in a Loss of Control

In 2017, the investments held in Generadora del Atlántico S.A. and Generadora del Pacífico S.A. were sold. These investments and the end of the last tax year presented as at December 31, 2016, were classified as non-current assets held for sale.

The following changes occurred in 2016:

Exportadora de Servicios Portuarios, Puertos y Valores S.A.S., Inversiones y Administración Portuaria S.A.S., Inversiones de Infraestructura y Operación Portuaria, and Inversiones Comerciales y Exportadoras S.A.S.: On July 15, 2016, Odinsa Holding INC. finalized the sales transaction of 12.81% of the shares held in Sociedad Portuaria de Santa Marta through these investment vehicles, which entailed a loss of control by Odinsa Holding INC. over these vehicles, due to the sale of all the shareholdings.

Caricement Antilles N.V.: It was dissolved and liquidated on August 26, 2016. This company held 100% of the shares in Caricement Antigua Limited, which were fully transferred to the subsidiary Corporaciones e Inversiones del Mar Caribe S.A.S. The transaction did not have a financial impact on the Group's consolidated financial statements.

19.3.3 Acquisition and Incorporation of Subsidiaries

Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A.: In January 2017, the Group acquired an additional 30% of this company through 91,770 shares amounting to COP 483,111, of which COP 482,206 are from the acquisition of Opain S.A. and COP 905 from the acquisition of Consorcio

de Mantenimiento Opain CMO. Additionally, the rights of Consorcio Constructor Nuevo Dorado CCND were obtained for COP 12,153. The investments in these consortia were classified as joint ventures (see Note 18: Investments in Associates and Joint Ventures). With this transaction, the Group obtained control over Opain S.A., because through Odinsa S.A. it already owned 35%, achieving an effective percentage of 64.50%. Currently the effective percentage is 64.87% because of acquisitions made in 2017. In the same period, the Group received a return of subordinated debt amounting to COP 39,000, included in the initial transaction.

Argos San Juan Corp. (formerly ESSROC San Juan INC): On February 8, 2017, through its subsidiary Wetvan Overseas Ltd., Cementos Argos S.A. purchased all of the shares in the company Argos San Juan Corp. (formerly Essroc Cement Corp.), which operates a business of producing clinker and cement in Puerto Rico, for USD 8 million. Wetvan Overseas Ltd. is a company in which Cementos Argos S.A. holds an indirect share of 60% of its capital, and the other 40% is held by Inicia (formerly Vicini). The Group's effective shareholding in this company is 33.20%.

Agregados Argos S.A.S.: This company was incorporated on June 16, 2017, with the shareholders: Cementos Argos S.A. with 52%, Odinsa S.A. with 24%, and Cóndor S.A. with the remaining 24%. The Group has an effective shareholding of 52.69%. It is a joint-stock company and its main corporate purpose is exploration, exploitation, transformation, transportation, beneficiation, comprehensive usage, commercialization and sale of stone minerals from mines and quarries.

Patrimonio Autónomo Ganadería Rio Grande: In September 2017, the Company acquired a 6.37% share in PA Ganadería Rio Grande for COP 2,500. The following changes occurred in 2016:

Servicios Corporativos Integrales S.A.S. – SUMMA: In December 2016, the Company acquired 84.63% of Servicios Corporativos Integrales S.A.S.

i) Boulevard Turístico del Atlántico S.A., Autopistas del Nordeste (Cayman) Ltd., JV Proyectos BTA S.R.L and JV Proyectos ADN S.R.L.: On May 11, 2016, control was obtained of the companies Boulevard Turístico del Atlántico S.A., Autopistas del Nordeste (Cayman) Ltd., JV Proyectos BTA S.R.L and JV Proyectos ADN S.R., which was completed through the purchase of an additional 25% amounting to COP 139,293 with own resources as well as external financing. Before the acquisition, Odinsa S.A. held a 42.5% shareholding in these companies.

19.3.4 Changes in the Shareholding of a Subsidiary by Merger through Absorption

The abbreviated merger by absorption of Grupo Argos S.A. with the subsidiaries Situm S.A.S., Inversiones FortCorp S.A.S. and Inversiones RoundCorp S.A.S. was made official by Public Deed No. 3976 in November 2017; absorbing each one of the merged companies and eliminating the investment in the absorbing company (Grupo Argos S.A.).

On July 1, 2016, with the aim to simplify the company structure, Argos USA LLC (formerly, Argos Cement LLC) (absorbing company) absorbed the subsidiaries Argos Ready Mix (South Central) Corp., Argos Ready Mix (Carolinias) Corp. and Argos Ready Mix LLC (the absorbed companies) by merger. The merger was carried out through the payment of all the assets and liabilities of the subsidiaries to the absorbing company. The subsidiaries participating in the transaction are part of cement and concrete operations in the United States. The transaction did not have a financial impact on the Group's consolidated financial statements.

19.4. Significant Restrictions

The Group has the following restrictions on investments in subsidiaries:

- The debt that Zona Franca Celsia S.A. E.S.P has with the multilateral bank acquired to fund the Flores IV Project for 11 years is guaranteed with the shares that the Group holds in this company.
- The bonds issued by the Autopistas del Nordeste (Cayman) subsidiary for an original amount of USD 162 million used to fund the construction of the freeway concession in the Dominican Republic are guaranteed with the shares of Autopistas del Nordeste (Cayman) Ltda., and impose certain restrictions that limit the capacity of this subsidiary to incur an additional debt.

Note 20: Biological Assets

As at December 31, the balance of biological assets is as follows:

2017	Plantations	Livestock and Other	Total
CARRYING AMOUNT AS AT JANUARY 1	20,870	-	20,870
Business combinations	-	35,105	35,105
Additions	-	2,743	2,743
Retirements	-	(6,056)	(6,056)
Changes in the fair value less costs of sale	329	1,272	1,601
CARRYING AMOUNT AS AT DECEMBER 31	21,199	33,064	54,263
Current	-	134	134
Non-current	21,199	32,930	54,129
TOTAL BIOLOGICAL ASSETS	21,199	33,064	54,263

2016	Plantations	Livestock and Other	Total
CARRYING AMOUNT AS AT JANUARY 1	20,243	-	20,243
Changes in the fair value less costs of sale	627	-	627
CARRYING AMOUNT AS AT DECEMBER 31	20,870	-	20,870
Current	-	-	-
Non-current	20,870	-	20,870
TOTAL BIOLOGICAL ASSETS	20,870	-	20,870

The Group carries out agricultural and cattle farming activities through Cementos Argos S.A. and PA. Ganadería, respectively. The Group's biological assets are measured at fair value less the estimated costs of sale, considering significant, observable, level 2 inputs for livestock and level 3 inputs for plantations. The changes in the fair value of the biological assets are presented in the statement of comprehensive income as revenue or expenditure of valuation as applicable.

The discounted cash flow model was used for the valuation of the plantations, taking into account that the future economic benefits related to the forest soil are expected to be made three or four times in the period, as follows: At the time when the two or three thinnings are carried out, which depend on the age and diameter of the plantation, and the last time at felling. Therefore, the fair value is established by applying a discount rate to the future net cash flows. For this purpose, the weighted average cost of capital (WACC) was used, which was estimated to be 9.5% in 2017 (2016: 10.3%).

In turn, the fair value of the livestock was estimated using the market approach, which in this case, corresponds to the market price. This is agreed according to an estimate of the weight, age and other conditions of the livestock, which determine the price per kilo of the meat on the market.

As at December 31, 2017, the plantations mainly include teak, eucalyptus, pine, rubber, acacia and beechwood, distributed in Colombia in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolívar), Victoria (Caldas) and Puerto Nare (Antioquia). Livestock is comprised of cattle with high genetic value acquired using reproductive biotechnology. It is mainly comprised of the Brahman, Gyr and Guzerat breeds, distributed in Colombia in Antioquia (Puerto Nare and Arboletes), Córdoba (Montelíbano) and Sucre (San Onofre).

As at December 31, 2017 and 2016, there are no restrictions on ownership of the Group's biological assets, nor contractual commitments for their development or acquisition, and they have not been pledged as collateral for debts.

Note 21: Borrowings

Financial obligations as at December 31 are as follows:

	2017	2016
Promissory notes in foreign currency (1)	7,553,568	8,259,148
Promissory notes in domestic currency (1)	1,263,572	1,054,605
Obligations from finance leases (Note 22)	463,055	427,723
Other debts	54,890	20,821
Bank overdrafts (2)	38,652	9,136
TOTAL BORROWINGS	9,373,737	9,771,433
Current	2,874,332	3,407,874
Non-current	6,499,405	6,363,559
TOTAL BORROWINGS	9,373,737	9,771,433

(1) Borrowings in domestic and foreign currency include both short-term and long-term loans taken out by the companies that are part of the Group.

The Group's main loans are presented below, which are expressed in the original currency. These figures are not expressed in millions.

Category	Financial Institution	Maturity	2017	2016
Foreign bank	Various (a)	2020	USD 600,000,000	USD 600,000,000
Foreign bank	Sumitomo Mitsui Banking (b)	2025	USD 110,796,857	-
Foreign bank	Mizuho (c)	2019	USD 100,000,000	USD 100,000,000
Foreign bank	Citibank NA (d)	2020	USD 100,000,000	-
Foreign bank	Banco de Bogotá NY	2018	USD 83,700,000	-
Foreign bank	Scotia	2018	USD 75,000,000	-
Foreign bank	BNP Paribas (b)	2025	USD 65,947,500	-
Foreign bank	Itau Chile (b)	2025	USD 65,947,500	-
Foreign bank	Banco de Crédito	2018	USD 65,000,000	-
Foreign bank	HSBC Bank USA (b)	2025	USD 64,525,933	-
Foreign bank	BNP Paribas	2018	USD 60,000,000	-
Domestic bank	Colpatría	2018	USD 60,000,000	-
Foreign bank	Banco de Bogotá NY	2018	USD 48,000,000	-
Foreign bank	Davivienda Intern.	2018	USD 47,000,000	-
Foreign bank	Bank of Tokyo	2018	USD 46,000,000	-
Foreign bank	Bancolombia Panamá (b)	2025	USD 35,367,500	-
Foreign bank	Citibank PLC London (e)	2019	USD 23,885,350	USD 39,808,917
Foreign bank	ING Capital LLC (b)	2025	USD 22,519,710	-
Domestic bank	Banco Popular	2018	USD 20,000,000	-
Foreign bank	BCP	2018	USD 17,000,000	-
Foreign bank	Citibank	2018	USD 16,666,667	USD 16,666,667
Foreign bank	Bank of America	2018	USD 16,000,000	-
Foreign bank	Citibank	2020	USD 8,000,000	USD 8,000,000
Foreign bank	Banco Popular	2021	USD 4,503,000	USD 5,416,000
Foreign bank	JP Morgan (f)	2017	-	USD 534,000,000
Domestic bank	Banco de Bogotá	2017	-	USD 52,600,000
Foreign bank	Bank of America	2017	-	USD 30,000,000
Foreign bank	BCI Miami Branch	2017	-	USD 65,000,000
Domestic bank	BCP	2017	-	USD 31,600,000
Foreign bank	BNP Paribas	2017	-	USD 25,000,000
Foreign bank	Davivienda Miami	2017	-	USD 32,000,000
Foreign bank	Mercantil	2017	-	USD 20,000,000
Foreign bank	Banco Santander (g)	2019	USD 85,000,000	USD 85,000,000
Foreign bank	Bank of Tokyo (g)	2019	USD 85,000,000	USD 85,000,000
Foreign bank	Itaú Unibanco S.A. (h)	2022	USD 54,682,620	USD 84,173,000
Foreign bank	Santander España (h)	2018	USD 50,000,000	USD 50,000,000
Foreign bank	Banco Panamá	2023	USD 47,108,964	USD 51,568,511
Foreign bank	Bancolombia Panamá S.A. (h)	2022	USD 47,000,000	USD 50,000,000
Domestic bank	BBVA Colombia	2018	USD 38,290,549	-
Foreign bank	European Investment Bank (EIB)	2024	USD 31,790,080	USD 31,790,080
Foreign bank	Inter-American Development Bank (IDB)	2024	USD 31,790,080	USD 31,790,080
Foreign bank	Bladex	2018	USD 30,000,000	-

Category	Financial Institution	Maturity	2017	2016
Foreign bank	Massachusetts Mutual Life Insurance Company	2033	USD 30,000,000	USD 28,568,863
Foreign bank	Development Bank of Latin America (CAF)	2024	USD 29,448,400	USD 29,448,400
Foreign bank	Banco Davivienda Panama S.A. (h)	2022	USD 28,200,000	USD 30,000,000
Foreign bank	Banco de Crédito del Perú (h)	2022	USD 28,200,000	USD 30,000,000
Foreign bank	Banco General S.A.	2019	USD 26,250,000	USD 15,250,000
Foreign bank	Banco de Bogotá Panamá (h)	2022	USD 24,440,000	USD 26,000,000
Foreign bank	Sun Life Assurance Company of Canada	2033	USD 20,000,000	USD 19,045,909
Foreign bank	Development Bank of Latin America (CAF)	2018-2020	USD 16,447,355	USD 16,150,808
Foreign bank	International Finance Corporation (IFC)	2018-2020	USD 16,447,355	USD 16,150,808
Foreign bank	Banco Itaú (*)	2018	USD 15,000,000	-
Foreign bank	Bancolombia Panamá	2023	USD 15,000,000	-
Foreign bank	Proparco	2024	USD 14,192,000	USD 14,192,000
Foreign bank	Banistmo S.A.	2018	USD 11,500,000	USD 13,000,000
Foreign bank	AIB Bank N.V.	2033	USD 7,577,482	USD 8,230,084
Foreign bank	Deutsche Investitions-Und-Entwicklungsgesellschaft MBH DEG	2018-2020	USD 6,578,932	USD 6,460,285
Foreign bank	Banco de Bogotá NY	2018	USD 3,524,729	-
Foreign bank	Banco BHD León	2021	USD 250,691	USD 302,941
Foreign bank	Aceptaciones y Descuentos Comerciales	2017	-	USD 31,350
Foreign bank	Banco Itaú (*)	2017	-	USD 15,000,000
Foreign bank	Banco de Bogotá NY	2017	-	USD 3,524,729
Foreign bank	BBVA Colombia	2017	-	USD 53,790,549
Foreign bank	BBVA Colombia (i)	2018	-	USD 10,000,000
Foreign bank	Bladex	2017	-	USD 30,000,000
Foreign bank	Citibank N.A.	2017	-	USD 15,000,000
Foreign bank	Banco General S.A.	2017	-	USD 9,000,000
Foreign bank	Banco General S.A. (i)	2018	-	USD 100,000,000
Foreign bank	Bancolombia Panamá (i)	2018	-	USD 260,000,000
Foreign bank	Banco BHD	2019	DOP 85,153,847	DOP 97,615,385
Foreign bank	Banco BHD	2017	-	DOP 50,000,000
Domestic bank	Bancolombia S.A.	2025	COP 366,924,364,999	-
Domestic bank	Banco de Bogotá (j)	2021	COP 185,000,000,000	COP 200,000,000,000
Domestic bank	Banco Itaú (*) (j)	2020	COP 150,000,000,000	COP 160,000,000,000
Domestic bank	Banco Popular (j)	2020	COP 73,000,000,000	COP 100,000,000,000
Domestic bank	BBVA (j)	2020	COP 30,000,000,000	COP 60,000,000,000
Domestic bank	AV Villas (j)	2020	COP 20,000,000,000	COP 30,000,000,000
Domestic bank	Banco de Occidente S.A.	2026	COP 183,337,782,304	COP 182,201,000,000
Domestic bank	Banco Davivienda	2018	COP 120,683,515,916	-

Category	Financial Institution	Maturity	2017	2016
Domestic bank	Banco de Bogotá S.A.	2018	COP 99,000,000,000	-
Domestic bank	Banco BBVA	2026	COP 49,663,671,635	-
Domestic bank	AV Villas	2018	COP 61,000,000,000	-
Domestic bank	Banco Popular	2018	COP 50,000,000,000	-
Domestic bank	Banco Davivienda	2027	COP 29,980,562,224	COP 6,153,000,000
Domestic bank	Bancolombia	2018	COP 20,000,000,000	-
Domestic bank	BBVA	2018	COP 20,000,000,000	-
Domestic bank	Banco BBVA	2019-2020	COP 17,148,324,115	COP 18,087,000,000
Domestic bank	Leasing Bancolombia	2026	COP 15,176,479,945	COP 15,586,165,206
Domestic bank	AV Villas	2018	COP 8,600,000,000	-
Domestic bank	Banco Santander	2018	COP 5,105,735,164	-
Domestic bank	Leasing BBVA	2022	COP 2,130,578,545	COP 3,410,311,273
Domestic bank	AV Villas	2017	-	COP 8,641,595,646
Domestic bank	Banco Santander	2017	-	COP 5,129,237,328
Domestic bank	Bancolombia (i)	2020	-	COP 153,870,895,669
Domestic bank	Leasing BBVA	2017	-	COP 883,282,045
Domestic bank	Banco de Bogotá S.A.	2017	-	COP 64,654,000,000
Domestic bank	Banco de Occidente S.A.	2017	-	COP 5,171,000,000
Domestic bank	Banco Davivienda	2017	-	COP 207,029,000,000

(*) The borrowings from Banco Corpbanca – Helmbank are now with Banco Itaú.

(a) The Club Deal loan agreement for USD 600 million, which has Argos North America Corp. as the debtor and Cementos Argos S.A., Argos USA LLC. and Argos SEM S.A. as the guarantors, has financial commitments including the following:

- Net debt to EBITDA ratio plus 12 month dividends less than 4.5 times for December 2017 and 4.0 times thereafter
- EBITDA to interest expense ratio greater than 2.5 times

(b) The borrowings that have Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. as the debtor have restrictions related to the following matters.

- The shareholders' pledging of the shares in the company.
- Compliance with the conditions related to the restricted payments and permitted debt, as well as substantial changes to the nature or

scope of the activity for development of the concession agreement.

- Restrictions on significant changes in the shareholding structure.

(c) The long-term debt with Mizuho for the initial value of USD 100 million and with Argos North America Corp. as the debtor was mainly used to replace liabilities.

The financial commitments from the agreement are as follows:

- Net debt to EBITDA ratio plus 12 month dividends less than 4.5 times for December 2017 and 4.0 times thereafter
- EBITDA to interest expense ratio greater than 2.5 times

(d) The bilateral long-term debt with Citibank of USD 100 million and with Argos USA LLC as the debtor was used to replace financial liabilities.

The financial commitments from the agreement are as follows:

- Net debt to EBITDA ratio plus 12 month dividends less than 4.5 times for December 2017 and 4.0 times thereafter
- EBITDA to interest expense ratio greater than 2.5 times

(e) The long-term debt with Citibank PLC, supported by EKF (Denmark) for the initial value of USD 159.2 million and a term of 11.5 years, with six-monthly amortizations from December 2009 and maturity in June 2019, and with Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos North America Corp. as debtors, was used to fund the import of the equipment and start-up of the dry line of the Cartagena plant.

The financial commitments from the agreement are as follows:

- Net debt to EBITDA ratio plus 12 month dividends less than 4.5 times for December 2017 and 4.0 times thereafter
- EBITDA to interest expense ratio greater than 1.25 times

(f) The loan acquired with JP Morgan, Bank of América and Natixis of USD 534 million was fully prepaid in 2017. This loan was taken out to temporarily fund the acquisition of the cement assets of Martinsburg, located in the state of West Virginia, United States.

(g) The long-term loans of CTC Curazao B.V. with Banco Santander and Bank of Tokyo include an amortization clause subject to compliance with the leverage ratio when for two consecutive quarters, these indicators are more than 3.50:1 with reference to the consolidated ratio and 3.00:1 for the combined leverage ratio (in accordance with the loan agreement).

(h) The Odinsa Holding company maintains financial commitments from the loan obtained to fund the capital payments to the Marjoram company. These include compliance with the following consolidated debt ratios:

- Financial debt to EBITDA ratio for the last 12 months ended in the tax year equal to or less than 4.0 times
- EBITDA to interest expense ratio for the last 12 months ended in the tax year equal to or more than 2.0 times

In turn, the Marjoram company maintains financial commitments for the syndicated loan for the acquisition of Quiport. These include compliance with the following consolidated and individual debt ratios:

- Financial debt to EBITDA ratio for the last 12 months ended in the tax year equal to or less than 4.0 times at consolidated level
- Financial debt to EBITDA ratio for the last 12 months ended in the tax year equal to or less than 4.75 times at individual level

(i) The loans with BBVA Colombia, Banco General S.A., Bancolombia Panamá and Bancolombia were prepaid in 2017.

The loans with Banco General S.A. and Bancolombia Panamá were paid by the CTC Curazao B.V. company using the funds obtained in the payment of the debt with its related parties Alternegy S.A., Bontex S.A. and Planta Eólico de Guanacaste S.A.

The loan with Bancolombia was paid through the Odinsa subsidiary using the funds obtained in the company's bond placement.

