



Cartagena plant employees

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Coal transport Line 4 Cartagena Plant

# MANAGEMENT

## BOARD OF DIRECTORS

Sergio Restrepo  
Ana María Giraldo  
Andrés Bernal  
Claudia Betancur  
Juan David Vieira

## MANAGEMENT

Chief Executive Officer - José Alberto Vélez  
Caribbean Region Vicepresident – Jorge Mario Velásquez  
Colombia Region Vicepresident – Juan David Uribe  
United States Region Vicepresident – Eric Flesch  
Corporate Affairs Vicepresident – Carlos Raul Yepes  
Corporate Finance Vicepresident – Ricardo Andrés Sierra  
Human Talent Vicepresident – Jorge Ignacio Acevedo  
New Business Development Vicepresident – Tomás Restrepo  
Forestry Vicepresident – Andrés Zuluaga  
Strategic Resources Vicepresident – Víctor Lizarralde

## STATUTORY AUDITOR

Deloitte & Touche Ltda.



Cartagena plant employees Line 4

# MANAGEMENT REPORT



# MANAGEMENT REPORT

## 2009

In 2009 we celebrated the 75th Anniversary of our Company, which first came into being as a result of the dreams and aspirations of a group of local businessmen and which has grown over the years to become a truly multinational corporation, with a presence extending beyond Colombia to the United States and the Caribbean. Although this past year was a difficult one for the economy and the financial performance of all companies, this did not stop Argos from treading a firm path towards progress.

We celebrated our Anniversary with an enormous candle, the 140-meter high precalcination tower, whose flames could be seen from far away into the open sea; this as an unquenchable symbol of progress both for Cartagena and the country at large, as well as an unmistakable emblem of our Company's drive.

At these anniversary celebrations we were proud and honored to receive the Order of Boyaca Silver Cross award from the President of Colombia, Mr. Álvaro Uribe, which was presented by the Minister of Mining and Energy, Mr. Hernán Martínez as well as Cartagena's Civic Medal of Honor which was presented by Ms. Judith Pinedo, the Mayor of Cartagena, in recognition of our Company's contribution to the City's social and economic development.

By extending our Cartagena Plant, in which we invested USD 400 million, we shall be able to produce 1,8 million tons of cement per year. The plant shall have an electricity generating plant of 42 megawatts, and sufficient resources to guarantee ongoing operations spanning 50 years. It is located 5 kilometers away from the quarry, which is quite a reasonable distance and 700 meters away from the actual Port, with a depth of water of 42 feet which allows us to use vessels with a greater capacity and thus reduce our logistic costs. It also functions as a Free Zone, and the legal stability agreement signed with the Government has provided us with customs and tax benefits.

It is worth mentioning the consistent business focus that the Company has continued to uphold over the past few years and which was particularly evident in 2009. Cementos Argos has gradually been divesting its non-strategic assets using the proceeds to spur the growth of its core cement business. Bearing in mind that the coal export business was not included in Argos' strategy to focus on its core cement production business, in March 2009, the Company sold off its mining concessions, el Hatillo and Cerro Largo, both located in the Department of Cesar to the Brazilian multinational, VALE, for a total of USD 373 million. It also sold to this same Company an 8,4% stake in the railway concession-Fenoco, which connects these mining concessions with the port where the coal is exported, this as part of the overall sale.

The proceeds of this divestiture, which so far total USD 300 million, was used to bring down the Company's level of debt, as well as to purchase the stakes held by Holcim in our cement plants in Panama, the Dominican Republic and Haiti, for a total of USD 157 million. It also acquired four cement terminals in St. Thomas, St. Marteen, Antigua and Dominica; thereby complementing our sales network in the Caribbean region.

The decision to purchase these assets was made after analyzing different investment alternatives and concluding that the Caribbean continued to be a strategic region for Argos and an important part of its expansion process. This region holds a special attraction for the Company since its presence and knowledge of the market go back almost half a century since it began to export to this part of the world in the 1950's.

With these acquisitions it is worthwhile mentioning the importance of starting up the extension to the Cartagena Plant in 2010. In terms of Argos' ongoing expansion plan, its strategic position shall provide greater flexibility to attend more efficiently the different markets in the Caribbean and the United States, especially now that Venezuela has reduced its cement exports.

