



Orchid. *Cymbidium* sp.

## Grupo Argos S.A. and subsidiaries Consolidated Statement of Financial Position.

(In millions of Colombian pesos).

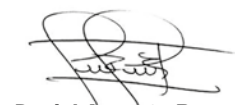
	Notes	As of December 31st 2016	Restated 2015		As of December 31st 2015
			As of December 31st	As of January 1st	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	1,921,472	1,840,319	995,507	1,671,818
Derivative financial instruments	7	1,420	38,054	23,067	38,054
Trade accounts and other accounts receivable	8	2,355,898	2,038,237	1,319,186	2,071,974
Inventories, net	9	1,069,615	902,218	650,462	902,218
Tax assets	10	351,534	398,432	188,947	398,432
Biological Assets		-	-	304	-
Other Financial Assets	11	2,303	44,206	332,545	212,681
Expenses paid in advance and other non-financial assets	12	198,478	259,541	218,876	267,912
<b>CURRENT ASSETS</b>		<b>5,900,720</b>	<b>5,521,007</b>	<b>3,728,894</b>	<b>5,563,089</b>
Non-current assets held for sale	13	350,872	10,142	7,725	104,882
<b>TOTAL CURRENT ASSETS</b>		<b>6,251,592</b>	<b>5,531,149</b>	<b>3,736,619</b>	<b>5,667,971</b>
<b>NON-CURRENT ASSETS</b>					
Trade accounts and other accounts receivable	8	2,560,227	316,539	52,726	217,495
Inventories, net	9	42,583	24,146	29,508	24,146
Merchant Credit	14	3,023,544	3,132,582	2,100,651	3,202,793
Intangibles, net	15	1,615,009	1,710,366	1,308,835	2,095,781
Properties, plant and equipment, net	16	18,258,476	17,087,908	15,049,694	17,935,551
Investment Properties	17	2,273,994	2,403,554	2,316,485	1,669,342
Investments in associates and joint ventures	18	8,443,355	9,296,502	6,933,098	8,348,382
Derivative financial instruments	7	650	324	168	324
Deferred Tax	10	758,382	767,054	417,462	769,633
Biological Assets	20	20,870	20,243	66,970	20,243
Cash restricted	6	-	10,019	-	10,019
Other Financial Assets	11	1,482,552	1,760,886	2,357,571	1,800,702
Expenses paid in advance and other non-financial assets	12	18,340	19,129	7,409	12,631
<b>TOTAL NON-CURRENT ASSETS</b>		<b>38,497,982</b>	<b>36,549,252</b>	<b>30,640,577</b>	<b>36,107,042</b>
<b>TOTAL ASSETS</b>		<b>44,749,574</b>	<b>42,080,401</b>	<b>34,377,196</b>	<b>41,775,013</b>

	Notes	As of December 31st 2016	Restated 2015		As of December 31st 2015
			As of December 31st	As of January 1st	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Financial Obligations	21	3,407,874	3,264,839	1,594,526	3,305,497
Liabilities for employee benefits	24	202,657	190,722	135,449	184,662
Provisions	25	328,471	306,708	99,531	307,137
Business liabilities and other accounts payable	26	1,567,365	1,800,807	1,247,086	1,881,144
Tax liability	10	169,270	264,623	167,637	264,623
Derivative financial instruments	7	102,555	-	-	-
Bonds and compound financial instruments	27	760,339	410,660	516,837	573,120
Other non-financial liabilities	28	480,889	471,619	292,036	472,226
<b>CURRENT LIABILITIES</b>		<b>7,019,420</b>	<b>6,709,978</b>	<b>4,053,102</b>	<b>6,988,409</b>
Liabilities associated with non-current assets held for sale	13	191,699	856	856	856
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,211,119</b>	<b>6,710,834</b>	<b>4,053,958</b>	<b>6,989,265</b>
<b>NON-CURRENT LIABILITIES</b>					
Financial Obligations	21	6,363,559	4,988,915	3,077,275	4,948,257
Deferred Tax	10	1,580,512	1,831,534	1,247,315	1,616,905
Liabilities for employee benefits	24	440,950	369,072	381,203	369,072
Provisions	25	298,565	211,721	314,132	202,401
Business liabilities and other accounts payable	26	319,950	128,859	17,968	65,391
Derivative financial instruments	7	8,901	172,155	126,704	172,155
Bonds and compound financial instruments	27	4,644,438	4,590,566	4,681,156	4,419,113
Other non-financial liabilities	28	246,984	102,655	25,984	102,655
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,903,859</b>	<b>12,395,477</b>	<b>9,871,737</b>	<b>11,895,949</b>
<b>TOTAL LIABILITIES</b>		<b>21,114,978</b>	<b>19,106,311</b>	<b>13,925,695</b>	<b>18,885,214</b>
<b>EQUITY</b>					
Capital Stock	29	53,933	51,510	51,510	51,510
Share placement (issue) premium	29	1,354,759	680,218	680,051	680,218
Retained Profit		8,898,455	8,776,976	9,188,809	8,936,938
Reserves	30	2,743,764	2,606,859	2,430,615	2,606,859
Profit for the year		589,466	326,830	-	301,000
Other components of equity	31	(21,305)	458,886	(197,005)	241,008
Another comprehensive result	30	1,987,756	2,028,667	2,136,513	1,975,078
<b>EQUITY ATTRIBUTABLE TO CONTROLLERS</b>		<b>15,606,828</b>	<b>14,929,946</b>	<b>14,290,493</b>	<b>14,792,611</b>
Non-controlling interests	33	8,027,768	8,044,144	6,161,008	8,097,188
<b>TOTAL EQUITY</b>		<b>23,634,596</b>	<b>22,974,090</b>	<b>20,451,501</b>	<b>22,889,799</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>44,749,574</b>	<b>42,080,401</b>	<b>34,377,196</b>	<b>41,775,013</b>