(j) During 2017, Grupo Argos carried out an amortization of COP 15,000 to Banco de Bogotá, COP 27,000 to Banco Popular, COP 30,000 to BBVA, COP 10,000 to Itaú BBA and COP 10,000 to Banco AV Villas. Additionally, an addendum was made to the agreement with Banco de Bogotá in August 2017, which extended the term of the agreement.

(2) At the close of 2017, these were mainly for overdrafts by the subsidiaries of Honduras for COP 32,699 (2016: COP 0), Vensur N.V. for COP 5,953 (2016: COP 7,514) and Logística de Transporte S.A. for COP 0 (2016: COP 1,622).

As at the end of 2017 and 2016, all of these kinds of requirement are met in the Group's current loan agreements. In that respect, Boulevard Turístico del Atlántico "BTA" made official the payment agreement with the moneylenders and with the government of the Dominican Republic on December 31, 2017, extending the completion of the project until January 1, 2019.

Likewise, during the reporting periods, the Group did not default on the payment of principal or interest of financial liabilities and/or loans payable.

Note 22: Finance Lease Obligations

The Group has finance leases and rental agreements with purchase options related to real estate, equipment and tools, furniture and appliances, among others, which are included in the operations. These lease agreements contain renewal clauses. Renewals are an option of the entity holding the lease. Minimum payments for future leases of these agreements and the present value thereof are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2017	2016	2017	2016
One year or less	70,576	57,955	50,355	41,955
Between one and five years	268,878	229,698	227,199	193,033
Five years or more	206,143	200,153	185,501	192,735
	545,597	487,806	463,055	427,723
Less: Future finance charges	82,542	60,083		
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	463,055	427,723		
Included in these financial statements in:				
Current loans (Note 21)			47,548	41,955
Non-current loans (Note 21)			415,507	385,768
TOTAL LOANS			463,055	427,723

As at December 31, the carrying amount of property, plant and equipment and intangible assets under finance lease is as follows:

	Historical Cost	Accumulated Depreciation	Carrying Amount 2017	Historical Cost	Accumulated Depreciation	Carrying Amount 2016
Buildings (1)	75,638	(4,806)	70,832	90,155	(4,740)	85,415
Power plants	216,746	(5,890)	210,856	26,931	-	26,931
Machinery and equipment	176,650	(48,196)	128,454	174,192	(41,282)	132,910
Constructions underway	81,521	-	81,521	-	-	-
Transportation equipment	33,095	(7,085)	26,010	36,798	(7,611)	29,187
TOTAL ASSETS UNDER FINANCE LEASE	583,650	(65,977)	517,673	328,076	(53,633)	274,443

(1) In 2017, buildings acquired under finance lease were classified in the category of non-current assets held for sale. The classified real estate consists of a building and office located in the city of Bogotá (see Note 13 Non-current Assets Held for Sale and Discontinued Operations).

As at December 31, 2017 and 2016, the Group had signed significant finance lease agreements for the acquisition of yellow machinery, constructions and buildings. The most representative of these were the Medellín Distribution Center and the three electricity generators that supply the Río Claro, Yumbo and Sogamoso plants under the “infrastructure leasing” category with a term of 12 years, expiring in 2018 and 2022, and with Leasing Bancolombia S.A. as the lessor. The agreements for the acquisition of yellow goods, also signed with the same counterparty, have terms between seven and ten years, expiring between 2018 and 2025. Likewise, there are finance lease obligations that include investments of COP 81,521 million to execute the six projects that the Colombian government granted to Epsa as part of the strengthening of the electricity sector in the Caribbean Region (Plan 5 Caribe) with the construction, extension and renovation of the substations.

There are no significant lease agreements stipulating important restrictions as regards the distribution of dividends, additional borrowing or new rental contracts, nor are there any significant contingent payments, renewal options or escalation clauses. There is no reported provision for accumulated uncollectibility of minimum lease payments receivable from finance leases.

Note 23: Operating Lease Agreements

Operating lease agreements are part of the normal course of business. The Group signs lease agreements as the lessor or lessee mainly for land, constructions and buildings, machinery and operating equipment, and fleet and transportation equipment.

The lease agreements consider the option of renewal by mutual agreement between the parties and do not include the irrevocable option to purchase. The lease payments of the agreements are updated at the rate agreed in the agreement.

23.1 Operating Leases as Lessor

As at December 31, minimum future payments receivable for non-cancellable operating leases are distributed as follows:

	2017	2016
One year or less	7,255	5,827
Between one and five years	2,349	5,724
Five years or more	580	597
NON-CANCELLABLE FUTURE OPERATING LEASES	10,184	12,148

There is no reported provision for accumulated uncollectibility of minimum lease payments receivable from operating leases.

In 2017, the Group reported COP 275,715 (2016: COP 12,217) as revenue of the period from operating lease installments. The increase in 2017 is due to the income from the lease of real estate of the company Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. There are no contingent or subletting installments in either period.

Note 23.2 Operating Leases as Lessee

As at December 31, minimum future payments for non-cancellable operating leases are distributed as follows:

	2017	2016
One year or less	90,383	80,414
Between one and five years	201,496	134,667
Five years or more	49,209	41,477
NON-CANCELLABLE OPERATING LEASE COMMITMENTS	341,088	256,558
Onerous contracts (1)	80,122	85,466
Lease incentives (2)	2,244	2,256
LIABILITIES FROM NON-CANCELLABLE OPERATING LEASE COMMITMENTS	82,366	87,722
Current	6,071	6,086
Non-current	76,295	81,636
LIABILITIES FROM NON-CANCELLABLE OPERATING LEASE COMMITMENTS	82,366	87,722

(1) In 2007, the Group signed a long-term operating lease agreement through its subsidiary, Southern Equipment Company Inc., merged with Argos USA LLC (formerly, Argos Cement LLC.), for a plot of land in Wilmington, North Carolina, to build a cement terminal and for the right to use the port facilities. The lease term is 25 years with two consecutive renewal options of ten years each. Lease payments are USD 62,500 per month for the first three years of the lease with subsequent increases of 2.5% every year. The Group must make a minimum payment for "throughput" based on the tons of cement unloaded.

The Group agreed on a minimum annual "throughput" payment of USD 725 for the first three years of the lease, with 2.5% increases every year. As at December 31, 2017 and 2016, the Group reported a liability of an onerous contract for the minimum lease payments, including the minimum payment of "throughput" of COP 80,122 (2016: COP 85,466), in accordance with

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. Lease payments are recorded as a reduction of liabilities due to onerous contracts in the consolidated statement of financial position.

(2) In 2011, the Group entered into a long-term operating lease agreement for the offices in Alpharetta, Georgia. The lease term is 90 months, starting on May 11, 2012. The lease payments were USD 15,400 per month for the first 12 months, increasing to USD 31,600 for months 13 to 21, and USD 39,500 for months 22 to 24.

After month 24, the basic monthly lease payments increase 2% to 3% every year. In addition to the monthly rent, the lease agreement stipulates that the Group must pay the proportional part of the increases in operating costs, taxes and insurance in the percentage equivalent to its occupation (17.125%).

In 2014, the Group amended the lease agreement in order to rent an additional office space in the same place and to extend the lease term to August 2024. The amendment of the lease increased the percentage of the Company's occupation of the building to 24.3%.

The Group reported operating lease installments in the expenses and costs of the period of COP 234,807 (2016: COP 225,648). There were no contingent installments in either of the two periods.

Note 24: Employee Benefit Liabilities

	2017	2016
Post-employment benefits	496,392	457,167
Short-term employee benefits	163,334	157,858
Termination benefits	44,762	28,582
Long-term employee benefits	590	-
TOTAL EMPLOYEE BENEFITS	705,078	643,607
Current	210,547	202,657
Non-current	494,531	440,950
TOTAL EMPLOYEE BENEFITS	705,078	643,607

24.1 Post-employment Employee Benefits

The benefit plans for the Group's employees may vary in accordance with the local requirements of the countries and the obligations acquired by subsidiaries through the labor agreements in force (according to the type of employee and the years of service at the organization).

The actuarial valuation of the plan's assets and the present value of the defined benefits liability is carried out on a yearly basis by independent actuarial consultants. The present value of the defined benefits liabilities and the current cost of service and related past cost of service were measured using the projected unit credit method. The Group's employees belong to a public retirement benefit plan managed by the Government or to a private pension fund. The Group is obliged to pay a specific percentage of the payroll costs to the retirement benefit plan in order to finance the benefits.

24.1.1 Pension Plans, Bonds and Securities

Retirement Benefit for Companies of Grupo Argos S.A., Cementos Argos S.A. and Celsia S.A. E.S.P.

In accordance with the Colombian Labor Code, the Group's employees are entitled to a pension benefit, which depending on the system they belong to, is the responsibility of each company directly (defined benefit plans) or a public pension fund, Colpensiones, formerly the Social Security Institute, or a private pension fund (defined contribution plans).

The pension benefits granted to employees who do not belong to a fund are accounted for as non-funded benefit plans. In this case, the Group must pay the retirement pensions or issue pension bonds to its employees or beneficiaries who meet the requirements in terms of age and years of service established in the agreements.

The retirement benefit is equal to 75% of the average monthly salary, payable for life, subject to the following limits:

- a) Minimum payment equal to the minimum monthly salary
- b) Maximum payment equal to 25 minimum monthly salaries for Grupo Argos S.A. and Cementos Argos S.A., and 20 minimum monthly salaries for Celsia S.A. E.S.P

This is in addition to the two additional payments made to employees who retired before July 25, 2005, one of which was made in June and the other in December. Those who retire after that date receive only the additional payment in December, except for employees who receive less than three minimum salaries. After July 31, 2011, any employee who retires is not eligible for the payment in June and, therefore, only receives 13 annual payments.

When the employee is expected to receive benefits through Colpensiones, these benefits are deducted from the benefits payable through the Group plan, thus reducing the Group's obligation. Pension payments increase according to inflation. When an employee receives a pension equal to the minimum salary, the pension increases according to the increases in the minimum salary.

Pension Plan of Roberta Plant (Alabama), United States

For all our U.S. employees, we are funding a 401(k) retirement savings plan, which is recorded as a defined contributions plan.

For the group of employees paid by the hour at the Roberta Plant located in Alabama, United States, who reach a specific time of service and are represented by the United Steelworkers International Union #9-537, there is a retirement plan as part of the collective labor agreement.

The regular retirement benefit, in effect since May 21, 2011, is applicable to those who are

at least 65 years old on the date of retirement, and it is paid in the form of a monthly annuity for life (or other options that can be chosen prior to retirement). The regular and special early retirement benefit applies for employees between 55 and 65 years of age who have served between 5 and 30 years, or those who have proof of 30 years or more of continuous service regardless of their age, in which case some restrictions and reductions in the value of the pension shall apply.

In addition, the following benefits are granted to the employees of the plan: severance pay, disability benefit and death benefit, provided that a certain number of years of service have been completed.

Benefit by Pension Gap at Time of Retirement

The benefit of this provision consists of awarding a one-off premium at the time the employee leaves the company to enjoy the retirement pension. Its value corresponds to the money required to close the pension gap of the executive. This benefit currently has contributions to private pension funds that will be used only when the requirements to obtain the benefit are met.

Pension Bonds and Securities Plan – Colombia

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements in terms of age and years of service. Through its Cementos Argos S.A. subsidiary, the Group has issued pension securities, Type A Category 2 Pension Bonds and Type A Category 1 Pension Bonds. This liability applies for certain areas where Colpensiones, previously the Social Security Institute, did not provide pension coverage before 1994.

The benefit is granted upon retirement from the Company until the employee starts to receive a pension from the Colombian Social Security System. During this period, the Company makes the payments to said system. Pension bonds and

securities constitute resources intended to help raise the capital necessary to fund the pensions of those enrolled in the Colombian General Pension System.

Additionally, the obligation of defined benefits for retirement pensions includes the employees of Compañía Industrial Hullera S.A., in liquidation, as a result of the normalization process of the pension liability in which the Group definitively assumes the proportion of the obligation that corresponds to it according to the communication on October 9, 2012, by the Ministry of Labor.

24.1.2 Seniority and Severance Pay Plans

Retroactive Severance Pay Plan – Colombia

According to Colombian labor laws, upon termination of the employment contract, employees hired before Law 50 / 1990 came into force are entitled to receive one month of the current salary for each year of service and proportionately for each fraction of a year as severance pay, regardless of the reason for contract termination, including: retirement, disability, death, etc. The benefit is settled upon termination of the contract based on the last salary earned. There may be payouts prior to the date of departure from the company at the request of the employee, but they are not mandatory.

The retroactive severance pay for workers who signed employment contracts prior to Law 50 / 1990 coming into force are recorded as defined unfunded benefit plans.

With Law 50 / 1990 coming into force, the Colombian government allowed companies to transfer their unemployment relief liability to private pension funds, subject to the approval of their employees.

The severance pay for all workers who signed employment contracts after Law 50 / 1990 came

into force and the old employees who accepted this system is recorded as a defined contribution plan.

Seniority Bonus Plan and Severance Pay Fund – Panama

According to the labor laws of Panama, any permanent employees who resign from the company for any reason and regardless of their age or years of service on the date of resignation are paid an amount of money equivalent to the average weekly salary in the last five years of service or for the entire period of service. If it is less than five years, it is paid for each year and each fraction of a year of service provided by the employee by the time of resignation.

In addition, as of 1995, Law 44 / 1995, the employer's obligation to establish a trust through a Pension Fund Administrator to ensure payment of employees' seniority bonus and severance pay for dismissal without just cause was introduced into the Labor Code. This is called the Severance Fund, which is considered to be the asset that backs the payment of the seniority bonus for the purposes of valuation of the commitment.

Severance Pay Plan – Honduras

According to the provisions of the Labor Code of Honduras, the compensation accumulated in the favor of the Company's employees can be paid in the event of dismissal without just cause or in the case of death, at the rate of one month's salary for each year of uninterrupted service provided with a maximum of 25 years. However, the Company's policy is to pay this benefit to its employees even if they have submitted the respective resignation.

For unionized staff, payment is 100% of the benefits (severance pay and notice). In the event of voluntary resignation of administrative staff, they receive 40% of the benefits after one year and up to 110% after five years of service. This amount is determined based on the employees' years of service to establish the percentage of the benefit.

24.1.3 Other Defined Benefit Plans

Dental Care, Education, Funeral and Other Assistance Plan – Colombia

Retired employees in Colombia through the Cementos Argos subsidiary are given a death benefit equivalent to five legal minimum monthly salaries (SMMLV, for the Spanish original), which increases according to the Consumer Price Index (CPI). Retired employees of the Valle Plant in Colombia through the Cementos Argos subsidiary are granted educational assistance until they die, along with the children of retirees until the age of 25. The beneficiaries receive the amount regardless of the employees' survival. Every year, the benefit is increased according to the Consumer Price Index (CPI), as well as dental assistance, until death, provided that the provision of the service is requested formally, with an annual increase according to the Consumer Price Index (CPI).

Retirement Bonus for Cementos Argos S.A. Companies

In the case of employees protected by any of the collective labor agreements, when an employee's contract is terminated due to retirement, disability or old age, he / she is awarded a bonus equivalent to five times the legal minimum monthly salary.

Death Benefit

In the event of decease following retirement, the beneficiary receives 100% of the pension. The beneficiary may be:

- a) Spouse: The benefit ends if the beneficiary remarries, otherwise, the benefit is for life.
- b) Children: The benefit is payable until the children are 18 years of age or, if the children are students, the benefit is payable temporarily until they are 25.
- c) Disabled children: The benefit is payable for life.
- d) Parents: The benefit is payable for life.
- e) Siblings: The benefit is payable for life.

An additional benefit is granted to employees who do not receive benefits from Colpensiones, which consists of a one-off payment equal to the employee's monthly pension, with the following limits:

- a) Minimum payment of five legal minimum monthly salaries
- b) Maximum payment of ten legal minimum monthly salaries

Social Security Contributions Benefit

This is a post-retirement benefit additional to the legally required pension plan (retirement benefit) in which the Group assumes the payment of health insurance to the social security bodies.

The amount included in the consolidated statement of financial position resulting from the entity's post-employment benefit plans liability and the changes in the fair value of the post-employment benefits liability in the current and previous year are presented below:

	2017	2016
PRESENT VALUE OF THE LIABILITIES AS AT JANUARY 1	462,340	380,501
Cost of the current service	26,647	10,176
Cost of interest on the defined benefit liability	23,379	28,772
New measurements of the defined benefit plan net of contributions	(2,728)	17,216
Actuarial gains (losses) due to changes in:		
Experience	21,423	9,298
Financial assumptions	(1,121)	49,958
Demographic assumptions	3,202	136
Exchange difference	207	(1,766)
Benefits paid directly by the Group	(35,615)	(44,476)
Benefits paid through the asset fund	-	-
Other changes	1,199	12,525
Fair value of the plan's assets as at December 31	(21,623)	(18,786)
PRESENT VALUE OF THE LIABILITIES AS AT DECEMBER 31	477,310	443,554
Average duration of the defined benefit liabilities	9.1	8.5
PRESENT VALUE OF THE LIABILITIES AS AT DECEMBER 31	477,310	443,554
Defined contribution plans liability	19,082	13,613
POST-EMPLOYMENT BENEFITS	496,392	457,167

The expenses of the defined contribution plans as at December 31, 2017, amounted to COP 86,235 (2016: COP 80,646). The short-term accounts payable for contributions to pension and severance pay funds amounted to COP 19,082 (2016: COP 13,613).

The best estimate of the expected payments to the plan during the next financial year is COP 60,433.

To comply with the defined benefit plans, the Group allocates the resources from its working capital. The allocation of these resources does not affect the Group's operation.

As at December 31, 2017 and 2016, the Group has no reimbursement rights related to defined benefit plan liabilities.

Sensitivity Analysis and Main Actuarial Assumptions

A sensitivity analysis for the actuarial assumption of the discount rate for the defined benefit plans is presented below:

	Defined Benefit Plans
Change in Discount Rate	
Increase in the discount rate by +1%	(36,494)
Decrease in the discount rate by -1%	35,012
BASE OF THE LIABILITY	484,507

The base of the liability on which the sensitivity analysis is conducted does not include the pension bonds of COP 14,426, the plan's assets of COP 21,623, nor the accounts payable of contributions to pension funds of COP 19,082.

The method used to conduct the presented sensitivity analysis is the projected unit credit method at the end of the reporting period,

which is the same as the method applied to calculate the defined benefit liability reported in the statement of financial position. There have been no changes in the methods used to conduct the analyses.

The main actuarial assumptions used to determine the defined benefit plan liabilities of the Group's companies are as follows:

	2017	2016
Inflation rate (%)	3.50%-4.00%	2.00%-4.50%
Discount rate (%)	6.67%-7.00%	7.40%-7.64%
Increase in minimum salary (%)	3.47%-5.90%	4.00%-5.50%

The actuarial assumptions are presented by percentage ranges, taking the information from each one of the Group's companies. The mortality rate is based on mortality tables publicly available for the specific countries of each one of the Group's companies.

Assets of the Group's Plan

The changes in the fair value of the plan's assets for the current and previous period are presented below:

	2017	2016
FAIR VALUE OF THE PLAN'S ASSETS AS AT JANUARY 1	18,786	5,778
Income from "risk-free" interest	1,634	302
Returns on the plan's assets, not including interest	(1,428)	(156)
Contributions made to the plan by the Group	4,646	13,154
Payments made by the plan	-	-
Exchange difference	(19)	(292)
Other changes	(1,996)	-
FAIR VALUE OF THE PLAN'S ASSETS AS AT DECEMBER	21,623	18,786
Cash and cash equivalents, hierarchy level 1	3,134	3,283
Investment fund, hierarchy level 1	18,489	15,503
FAIR VALUE OF THE PLAN'S ASSETS IN PANAMA	21,623	18,786
Present value of the defined benefit liabilities	498,933	462,340
Fair value of the plan's assets	21,623	18,786
NET LIABILITIES OF THE DEFINED BENEFIT PLAN	477,310	443,554

The bases for valuation of the plan's assets correspond to the fair value. The returns on the plan's assets as at December 31, 2017, amounted to COP 206 (2016: COP 146).

Disclosure Required by Decree 2131 / 2016 on Defined Benefit Plans

On December 23, 2015, the Ministry of Commerce, Industry and Tourism issued Decree 2496, which amended Decree 2420 / 2015 of the Accounting, Financial Reporting and Information Assurance Standards in Colombia. The decree established provisions on the parameters to determine the post-employment benefit liability, and specifically established that the parameters established in Decree 2783 / 2001 will be used as the best approximation of the market to estimate the liability for pension plans and pension securities and bonds.

For the 2016 period, Decree 2131 / December 22, 2016, eliminated the mandatory application of these assumptions for the measurement of the post-employment benefits. They only continue to be applicable for the purposes of disclosure of financial information.

In accordance with the requirements of Decree 2131 / 2016, the main assumptions used for actuarial assessments according to Decree 1625 / 2016 and pension transfers according to Decree 2833 / 2016 are as follows:

	2017
Inflation rate (%)	5.74%
Discount rate (%)	10.82%
Increase in minimum salary (%)	5.74%

The existing difference between the calculation of the defined benefit plans and the pension transfers under the methodology described in Decree 2131 / 2016 and the applicable methodology to apply with the Technical Regulatory Framework applicable in Colombia as at December 31, 2017, is presented below:

	Employee Benefit Assumptions (IAS 19)	Assumptions of Decree 1625 / 2016 (Decree 2131 / 2016)	Difference
Present value of the defined benefit plan liabilities as at December 31, 2017.	386,859	330,023	56,836
Present value of the defined benefit plan liabilities as at December 31, 2016.	353,753	316,823	36,930

This comparison only includes post-employment benefit plans for pension liabilities reported by the companies in Colombia.

24.2 Short-Term Employee Benefits

The Group records short-term employee benefits, such as salary, vacations, bonuses, additional bonuses, collective life insurance, health insurance, and assistance for funeral expenses, eyeglasses and contact lenses, childcare, education, marriage and language courses, directly in the statement of income.

Note 25: Provisions

As at December 31, the provisions balance is as follows:

	Disputes and Lawsuits (1)	Disassembly (2)	Environmental (3)	Onerous Contracts (4)	Other Provisions (5)	Total
JANUARY 1, 2017	316,146	57,299	27,300	85,466	140,825	627,036
New provisions, other provisions	12,618	769	-	-	-	13,387
Existing provisions	3,440	10,701	4,412	-	12,414	30,967
Paid by the companies	(20,722)	(455)	(1,955)	(3,877)	(5,370)	(32,379)
Reversals made	(9,492)	(301)	(1,773)	-	(29,315)	(40,881)
Business combinations	5,800	-	5,424	-	-	11,224
Discount rate adjustment	(229)	4,334	2,477	(937)	-	5,645
Increase from adjustments due to the passing of time	481	2,775	769	-	-	4,025
Effect of conversion	(257)	43	(372)	(530)	(387)	(1,503)
Transfers and other changes	1,029	(179)	638	-	25,536	27,024
DECEMBER 31, 2017	308,814	74,986	36,920	80,122	143,703	644,545
Current	300,775	3,034	6,306	3,827	26,243	340,185
Non-current	8,039	71,952	30,614	76,295	117,460	304,360
TOTAL PROVISIONS	308,814	74,986	36,920	80,122	143,703	644,545

(1) The companies are parties in legal proceedings of a different nature, acting as a plaintiff or as a defendant. These proceedings are being managed diligently by qualified lawyers hired by the Group. They may involve civil, administrative, criminal and tax disputes. These kinds of disputes arise in the ordinary course of business carried out by any company of the size and complexity of the Group and they are likely to involve an outflow of resources. The corresponding reserves have been estimated for these proceedings based on criteria such as the nature of the proceedings, the evidence submitted, economic factors, the expected ruling, etc., in order to cover any possible unfavorable judgments or decisions. We believe that the estimated time of completion of these proceedings will vary between three (3) and eight (8) years, approximately.

(2) The companies are required to incur future costs for compliance with legal mining regulations

regarding the exploitation of mineral resources, consisting of the disassembly of assets and the restoration of the environment where said assets were built. This is carried out when the mining operations are completed or the mining title expires, whichever is sooner.

The deadline of the disassembly obligations is the expiration date of the mining title concession. Therefore, the economic resources are expected to be disbursed in a period of five years before the legal requirement. However, in some cases, where the operation has been completed in an area covered by a title that is still in effect for another five years, the disbursement of the provision is expected to be made within five years following the completion of the operation. When determining the best estimate to be settled, Management considers the areas affected by the mining activity, the scheduling of the mining activity and the costs incurred in past disassembly operations.

(3) The Group is required to incur costs for environmental liabilities related to forestry offsets due to the exploitation of quarries and forest use, and costs for the removal and subsequent disposal of previously stored hazardous waste, particularly polychlorinated biphenyls (PCBs).

For the Group's forestry offsets, it has agreed to settle its environmental obligations within a maximum term of five years or as indicated in the resolution corresponding to each environmental liability identified. When determining the best estimate for settlement, Management mainly considers financial variables and the planting, isolation and maintenance costs for a four-year period.

(4) The Group has signed contracts in which the inevitable costs of meeting contractual obligations exceed the net revenue expected to be received from the contract. The onerous contract as at December 31, 2017 and 2016 is for non-cancellable lease agreements (see Note 23 Operating Lease Agreements).

(5) Autopistas del Nordeste Cayman Ltd. and Boulevard Turístico del Atlántico S.A. have the contractual obligation to carry out major maintenance work every ten years on the roads of the concession, which includes treatment of paving, signposting and all the maintenance procedures necessary to maintain the paving rate required by the state, and a highway in optimal conditions.

Note 26: Trade and Other Accounts Payable

The trade and other accounts payable as at December 31 are:

	2017	2016
Domestic suppliers	1,064,709	951,586
Dividends payable (1)	133,904	109,901
Hired suppliers (Note 42) (1)	127,039	6,830
Foreign suppliers	92,027	68,369
Accounts payable to related parties (Note 42) (1) (2)	23,998	26,624
Other accounts payable (1) (3)	912,372	724,005
TOTAL TRADE AND OTHER ACCOUNTS PAYABLE	2,354,049	1,887,315
Current	2,116,725	1,567,365
Non-current	237,324	319,950
TOTAL TRADE AND OTHER ACCOUNTS PAYABLE	2,354,049	1,887,315

(1) For the purposes of presentation, the group of trade and other accounts payable is amended in 2016.

(2) Dividends payable to related parties of COP 16,647 (2016: COP 15,412) are included.

(3) Accounts payable to the National Infrastructure Agency (ANI, for the Spanish original) of COP 310,278 (2016: COP 66,769) and other accounts payable to official institutions of

COP 44,182 (2016: COP 12,206) are included. The increase in 2017 is mainly due to the amount payable to the ANI for Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A., which was acquired in January 2017 (see Note 43 Business Combinations).

The Group has average credit periods for the companies' purchases of 30 days for the service obligations and between 60 and 90 days for the commercial obligations.

Note 27: Bonds and Compound Financial Instruments

	2017	2016
Outstanding bonds and commercial papers (i)	7,292,437	5,343,332
Liabilities of preferred shares classified as debt (ii)	65,702	61,445
TOTAL BONDS AND COMPOUND FINANCIAL INSTRUMENTS	7,358,139	5,404,777
Current	704,251	760,339
Non-current	6,653,888	4,644,438
TOTAL BONDS AND COMPOUND FINANCIAL INSTRUMENTS	7,358,139	5,404,777

The Group maintains a debt of COP 7,313,713 (2016: COP 5,310,871) according to their nominal values for the issuances of ordinary bonds and commercial papers.

(i) The details of the conditions of the issued bonds and commercial papers are presented below:

					Securities Issued (*)	
Issuer	Placement Date	Term	Rate	Currency	2017	2016
Alternegy (1)	Dec-17	10 years	LIBOR 3M + 4.5%	USD	320,000,000	-
Autopistas Del Nordeste (Cayman) Limited (2)	Feb-06	20 years	9.39%	USD	162,000,000	162,000,000
Bahía Las Minas (3)		Payment date (48 bonds)	LIBOR + 3.25%	USD	30,312,627	34,309,897
Bahía Las Minas (3)		Payment date (40 bonds)	LIBOR + 3%	USD	21,347,071	30,834,659
Celsia S.A. E.S.P. (4)	Dec-13	6 years	CPI + 4.30% E.A.R.	COP	263,650,000,000	263,650,000,000
Celsia S.A. E.S.P. (4)	Dec-13	12 years	CPI + 5.00% E.A.R.	COP	240,650,000,000	240,650,000,000
Celsia S.A. E.S.P. (4)	Dec-13	20 years	CPI + 5.33% E.A.R.	COP	212,080,000,000	212,080,000,000
Cementos Argos S.A.	Apr-09	15 years	CPI + 7.19%	COP	229,530,000,000	229,530,000,000
Cementos Argos S.A.	Apr-09	10 years	CPI + 6.30%	COP	70,350,000,000	70,350,000,000
Cementos Argos S.A.	May-12	15 years	CPI + 4.50%	COP	303,082,000,000	303,082,000,000
Cementos Argos S.A.	May-12	10 years	CPI + 4.24%	COP	299,896,000,000	299,896,000,000
Cementos Argos S.A.	May-12	6 years	CPI + 3.80%	COP	97,022,000,000	97,022,000,000
Cementos Argos S.A.	Nov-14	15 years	CPI + 4.21	COP	311,707,000,000	311,707,000,000
Cementos Argos S.A.	Nov-14	10 years	CPI + 3.80	COP	190,675,000,000	190,675,000,000
Cementos Argos S.A. (5)	Nov-05	12 years	CPI + 3.17%	COP	-	290,000,000,000
Cementos Argos S.A. (5)	Feb-07	12 years	CPI + 5.25%	COP	-	150,000,000,000
Cementos Argos S.A. (6)	Apr-16	15 years (2)	CPI + 4.47	COP	184,157,000,000	184,157,000,000
Cementos Argos S.A. (6)	Apr-16	10 years (2)	CPI + 4.19	COP	121,075,000,000	121,075,000,000
Cementos Argos S.A. (6)	Apr-16	5 years (2)	CPI + 3.74	COP	94,768,000,000	94,768,000,000
Cementos Argos S.A. (7)	May-17	25 years	CPI + 3.99%	COP	400,500,000,000	-
Cementos Argos S.A. (7)	May-17	13 years	CPI + 3.64%	COP	388,145,000,000	-
Cementos Argos S.A. (7)	May-17	6 years	6.65%	COP	211,355,000,000	-
EPSA S.A. E.S.P.	Apr-10	7 years	CPI + 4.58% quarter in arrears	COP	-	85,754,000,000
EPSA S.A. E.S.P. (8)	Apr-10	20 years	CPI + 6.08% quarter in arrears	COP	300,126,000,000	300,126,000,000
EPSA S.A. E.S.P. (8)	Apr-10	10 years	CPI + 5.05% quarter in arrears	COP	214,120,000,000	214,120,000,000

Issuer	Placement Date	Term	Rate	Currency	Securities Issued (*)	
					2017	2016
Grupo Argos	Sep-14	3 years	IBR + 1.18%	COP	-	132,250,000,000
Grupo Argos (9)	Sep-14	15 years	CPI + 4.24%	COP	390,104,000,000	390,104,000,000
Grupo Argos (9)	Sep-14	10 years	CPI + 3.95%	COP	254,318,000,000	254,318,000,000
Grupo Argos (9)	Sep-14	5 years	CPI + 3.10%	COP	114,963,000,000	114,963,000,000
Grupo Argos (10)	Jul-17	1 year	6.14%	COP	350,000,000,000	-
Odinsa S.A.	Dec-08	10 years	13.5%	COP	52,500,000,000	52,500,000,000
Odinsa S.A.	Dec-08	10 years	CPI + 7.9%	COP	26,500,000,000	26,500,000,000
Odinsa S.A. (11)	Oct-17	3 years	7.49%	COP	279,250,000,000	-
Odinsa S.A. (11)	Oct-17	5 years	CPI + 3.98%	COP	120,750,000,000	-
TOTAL BONDS IN USD (*)					533,659,698	227,144,556
TOTAL BONDS AND COMMERCIAL PAPERS IN COP					5,721,273,000,000	4,629,277,000,000

(*) Figures expressed in Colombian pesos and in U.S. dollars.

(1) Consists of the public issuance of bonds by Alternegy S.A. on the Panamanian Stock Exchange with Bontex S.A. and Planta Eólica de Guanacaste S.A. as joint debtors. The debt that these companies had with CTC Curazao B.V. was paid with the funds obtained.

(2) Consists of the bonds issued by Autopistas del Nordeste (Cayman) Ltd. with an original amount of USD 162 million used to fund the construction of the freeway concession in the Dominican Republic. These bonds accrue an annual interest rate of 9.39% and mature in 2026. The first grace period of this debt was two (2) years, ending in July 2008, followed by a second grace period of five (5) years, which ended

in 2013. As at December 31, 2017, the Company recorded interest payable of USD 2.8 million (2016: USD 3 million).

These bonds will be paid with the cash flows guaranteed by the government of the Dominican Republic of approximately USD 660 million, which will be received by Autopistas del Nordeste (Cayman) Ltd. between August 2008 and February 2026, based on the payment scheme established in the concession agreement. Additionally, a minimum revenue is guaranteed until the end of the concession in 2038.

(3) The issuances in U.S. dollars listed below are for the incorporation of bonds issued by Bahía Las Minas Corp. on the Panamanian Stock Exchange as a result of the acquisition of subsidiaries abroad:

Issuer	Placement Date	Rate	Securities Issued (USD)	
			2017	2016
Bahía Las Minas Corp.	Forty-eight (48) of said bonds mature on the date of capital payment	LIBOR + 3.25%	30,312,627	34,309,897
Bahía Las Minas Corp.	Forty (40) of said bonds mature on the date of capital payment	LIBOR + 3%	21,347,071	30,834,659

(4) In December 2013, Celsia issued its first ordinary bonds on the local securities exchange for COP 800,000. The placement of ordinary bonds was carried out through a Dutch auction on Bolsa de Valores de Colombia S.A. All the funds received from the placement of ordinary bonds were used to pay off financial liabilities as part of the strategy to optimize the Company's capital structure. The first part was paid in November 2016 amounting to COP 83,620 according to the agreement made.

(5) The securities with a 12-year term of Argos 2005 bonds amounting to COP 440,000 were paid in November 2017, equivalent to USD 179,178,000. The value in Colombian pesos remained constant. As at December 31, 2016, these securities of COP 433,320 were converted into U.S. dollars (equivalent to USD 229,094,000) through a currency swap, with an average rate of LIBOR + 1.78% semester in arrears. The equivalent in U.S. dollars as at December 31, 2016, was USD 179,178,000 due to the different recouping transactions or market adjustments thereto. The value in Colombian pesos has remained constant.

(6) The issuance is part of an issuance and placement program of straight bonds and commercial papers with a global limit of COP 1 trillion approved through Resolution 0422 / March 23, 2012, of the Financial Superintendence of Colombia.

(7) During 2017, Cementos Argos issued bonds on the market for COP 1 trillion. The issuance is part of an issuance and placement program of straight bonds and commercial papers with a global limit of COP 1 trillion approved through Resolution 0518 / April 3, 2017, of the Financial Superintendence of Colombia.

All the issuances are rated as AA+ with a stable outlook by the Fitch Ratings Colombia S.A. rating agency and are registered securities, issued to order and tradable on the secondary market through the Colombian Securities Exchange.

(8) Consists of the issuance of bonds by Epsa in April 2010, which was listed on the Colombian Securities Exchange with a rating of AAA by Fitch Ratings de Colombia S.A. SCV.

(9) On September 10, 2014, Grupo Argos S.A. issued COP 1 trillion in straight bonds. The nominal values of the five series with different terms and amounts are provided below:

Term	Rate	Current Issuances as at:	
		2017	2016
15 years	CPI + 4.24%	390,104	390,104
10 years	CPI + 3.95%	254,318	254,318
5 years	CPI + 3.10%	114,963	114,963
3 years	IBR + 1.18%	-	132,250

In September 2017, the Group paid COP 132,250 for the second series of bonds indexed to the IBR.

In September 2016, the Group paid COP 108,365 for the first series of bonds indexed to the fixed term deposit (DTF, for the Spanish original) rate.

(10) In 2017, Grupo Argos S.A. issued commercial papers amounting to COP 350,000 with the aim to pay the bank debt related to the purchase of the shareholding in Opain S.A.

(11) In 2017, Odinsa S.A. issued bonds on the market amounting to COP 400,000 with the aim

to pay borrowings and make capital contributions to different projects.

(ii) These consist of preferred shares classified as compound financial instruments of the Cementos Argos subsidiary. According to the General Meeting of Shareholders on March 15, 2013, Cementos Argos issued and placed shares with a preferred dividend and without voting rights (hereinafter, preferred shares) on May 2013, amounting to COP 1,610,824, allocating 209,197,850 preferred shares at the subscription price of COP 7,700 per preferred share, established by the company's Board of Directors.

The issuance of preferred shares constitutes a compound financial instrument. For their reporting and subsequent measurement, the issuer identified the debt and equity components, assessing the contractual conditions of the instrument and the obligations of the issuer. Given the issuer's contractual obligation to pay the minimum annual dividend to the shareholders if the Company generates profit, the issuance incorporates a financial liability component. Once this liability is measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability must be measured at least in every interim period and its effects reported in the statement of income of the period. The equity component is not subject to subsequent measurement.

Cementos Argos determined the component of the liability, discounting the cash flows corresponding to the minimum preferred dividend, which were calculated in perpetuity based on Section 11.1.1 of the issue prospectus. The applied discount rate corresponded to the market rate on the issuance date of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics of the issuance, the discount rate of the financial liability was determined with reference to the current return on the long-term bonds issued by Cementos Argos S.A. denominated in Colombian pesos. For these purposes, the valuation rate of the issuance of the long-term (15 years) Cementos Argos S.A. 2024 bonds issued in May 2012 was indexed to the CPI.

The preferred shares had a minimum dividend of 3% a year on the subscription price, which was paid in the first 12 quarters from the placement. This last minimum dividend was paid in April 2016, corresponding to 3% a year on the subscription price and from the thirteenth quarter, the minimum annual dividend will be COP 10 per share, which will increase annually with the CPI at the end of each year. The issue prospectus does not have options for the purchase or sale of preferred shares.

The holders of shares with a preferred dividend and without voting rights shall have the right to receive a minimum preferred dividend that corresponds to the common shares, provided that profits have been generated in the previous year for distribution. In no circumstances may the dividend received by the holders of common shares be more than that which is declared for the preferred shares for the preferential reimbursement of their contributions once the external liability is paid in case of dissolution and liquidation of the issuer; and the other rights provided in the company bylaws of the issuer for the holders of preferred shares, except (i) the one to preferential subscription of common shares; and (ii) to vote on the proposals at the issuer's general meeting of shareholders. By making an exception, the preferred shares shall give their holders the right to vote in the events indicated in the placement and issue prospectus.

The liability reported for the issuance of preferred shares is comprised of the valuation of the debt component and the reduction of the direct costs of the issuance allocated to the liability component, according to the share percentage of each component in the issue size. At the time of initial reporting, the issuance costs were included in the financial liability, amounting to COP 7,157. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for subsequent measurement of the debt component at amortized cost was determined by matching the cash flows receivable or payable estimated throughout the expected life of the financial instrument with the net carrying amount of the liability component at the time of initial reporting. The financial liability increases with the reporting of interest, applying the effective interest rate, and decreases as the minimum dividends for the preferred shareholders are accounted.

At the close of 2017, the number of preferred shares of Cementos Argos is 209,197,850 (2016: 209,197,850).

The liabilities also include the preferred shares of Grupo Argos S.A., which grant the holder the right to receive a preferred dividend of four Colombian pesos (COP 4) per share, which shall be paid with preference over the common shares, provided that the dividend of the legally available funds for it has been declared. Under no circumstance shall the preferred dividend be accumulated for subsequent periods. In each case, the first payment of dividends shall correspond to those that the Company declares after the shares are subscribed. The reporting and subsequent measurement of this instrument was carried out by applying the same procedure established above. The discount rate of the financial liability for the preferred shares of Grupo Argos S.A. was determined with reference to the cost of the Company's debt.

The number of outstanding preferred shares of Grupo Argos S.A. at the end of the reporting period are 211,827,180 shares (2016: 211,827,180 shares).

Note 28: Other Non-financial Liabilities

As at December 31, the balance of other non-financial liabilities is as follows:

	2017	2016
Prepayments and deposits received from third parties	297,438	229,733
Unearned revenue	252,177	244,043
Contract collateral (1)	161,358	13,053
Sales tax	77,119	68,612
Revenue received for third parties (2)	75,907	13,227
Industry and commerce tax	50,107	50,110
Withholding tax	29,635	26,683
Other taxes payable (3)	63,460	36,431
Other non-financial liabilities (4)	61,558	45,981
TOTAL OTHER NON-FINANCIAL LIABILITIES	1,068,759	727,873
Current	667,596	480,889
Non-current	401,163	246,984
TOTAL OTHER NON-FINANCIAL LIABILITIES	1,068,759	727,873

(1) The increase is due to the collateral deposits of the lease agreements of Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A., which was acquired in January 2017 (see Note 43 Business Combinations).

(2) The variation in the revenue received for third parties is due to the share of the ANI in the revenue invoiced by Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. in accordance with the concession agreement.

(3) The increase in other taxes payable is due to the business combination of the Cementos Argos S.A. subsidiary carried out in 2016 with the acquisition of a cement production plant in Martinsburg, West Virginia (United States), which incurred a higher tax on the real estate payable in 2017.

(4) Includes withholdings as a guarantee in contracts with related parties of COP 29,310 (2016: COP 0) (see Note 42 Information on Related Parties).