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

  
**Jorge Mario Velásquez Jaramillo**  
 CEO  
 Legal Representative  
 (See attached certification)

  
**Claudia Patricia Álvarez Agudelo**  
 Accounting and Tax Manager  
 T.P 69447 - T  
 (See attached certification)

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

## Grupo Argos S.A. and subsidiaries

### Consolidated Statement of Income

Years ended December 31st.


(In millions of Colombian Pesos, except profit per share).

	Notes	2016	Restated 2015	2015
<b>INCOME FROM ORDINARY ACTIVITIES</b>	34	<b>14,552,884</b>	<b>12,700,304</b>	<b>12,579,678</b>
Cost of ordinary activities	35	(10,431,474)	(9,724,072)	(9,631,045)
<b>GROSS PROFIT</b>		<b>4,121,410</b>	<b>2,976,232</b>	<b>2,948,633</b>
Administrative Expenses	36	(1,305,050)	(975,411)	(952,819)
Cost of Sales	37	(269,888)	(271,058)	(271,716)
<b>STRUCTURE EXPENSES</b>		<b>(1,574,938)</b>	<b>(1,246,469)</b>	<b>(1,224,535)</b>
Other expenses, net	38	(110,434)	(104,530)	(93,087)
Financial expenses, net	39	(971,602)	(728,719)	(727,350)
<b>EARNINGS BEFORE TAXES</b>		<b>1,464,436</b>	<b>896,514</b>	<b>903,661</b>
Income tax and CREE		(332,434)	(248,195)	(260,506)
<b>NET PROFIT</b>		<b>1,132,002</b>	<b>648,319</b>	<b>643,155</b>
Attributable to:				
<b>CONTROLLING INTEREST</b>		<b>589,466</b>	<b>326,830</b>	<b>301,000</b>
Non-controlling interests		542,536	321,489	342,155
<b>PROFIT PER SHARE FROM CONTINUING OPERATIONS</b>	40			
Attributable to the common shareholders of the parent company:				
Basic, profit from continuing operations		717	410	377
Diluted, profit from continuing operations		717	410	377

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## Grupo Argos S.A. and subsidiaries Statement of other comprehensive income

Years ended on December 31.

(In millions of Colombian Pesos).