Note 29: Share Capital

The share capital balance of the Grupo Argos S.A. Parent Company as at December 31 is as follows:

	2017	2016
AUTHORIZED CAPITAL:		
1,200,000,000 common shares with a nominal value of COP 62.5	75,000	75,000
SUBSCRIBED AND PAID-IN CAPITAL:		
651,102,432 common shares with a nominal value of COP 62.5	40,694	40,694
211,827,180 preferred shares with a nominal value of COP 62.5 (2016: 211,827,180 shares)	13,239	13,239
TOTAL SUBSCRIBED AND PAID-IN CAPITAL:	53,933	53,933

Preferred shares grant their holders the following rights:

i. To receive a preferred dividend of COP 4 (four Colombian pesos) per share, which shall be paid with preference over the common shares, provided that the dividend of the legally available funds for it has been declared. In no event may the dividend received by the common shareholders be higher than the dividend decreed for preferred shares.

In no event may the preferred dividend be accumulated for subsequent periods. In each case, the first payment of dividends shall correspond to those that the Company declares after the shares are subscribed.

ii. To jointly participate in the distributable profits with the common shareholders, in proportion to their share in the Company's subscribed capital, and with prior payment of the preferred dividend and the common dividend that is equal to the preferred dividend.

iii. To have priority in the reimbursements of contributions in the liquidation process, provided that the Company's external liabilities have been fully covered.

iv. To be invited to the shareholders meetings in the same way and within the same periods as the common shareholders.

v. To participate in the shareholders meetings and vote in them exclusively in the following situations:

a. When they deal with the approval of amendments that may worsen the established rights or conditions for preferred shares. In this case, the favorable vote of 70% of the shares in which the subscribed capital is divided will be required, including the favorable vote of the preferred shares in said percentage and in the same proportion.

b. When voting on the conversion of preferred shares into common shares, except when the possibility of conversion and the terms in which it shall be carried out have been specifically regulated in the respective regulation. In the event that it decides to approve a conversion other than that approved in the regulation or when the regulation has not considered this option, the same majority indicated in the previous section will apply.

c. If at the end of the tax period, the Company does not generate distributable profits to pay the preferred dividend and the Financial Superintendence of Colombia, on its own account or at the request of the preferred shareholders representing at least 10% of these shares, establishes that the benefits that decrease the distributable profits have been concealed or embezzled, it can decide

that these shareholders may participate with the right to voice and vote in the meetings of shareholders until it is verified that the irregularities that caused this measure no longer exist, in accordance with Article 64 of Law 222 / 1995.

d. To exercise the right to inspection in the same cases, terms and conditions as the common shareholders.

The Company bought back 5,702,432 (2016: 5,702,432) of its own shares. The common shares in the possession of associates and joint ventures are: 228,468,386 (2016: 229,534,810). As at December 31, 2017, there were 645,400,000 (2016: 645,400,000) outstanding common shares.

There were no transactions of acquisition of own shares in 2017.

	Number of Shares	Share Capital	Share Issue Premium
RECONCILIATION OF COMMON SHARES			
Balance as at December 31, 2016 (*)	651,102,432	40,694	553
Balance as at December 31, 2017 (*)	651,102,432	40,694	553
RECONCILIATION OF PREFERRED SHARES			
BALANCE AS AT DECEMBER 31, 2015	173,052,657	10,816	679,665
Issuance of preferred shares (1)	38,774,523	2,423	674,541
BALANCE AS AT DECEMBER 31, 2016	211,827,180	13,239	1,354,206
Issuance of preferred shares	-	-	-
BALANCE AS AT DECEMBER 31, 2017	211,827,180	13,239	1,354,206
TOTAL COMMON AND PREFERRED SHARES 2016	862,929,612	53,933	1,354,759
TOTAL COMMON AND PREFERRED SHARES 2017	862,929,612	53,933	1,354,759

(*) Includes 5,702,432 (2016: 5,702,432) own shares bought back.

(1) The issuance of preferred shares on December 27, 2016, under the takeover bid (TOB) in 2016 as payment in the acquisition of additional shares in Odinsa S.A. (See Note 19.3 Changes in the Shareholding of a Subsidiary).

Note 30: Reserves and Other Comprehensive Income

The reserves and other comprehensive income as at December 31 are:

	2017	2016
Legal reserve	29,665	29,665
MCB statutory reserves	-	13,861
Dividend statutory reserves	-	54,000
MCB reacquisition statutory reserves	-	10,000
Other temporary reserves	2,800,179	2,636,238
TOTAL RESERVES	2,829,844	2,743,764

30.1 Reserves

Legal reserve

The Company is obliged to appropriate 10% of its net annual profits as a legal reserve until the balance of this reserve is equivalent to 50% of the subscribed capital. The reserve is not distributable in the event of liquidation of the Parent Company, but it must be used to absorb or reduce the net annual losses. Allocations in excess of the aforementioned 50% are freely available to the General Meeting of Shareholders.

Statutory Reserves

At the ordinary session held on March 30, 2017, the General Meeting of Shareholders approved the elimination of statutory reserves, considering that, according to the placement and issue prospectus, the mandatory convertible bonds were converted on November 27, 2015, and, therefore, it is no longer necessary to maintain these reserves, as a result of deleting said articles in the Company Bylaws. Additionally, at said meeting, the remaining balance of the statutory reserves was transferred to temporary reserves.

Other temporary reserves

The balance of other reserves is comprised as follows:

	2017	2016
Reserve for future investments	2,630,764	2,466,396
Reserve for future expansion	163,427	163,427
TOTAL RESERVES FOR INVESTMENTS AND FUTURE EXPANSIONS	2,794,191	2,629,823
Reserve for reacquisition of shares	5,988	5,988
Reserve at the disposal of the highest corporate body	-	427
TOTAL OTHER RESERVES	5,988	6,415
TOTAL OTHER TEMPORARY RESERVES	2,800,179	2,636,238

Other temporary reserves are freely available to the shareholders.

30.2 Other Comprehensive Income (OCI)

	2017	2016
Exchange difference when converting foreign operations	1,392,182	1,222,451
Gains and losses from equity investments	774,790	792,019
Revaluation of property, plant and equipment (1)	41,303	-
Cash flow hedges	(27,587)	(15,207)
New measurements of obligations for defined benefits	(21,557)	(11,507)
TOTAL OTHER COMPREHENSIVE INCOME (OCI)	2,159,131	1,987,756

(1) The other comprehensive income (OCI) from the revaluation of property, plant and equipment arises from the change in policy for the subsequent reporting of land and buildings for administrative use (see Note 5 Change in Accounting Policies and Reclassification of Entries in the Financial Statements). The impact of COP 41,303 (2016: COP 0) is comprised of COP 4,587 (2016: COP 0) of Grupo Argos S.A. subsidiaries and COP 36,716 (2016: COP 0) from the application of the equity method to associates and joint ventures.

In 2017, the Group made transfers from other comprehensive income (OCI) to other equity components and accumulated earnings of COP 127,790 (2016: COP 177,586), mainly due to the disposal of 10,887,465 (2016: 17,261,641) shares in Bancolombia S.A. and 382,326 (2016: COP 0) preferred shares in Grupo de Inversiones Suramericana S.A. measured at fair value through other comprehensive income (OCI).

The amount reclassified from other comprehensive income (OCI) to the statement of income for the period for cash flow hedges is COP 11,631 (2016: COP 108,468). In 2016, the value corresponding to cash flow hedges from the maturity of the PEN-COP Cross Currency Swap liquidated on March 14, 2016, along with the hedged liability of COP 6,469 was reclassified from other comprehensive income.

Note 31: Other Equity Components

When an entity changes the percentage of equity held by minority holdings, it must adjust the carrying amount of the majority and minority holdings to reflect the changes in its relative shares in the subsidiary. The entity shall report directly in equity the difference between the amount by which the minority holdings are adjusted and the fair value of the compensation paid or received and attributed to the owners of the controlling company.

In accordance with the above, in 2017, the Group increased its share percentage in Odinsa S.A. This acquisition involved increasing its share in Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. and in Servicios Corporativos Integrales S.A.S. – SUMMA S.A.S. The reporting of this share in 2017 amounts to COP 1,204.

As at December 2016, the Parent Company acquired an additional shareholding in Odinsa S.A. of 43.8%, reporting a decrease of COP 151,492 in this equity. Likewise, the Group sold 20% of its share in the Argos Panamá S.A. subsidiary. The Group still maintains control of the subsidiary. The value reported in the other equity components from sales of minority holdings without loss of control is COP 131,713.

Note 32: Dividends

Dividends Declared

The Parent Company's General Meeting of Shareholders held on March 30, 2017, declared cash dividends on common shares of COP 310 per share a year (2016: COP 287), payable in four quarterly payments of COP 77.5 (2016: COP 72) per share starting in April 2017 for a total of COP 200,074 million (2016: COP 185,230 million).

In addition, preferred cash dividends were declared corresponding to 211,827,180 preferred shares (2016: 173,052,657) at COP 310 per share (2016: COP 287 per share) per quarter starting in April 2017 for a total of COP 65,666 million (2016: COP 49,666 million).

DIVIDENDS DECLARED IN 2017	Shares	Annual COP per Share	2017
Common dividends (*)	645,400,000	310	200,074
Preferred dividends	211,827,180	310	65,666
TOTAL			265,740

DIVIDENDS DECLARED IN 2016	Shares	Annual COP per Share	2016
Common dividends (*)	645,400,000	287	185,230
Preferred dividends	173,052,657	287	49,666
TOTAL			234,896

(*) Does not include 5,702,432 (2016: 5,702,432) own shares bought back.

Note 33: Minority Holdings

The reconciliation of minority holdings is presented below as at December 31,

	2017	2016
BALANCE AT START OF THE YEAR	8,027,768	8,044,144
Share in earnings of the year	295,924	542,536
Other comprehensive income for the period	14,008	(135,201)
Cash dividends declared	(378,026)	(286,944)
Appropriation of reserves	(5)	-
Business combinations	457,138	348,768
Purchase and sale of minority holdings	(25,939)	(434,173)
Share in other equity activity	(129,827)	(51,362)
BALANCE AS AT YEAR END	8,261,041	8,027,768

Note 34: Revenue

Below is the structure of the Group's revenue:

	2017	2016
Revenue from sale of cement, concrete and others (1)	8,155,458	8,029,939
Revenue from sale of energy, gas and related activities (2)	3,187,957	4,153,821
Real estate (3)	769,752	290,095
Financial activity (4)	694,358	678,501
Revenue from airport services (5)	529,921	-
Equity method (6)	435,724	539,998
Wholesale and retail sales (7)	330,923	436,371
Revenue from transportation, storage and communication (8)	316,729	325,976
Valuation of investment properties (9)	123,023	79,286
Other	29,734	18,897
TOTAL REVENUE	14,573,579	14,552,884

(1) This is mainly generated by the sale of cement and ready-mix concrete.

Cement and ready-mix concrete sales are highly dependent on the performance of the construction industry, including residential, commercial and infrastructure projects in each of the countries where we operate or sell the products. Fluctuations in the construction industry's behavior significantly affect cement and ready-mix concrete volumes that can be sold, as well as the sale prices that can be received for the products.

2) The decrease in revenue from sale of energy, gas and related activities at the close of 2017 from 2016 is due to the thermal power plants having less generation in 2017 due to wet weather conditions. Although there was greater hydroelectric generation, this was paid at a lower spot market price. In contrast, the cost of sales decreased from 2016 due to greater generation in the thermal power plants, a lower exchange rate in the variable costs of thermal power generation and lower energy and fuel purchase prices, generating a positive variation in the gross margin between 2017 and 2016.

3) The revenue from the real estate business in 2017 is from construction of buildings and civil works of COP 390,082 (see Note 46 Construction Contracts), reporting of the deferred income from the sale of land in Barranquilla of COP 13,677, income from the sale of developed lots of COP 71,129, income from leasing of COP 274,530, adjustment of fair value of the associate investment in F.C.P. Pactia Inmobiliario of COP 18,168 and other income of COP 2,166.

In 2016, revenue from the real estate business is from the sale of developed lots in the projects of: Portal Empresarial IV, Centro Internacional del

Caribe (CIC), Lago Alto, Portal Genovés II, Clúster Institucional, Miramar and Palmas del Río.

4) This is from the sale of shares in Compañía de Puertos Asociados S.A. for COP 402,807; sale of preferred shares in Grupo de Inversiones Suramericana S.A. for COP 66,801; and disinvestment of 28.85% of the shareholding in Consorcio Constructor of the Conexión Pacífico II Project amounting to COP 4,166 and of 35.80% of the shareholding in Concesión Santa Martha Paraguachón S.A. amounting to COP 11,804, both investments held by the Odinsa S.A. subsidiary. It also includes dividend income from Nutresa S.A. of COP 24,160, from Cementos Argos investments of COP 1,005, from Celsia investments of COP 1,727, and other investments of COP 231, as well as interest income of financial assets amounting to COP 181,657.

In 2016, the income from financial activity was mainly from the sale of investments in 2016, specifically the sale of 5,074,003 common shares in Grupo de Inversiones Suramericana S.A. for COP 186,688; 2,219,207 preferred shares in Grupo de Inversiones Suramericana S.A. for COP 85,572; 7,485,632 common shares in Bancolombia for COP 186,707; and the sale of investments in Odinsa S.A. for COP 87,073; dividend income of COP 48,086; appreciation of investments amounting to COP 8,487; and interest of COP 75,746.

5) With the acquisition of Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. in 2017, Grupo Argos made significant progress in the materialization of the strategy as parent company of infrastructure in the region and can strengthen its investments in international airport concessions (see Note 43 Business Combinations).

(6) The equity method of associates and joint ventures is as follows:

	2017	2016
Grupo de Inversiones Suramericana S.A.	314,987	390,924
Odinsa S.A. in its associates and joint ventures	83,030	61,602
Fondo de Capital Privado Pactia Inmobiliario (*)	25,587	63,182
Consortio Constructor Nuevo Dorado	16,311	18,715
Pactia S.A.S.	4,226	29
Interejecutiva de Aviación S.A.S.	(813)	2,517
Celsia S.A. E.S.P. in its associates and joint ventures	(1,713)	-
Compañía de Puertos Asociados S.A.	(1,839)	3,833
Cementos Argos S.A. in its associates and joint ventures	(4,906)	(1,824)
Other associates and joint ventures	854	1,020
TOTAL EQUITY METHOD IN ASSOCIATES AND JOINT VENTURES	435,724	539,998

(*) The Group reported the equity method on this investment until August 2017, because in September 2017, the model of subsequent measurement of this investment changed to the fair value through profit or loss (see Note 18.3 Changes in Shareholding in Associates and Joint Ventures). The fair value measurement reported by the real estate private capital fund from the date of changing its measurement model amounts to COP 18,168.

7) Consists of the resale of cement and concrete, the sale of prefabricated cement blocks and the

sale of electric equipment (transformers, cables, posts, etc.).

8) This mainly includes the revenue from the collection of road tolls by the Odinsa S.A. subsidiary; revenue from the transportation of products by land or sea invoiced to clients; and income from the packing of cement, storage and deposit of products.

(9) This consists of the fair value measurement of the Group's investment properties (see Note 17 Investment Properties).

Note 35: Cost of Ordinary Activities

The cost of ordinary activities as at December 31 is as follows:

	2017	2016
Cost of sale of goods and services	8,713,183	8,983,406
Depreciation and amortization	931,133	854,885
Cost of financial activity (1)	317,018	462,263
Real estate business costs (2)	357,941	130,920
TOTAL COST OF ORDINARY ACTIVITIES	10,319,275	10,431,474

(1) The cost of financial activity in 2017 is the cost of sale of the preferred shares in Grupo Sura S.A. of COP 66,801 and the sale of shares in Compañía de Puertos Asociados S.A. – Compas S.A. of COP 250,217. In 2016, it is the cost of sale of the shares in Bancolombia S.A. of COP 186,317, common shares in Grupo Sura S.A. of COP 198,172, preferred shares in Grupo Sura S.A. of COP 77,735, and shares in Agua Dulce of COP 39.

(2) The cost of the real estate business mainly consists of the costs of constructing buildings and civil works and the sale costs of land. The increase in 2017 is mainly due to the construction costs of Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A., which was acquired in January 2017 (see Note 43 Business Combinations).

Note 36: Administration Expenses

As at December 31, administration expenses were as follows:

	2017	2016
Personnel expenses (1)	485,769	442,587
Amortization (1)	319,263	153,797
Services (1)	225,519	199,913
Professional fees (2)	142,968	109,072
Impairment (3)	69,517	42,389
Taxes (1)	68,870	58,938
Maintenance and repairs (1)	66,404	47,299
Depreciation	58,517	35,223
Leases	39,518	29,921
Travel expenses	38,792	39,490
Insurance (4)	29,364	43,439
Contributions and memberships	16,162	8,358
Legal expenses	8,588	9,718
Adaptation and assembly	4,244	2,356
Sundries	48,147	82,550
TOTAL ADMINISTRATION EXPENSES	1,621,642	1,305,050

(1) In 2017, the increase in expenses is mainly due to the incorporation of Opain S.A. into the Group's consolidated financial statements, which was not included in 2016.

(2) This mainly consists of the technical consultancy amounting to COP 41,164 (2016: COP 32,204), other professional fees of COP 30,994 (2016: COP 30,932), legal advice of COP 26,662 (2016: COP 22,563), and financial consultancy of COP 26,088 (2016: COP 7,675). As a result of the incorporation of Opain S.A. into the Group's consolidated financial statements, other professional fees of COP 15,082, legal advice of COP 1,182 and other consultancy services of COP 951 are included.

(3) This consists of the impairment of accounts receivable of COP 65,866 (2016: COP 14,265), impairment of investments of COP 3,647 (2016: COP 27,896), and other impairments of COP 4 (2016: COP 228).

(4) This mainly consists of civil liability and extra-contractual insurance of COP 6,667 (2016: COP 6,394), compliance of COP 6,520 (2016: COP 18,534), collective life insurance of COP 5,167 (2016: COP 4,417), fire insurance of COP 932 (2016: COP 3,969) and other insurance of COP 10,078 (2016: COP 10,125).

Note 37: Sales Expenses

As at December 31, sales expenses were as follows:

	2017	2016
Personnel expenses	120,840	113,597
Services (1)	37,804	53,477
Amortization	34,630	39,258
Taxes	23,447	27,529
Impairment	8,827	4,128
Contributions and memberships	6,869	6,010
Travel expenses	6,144	6,671
Leases	5,262	4,902
Fees	1,823	2,832
Insurance	1,246	1,780
Depreciation	782	357
Maintenance and repairs	762	391
Legal expenses	508	259
Adaptation and assembly	19	39
Sundries	8,572	8,658
TOTAL SALES EXPENSES	257,535	269,888

1) The decrease in the sales expenses for services between 2016 and 2017 amounts to COP 15,673: COP 10,840 in advertising expenses, COP 2,368 in services received from third parties, COP 1,816 in technical assistance services and COP 649 in other expenses.

Note 38: Other Income (Expenses), Net

Other net income (expenses) as at December 31 is as follows:

	2017	2016
Profit from sale of fixed, intangible and other assets (1)	111,184	75,670
Recoveries	104,042	119,862
Profit (loss) from appreciation of prior investment (2)	95,672	(139,673)
Earnings from bargain purchase (3)	12,349	233,198
Compensation	10,049	11,951
Profit (loss) from sale of investments	3,118	(12,335)
Net profit from the sale of investment properties	1,782	10,770
Loss associated with non-current assets held for sale (4)	(342)	(102,532)
Impairment losses of assets (5)	(2,472)	(56,517)
Fines, sanctions and disputes	(7,499)	(47,910)
Donations	(30,686)	(38,028)
Taxes assumed	(36,164)	(35,720)
Other net losses	(37,275)	25,899
Losses in sale and retirement of goods	(38,581)	(33,602)
Wealth tax	(39,771)	(100,869)
TOTAL OTHER INCOME (EXPENSES), NET	145,406	(89,836)

For the purposes of presentation, the grouping of the Group's income and expenses as at December 2016 is altered (See Note 5 Change in Accounting Policies and Reclassification of Entries in the Financial Statements).

(1) This is mainly from the sale of machinery and equipment of COP 35,340 (2016: COP 109).

(2) In 2017, it is the fair value measurement of the prior investment made in Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. through the Odinsa S.A. subsidiary, prior to Grupo Argos S.A. obtaining control. In 2016, it is the fair value measurement of the prior investment held in the BTA, JV BTA, ADN, and JV ADN road concessions before the date of acquisition of control (see Note 43 Business Combinations).

3) This consists of the earnings reported for the

bargain purchase of Essroc San Juan INC. and in 2016 of Autopistas del Nordeste (Cayman) Ltd., Boulevard Turístico del Atlántico S.A., JV Proyectos ADN S.R.L. and JV Proyectos BTA S.R.L. (See Note 43 Business Combinations).

(4) Includes a loss of COP 102,532 from the measurement of the assets and liabilities of GENA (Panama) and GENPAC (Chile) at fair value in 2016. These assets were sold in 2017 (see Note 13 Non-current Assets Held for Sale and Discontinued Operations).

(5) In 2017, it mainly consists of COP 2,032 due to the impact of Hurricane Harvey. In 2016, it is due to the impairment of the Sabanagrande and San Gil cement plants amounting to COP 49,033 and COP 7,484, because of the impairment of vertical mill no. 4 installed in the Harleyville cement plant.

Note 39: Financial Income (Expenses), Net

As at December 31, net financial income and costs are as follows:

	2017	2016
Interest income (1)	71,031	77,859
Other financial income	10,865	28,368
Income from the valuation of financial instruments	6,178	6,377
TOTAL FINANCIAL INCOME	88,074	112,604
Income expenses (1)	(1,102,334)	(1,039,415)
Bank fees and expenses	(43,031)	(35,715)
Other financial costs	(33,703)	(35,845)
Losses from the valuation of financial instruments	(9,518)	(12,248)
Bond issuance and management	(1,768)	(1,257)
TOTAL FINANCIAL EXPENSES	(1,190,354)	(1,124,480)
Income from exchange difference	370,950	204,562
Expenses from exchange difference	(347,755)	(164,288)
TOTAL INCOME FROM EXCHANGE DIFFERENCE	23,195	40,274
TOTAL FINANCIAL EXPENSES, NET	(1,079,085)	(971,602)

For the purposes of presentation, in the comparative information of 2016, expenses of COP 10,616 were reclassified from other financial expenses to losses from the valuation of financial instruments as a result of measurement of financial instruments under the amortized cost model.

(1) This is mainly due to the net interest expenses of domestic currency of COP 847,430 (2016: COP 935,019).

As at December 31, 2017 and 2016, the annual weighted average capitalization rate on funds due is 7.60% and 9.43% for Cementos Argos S.A., and 1.68% and 1.45% for Argos USA LLC., respectively.

The Group issued commercial papers at a fixed rate of 6.14% E.A.R., as well as the correction of the decrease in the debt indexing ratios IBR and CPI, which was 7.32% E.A.R. in 2017 (2016: 10.40% E.A.R.).

The exchange rate as at December 31, 2017, was COP 2,984, and as at December 31, 2016, it was COP 3,000.71.

Note 40: Earnings per Share

	2017	2016
BASIC EARNINGS PER SHARE:		
From continuing operations (*)	712.37	717.39
TOTAL BASIC EARNINGS PER SHARE	712.37	717.39
DILUTED EARNINGS PER SHARE:		
From continuing operations (*)	712.37	717.39
TOTAL DILUTED EARNINGS PER SHARE	712.37	717.39

(*) Figures expressed in Colombian pesos (COP per share).

40.1 Basic Ordinary Earnings per Share

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

	2017	2016
Earnings attributed to the Company's majority holdings	610,659	589,466
Earnings used to calculate the basic earnings per share	610,659	589,466
Earnings used to calculate the basic earnings per share from continuing operations	610,659	589,466
WEIGHTED AVERAGE NUMBER OF COMMON SHARES FOR THE PURPOSES OF BASIC EARNINGS PER SHARE	857,227,180	821,683,867

40.2 Diluted Earnings per Share

The earnings used to calculate the diluted earnings per share are as follows:

	2017	2016
Earnings used to calculate the total basic earnings per share	610,659	589,466
Earnings used to calculate the diluted earnings per share	610,659	589,466
Earnings used to calculate the diluted earnings per share from continuing operations	610,659	589,466

The weighted average number of common shares for the purposes of diluted earnings per share are reconciled with the weighted average number of common shares used to calculate the basic earnings per share, as follows:

	2017	2016
Weighted average number of common shares used to calculate the basic earnings per share	857,227,180	821,683,867
Weighted average number of common shares used to calculate the diluted earnings per share	857,227,180	821,683,867

Note 41: Information by Segment

41.1 Products and Services that Generate the Revenue of the Segments to Be Reported

Management has determined its operating segments based on the financial information provided to the Group's steering committees, the members of which use the information to make operating decisions in order to allocate resources and assess their performance.

The Group's operating segments have been defined by type of products and services that generate the revenue of the segments, which mainly consist of:

Cement: Development and production of cement-based mixes and derivatives, such as concrete and other cement, lime or clay-based materials.

Energy: Public utilities specialized in the businesses of generation, transmission, distribution, and sale of electricity.

Real estate: Acquisition, participation, urbanization, promotion, design, provision of technical services, construction, administration, consultancy, management, and auditing of real estate businesses.

Portfolio: Investment in all types of stocks, quotas or shares of equity, and shareholdings in

companies or entities that allow the investment of resources.

Concessions: Management, promotion and development of large-scale infrastructure projects such as road and airport concessions and special projects. As of January 2017, the Group acquired control of Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A. (See Note 43 Business Combinations).

Coal: Complete development process of the coal industry and any other mineral substance associated with coal.

The Steering Committee assesses the performance of the operating segments based on their net sales, operating profit, EBITDA, and net profit. In turn, the total assets and liabilities by operating segment are not assessed internally for administrative purposes and, therefore, are not disclosed by the Group.

Below is an analysis of the Group's revenue and income from continuing operations by segment to be reported. This information includes the standardization adjustments for the purposes of consolidation:

DECEMBER 2017	Cement	Energy	Real Estate	Portfolio	Coal	Concessions	Total
Net income (1)	8,534,528	3,094,036	254,552	823,933	87,626	1,803,089	14,597,764
Less: Intersegment	(4,727)	(9,899)	(2,571)	(6,988)	-	-	(24,185)
CONSOLIDATED INCOME (1)	8,529,801	3,084,137	251,981	816,945	87,626	1,803,089	14,573,579
Cost of ordinary activities	(6,370,072)	(1,765,337)	(44,222)	(326,518)	(64,198)	(817,796)	(9,388,143)
Depreciation and amortization	(595,565)	(333,953)	-	(123)	(733)	(758)	(931,132)
GROSS PROFIT	1,564,164	984,847	207,759	490,304	22,695	984,535	4,254,304
Depreciation and amortization of other assets	(131,202)	(14,330)	(98)	(34,879)	(32)	(232,652)	(413,193)
Administration and sales expenses	(806,286)	(204,670)	(46,319)	(101,145)	(10,295)	(297,269)	(1,465,984)
Other income (expenses), net	68,128	(3,159)	(4,460)	76,217	387	48,064	185,177
Wealth tax	(19,384)	(14,393)	-	(3,410)	(199)	(2,385)	(39,771)
OPERATING PROFIT	675,420	748,295	156,882	427,087	12,556	500,293	2,520,533
EBITDA	1,421,571	1,110,971	156,980	465,499	13,520	736,088	3,904,629
Financial income	23,364	15,422	95	13,515	1,377	34,301	88,074
Financial expenses	(444,217)	(326,819)	(6)	(135,947)	(939)	(282,426)	(1,190,354)
Exchange rate difference, net	8,292	82	8	4,071	918	9,824	23,195
PROFIT BEFORE TAX	262,859	436,980	156,979	308,726	13,912	261,992	1,441,448
Income tax	(213,006)	(195,578)	(42)	(35,136)	2,005	(93,108)	(534,865)
PROFIT FROM CONTINUING OPERATIONS	49,853	241,402	156,937	273,590	15,917	168,884	906,583
NET PROFIT	49,853	241,402	156,937	273,590	15,917	168,884	906,583

DECEMBER 2016	Cement	Energy	Real Estate	Portfolio	Coal	Concessions	Total
Net income (1)	8,517,382	3,794,910	214,512	906,762	69,123	1,078,655	14,581,344
Less: Intersegment	(15,828)	(5,549)	(3,616)	(3,144)	(323)	-	(28,460)
CONSOLIDATED INCOME (1)	8,501,554	3,789,361	210,896	903,618	68,800	1,078,655	14,552,884
Cost of ordinary activities	(6,086,813)	(2,575,878)	(22,578)	(460,378)	(44,519)	(386,423)	(9,576,589)
Depreciation and amortization	(492,712)	(328,853)	-	-	(2,546)	(30,774)	(854,885)
GROSS PROFIT	1,922,029	884,630	188,318	443,240	21,735	661,458	4,121,410
Depreciation and amortization of other assets	(118,838)	(11,872)	(95)	(3,404)	(65)	(94,361)	(228,635)
Administration and sales expenses	(841,519)	(191,000)	(42,751)	(87,560)	(11,630)	(171,843)	(1,346,303)
Other income (expenses), net	44,346	(6,235)	8,287	(3,547)	2,668	(34,486)	11,033
Wealth tax	(48,402)	(36,043)	-	(9,968)	(497)	(5,959)	(100,869)
OPERATING PROFIT	957,616	639,480	153,759	338,761	12,211	354,809	2,456,636
EBITDA	1,617,568	1,016,248	153,854	352,133	15,319	485,903	3,641,025
Financial income	31,655	26,049	72	10,680	1,991	42,157	112,604
Financial expenses	(405,244)	(357,418)	(992)	(155,194)	(349)	(205,283)	(1,124,480)
Exchange rate difference, net	29,683	6,323	5	6,179	425	(2,341)	40,274
PROFIT BEFORE TAX	613,710	314,434	152,844	200,426	14,278	189,342	1,485,034
Income tax	(127,952)	(146,359)	(6,469)	(59,693)	(1,630)	(10,929)	(353,032)
PROFIT FROM CONTINUING OPERATIONS	485,758	168,075	146,375	140,733	12,648	178,413	1,132,002
NET PROFIT	485,758	168,075	146,375	140,733	12,648	178,413	1,132,002

(1) The consolidated income for December 2017 and December 2016 includes net equity in associates and joint ventures income of COP 434,229 and COP 539,998, respectively.

With respect to the information presented as at December 2016, the following reclassifications were made:

- The elimination of the equity method on subsidiaries as well as the consolidation adjustments are included in the income line. For the information presented in December 2016, the intersegment line was included. These changes were made in the real estate and portfolio segment.
- In the cement segment, there was a reclassification from net other income (expenses) to income tax, because it was considered that this change in presentation reflects the results of the operations more faithfully (see Note 5: Changes in Accounting Policies and Reclassification of Entries in the Financial Statements)

The accounting policies applied to the preparation of information by segment and the accounting for transactions between the segments are those described in the accounting policy of operating segments. The Group has not made any asymmetrical allocations in its operating segments.

41.2 Geographical Information

Revenue from external customers of the Group's continuing operations by geographical location as at December 31 is as follows:

	Income by Location	
	2017	2016
Colombia	7,130,830	7,350,219
United States	4,550,912	4,240,508
Panama	1,286,056	1,531,664
Honduras	500,298	441,507
Caribbean Islands	491,643	1,106,197
Dominican Republic	388,230	(402,705)
Haiti	155,921	178,979
Costa Rica	38,025	47,605
Suriname	27,536	35,868
Chile	4,128	23,042
TOTAL	14,573,579	14,552,884

For these purposes, the basis used to allocate the income of external customers to countries is the location of each subsidiary.

As at December 2017 and December 2016, the Group had no customers accounting for 10% or more of the consolidated income.

Note 42: Information on Related Parties

42.1 Transactions with Related Parties

During the year, the Group's companies carried out the following transactions and present the balances receivable or payable with related parties that are not merged with the Group: As at December 31, 2017, the transactions made with Compañía de Puertos Asociados S.A. – Compas S.A. are not included as transactions with related parties, because in August 2017, Grupo Argos disinvested all of its share in this company.

	Sale of Goods and Other Income		Purchase of Goods and Other Expenses	
	2017	2016 (i)	2017	2016 (i)
Entities with significant influence over the Group (1)	465	19	67,217	37,726
Associates (2)	5,563	25,914	32,673	17,252
Joint ventures (3)	8,267	16,801	22,038	32,532
Key management staff (4)	244	234	3,231	2,889
TOTAL RELATED PARTIES	14,539	42,968	125,159	90,399

(i) For the purposes of comparison, some transactions of related parties reported in 2016 are not included in this disclosure, which mainly correspond to transactions with minority holdings of the Odinsa S.A. subsidiary.

(1) Consists of the reporting of insurance for damages from Hurricane Maria in Puerto Rico. The expenses are the result of the purchase of insurance to cover assets, civil liability and employee benefit plans with Grupo de Inversiones Suramericana S.A.

(2) Mainly due to the loan made to Contreebute S.A.S. at market rates, interest of Concesión La Pintada S.A.S. and the provision of administrative services to Internacional Ejecutiva de Aviación S.A.S. The expenses are represented in the provision of air transportation services by Internacional Ejecutiva de Aviación S.A.S., sustainability management consultancy by Contreebute S.A.S. and leases paid to Fondo de Capital Privado Pactia Inmobiliario.

(3) This mainly consists of income from construction services and leases of Consorcio Constructor Nuevo Dorado, interest of Quiport Holding, income from the sale of raw materials and technical assistance to Omya Andina S.A. and Caltek S.A.S. The expenses are from services of water transportation and rental of boats, and that invoiced by Consorcio Mantenimiento Opain for the maintenance of air-side and land-side roads.

(4) This consists of income from interest on loans and expenses of professional fees of Board Members.

	Amounts Receivable		Amounts Payable	
	2017	2016 (i)	2017	2016 (i)
Entities with significant influence over the Group (1)	37,243	18,408	20,452	18,680
Associates (2)	3,444	189,030	2,762	2,545
Joint ventures (3)	118,032	135,807	157,133	12,229
Key management staff (4)	2,570	2,618	-	-
TOTAL RELATED PARTIES	161,289	345,863	180,347	33,454

The amounts receivable include COP 36,167 (2016: COP 0) from other prepaid expenses to related parties. The amounts payable include COP 29,310 (2016: COP 0) from other non-financial liabilities (see Note 12: Prepaid Expenses and Other Non-financial Assets and Note 28 Other Non-financial Liabilities).

(i) For the purposes of comparison, some transactions of related parties reported in 2016 are not included in this disclosure, which mainly correspond to transactions with minority holdings of the Odinsa S.A. subsidiary.

(1) This consists of the prepaid expenses for the multi-risk insurance policy, accounts receivable from the reimbursement of claims, dividends payable, and accounts payable to Grupo de Inversiones Suramericana S.A. for insurance.

(2) This mainly consists of accounts receivable from Concesión La Pintada S.A.S., the loan made to Contreebute S.A.S. at market rates and the provision of administrative services to Internacional Ejecutiva de Aviación S.A.S. The accounts payable are represented in the provision of air transportation services by Internacional Ejecutiva de Aviación S.A.S., sustainability management consultancy by Contreebute S.A.S. and leases with Fondo de Capital Privado Pactia Inmobiliario.

(3) This mainly consists of accounts receivable from Quiport Holding S.A. and

Aerotocumen S.A. for services and interest, from Consorcio Constructor Nuevo Dorado for rental of machinery, and from Omya Andina S.A. and Caltek S.A.S. for technical support services and the sale of raw materials. The accounts payable correspond to suppliers and the withholding as collateral from Consorcio Constructor Nuevo Dorado and Consorcio Mantenimiento Opain; accounts payable to Consorcio Imhotep and other accounts payable of the invoicing for construction and delivery of infrastructure works corresponding to voluntary work of the construction of the passenger terminal of El Dorado International Airport.

(4) The accounts receivable are represented by loans granted to key management staff.

As at December 31, 2017 and 2016, the Group has not received or provided collateral on balances receivable from or payable to related parties. Transactions between the reporting companies and their related parties are carried out in conditions equivalent to those of transactions between independent parties.

The average term of accounts receivable from related parties regarding the sale of goods is 30 days, and accounts payable between related parties have an average term of 60 days. The average term of loans for 2017 is between one and four years, agreed at a rate between 5.22% and 9.85% in Colombian pesos.

42.2 Remuneration of Key Management Staff

The remuneration of key management staff during the year was as follows:

	2017	2016
Short-term employee benefits	174,950	165,625
Post-employment benefits	7,675	4,641
Other long-term benefits	3,762	-
Termination benefits	2,558	2,144
TOTAL REMUNERATION PAID TO KEY MANAGEMENT STAFF	188,945	172,410

The values shown in the table are the values reported as expenses during the period.

Note 43: Business Combinations

43.1 Business Combinations during the Reporting Period

43.1.1 Subsidiaries and Groups of Assets Acquired

Subsidiaries or Groups of Assets Acquired	Buyer	Main Activity	Acquisition Date	Share Acquired by Direct Buyer (%)	Amount Paid
Opain S.A. (1)	Grupo Argos S.A.	Operating concession holder of El Dorado International Airport	January 2017	30.0%	482,206
Argos San Juan Corp. (formerly ESSROC San Juan INC) (2)	Wetvan Overseas Ltd. (subsidiary of Cementos Argos)	Cement production	February 2017	100%	12,270
P.A. Ganadería Río Grande (3)	Grupo Argos S.A.	Cattle farming business	September 2017	6.37%	2,500

1). Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A.

In January 2017, Grupo Argos S.A. completed the purchase of 30% of Opain S.A., a concession holding company responsible for the administration, operation, commercial exploitation, maintenance, renovation, and expansion of the passenger and cargo terminals at El Dorado International Airport in Bogotá in development of the purchase agreement signed in November 2016.

With this acquisition, Grupo Argos makes significant progress in the materialization of the strategy as parent company of infrastructure in the region and can strengthen its investments in international airport concessions, consolidating control of said asset, because Odinsa, the road and airport concessions subsidiary, has a 35% share in Opain S.A.

The compensation transferred amounted to COP 483,111, of which COP 482,206 are for the acquisition of Opain S.A. and COP 905 for the acquisition of Consorcio de Mantenimiento Opain CMO. Additionally, the rights of Consorcio Constructor Nuevo Dorado CCND were

obtained for COP 12,153. The investments in these consortia were classified as joint ventures. This transaction was paid with own funds and external funding. The 34.49% shareholding previously held in the equity of Opain S.A. was measured at fair value before the acquisition date. This measurement generated a profit of COP 95,672 which is presented in the other income line of the consolidated financial statements (See Note 38: Other Income (Expenses), Net).

2) Argos San Juan Corp. (formerly ESSROC San Juan INC)

On February 8, 2017, Cementos Argos S.A. purchased all the shares of ESSROC San Juan Inc., which operates a clinker and cement production business in Puerto Rico, from ESSROC Cement Corp. through its subsidiary, Wetvan Overseas Ltd. Wetvan Overseas Ltd. is a company in which Cementos Argos S.A. holds an indirect share of 60% of its capital, and the other 40% is held by Inicia (formerly Vicini).

The objective of the acquisitions was to execute the company's geographical diversification and expansion strategy. This operation

strategically fits with the Group's current position in the Caribbean and enables it to expand the presence of Argos in Puerto Rico, as well as exploring markets for export from the island to the region with the support of the Company's logistics network.

3) P.A. Ganadería Río Grande

Patrimonio Autónomo Ganadería Río Grande was incorporated in August 14, 2017, in which Grupo Argos has a 6.37% share from a cash contribution of COP 2,500. The cattle farming business includes all activities related to the operation and management of the business of rearing and selling cattle, biotechnology and maintenance of the farms where the cattle are located. By entering into a contract of shareholding accounts where the assets related to the cattle farming business were contributed, Fundación Grupo Argos, as managing participant, manages and operates the assets of this business on its own account.

Grupo Argos merges with Patrimonio Autónomo Ganadería Río Grande, being exposed to variable returns from this investment and having the capacity to influence them through the exercise of its power by making relevant decisions. This is mainly due to its function as financier of the cattle farming activity developed through P.A. Ganadería Río Grande

43.1.2 Assets Acquired, Liabilities Assumed and Compensation Transferred as at the Acquisition Date

The table below shows the allocation of the total price paid of the assets identified and liabilities assumed in the business combinations as at the date control was obtained:

	Opain S.A.	Argos San Juan Corp. (formerly ESSROC San Juan INC)	P.A. Ganadería Río Grande
ASSETS			
Cash and cash equivalents	472,566	2,670	2,500
Trade and other accounts receivable (1)	116,574	7,582	-
Current tax assets	4,139	-	-
Inventories, net	2,216	8,171	-
Prepaid expenses and other non-financial assets	8,304	286	-
CURRENT ASSETS	603,799	18,709	2,500
Trade and other accounts receivable (1)	-	2,273	-
Intangible assets, net	2,564,707	-	-
Property, plant and equipment, net	6,824	25,433	1,656
Investment properties	-	2,914	-
Biological assets	-	-	35,105
NON-CURRENT ASSETS	2,571,531	30,620	36,761
TOTAL IDENTIFIABLE ASSETS	3,175,330	49,329	39,261
LIABILITIES			
Borrowings (1)	1,295,423	-	-
Employee benefit liabilities	2,661	1,596	-
Trade and other accounts payable	165,672	14,329	-
Contingent liabilities and provisions (2)	3,902	49	-

	Opain S.A.	Argos San Juan Corp. (formerly ESSROC San Juan INC)	P.A. Ganadería Río Grande
Other non-financial liabilities	140,073	616	-
CURRENT LIABILITIES	1,607,731	16,590	-
LIABILITIES			
Borrowings (1)	82,820	-	-
Deferred tax	188,785	-	-
Trade and other accounts payable	-	-	-
Contingent liabilities and provisions (2)	1,899	-	-
Bonds and compound financial instruments	-	-	-
Other liabilities	144,396	-	-
NON-CURRENT LIABILITIES	417,900	-	-
TOTAL LIABILITIES ASSUMED	2,025,631	16,590	-
NET ASSETS MEASURED AT FAIR VALUE	1,149,699	32,739	39,261
Compensation transferred	482,206	12,270	2,500
Valuation of the prior investment	549,123	-	-
TOTAL COMPENSATION TRANSFERRED AND VALUATION OF THE PRIOR INVESTMENT	1,031,329	12,270	2,500
Shareholding (%) acquired	64.48%	100%	6.37%
Net assets acquired by the buyer	741,367	32,739	2,500
Plus deferred tax reported in Odinsa on the prior investment of Opain S.A.	109,229	-	-
TOTAL NET ASSETS ACQUIRED	850,596	32,739	2,500
Total compensation transferred and valuation of the prior investment	1,031,329	12,270	2,500
Plus minority holdings (3)	-	8,180	-
Less total net assets acquired	(850,596)	(32,739)	(2,500)
EXCESS OF AMOUNT PAID (PROFIT IN BARGAIN PURCHASE) IN THE ACQUISITION (4)	180,733	(12,289)	-
Exchange differences, net	-	(60)	-
EXCESS OF AMOUNT PAID (PROFIT IN BARGAIN PURCHASE) IN THE ACQUISITION AS AT DECEMBER 31, 2017 (4)	180,733	(12,349)	-
Costs related to the acquisition (5)	Insignificant	713	Insignificant

(1) The fair value of the accounts receivable and borrowings acquired is similar to their carrying amount.