	2016	Restated 2015	2015
<b>NET PROFIT</b>	<b>1,132,002</b>	<b>648,319</b>	<b>643,155</b>
<b>ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS</b>	<b>207,764</b>	<b>(528,046)</b>	<b>(796,567)</b>
Profits and losses of equity investments	229,390	(523,104)	(703,513)
New measurements of defined benefit obligations	(44,398)	(9,095)	(10,696)
Deferred taxes on equity investments	(495)	(39)	(38)
Taxes deferral for defined benefits	27,369	4,121	732
Net shareholdings in associates and joint ventures	(4,102)	71	(83,052)
<b>ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS</b>	<b>(312,629)</b>	<b>1,596,340</b>	<b>1,126,745</b>
Net income from instruments in cash flow hedges	9,721	411	(15,391)
Differences in currency conversion due to business abroad	(465,065)	1,475,668	1,022,350
Deferred taxes on cash flow hedges	(6,391)	(3,534)	20
Net shareholdings in associates and joint ventures	149,106	123,795	119,766
<b>OTHER COMPREHENSIVE INCOME, NET OF TAXES</b>	<b>(104,865)</b>	<b>1,068,294</b>	<b>330,178</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,027,137</b>	<b>1,716,613</b>	<b>973,333</b>
Attributable to:			
<b>CONTROLLING INTEREST</b>	<b>619,802</b>	<b>862,899</b>	<b>316,404</b>
Non-controlling interests	407,335	853,714	656,929

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



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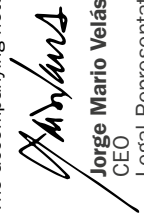
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## Grupo Argos S.A. and subsidiaries Consolidated Statement of Changes in Equity

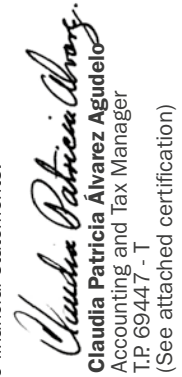
Years ended December 31st. (In millions of Colombian pesos).

	Capital and share placement premium	Legal Reserve	Other Reserves	Another comprehensive income	Accrued income	Profit for the year	Other components of equity	Attributable to owners of the parent company	Non-controlling interests	Total Equity
<b>BALANCE AS OF JANUARY 1, 2015</b>	<b>731,561</b>	<b>29,665</b>	<b>2,400,950</b>	<b>2,136,513</b>	<b>9,188,809</b>	-	<b>(197,005)</b>	<b>14,290,493</b>	<b>6,161,008</b>	<b>20,451,501</b>
Profit/loss for the period	-	-	-	-	-	326,830	-	326,830	321,489	648,319
Other comprehensive income for the period net of tax	-	-	-	536,069	-	-	-	536,069	532,225	1,068,294
<b>COMPREHENSIVE INCOME OF THE PERIOD</b>	-	-	-	<b>536,069</b>	-	<b>326,830</b>	-	<b>862,899</b>	<b>853,714</b>	<b>1,716,613</b>
Issuance of capital and convertible instruments	167	-	-	-	-	-	-	167	-	167
Dividends decreed in cash	-	-	-	-	(212,565)	-	-	(212,565)	(297,432)	(509,997)
Appropriation of reserves	-	-	177,192	-	(177,192)	-	-	-	-	-
Other movements in reserves	-	-	(948)	-	-	-	-	(948)	-	(948)
Equity method of investees	-	-	-	(215,872)	(826)	-	1,297	(215,401)	-	(215,401)
Transfers to retained earnings	-	-	-	-	21,145	-	-	21,145	-	21,145
Transfer from other comprehensive income	-	-	-	(230,816)	122,091	-	108,725	-	-	-
Changes in accounting policies	-	-	-	-	604	-	37,788	38,392	-	38,392
Purchases and sales to non-controlling interests	-	-	-	-	-	-	261,235	261,235	337,125	598,360
Business Combinations	-	-	-	-	-	-	-	-	719,768	719,768
Other variations	-	-	-	(197,227)	(165,090)	-	246,846	(115,471)	269,961	154,490
<b>BALANCE AS OF DECEMBER 31ST 2015</b>	<b>731,728</b>	<b>29,665</b>	<b>2,577,194</b>	<b>2,028,667</b>	<b>8,776,976</b>	<b>326,830</b>	<b>458,886</b>	<b>14,929,946</b>	<b>8,044,144</b>	<b>22,974,090</b>
<b>BALANCE AS OF JANUARY 1ST, 2016</b>	<b>731,728</b>	<b>29,665</b>	<b>2,577,194</b>	<b>2,028,667</b>	<b>8,776,976</b>	<b>326,830</b>	<b>458,886</b>	<b>14,929,946</b>	<b>8,044,144</b>	<b>22,974,090</b>
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)
<b>COMPREHENSIVE INCOME RESULT OF THE PERIOD</b>	-	-	-	<b>30,336</b>	-	<b>589,466</b>	-	<b>619,802</b>	<b>407,335</b>	<b>1,027,137</b>
Issuance of capital and convertible instruments	676,964	-	-	-	-	-	-	676,964	-	676,964
Dividends decreed in cash	-	-	-	-	(234,896)	-	-	(234,896)	(286,944)	(521,840)
Appropriation of reserves	-	-	136,905	-	(136,905)	-	-	-	-	-
Equity method of investees	-	-	-	114,598	-	-	(479,586)	(364,988)	-	(364,988)
Transfers to retained earnings	-	-	-	-	309,000	(326,830)	-	(17,830)	-	(17,830)
Transfer from other comprehensive income	-	-	-	(177,586)	28,194	-	149,392	-	-	-
Purchases and sales to non-controlling interests	-	-	-	-	-	-	(151,492)	(151,492)	(434,173)	(585,665)
Business Combinations	-	-	-	-	-	-	-	-	348,768	348,768
Other variations	-	-	-	(8,259)	156,086	-	1,495	149,322	(51,362)	97,960
<b>BALANCE AS OF DECEMBER 31, 2016</b>	<b>1,408,692</b>	<b>29,665</b>	<b>2,714,099</b>	<b>1,987,756</b>	<b>8,898,455</b>	<b>589,466</b>	<b>(21,305)</b>	<b>15,606,828</b>	<b>8,027,768</b>	<b>23,634,596</b>