(2) Contingent liabilities are reported on the acquisition date as a result of disputes.

(3) The Group has decided to measure minority holdings of these business combinations

carried out during the reporting periods by the proportionate share of the entity's net assets.

(4) The excess of the amount determined in the acquisition of Opain S.A. of COP 180,733 is mainly represented in the right to exploit the operations of the airport concessions, which, in turn, are aligned with the Group's strategy to progress in sustainable investments in infrastructure. Although Opain S.A.

is a company with a finite useful life, it has great expectations for the investments announced by Civil Aeronautics to implement latest-generation air transportation technology and renovation and expansion projects of El Dorado Airport (see Note 15: Intangible Assets, Net).

The profit from the bargain purchase of Argos San Juan Corp. (formerly ESSROC San Juan INC) amounting to COP 12,349 was allocated to the cement segment. This operation strategically fits with the expansion of the Cementos Argos subsidiary in the Caribbean (Puerto Rico), exploring markets for export from the island to the region, supported by the company's current logistics network.

(5) The transaction costs related to the acquisitions mainly consist of legal and consultancy professional fees. Transaction costs are recorded as administration expenses in the consolidated statement of income.

No contingent compensation was agreed for the purchase agreements established in the acquisition of the subsidiaries. Likewise, the Group did not issue common shares as consideration transferred, nor did it identify compensation assets for their reporting.

As at December 31, 2016, the initial accounting of the business combination for the assets acquired from Heidelberg was carried out using provisional fair values. As at November 30, 2017, the provisional accounting was completed with the definitive estimates of fair value of the net assets acquired. The impact on goodwill of the adjustment of the provisional values of the business combination is a decrease of (COP 31,852) (see Note 14: Goodwill and Impairment of Assets). The adjustments of the provisional amounts of the business combination are listed below for each identified asset and assumed liability.

Assets Acquired from Heidelberg			
	Provisional Amounts as at December 2016	Adjustments to Provisional Amounts	Definitive Amounts as at December 2017
Inventories	91,416	(2,700)	88,716
CURRENT ASSETS	91,416	(2,700)	88,716
Other net intangible assets	79,855	6,995	86,850
Property, plant and equipment, net	1,921,658	16,741	1,938,399
NON-CURRENT ASSETS	2,001,513	23,736	2,025,249
TOTAL IDENTIFIABLE ASSETS	2,092,929	21,036	2,113,965
Trade and other accounts payable	5,064	(5,064)	-
Other non-financial current liabilities	1,203	(1,203)	-
CURRENT LIABILITIES	6,267	(6,267)	-
Non-current provisions	5,628	5,374	11,002
Other liabilities	26,491	(15,004)	11,488
NON-CURRENT LIABILITIES	32,119	(9,630)	22,490
TOTAL LIABILITIES ASSUMED	38,386	(15,897)	22,490
Total identifiable net assets assumed	2,054,543	36,932	2,091,475
Goodwill generated by the acquisition	34,416	(31,853)	2,564
Cash	2,088,959	5,080	2,094,039
TOTAL COMPENSATION	2,088,959	5,080	2,094,039
Costs related to the acquisition	16,093	(3,433)	12,660

43.1.3 Separately Reported Transactions of Business Combinations

The Group did not report transactions separately from the acquisition of assets and liabilities in the business combinations below.

43.1.4 Revenue and Income of the Subsidiaries Acquired

The revenue and the profit before tax of continuing operations since the acquisition date of the subsidiaries are presented below, as well as the revenue and the profit before tax of continuing operations that would have been reported if the business combination had occurred before the start of 2017.

	Opain S.A. (1)	Argos San Juan Corp. (formerly ESSROC San Juan INC) (2)	P.A. Ganadería Río Grande (3)
2017			
Revenue of continuing operations since the acquisition date	977,536	63,391	7,428
Profit of continuing operations since the acquisition date	6,980	(8,673)	(3,149)
Revenue of continuing operations since January 1, 2017	1,061,936	73,249	15,254
Profit of continuing operations since January 1, 2017	11,131	(118,507)	(6,105)

43.1.5 Net Cash Flow on the Acquisition of Subsidiaries

	Opain S.A. (1)	Argos San Juan Corp. (formerly ESSROC San Juan INC) (2)	P.A. Ganadería Río Grande (3)	Assets acquired in West Virginia (4)
2017				
Compensation paid in cash	482,206	12,270	2,500	5,080
Transaction costs of the acquisition (included in the cash flows from operating activities)	-	713	-	(3,433)
Less:				
Balances of cash and cash equivalents acquired from the controlled company (included in the cash flows from investment activities)	(472,566)	(2,670)	(2,500)	-
NET CASH FLOW DELIVERED FROM THE ACQUISITION	9,640	10,313	-	1,647

(1) The compensation paid for Opain S.A. was made in two payments, the first made in January 2017 of COP 243,111 (COP 242,206 for Opain S.A. and COP 905 for Consorcio de Mantenimiento Opain) and the second made in May 2017 of COP 240,000.

(2) The compensation paid for Argos San Juan Corp. (formerly ESSROC San Juan INC) was in cash in February 2017.

(3) The compensation paid for P.A. Ganadería Río Grande in 2017 was a single payment made in December 2017 of COP 2,500.

(4) The additional compensation paid for the assets of West Virginia was in cash in 2017.

43.1.6 Completion of the Process of Allocating the Purchase Price of Business Combinations

As at December 31, 2017, the process of allocating the purchase price of the acquisition of control of Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A., Argos San Juan Corp. (formerly ESSROC San Juan INC) and PA. Ganadería Río Grande had been completed. The acquisition of control of the companies was carried out in 2017. The process of accounting for the business combination began on that date.

43.2 Business Combinations during the Year Preceding the Reporting Period

43.2.1 Subsidiaries and Groups of Assets Acquired

Subsidiaries or Groups of Assets Acquired	Buyer	Main Activity	Acquisition Date	Share Acquired by Direct Buyer (%)	Amount Paid
Boulevard Turístico del Atlántico S.A. (1)	Odinsa Holding Inc.	Highway concession projects	May 2016	67.5%	47,977
Constructora JV Proyecto BTA SRL. (1)	Odinsa Holding Inc.	Highway concession projects	May 2016	67.5%	80
Autopistas del Nordeste (Cayman) Limited (1)	Odinsa Holding Inc.	Highway concession projects	May 2016	67.5%	90,789
Constructora JV Proyectos A de N SR: (1)	Odinsa Holding Inc.	Highway concession projects	May 2016	67.5%	447
Assets acquired in West Virginia (2)	Argos USA LLC.	Cement production	November 2016		2,088,959

1) Highway concession projects Boulevard Turístico del Atlántico S.A., Autopistas del Nordeste (Cayman) Ltd., JV Proyectos BTA S.R.L and JV Proyectos ADN S.R.L.:

In May 2016, control was obtained of the companies Boulevard Turístico del Atlántico S.A., Autopistas del Nordeste (Cayman) Ltd., JV Proyectos BTA S.R.L and JV Proyectos ADN S.R., and it was completed with the purchase of an additional 25% amounting to COP 139,294 with own funds as well as external financing. Before acquiring control, Odinsa's shareholding in these companies amounted to 42.5%, thus resulting in a total of 67.5% in each company.

Boulevard Turístico del Atlántico S.A. (hereinafter BTA) is the company that owns the project for the design, rebuilding, construction, operation and maintenance of the Nagua - Samaná highway. The consortium responsible for executing the infrastructure works is JV Proyectos BTA S.R.L. (hereinafter, JV BTA).

Autopistas del Nordeste (Cayman) Ltd. (hereinafter, ADN) is the concession holder responsible for the construction, operation and maintenance of the Santo Domingo-Cruce Rincón de Molinillos highway. JV Proyectos ADN S.R.L (hereinafter, JV ADN) is the consortium responsible for the construction of the infrastructure and maintenance obligations contained in the concession agreement.

The takeover of BTA, JV BTA, ADN and JV ADN will allow Odinsa S.A. to strengthen its investments in international highway concessions in line with the Group's strategy to increase its assets in infrastructure.

The 42.5% shareholding previously held in the equity of the BTA, JV BTA, ADN, and JV

ADN highway concessions was measured at fair value before the acquisition date. This measurement generated a loss of COP 139,673, which is reported in the other expenses line of the consolidated financial statements. Likewise, the acquisition generated a profit from bargain purchase of COP 233,198, for a net effect of COP 93,525. The profit from bargain purchase is reported in the other income line of the consolidated financial statements. The profit from bargain purchase is listed below by Company.

	Boulevard Turístico del Atlántico S.A.	Autopistas del Nordeste Ltda	JV Proyectos BTA SRL	JV Proyectos A de N S.R.L.	TOTAL
Profit from bargain purchase	89,204	139,037	2,652	2,305	233,198

As at December 31, 2017, the process of allocating the purchase price related to the acquisition of control of ADN, BTA, JV ADN and JV BTA had been completed. Control of Odinsa S.A. was acquired in May 2016; the date on which the process of accounting for the business combination began, supported by external consultancy.

2) Assets Acquired in West Virginia

On August 17, 2016, Argos USA LLC., a subsidiary of Cementos Argos S.A., signed an agreement with HeidelbergCement AG, through its U.S. subsidiaries: Lehigh Hanson Inc. and Essroc Cement Corp., to purchase a cement production plant in Martinsburg, West Virginia (United States) and eight cement terminals for USD 660 million. The closure of the agreement was subject to the approval of the Federal Trade Commission (FTC) and other normal conditions for closure. Subsequently, on November 30, 2016, Argos USA LLC, a subsidiary of Cementos Argos S.A., completed the acquisition

of assets, following approval of the agreement by the Federal Trade Commission (FTC), the regulatory entity in the USA, and compliance with the conditions for closure.

43.2.2 Assets Acquired, Liabilities Assumed and Compensation Transferred as at the Acquisition Date

The table below shows the allocation of the total price paid for the acquisition of the assets identified and liabilities assumed in business combinations as at the date that control was obtained:

	Boulevard Turístico del Atlántico S.A.	Autopistas del Nordeste Ltda	JV Proyectos BTA SRL	JV Proyectos ADN SRL	Provisional Amounts of Assets Acquired in West Virginia
ASSETS					
Cash and cash equivalents	151,804	108,687	1,206	1,249	-
Trade and other accounts receivable (1)	72,623	61,467	4	602	-
Inventories, net	-	-	-	-	91,416
Prepaid expenses and other non-financial assets	-	2,422	-	-	-
CURRENT ASSETS	224,427	172,576	1,210	1,851	91,416
Trade and other accounts receivable (1)	747,862	1,259,097	10,134	9,204	-
Intangible assets, net	-	-	-	-	79,855
Property, plant and equipment, net	152	1,965	38	2,235	1,921,658
Other non-financial assets	805	72,947	260	433	-
NON-CURRENT ASSETS	748,819	1,334,009	10,432	11,872	2,001,513
TOTAL IDENTIFIABLE ASSETS	973,246	1,506,585	11,642	13,723	2,092,929

	Boulevard Turístico del Atlántico S.A.	Autopistas del Nordeste Ltda	JV Proyectos BTA SRL	JV Proyectos ADN SRL	Provisional Amounts of Assets Acquired in West Virginia
LIABILITIES					
Borrowings (1)	29,939	-	-	271	-
Trade and other accounts payable	10,752	31,194	710	1,630	5,064
Other non-financial liabilities	-	-	-	-	1,203
CURRENT LIABILITIES	40,691	31,194	710	1,901	6,267
Borrowings (1)	530,964	788,259	-	2,404	-
Provisions (2)	16,167	-	-	-	5,628
Other liabilities	19,753	-	-	-	26,491
NON-CURRENT LIABILITIES	566,884	788,259		2,404	32,119
TOTAL LIABILITIES ASSUMED	607,575	819,453	710	4,305	38,386
NET ASSETS ACQUIRED MEASURED AT FAIR VALUE					
Accounts receivable acquired	45,762	58,044	-	398	-
TOTAL NET ASSETS ACQUIRED BY THE BUYER PLUS THE ACCOUNTS RECEIVED	411,433	745,176	10,932	9,816	2,054,543
Compensation transferred					
Compensation transferred	47,976	90,790	81	447	2,088,959
Valuation of the prior investment					
Valuation of the prior investment	155,410	292,031	4,646	4,003	-
TOTAL COMPENSATION TRANSFERRED AND VALUATION OF THE PRIOR INVESTMENT	203,386	382,821	4,727	4,450	2,088,959
Total share (%)					
Total share (%)	67.50%	67.50%	67.50%	67.50%	
Less net assets acquired by the buyer plus the accounts receivable received					
Less net assets acquired by the buyer plus the accounts receivable received	(292,590)	(521,858)	(7,379)	(6,755)	(2,054,543)
EXCESS OF AMOUNT PAID (PROFIT IN BARGAIN PURCHASE) IN THE ACQUISITION (3)	(89,204)	(139,037)	(2,652)	(2,305)	34,416
Exchange differences, net					
Exchange differences, net					(1,787)
EXCESS OF AMOUNT (PROFIT IN BARGAIN PURCHASE) IN THE ACQUISITION AS AT DECEMBER 31, 2016 (3)	(89,204)	(139,037)	(2,652)	(2,305)	32,629
Costs related to the acquisition (4)					
Costs related to the acquisition (4)	Insignificant	Insignificant	Insignificant	Insignificant	16,093

(1) The fair value of the accounts receivable and borrowings acquired is similar to their carrying amount.

(2) No significant contingent liabilities were reported on the acquisition date.

(3) The goodwill determined in the acquisition of assets in West Virginia is based mainly on the fact that the operations acquired are within the strategic geographical area of operations defined by the company; the generation of operative, administrative and distribution synergies; the geographical location, port infrastructure and maritime knowhow of Cementos Argos S.A.; the potential to adapt the Argos model and offer value added products; countries with growth potential in consumption per capita; and the intangible workforce asset that does not meet the criteria of identifiability or contractual relationship. The goodwill reported is deductible from income tax.

The bargain purchase of Boulevard Turístico del Atlántico – BTA, Autopistas del Nordeste – ADN, JV Proyectos BTA S.R.L and JV Proyectos ADN S.R.L. was allocated to the concessions segment. The transaction was a bargain purchase due to the need for cash flow of the party selling the shares.

(4) Transaction costs related to acquisitions consist mainly of investment banking fees and consultancy fees related to the due diligence process. Transaction costs are recorded as administration expenses in the consolidated statement of income.

No contingent compensation was agreed for the purchase agreements established in the acquisition of the subsidiaries. The Group did not issue common shares as consideration transferred, nor did it identify compensation assets for their reporting.

The Group has decided to measure minority holdings of all the business combinations carried out during the reporting periods by the proportionate share of the entity's net assets.

43.2.3 Separately Reported Transactions of Business Combinations

The Group did not report transactions separately from the acquisition of assets and liabilities in the business combinations below.

43.2.4 Revenue and Income of the Subsidiaries Acquired

The revenue and the profit before tax of continuing operations since the acquisition date of the subsidiaries are presented below, as well as the revenue and the profit before tax of continuing operations that would have been reported if the business combination had occurred before the start of 2016.

	Boulevard Turístico del Atlántico S.A. BTA	Autopistas del Nordeste ADN	JV Proyectos BTA S.R.L.	JV Proyecto ADN S.R.L.	Assets acquired in West Virginia (1)
2016					
Revenue of continuing operations since the acquisition date	90,133	83,051	-	4,443	30,258
Profit before tax of continuing operations since the acquisition date	162,590	(25,223)	(1,094)	(222)	(5,202)
Revenue of continuing operations since January 1, 2016	97,091	121,525	-	7,390	406,169
Profit before tax of continuing operations since January 1, 2016	138,429	(16,692)	(552)	(105)	20,568

(1) The income and profit of the assets acquired in West Virginia were adjusted to include the effects of completion of the process of allocating the purchase price related to this acquisition.

43.2.5 Net Cash Flow on the Acquisition of Subsidiaries

	Boulevard Turístico del Atlántico S.A. BTA	Autopistas del Nordeste ADN	JV Proyectos BTA S.R.L.	JV Proyecto ADN S.R.L.	Assets Acquired in West Virginia
2016					
Compensation paid in cash	47,976	90,790	81	447	2,088,959
Transaction costs of the acquisition (included in the cash flows from operating activities)	-	-	-	-	16,093
Less:	-	-	-	-	-
Balances of cash and cash equivalents acquired from the controlled company (included in the cash flows from investment activities)	151,804	108,687	1,207	1,249	-
NET CASH FLOW ON THE ACQUISITION DATE	(103,828)	(17,897)	(1,126)	(802)	2,150,052

43.2.6 Completion of the Process of Allocating the Purchase Price of Business Combinations

On December 31, 2016, the Parent Company completed the process of allocating the purchase price related to the acquisition of control of Odinsa in September 2015. The control of Odinsa S.A. was acquired in September 2015; the date on which the process of accounting for the business combination began, supported by external consultancy.

Note 44: Contingent Assets and Liabilities

Certain contingent conditions may exist on the date of issue of the financial statements that could result in a loss for the Group. These contingencies shall be resolved in the future when one or more events occur or the likelihood of their occurrence varies. Said contingencies are estimated by Management and its legal advisors. Estimates of loss contingencies necessarily involve an exercise of professional judgment and are a matter of opinion. When estimating loss contingencies in legal proceedings pending against the Group, legal advisors evaluate various aspects, including the merits of claims, the jurisprudence of the courts on the matter, and the current situation of the proceedings on a case-by-case basis.

The Group believes that these matters will be resolved with no significant effect on its operations, financial standing or revenue.

44.1 Contingent Assets

44.1.2 Grupo Odinsa S.A.

Boulevard Turístico del Atlántico S.A.

Through its registered agents, the Boulevard Turístico del Atlántico S.A. company has requested that the High Administrative Court recognize that it is exempt from asset tax under the protection of the concession agreement and that the General Directorate of Internal Tax (DGII, for the Spanish original) recognizes the

non-application/exemption from this tax for the 2013, 2014 and 2015 periods. The amount is USD 16.9 million (COP 50,696). It is pending a ruling by the High Administrative Court.

On March 3, 2015, the DGII issued the Resolution on the Appeal for Reconsideration No. 101-2015, which confirmed the obligation of Boulevard Turístico del Atlántico S.A. to pay tax on the assets for the tax years 2011-2012. The amount is USD 12 million (COP 35,881).

To date, the High Administrative Court has not issued a ruling with respect to the appeal.

Autopistas del Nordeste S.A.

Through its registered agents, the Autopistas del Nordeste S.A. company has requested that the High Administrative Court recognize that asset tax is not applicable to it under the protection of the administrative concession agreement in the road toll system for the construction of the Santo Domingo-Rincón Molinillo Highway, and that the DGII recognize the non-application/exemption from this tax for the 2011 and 2012 periods. The amount is USD 17.4 million (COP 52,090). It is pending a ruling by the High Administrative Court.

Through its registered agents, the Autopistas del Nordeste S.A. company has requested that the High Administrative Court recognize that asset tax is not applicable to it under the protection of the concession agreement and that the DGII recognizes the non-application/exemption from this tax for the 2013, 2014 and 2015 periods. The amount is USD 23 million (COP 68,644). It is pending a ruling by the High Administrative Court.

44.2 Contingent Liabilities

The disputes and lawsuits to which the Group is exposed are managed by the Legal Department. The proceedings may be of a labor, civil, criminal, tax or administrative nature. The Group considers the proceedings for which there is a likelihood

of occurrence of the event and a future outflow of resources as contingent liabilities. The Group regularly monitors the evolution of the probability of loss of these proceedings, along with their classification as contingent liabilities or provisions.

If the probability of loss increases from possible to probable, the Group reports a provision and the corresponding effect in the consolidated statement of income for the period. The amount to provision depends on each specific proceeding. As at December 31, 2017, the most significant contingencies that were not reported as provisions in the financial statements were:

44.2.1 Grupo Argos S.A.

Labor Proceedings Issues with Industrial Hullera

The Group was involved in a labor proceeding as a result of the lawsuit filed by employees of the Industrial Hullera company. The lawsuit requests the indexing of the monthly pension payments of this company's employees, because in a previous legal ruling, it was not indicated that said monthly payments must be indexed. As indicated by the defense, the motion to dismiss for lack of standing was filed because the Company was not a shareholder at the time the proceedings were started, it did not exercise control over Industrial Hullera, and it was not involved in the different claims made by its employees, whereby Cementos Argos was sentenced to jointly pay the monthly pension.

44.2.2 Cementos Argos S.A.

Administrative Procedure Carried Out by the Superintendence of Industry and Commerce against Cementos Argos S.A. and others for Alleged Anti-Competitive Commercial Practices

In December 2017, the Superintendence of Industry and Commerce enacted Resolution 81391 ("the disciplinary resolution") which fines Cementos Argos S.A. and two other cement companies for an alleged conscious

parallelism in setting the prices of Portland Type 1 Cement in the 2010–2012 period. Cementos Argos S.A. filed an appeal for reversal on December 19, 2017, against the decision of the Superintendence of Industry and Commerce, which to date has not been resolved. The disciplinary resolution is not definitive as the appeal for reversal has been filed, and so the fine imposed on Cementos Argos S.A. cannot currently be enforced.

It was largely demonstrated in the appeal for reversal that there was no relationship of collaboration with the competitors and that, on the contrary, the company competed independently and autonomously through the differentiated value proposition assessed by the customers. Cementos Argos S.A. shall carry out all the legal actions to demonstrate the good intentions of the company and of those who have led the organization, believing in the objectivity, responsibility and good operation of the country's institutions and the correct assessment of the evidence provided.

In the event that the contingency is consolidated, the value of fine amounts to COP 73,771. This amount would be enforceable within five business days following the date on which a possible decision is made that confirms the disciplinary resolution. Currently, this amount does not generate interest as long as, in accordance with Article 3 of the Disciplinary Resolution, interest will only be incurred at the annual rate of 12% once the term of five (5) business days following the date of the final decision has expired.

The appeal's possibility of success enables the contingency to be rated as possible according to the criteria established in the NCIF, without it being necessary to report any provision in the financial statements for this contingency. As at December 31, 2017, the company estimates that the appeal for reversal may be decided in a term of approximately two to six months.

If the disciplinary resolution is confirmed, Cementos Argos S.A. has an appeal for annulment and reestablishment of rights available through which it may obtain the reimbursement of the

updated fine paid monetarily. This type of appeal can take approximately five to seven years.

Dispute about the Contractual Relationship between Argos Honduras and Transportes Barahona, S. de R.L.

Transportes Barahona, S. de R.L. (hereinafter, "Barahona") filed a lawsuit against Lafarge Cementos S.A. de C.V., now Argos Honduras S.A. de C.V. (hereinafter, "Argos Honduras") on May 29, 2012. The plaintiff based the claim on a contractual relationship between Argos Honduras and Barahona, by means of which the latter extracted pozzolan and transported it to the plant. Barahona supported its lawsuit arguing that when Argos Honduras stopped issuing purchase orders in January 2012, what it had in fact done was to terminate a contract that was going to expire in July 2014. It argued that a specific purchase order had been "tacitly renewed" until July 2014.

The first instance court ruled in favor of Barahona stating that there had been an express renewal. The court took the value of the damages requested by Barahona of HNL 421,267,427 (COP 53,108). The second instance court confirmed the ruling of the first instance court. On August 19, 2014, Honduras filed an appeal of cassation with the Supreme Court of Justice of Honduras, which was decided in its favor on May 27, 2015. In this ruling, the Supreme Court of Justice of Honduras dismissed the lawsuit filed by Barahona, acquitted Argos Honduras from the payment of any amount to Barahona and ordered Barahona to pay the costs. On October 5, 2015, the plaintiff filed an extraordinary appeal for review with the Constitutional Court of the Supreme Court of Justice for the annulment of the cassation ruling, arguing that the simple fact of having made the ruling against its claim presented an irregularity because of collusion of the members of the Civil Court and employees of Argos Honduras. The review was admitted for its processing, still without the submission of evidence of the indication of the presumed irregularity. At the end of 2017, the Constitutional Court of the Supreme Court of Justice had not resolved the review.

Under the contract for the purchase and sale of shares between Cementos Argos S.A. and Grupo Lafarge by means of which the company acquired 53.28% of the shares in Argos Honduras, Grupo Lafarge shall compensate the company for the damages suffered by virtue of the lawsuit filed by Barahona. Said compensation by Grupo Lafarge is subject to a deductible, which shall be assumed by Cementos Argos S.A., equivalent to 30% of the damage that the Company may suffer (if the damages amount to more than EUR 4,630,790, the deductible will be the latter value).

Dispute Related to Puerto Colombia

A plaintiff filed a class action lawsuit, claiming that the collective rights of the municipality of Puerto Colombia in the Atlántico Department had been violated. Specifically, the plaintiff claimed that we had not paid the royalties owed to the municipality regarding the exploitation of certain mining concessions. The plaintiff also claimed that the trucks had entered prohibited areas without the applicable permit. The plaintiff seeks compensation for the municipality of Puerto Colombia for an accumulated amount of COP 44,000 million. Currently, the proceeding is in the first instance. No accounting provision has been recorded as it is considered that there is a strong defense.

Dispute Related to Transmilenio

Due to the structural defects in the paving of the Autopista Norte Project in Bogotá D.C. carried out by Transmilenio S.A. (hereinafter, "Project"), there is one class action filed against Bogotá City Hall, the Institute of Urban Development (IDU, for the Spanish original), Concretos Argos S.A. and certain public officials and suppliers of the project. The class action claims that Concretos Argos S.A. along with other suppliers provided construction materials without meeting the technical specifications required and, as a result, there were structural defects in the paving of the Autopista Norte Project.

At present, said class action is pending the ruling in the first instance and no accounting reserve has been recorded, considering that there are sufficient grounds to disprove any liability attributed to the Company in this action.

Litigation Related to Exótika Leather S.A.

Canteras de Colombia S.A.S is the holder of a mining title located in the township of Arroyo de Piedra, Luruaco Municipality, Atlántico Department, for the extraction of aggregates. For this mining, on November 2010, the Regional Autonomous Corporation of Atlántico (hereinafter, CRA) authorized the use of explosives for the exploitation of the mining title. The San José property is located two kilometers away from the mining area and it is a caiman breeding farm of EXOTIKA LEATHER S.A., which produces skins for export. The owners of the breeding farm made a complaint to the environmental authority that the captive caimans were changing their behavior as a result of the explosions in the mine. This had resulted in attacks among the animals due to stress, which caused damage to the skins for export, and occurred during 2011 and 2012.

In February 2016, Cementos Argos S.A. and Canteras de Colombia S.A.S. were notified of an extra-contractual civil liability lawsuit filed requesting the sum of COP 21,000 for the payment of damages. The proceeding is currently in the first instance, pending a ruling in that respect.

Transfer Prices with the National Directorate of Taxes and Customs (DIAN, for the Spanish original)

Lawsuit filed by the Company against the Official Settlement of Review due to the appreciation differences between the DIAN and the Company regarding the classification of a credit deal with related parties abroad and the application of Article 35 of the Tax Code. The Company argues that the alleged interest (at the fixed term deposit -DTF- rate) cannot be applied to transactions carried out with related parties abroad because it is a domestic rate that cannot serve as the basis to determine an international financial transaction, contrary to the DIAN's argument.

Currently, the proceeding is in the second instance after the appeal filed against the ruling in the first instance against the interests of the company. Although the financial effects of an adverse ruling are valued at COP 12,000, no accounting provision has been recorded, considering that there are sufficient arguments to disprove any liability attributed to the Company.

The Gates at Williams-Brice Condominium Association and Katharine Swinson, Individually and in Representation of all the Other Parties that Are in Similar Conditions, versus DDC Construction Inc. et al.

This is a class lawsuit filed in the South Carolina Circuit Court in December 2012 against approximately 50 different defendants due to allegations of negligent design and construction of a residential condominium project in Columbia, South Carolina.

Southern Equipment Company Inc. (now Argos USA LLC. or "RMCC") was included as one of the parties subject to the lawsuit in March 2014. The plaintiffs allege that the concrete supplied by RMCC was deficient due to the excessive amount of trapped air. The plaintiffs have reached an agreement with all the defendants except for RMCC and five other defendants.

The case is in the stage of disclosure. The discussions to reach an agreement are currently underway. The last settlement request by the plaintiff was for USD 100,000, while the settlement offer by RMCC is USD 50,000.

It is currently not possible to express an opinion on the ruling for this case or the obligation, if any, by Argos.

Southeast Ready Mix LLC and Mayson Concrete Inc. vs. Argos North America Corp. et al.

This is a lawsuit filed on July 24, 2017 with the United States District Court for the Northern District of Georgia. The lawsuit alleges different violations of the anti-trust law by Argos and several of its competitors in the ready-mix concrete and cement markets.

The case is in the preliminary stages and currently, it is not possible to express an opinion about the possible result of this matter or about the liability, if any, of Argos.

Pro Slab, Inc. vs. Argos North America Corp. et al.

This is a collective lawsuit filed on November 22, 2017, with the United States District Court for the District of South Carolina. The lawsuit alleges different violations of the anti-trust law by Argos and several of its competitors in the ready-mix concrete and cement markets.

The case is in the preliminary stages and currently, it is not possible to express an opinion about the possible result of this matter or about the liability, if any, of Argos.

Argos North America Corp. Texas Franchise Tax Audits (2008 & 2009)

In June 2016, the Texas Comptroller of Public Accounts conducted an audit of the state tax returns of Argos franchises of the years 2008 and 2009. The comptroller annulled a percentage of certain delivery costs of the cost of deducting goods sold and, as a result, it assessed additional taxes amounting to USD 638,000 in 2008 and USD 822,000 in 2009. The following tax years are still open and may be subject to audits by the comptroller.

The company requested a hearing for reconsideration. The comptroller approved the request in January 2017. The reconsideration hearing has still not been scheduled.

44.2.3 Odinsa S.A.

Autopistas del Café

1) Autopistas del Café has Official Settlement of Review No. 312412016000117 / December 12, 2016, through which the private tax return of income and additional taxes for 2010 was amended. The amount of COP 68,931 is due to the higher tax established, the fine for inaccuracy and the fine for reduction of losses.

On February 10, 2017, the Company filed an appeal for reconsideration against Official Settlement of Review No. 312412016000117. The DIAN issued the resolution on the appeal on January 15, 2018, the lawsuit will be put before the Administrative Court of Cundinamarca and the maximum term to do so is May 15, 2018.

2) Autopistas del Café has Official Settlement of Review No. 900001 through which the private CREE tax return for the 2013 tax year of COP 12,181 corresponds to the higher tax established and the fine for inaccuracy.

On February 16, 2017, the Company filed an appeal for reconsideration against the official settlement of review. The DIAN issued the resolution on the appeal on February 1, 2018, the lawsuit will be put before the Administrative Court of Risaralda and the maximum term to do so is June 1, 2018.

3) The Autopistas del Café company has Special Requirement No. 162382017000025 of January 25, 2017, through which it was proposed to correct the private income and additional tax return for the 2011 tax year by COP 11,707 as a result of the higher tax established by the DIAN.

On August 11, 2017, the Company filed the response to Special Requirement No. 16238201700025 The DIAN sent the official settlement of review on February 2, 2018.

Confase S.A. – Works on the Transmilenio System

The Confase S.A. company has a proceeding of direct reparation underway, which was filed by Sociedad Hotelera Tequendama. The reason for the lawsuit is the alleged damages caused to the plaintiff by the adaptation works on Calle 26 and Carrera 10 for the Transmilenio system. The alleged damages according to the plaintiff amount to COP 58,063.

The first hearing of the proceeding was held on September 14, 2017, which resolved the prior exceptions that were submitted in writing to contest the lawsuit and the impleader. After resolving the prior exceptions set forth by the defendant and the impleaders, the court issued a declaration about the so-called exception.

In response to the court's omission, an appeal was filed, which was granted and sent to the Third Section of the Council of State to be resolved.

Confase S.A. – Proceeding of Annulment of the Arbitration Award

1) The Confase S.A. company has a proceeding of annulment of the arbitration award issued on February 10, 2015, in the Arbitration Tribunal of Confase S.A. against IDU and Transmilenio S.A. By filing the appeal for annulment, the aim is to annul the award issued on February 10, 2015. The amount of the proceeding is the same value of the sentences imposed on IDU in Confase's favor, approximately COP 16,227.

Through the ruling of June 20, 2017, collecting the arguments set forth in opposition to the appeal for annulment, the Third Section of the Council of State declared the appeal for annulment filed by the IDU as inadmissible.

2) The Confase S.A. company has a proceeding of annulment of the arbitration award issued on January 31, 2017, in the Arbitration Tribunal of Confase S.A. against the IDU and

Transmilenio S.A. On July 5, 2017, the IDU filed a writ for the protection of constitutional rights with the Council of State against the arbitration award of January 31, 2017, issued by the Arbitration Court of Confase on the contract of IDU and Confase. The amount of the proceeding is the same value of the sentences imposed on IDU in Confase's favor, approximately COP 5,047.

On May 9, 2017, the case was filed to advocate knowledge. On September 4, 2017, the registered agent of the IDU filed a petition reiterating the request for suspension of the arbitration award. On September 13, a petition was filed which expressed opposition to the origin of the reiteration of the request for suspension of the award.

3) The Confase S.A. company has a writ for the protection of constitutional rights filed by the IDU against the arbitration award of January 31, 2017, and the court order of February 14, 2017. On July 5, 2017, the IDU filed a writ for the protection of constitutional rights with the Council of State against the arbitration award of January 31, 2017, issued by the Arbitration Court of Confase on the contract of IDU and Confase.

On October 25, 2017, the ruling of October 12, 2017, of the first instance was notified, which denied all the requests of IDU, declaring that the arbitration court had not violated the legal precedent. On October 30, 2017, the IDU contested the ruling and in October 3, the Fourth Section of the Council of State granted and sent the case to the Fifth Section for the appeal to be resolved.

Autopista del Nordeste S.A.

The Autopistas del Nordeste S.A. company has an extra-contractual civil liability proceeding in process filed by Mr. Silvestre Confesor Jiménez and others. The motive for the lawsuit is an accident in which five members of a family lost their lives upon the their vehicle travelling from north to south being hit by another vehicle travelling from south to north driven by Mr. Héctor Bladimir Frías. The amount is USD 2.1 million (COP 6,487).

At the hearing on September 14, 2017, the parties drew a conclusion on the merits of the case and a ruling is pending.

On April 30, 2009, the Dominican Social Security Institute (IDSS, for the Spanish original) filed a lawsuit against Autopista del Nordeste S.A. for the alleged unpaid social security contributions. For this purpose, it resorted to the Fourth Hall of the Civil and Commercial Chamber of the First Instance Court of the National District, where said lawsuit was rejected due to inexistence of credit. Subsequently, the IDSS filed an appeal against said decision and after three years without change of the instance, the Company requested application of the statute of limitations, which said court granted. Subsequently, the IDSS escalated an appeal for cassation to the Supreme Court of Justice. The amount is USD 863,000 (COP 2,577).

It is pending ruling by the Supreme Court of Justice.

44.2.4 Celsia S.A. E.S.P.

Empresa de Energía del Pacífico S.A. E.S.P. – EPSA:

1) On March 14, 2014, by means of an official settlement, the National Directorate of Taxes and Customs (DIAN, for the Spanish original) amended the private liquid income of Epsa for the 2010 tax year, considering that the deduction for investment in fixed assets taken for the construction of the Cucuana Hydroelectric Power Plant would not comply with the requirements indicated in current regulation. In accordance with the above, the tax and fine for inaccuracy, both under discussion according to the settlement of the DIAN, will amount to COP 16,800 and COP 26,880, respectively. Epsa then filed the corresponding appeals, which were resolved against the Company's interests. As a result of the above, the appeal for annulment and reestablishment of the right was filed with the Administrative Tribunal of Valle del Cauca against the corresponding administrative proceedings. Subsequently, the appeal was amended to include a recent ruling of the case law of the Council of State as evidence, which confirms that the

deduction for investment in real fixed production assets (Article 158-3 of the Tax Code) acquired through financial leasing is applicable in the year in which the investment is made or in which the agreement is signed. After completing the initial stages of the proceeding and the initial hearing on August 8, 2017, Epsa submitted its closing statement. Currently, the case file is pending a ruling in the first instance before the Contentious Administrative Court of Valle del Cauca.

2) Ruling on the writ for protection of constitutional rights against the interests of Epsa and other entities. In which some obligations were established to improve the river and land transportation of the communities of Cerro Tijeras and Honduras, which are in the Salvajina Power Plant's area of influence. To date, progress has been made in the prior consultations with the communities filing the lawsuit involved in compliance with the legal ruling. Notwithstanding the aforementioned, for the submission of the Salvajina Hydroelectric Power Plant's Environmental Management Plan, prior consultation with the other communities in the area of influence needs to be completed. Without this, it will not be possible to file nor have the approval of this plan from the relevant environmental authority. Consequently, it is still not possible to quantify the estimated costs of the ruling on the writ for the protection of constitutional rights. As the process moves forward, the corresponding budget allocations will be made, which will affect the statement of income.

Empresa de Energía del Pacífico S.A. E.S.P. – EPSA S.A. E.S.P. and Compañía de Electricidad de Tuluá S.A. E.S.P. – CETSA

Epsa currently has 42 active proceedings with the Ordinary Labor Court, Contentious-Administrative Court and collective proceedings initiated by entities. In turn, Celsia and Cetsa each have two active proceedings with the Ordinary Labor Court.

These proceedings have the following demands:

declare the contract valid, compensation for dismissal without just cause, statement of employer's negligence resulting in a work accident, and payment of compensation for damages, pension replacement and pension fine. An accounting provision has not been reported for these proceedings given their remote or possible probability as at December 31, 2017.

Empresa de Energía del Pacífico S.A. E.S.P. – EPSA:

Ruling on the writ for protection of constitutional rights against Epsa and other entities, in which some obligations were established to improve the river and land transportation of the communities of Cerro Tijeras and Honduras, which are in the Salvajina Power Plant's area of influence. To date, progress has been made in the prior consultations with the communities filing the lawsuit involved in compliance with the legal ruling. Notwithstanding the aforementioned, for the submission of the Salvajina Hydroelectric Power Plant's Environmental Management Plan, prior consultation with the other communities in the area of influence needs to be completed. Without this, it will not be possible to file nor have the approval of this plan from the relevant environmental authority. Consequently, it is still not possible to quantify the estimated costs of the ruling on the writ for the protection of constitutional rights. As the process moves forward, the corresponding budget allocations will be made, which will affect the statement of income.

Bahía Las Minas Corp. (“BLM”)

Contentious administrative lawsuit in full jurisdiction against Resolution AN No. 2195-ELEC / November 13, 2008, and Resolution AN No. 2293- ELEC / December 29, 2008.

Through the ruling issued on August 9, 2016, the Third Courtroom of the Supreme Court declares that Resolution No. JD-1700 / December 10, 1999, and Resolution No. JD-1929 / April 6, 2000, issued by the regulatory body of the Public Utilities Authority (ASEP, for the Spanish original)

and their confirming acts are not illegal and denies the other demands of the lawsuit.

By means of a resolution on July 14, 2017, the Third Contentious Administrative Courtroom of the Supreme Court of Justice confirms the Court Order of Evidence No. 87 / February 23, 2017, through which it decided not to admit some evidence submitted by the Distribución Eléctrica Metro-Oeste S.A. company, as part of the expert challenge made within the contentious-administrative lawsuit of full jurisdiction filed by Bahía Las Minas Corp., with the aim to declare illegal and void Resolution AN No. 2195-ELEC / November 13, 2008, of the ASEP and its confirmatory acts, and for other declarations to be made.

By means of a resolution on October 11, 2017, the Third Contentious Administrative Courtroom of the Supreme Court of Justice declares *res judicata* for the expert challenge submitted by the Distribución Eléctrica Metro-Oeste S.A. company within the contentious-administrative lawsuit of full jurisdiction filed by Bahía Las Minas Corp., with the aim to declare illegal and void Resolution AN No. 2195-ELEC / November 13, 2008, of the ASEP and its confirmatory acts, and for other declarations to be made.

Court Order No. 455 / December 27, 2017, for the admission of evidence has been issued within this proceeding, granting 20 days of the term for evidence and subsequently the submission of defense statements within the following five days.