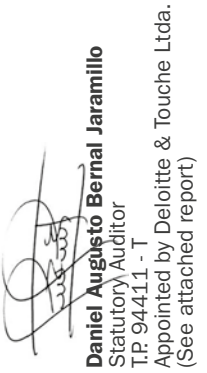
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Legal Representative  
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Statutory Auditor  
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(See attached report)

## Grupo Argos S.A. and subsidiaries

### Consolidated Statement of Cash Flows

Years ended December 31st.

(In millions of Colombian pesos).

	2016	Restated 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT</b>	<b>1,132,002</b>	<b>648,319</b>
Adjustments by:		
Adjustments by restatement	-	(5,164)
Income tax expense recognized as profit or loss for the period	332,434	260,506
Equity in earnings of associates and joint ventures	(539,998)	(297,656)
Financial expenses recognized as profit or loss for the period	1,039,415	667,297
Interest income recognized as profit or loss for the period	(77,859)	(46,398)
Expenses recognized with respect to employee benefits and provisions	43,047	71
Net profit from sale of properties, plant and equipment	(51,783)	(11,591)
Disposal of investment properties	(71,584)	(11,723)
Net profit from disposal of investment properties	780	(16,232)
Net profit from fair value arising on investment property	(79,286)	-
Net profit arising from the sale of available-for-sale non-current assets and other assets	(8,920)	(16,195)
Impairment loss on financial instruments, measured at fair value	(8,487)	44,505
Profit for purchase in advantageous terms	(233,198)	-
Net impairment of non-current assets recognized as profit or loss for the period	92,716	20,153
Depreciation and amortization of non-current assets	1,083,520	902,994
Unrealized exchange difference, recognized as profit or loss, on financial instruments	16,123	327,603
Other adjustments to reconcile income results for the year	(144,131)	(3,804)
	<b>2,524,791</b>	<b>2,462,685</b>
<b>CHANGES IN WORKING CAPITAL:</b>		
Trade accounts receivable and other accounts receivable	(317,661)	(692,840)
Inventories	(167,397)	(243,229)
Other assets	(154,232)	127,331
Business accounts payable and other accounts payable	(233,442)	512,993
Provisions	21,763	-
Deferred Income	-	47,558
Other liabilities	219,250	(36,074)
<b>CASH GENERATED BY OPERATIONS</b>	<b>1,893,072</b>	<b>2,178,424</b>
Wealth Tax paid	-	-
Income Tax paid	(343,570)	(263,178)
Dividends received	140,322	109,697
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,689,824</b>	<b>2,024,943</b>

	2016	Restated 2015
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Financial Interests received	90,737	46,398
Acquisition of properties, plant and equipment	(1,110,343)	(935,633)
Proceeds from the sale of properties, plant and equipment	303,991	73,156
Acquisition of Investment Properties	(10,926)	(8,114)
Proceeds from the sales of investment properties	105,562	19,473
Acquisition of intangible assets	(212,106)	(33,452)
Proceeds from the sales of intangible assets	-	21,355
Acquisition of other non-current assets	-	(28)
Proceeds from the sale of other non-current assets	-	1,119
Acquisition of control of subsidiaries	(1,965,306)	(861,039)
Sale of subsidiaries with loss of control	-	6,942
Acquisition of interests in associates and joint ventures	(68,864)	(886,351)
Proceeds from the sale of interests in associates and joint ventures	290,133	364,531
Acquisition of financial assets	(229,981)	(1,343)
Proceeds from sales of financial assets	710,532	164,216
(Payments) collections from financial derivative contracts	(8,792)	(90,218)
<b>NET CASH FLOW USED IN INVESTMENT ACTIVITIES</b>	<b>(2,105,363)</b>	<b>(2,118,988)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bond issue	399,218	-
Payment of bonds and commercial papers	(212,561)	(191,400)
Increase of other financing instruments	1,728,837	1,430,527
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	(138,926)	598,360
Dividends paid	(549,914)	(509,997)
Interest paid	(1,052,142)	(683,327)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>462,520</b>	<b>644,163</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>46,981</b>	<b>550,118</b>
Cash and cash equivalents at the beginning of the period	1,856,846	995,507
Restatement of cash and cash equivalents in 2015	-	175,009
Effects of changes in exchange rates on cash and cash equivalents held in foreign currency	24,153	136,212
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 6)</b>	<b>1,927,980</b>	<b>1,856,846</b>

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



**Jorge Mario Velásquez Jaramillo**  
CEO  
Legal Representative  
(See attached certification)



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Accounting and Tax Manager  
T.P. 69447 - T  
(See attached certification)



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(See attached report)



## Certification of the Legal Representative of the Company

Medellin, February 24, 2017

**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 as of the closing date of December 31, 2016 that have been made public do not contain any vices, inaccuracies or material errors that could prevent the Company from being aware of the true financial position or operations carried out by Grupo Argos S.A. during the corresponding period.



**Jorge Mario Velásquez Jaramillo**  
CEO  
Legal Representative

## Certification of the Legal Representative and the Accounting and Tax Manager of the Company

Medellin, February 24, 2017

### To the shareholders of Grupo Argos S.A.

The undersigned Legal Representative and the Accounting and Tax Manager of Grupo Argos S.A. (hereinafter the Company) certify that the Company's consolidated financial statements as of December 31, 2016, 2015 restated and January 1, 2015 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, 2016, 2015 restated and January 1, 2015 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 December 31, 2016 and 2015 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, 2016 and 2015 restated and January 1, 2015.
- 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**  
CEO  
Legal Representative

  
**Claudia Patricia Álvarez Agudelo**  
Accounting and Tax Manager  
T.P. 69447 - T

## Fiscal Reviewer's Report



To the shareholders of  
GRUPO ARGOS S.A.:

### **Report on consolidated financial statements**

I have audited the accompanying consolidated financial statements of GRUPO ARGOS S.A., which comprise the consolidated statement of financial position as of December 31, 2016, the income statement and other comprehensive income, changes in equity and consolidated cash flows for the year ended on that date, and a summary of significant accounting policies, as well as other explanatory notes. The consolidated financial statements as of December 31, 2015, which are included for comparative purposes only, were audited by me and on them I expressed my opinion without reservations on February 29, 2016.

### **Management's Responsibility for 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.

### **Tax Auditor's Responsibility**

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, but not with the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 consolidated financial statements, taken from the accounting books, fairly present, in all material respects, the financial position of GRUPO ARGOS S.A. as of December 31, 2016, the results of its operations and its cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

### **Change in financial policy and restatement**

Without qualifying my opinion, as mentioned in note 5 to the consolidated financial statements, during the year ended December 31, 2016, Grupo Argos S.A. changed its accounting policy for the subsequent measurement of its investment properties and finalized the process of allocation of the purchase price in the acquisition of control of Odinsa S.A. Until December 31, 2015, the Company measured its investment properties using the cost model and for the acquisition of Odinsa, preliminary values were used as permitted by the Accounting Standards applicable in Colombia. At December 31, 2015, the effect of the change in the policy on investment properties and the updating of the purchase of the subsidiary Odinsa in the total assets was \$305,388 million, liabilities \$ 221,097 million and in the statement of income was \$5,164 million



**Daniel Augusto Bernal Jaramillo**  
Statutory Auditor  
T.P 94411 - T  
Appointed by Deloitte & Touche Ltd.

February 24th 2017