Note 45: Concession Agreements

As at December 31, the concession agreement balance is as follows:

	2017	2016
Financial assets		
Trade accounts	1,739,592	2,353,458
TOTAL FINANCIAL ASSETS (SEE NOTE 8)	1,739,592	2,353,458
Intangible assets		
Cost	3,512,081	594,312
Amortization	(551,208)	(171,444)
TOTAL INTANGIBLE ASSETS (SEE NOTE 15)	2,960,873	422,868
TOTAL ASSETS FROM CONCESSION AGREEMENTS	4,700,465	2,776,326

Below is a description of the main concession agreements of the subsidiaries and associates of Grupo Argos S.A.:

Autopistas del Nordeste S.A.

This agreement is responsible for the operation and maintenance of the Juan Pablo II Highway in the Dominican Republic. The highway connects the country's capital with the northeastern region, as well as the towns of Monte Plata, Bayaguana, Sabana Grande de Boya and Nagua. The concession was granted by the government of the Dominican Republic in 2001 for a thirty (30) year period, and the concession holder started

operating activities in June 2008, when it opened the highway and road toll stations.

The general scope of the project is to: a) lead and review the studies and designs, and prepare the final construction designs; b) develop the study of the project's traffic demand; c) fund the project, execute the construction works and carry out regular and routine maintenance of the roads; d) return the road in optimal conditions to the government of the Dominican Republic

(30 years); e) operate the road toll stations, including the installation, assembly, testing and commission of equipment; and f) commercially run the road.

As part of the contractual agreement with the Autopistas del Nordeste S.A. concession, it has the obligation to renovate assets. Additionally, upon expiry of the operating stage, the entity has the obligation to return the affected goods to the project's concession. These include: the property for the highway area, civil works, roads, dividers, intersections, structures, drainage works, engineering works, signs, road toll huts, service area, equipment installed for operation of the project, and other works contained in the contractual documents. These will be returned to the grantor at no cost and free of any duties.

Currently, the concession has the obligation to carry out major maintenance on the infrastructure built within the agreement every ten (10) years.

The initial value of the agreement is approximately USD 125 million in addition to the receipt of the highway through an administrative concession for the road toll system. As part of the agreement, the Ministry of Public Works and Communications of the Dominican Republic is committed to preserving the economic balance of the agreement, by guaranteeing a minimum revenue of approximately USD 660 million, which is updated based on the U.S. inflation rate. According to the concession agreement, this flow will be paid on a quarterly basis from August 2008 to May 2038.

The concession agreement will end normally due to the expiry of the term provided in the agreement. There is no agreed clause that permits an extension.

Boulevard Turístico del Atlántico S.A.

Development, construction and rebuilding of the Nagua – Sánchez – Samaná – El Limón and Las Terrenas Highway based on the concession system, as well as the complete or partial

development of public and private facilities. This is achieved through Agreement 10 / August 23, 2007, signed between the government of the Dominican Republic, represented by the Ministry of Public Works and Communications and Autopistas del Nordeste S.A., an entity related to Boulevard Turístico del Atlántico S.A. (concession holder), which originally had the project.

The general scope of the project is to: a) lead and review the studies and designs, and prepare the final construction designs; b) develop the study of the project's traffic demand; c) fund the project, execute the construction works and carry out regular and routine maintenance of the roads; d) return the road in optimal conditions to the government of the Dominican Republic (30 years); e) operate the road toll stations, including the installation, assembly, testing and commission of equipment; and f) commercially run the road.

As part of the contractual agreement with the Boulevard Turístico del Atlántico S.A. concession, it has the obligation to renovate assets. Additionally, upon expiry of the operating stage, the entity has the obligation to return the affected goods to the project's concession. These include: the property for the highway area, civil works, roads, dividers, intersections, structures, drainage works, engineering works, signs, road toll huts, service area, equipment installed for operation of the project, and other works contained in the contractual documents. These will be returned to the grantor at no cost and free of any duties.

Currently, the concession has the obligation to carry out major maintenance on the infrastructure built within the agreement every ten (10) years.

The initial value of the agreement is approximately USD 151 million in addition to the receipt of the highway through an administrative concession for the road toll system. As part of the agreement, the Ministry of Public Works and Communications of the Dominican Republic is committed to preserving the economic balance of the agreement, by guaranteeing a minimum revenue of approximately USD 1,348 million as

at December 31, 2016 (2015: USD 954 million), which is updated based on the U.S. inflation rate. According to the concession agreement, this flow will be paid on a quarterly basis from the first quarter of 2012 to April 2038.

The concession agreement will end normally due to the expiry of the term provided in the agreement. There is no agreed clause that permits an extension.

Caribbean Infrastructure Inc.

Public-private partnership (PPP) agreement signed with the Aruba government in July 2015 called “DBFM Agreement Green Corridor”, for an initial value of approximately USD 77 million.

The purpose of this agreement is the design, construction, financing and maintenance of the Green Corridor project, consisting of the construction of a second lane between the Reina Beatriz Airport and PosChiquito, with three roundabout-type intersections, the construction of a bridge over Caño Mahuma and the construction of an arched bridge over Laguna Española. A boardwalk will be built in the PosChiquito sector, and secondary roads will be renovated in the San Nicolás, Sabaneta, PosGrande and PosChiquito sectors. It is currently in the construction stage with a length of 30 km. The term of the agreement is approximately 20 years, ending in August 2035.

The concession agreement includes maintenance over time, because maintenance must be carried out on the road for 18 years after the certificate of availability has been obtained. According to the financial model, it will be carried out as follows: annually from 2023 to 2035, except in 2030 and 2031.

The concession agreement will end normally due to the expiry of the term provided in the agreement. There is no agreed clause that permits an extension.

Autopistas del Café S.A.:

First generation Concession Agreement No. 0113 signed on April 21, 1997, with the National Road Institute (INVIAS, for the Spanish original). In 2003, this agreement was transferred to the National Concessions Institute (INCO, for the Spanish original) and finally, as of 2011, the licensor is the National Agency of Infrastructure (ANI, for the Spanish original). Based on the concession system, the purpose of this agreement is to carry out the final studies and designs, the rebuilding and construction works, operation and maintenance, and the provision of services of the Armenia-Pereira-Manizales-Calarcá-La Paila Highway Project.

At the end of the concession agreement, Autopistas del Café S.A. must return the assets affected in the road concession project to the ANI. These include: a) the properties for the right to the road, and b) other goods established within the agreement at no cost, free of any duties and with a level of service that obtains a minimum rating in the project status index of four (4) points according to the “Maintenance Rules for Highway Concessions”.

With the aim to comply with said status index, the concession carries out regular and major maintenance on the asphalt on an ongoing basis.

The concession estimates that the total value of the agreement is COP 172,597 million (expressed in Colombian pesos, in 1996), and its duration will be until February 1, 2027. There is no agreed clause that permits an extension.

Autopistas de los Llanos S.A.

The operation of Agreement 446 / 1994 ended on September 8, 2016. Based on the concession system, the purpose of the agreement was to carry out the final studies and designs, the rebuilding works, operation and maintenance of the Villavicencio-Granada, Villavicencio-Puerto López and Villavicencio-Retrepo-Cumaral highways in the department of Meta. It was also one of the so-called first generation agreements and received a guaranteed minimum

revenue up to November 23, 2013. The company is currently in the process of liquidation.

Los Llanos Highway Concession

Concession agreement based on the fourth generation Public-Private Partnership No. 004 signed on May 5, 2015, with the ANI. The purpose of this agreement is to carry out the studies; design; financing; construction; operation; maintenance; and social, property and environmental management of the following items: i) Granada - Villavicencio - Puerto López - Puerto Gaitán - Puente Arimena Corridor; and ii) Villavicencio Ring Road and access roads to the city – Meta Highway Network. It is currently in the pre-construction stage and the term of the agreement ends in September 2055. The initial value of the agreement is COP 3.2 trillion in 2013.

The payment of the concession will be through each functional unit, the sources for payment will be the collection in the road tolls, and the income will be from commercial use.

At the end of the concession agreement, the entity must return the infrastructure built in execution of the contractual agreement. Additionally, during the operation and maintenance phase, it must maintain and repair the weighing equipment, software and hardware, communications equipment and vehicles provided by the concession holder.

During the operation and maintenance stage, the entity shall maintain the interventions implemented during the construction phase and the other works and assets of the concession agreement, so that they always comply with the indicators.

The concession agreement has a variable term and runs between the start date and the date on which the stage of reversion ends, which will start once the agreement's operation and maintenance stage is completed and will end with the signing of the reversion certificate. There is no agreed clause that permits an extension.

Sociedad Concesionaria Operadora Aeroportuaria Internacional S.A. – Opain S.A.

In accordance with the concession agreement, the Company obtained the concession for the management, operation, commercial exploitation, maintenance, renovation and expansion of El Dorado International Airport in Bogotá. The contractual scheme consisted of the Special Administrative Unit of Civil Aeronautics (hereinafter, Aerocivil) entering into Concession Agreement No. 60001690K / 2006 with the Company and in compliance with Decree 4164 and 4165 / 2011, Aerocivil signing Inter-Administrative Cooperation Agreement No. 5 / 2013 with the ANI, through which the ANI subrogated the functions of Aerocivil in terms of supervision of the execution of the concession agreement. This subrogation was completed with the certificate of delivery and receipt dated December 27, 2013.

The concession agreement is divided into three main stages, as follows:

I Prior Stage

The prior stage consists of the period of time between the signing of the certificate of the start of implementation on January 19, 2007, and the starting certificate of the renovation and expansion stage on September 19, 2007. Work including the following had to be carried out in the prior stage: (a) sign the business trust agreement for the collection, administration and distribution of the surplus generated by the regulated and non-regulated income, (b) coordinate financial closure, (c) make the handover to Aerocivil, and (d) deliver the studies and designs that will be developed in the renovation and expansion stage. In this first stage, it was also established to deliver the goods, services and income of the concession from Aerocivil to the Concession holder through the signing of the certificate of delivery.

II Renovation and Expansion Stage

In accordance with the work schedules of Addendum 3 of the Agreement, the renovation and expansion stage started with the signing of the certificate of commencement on September 19, 2007, and its completion was planned for July 31, 2014. Despite the defined terms, in light of the impossibility of the concession holder completing the suspended projects, especially related to the works on the north runway and the demolition of the Avianca hangars, for reasons not attributable to the concession holder, Addendum 21 was signed, which extended the term for completion of the works from July 2014 to November 2018. To date, the projects suspended in July 2014, have been executed and completed in accordance with the schedules and Addenda 12, 21 and 26 signed in June 2015, September 2016 and December 2017, respectively. However, the project for strips and RESAs of the north runway, with completion planned for November 27, 2017, as established in Addendum 21, could not be carried out, because not all the conditions were met, including the delivery of the designs for the recategorization of the runway to CAT III. Therefore, the certificate of rescheduling of this project until February 28, 2018, was signed. Similarly, the technical roundtables held between Aerocivil, ANI, technical auditing and Opain S.A. have established the need to withdraw the scope of the arbitration ruling regarding the electricity networks, because they will be managed jointly with the categorization of the runway to CAT III by Aerocivil. The formal notification of ANI as the contracting party is still pending. During this period, the project to reconfigure the TPA fuel supply platform with hydrants was started. Also, maintenance activities have been carried out, as stipulated by Appendices G and J, as well as managing the operation, administration, commercial exploitation and maintenance of El Dorado Airport in Bogotá.

III Final Stage

This stage runs from the date of signing of the certificate of completion of the renovation and expansion stage to the effective date of termination of the agreement in January 2027. In this stage, it is the responsibility of the concession holder to manage all the maintenance activities on the renovation and expansion works, as well as managing the operation, administration, commercial exploitation and maintenance of El Dorado Airport, in compliance with the concession agreement. The progress of the subprojects still underway and with a termination date that was extended through the signing of Addendum 21 until November 2018 is as follows: Levelling of the north runway strips with 99.21% progress, without including the electricity networks, and reconfiguration of the TPA fuel supply platform with hydrants started on November 1, 2017, and with November 30, 2018, as the date of completion, in accordance with the signing of Addendum 26 / December 15, 2017, with 12.99% progress to date.

Prudencia Hydroelectric Power Plant

A concession agreement signed with the National Public Utilities Authority (ASEP, for the Spanish original) and endorsed by the Office of the Comptroller General on February 9, 2007, which authorizes the provision of public electricity generation utilities through a hydroelectric power plant. The power plant is located in the Bijagual Township, David District, Chiriquí Province, with an installed capacity of 58.7 MW, comprised of two Kaplan hydraulic turbines.

The concession was granted for a term of fifty (50) years as of the date the aforementioned agreement was signed. It expires in December 2057 and may be extended for an additional term of fifty (50) years.

Lorena Hydroelectric Power Plant

A concession agreement signed with the ASEP and endorsed by the Office of the Comptroller General on February 9, 2007, which authorizes the provision of public electricity generation utilities through a hydroelectric power plant. The power plant is located in the Las Lomas Township, David District, Chiriquí Province, with an installed capacity of 33.8 MW, comprised of two Kaplan hydraulic turbines.

The concession was granted for a term of fifty (50) years as of the date the aforementioned agreement was signed. It expires in June 2057 and may be extended for an additional term of fifty (50) years.

Gualaca Hydroelectric Power Plant

Through a concession agreement for hydroelectric power generation signed with the National Public Utilities Authority (ASEP) and endorsed by the Office of the Comptroller General on June 12, 2007, the concession was obtained for the construction and use of a power plant, and it was authorized to provide public electricity generation utilities through a hydroelectric power plant. Said concession was granted for a term of 50 years, which expires in June 2057 and may be extended for an additional term of 50 years by mutual agreement with the ASEP.

The Company is authorized to install, operate and exploit the hydroelectric power plant that the concession covers and to sell the electricity generated in accordance with Law 6 / February 3, 1997, and its regulation. This law establishes that the construction and exploitation of hydroelectric and geothermal power plants and the transmission and distribution of electricity as a public utility shall be subject to the concession system, and the construction and exploitation of thermoelectric power plants to the license system. The concessions and licenses shall be granted by the Regulatory Body of Public Utilities (ERSP, for the Spanish original), currently the ASEP.

The Gualaca Power Plant is located in the Chiriquí Province with an installed capacity of 25.8 MW and two Kaplan hydraulic turbines. Electric power generation in Panama is subject to Law 6 / February 3, 1997. This law establishes that the construction and exploitation of hydroelectric and geothermal power plants and the transmission and distribution of electricity as a public utility shall be subject to the concession system, and the construction and exploitation of thermoelectric power plants to the license system. The concessions and licenses shall be granted by the ERSP, currently the ASEP.

Guanacaste Wind Farm

Concession in Costa Rica involving a permit for the power generation of the wind farm. The corporate purpose of Planta Eólica Guanacaste S.A. (PEG) and PEG Operaciones Ltda. is to build a wind farm and operate it for 18 years, which they will later handover to the Costa Rican Electricity Institute (ICE, for the Spanish original). All the electricity that the power plant generates will be delivered to the ICE.

There are no delivery obligations or rights to receive assets and the end of the period of these concessions.

Note 46: Construction Contracts

Information on the construction contracts is presented below:

	2017	2016
Prepayments received for contracts underway	25,613	45,646
Withholdings on contracts underway	7,113	13,053
Unearned revenue	184,408	194,975
TOTAL LIABILITIES FROM CONSTRUCTION CONTRACTS	217,134	253,674

Revenue from construction contracts is:

	2017	2016
Revenue from construction services	390,082	207,157
TOTAL REVENUE	390,082	207,157

The revenue from construction services mainly consists of the buildings and civil works constructed by Consorcio Grupo Constructor Autopistas del Café S.A. and Consorcio N.V Chamba Blou. Likewise, it consists of the constructions and civil works related to the renovation and expansion of El Dorado International Airport in Bogotá D.C., carried out through Consorcio Constructor Nuevo Dorado – CCND (see Note 34 Revenue).

The method used to establish the revenue of the construction contracts is the percentage of completion method, depending on the costs incurred in the contract.

The costs incurred in the construction contracts amount to COP 325,218 (2016: COP 164,429) and COP 62,201 (2016: COP 101.172), respectively.

Note 47: Energy Sales Commitment

At the end of 2017, the Group had the following commitments to supply electricity:

- Celsia S.A. E.S.P has the commitment to supply electricity to third parties until 2020. All of the contracts with third parties are take-or-pay contracts where the amounts are set by hours and the majority are fixed at COP / kWh of a month and indexed monthly with the producer prices. Only one contract with a company related to Empresa de Energía del Pacífico S.A. E.S.P – EPSA has an uncertain amount. The amounts will depend on the generation of Celsia's power plants in the ideal dispatch compared to the signed contracts, and they will be equal to the surpluses. Therefore, the data supplied are projections.
- Empresa de Energía del Pacífico S.A. E.S.P – EPSA has commitments with third parties to supply electricity until 2021. Said commitments are financial contracts and do not have the obligation of physical delivery of any power plant in particular. In the event that the seller does not have the electricity, it is supplied through the spot market at the seller's expense.

All of the contracts with third parties are take-or-pay contracts where the amounts are set by hours and the majority are fixed at COP / kWh of a month and indexed monthly with the producer prices.

- Compañía de Electricidad de Tuluá S.A. E.S.P.–CETSA does not have commitments for the supply of electricity with third parties. It has commitments with a related company (Empresa de Energía del Pacífico S.A. E.S.P.–EPSA) until 2019. The amounts of the contract with Epsa will depend on the generation of Cetsa's power plants in the ideal dispatch compared to the signed contracts, and they will be equal to the surpluses. Therefore, the data supplied for said contract are projections.

Said commitments are financial contracts and they do not have the obligation of physical delivery of any plant in particular. In the event that the seller does not have the electricity, it is supplied through the spot market at the seller's expense.

Note 48: Events that Occurred after the Reporting Period

Between December 31, 2017, and the date of issue of the Company's consolidated financial statements, the following subsequent events considered significant and not subject to adjustment took place:

1) Celsia, the Company's electricity company announced the issuance of 330 million preferred shares at a price of COP 4,480 per share. The Company endorsed the transaction announced by Celsia, because it tends to strengthen the electricity business and create value for all of the shareholders of the Company, Celsia and Epsa.

Grupo Argos, a parent company of sustainable investments in infrastructure, respecting the rights of all the shareholders and once the terms and conditions of the share placement offer announced by its Celsia subsidiary were analyzed, decided to participate in said issuance.

Grupo Argos confirmed its confidence in Celsia's strategic plan, a company that after the issuance, will have an adequate capital structure, which will allow it to achieve its strategic vision. The subscription benefits all of the Company's shareholders, considering that it enables them to maintain control over a dynamic and innovative company that is regionally diverse and has great opportunities for creation of value.

2) Grupo Argos S.A., a parent company of sustainable investments in infrastructure, once the conditions announced to the market were analyzed by the Board of Directors, confirmed that it will participate in the takeover bid (TOB) that Celsia has presented to acquire up to 14% shares in Epsa.

Grupo Argos S.A. decided to participate with just over 34.6 million shares in the TOB launched by Celsia, which offers a price of COP 18,900 per share.

For Grupo Argos S.A., this transaction enables it to optimize and strengthen its structure as a holding company and to provide greater visibility to the market about its investment in the electricity business.

Grupo Argos S.A. has the support of renowned financial advisors to study the value of Epsa and to have an independent analysis that will enable the Board of Directors to have the necessary information to make a transparent decision beneficial for the Company and for the shareholders of the holding company.

3) The Extraordinary General Meeting of Shareholders of Odinsa S.A. was held on October 30, 2017, where the Company voted in favor of the cancellation of the listing of Odinsa's common shares on the Colombian Securities Exchange and the National Registry of Securities and Issuers.

As one of the shareholders that voted for the cancellation, the Company presented the Soluciones Financieras Ltda. company for the consideration of the Financial Superintendence of Colombia as an independent appraiser to determine the price at which the TOB would be carried out, with the aim to verify its suitability and independence. On November 21, 2017, the Financial Superintendence of Colombia expressed that Soluciones Financieras Ltda. met all the requirements set forth in Public Notice 029 / 2014 to be considered as an independent appraiser of the Odinsa shares.

Based on the appraisal of the shares in Odinsa carried out by Soluciones Financieras Ltda., the Company has established that the purchase price of the common shares in Odinsa will be COP 10,500 per common share payable up front.

On December 21, 2017, the Financial Superintendence of Colombia authorized the takeover bid (TOB).

The Company is the real beneficiary of 99.71% of all the outstanding shares of subscribed, paid-in and outstanding capital of Odinsa. Therefore, it is the direct owner of 185,767,143 common shares equivalent to 94.76%, and of 9,704,318 common shares equivalent to 4.95% through its Sator S.A.S. subsidiary.

Consequently, the TOB that was carried out through the announcements published in the El Espectador and El Colombiano newspapers on December 30, 2017, and January 4 and 9, 2018, aims to acquire at least one common share that represents 0.00000051% of the subscribed, paid-in and outstanding capital of Odinsa and no more than 575,361 common shares, which represent 0.29% of the subscribed, paid-in and outstanding capital of Odinsa.

The period of acceptance started on January 10, 2018, and ended on February 20, 2018.