In a year fraught with economic difficulties, we managed to provide Colombia with such an important project in terms of providing a better quality of life for the Colombian people. Amid what was one of the most difficult years with regard to financing, we were able to successfully meet our needs on the Colombian capital market on several occasions, in stark contrast with what the worldwide industry had to contend with. In March, May and August we managed to place a total of COP 300 thousand million in Commercial Paper, with bid to cover ratios going from between 3 and 5, thereby confirming the confidence that Cementos Argos inspires within the local investor community. On the other hand, in April we issued COP 640 thousand million in bonds, which allowed us to cover the repayment of debts expiring in 2009, we were also able to extend the duration of these bonds and enhance their maturity profile and the interest rates applicable.

In the light of the challenges posed by the worldwide economic crisis, we were able to implement austerity measures which in turn allowed us to increase our profitability, in spite of the ebb in sales, creating new Divisions and modifying others, so as to be able to rise up to the challenges inherent to any fast-growing international company. Having extended our presence in the Caribbean, we created the new Caribbean Regional Division, which now joins our US and Colombian Regional Divisions in ensuring a comprehensive level of results in all those countries where we are present, while remaining completely autonomous with regard to its basic processes. Finally, the Departments of Strategic Resources, Business Development and Forestry Investment shall remain in charge of the Company's strategic resources and the development of new businesses, so as to ensure a profitable and sustainable growth for our Company. All our Regional Divisions shall count on the support of the Corporate Affairs, Corporate Finance, Human Resource and Organizational Resource Departments, whose main role shall be to provide the necessary legal, environment, financial and human talent resources.

It is also worthwhile mentioning that Inversiones Argos, the parent company of Cementos Argos, successfully sold 84 million shares in Cementos Argos, corresponding to a 7% stake in this latter company, at a single price of 10.040 pesos per share, for a total of COP 842 thousand million (approximately USD 430 million). Upon selling this packet of shares, the stake held by Inversiones Argos in Cementos Argos dropped from 70% to 63%. The funds obtained from this divestiture were used mainly to pay off the amount borrowed by Inversiones Argos to acquire an important stake in Compañía Colombiana de Inversiones – Colinversiones as well as to take part in a Public Tender Offer of Shares in Empresa de Energía del Pacífico – EPSA This transaction increased the number of Company shareholders giving rise to the possibility of trading more of its shares on the stock exchange, which in turn shall drive share liquidity. This doubled our share of the Colombian IGBC stock index which went from 4% in the third quarter of 2009, to 8% in the first quarter of 2010.

## SUSTAINABILITY

This year we continued to make progress with our sustainable development initiatives, consolidating our sustainability policy, which is focused on finding the right balance between profit generation, social development and reducing the impact on the environment, all this within a framework of maintaining good relations with our stakeholders and upholding Good Governance and the Global Compact principles.

With this, we continue to pledge added value for all those stakeholders with whom we interact on a daily basis including our shareholders, customers, employees, suppliers, contractors, communities, and authorities most particularly carrying out our business activities in an environmentally-responsible fashion.

Our Sustainability Report, which we are currently drawing up based on international GRI standards, contains all those strategies and initiatives that we have undertaken in order to convert these intentions into a reality, and thereby meet the needs and expectations of the general public from the economic, social and environmental standpoints.

We have also been making a great deal of effort with our employee training programs, both on an administrative as well as operating level, so that they may become more aware of the challenges facing our Company and base their decisions, in keeping with our ethical and sustainable development principles.

For this purpose, we have created an internal network of sustainability facilitators. These are people from different ranks within the Organization who, given their functions, knowledge and leadership have become multipliers, movers and creators of proposals and initiatives that enhance our processes for a more sustainable development.

All of this has prompted various environmental and social awards and prizes including the following:

- ARP SURA's Excellence award for our industrial safety and occupational health initiatives
- The Prize for Progress award from the regional environmental authority, Corporación Autónoma Regional de los Ríos Negro y Nare, for our Environmental and Social initiatives.
- Tribute paid by the Chamber of Commerce of Medellín, Antioquia, at its Golden Parchment Scroll 2009 ceremony, for the Company's contribution to the development of the region and the country as a whole.
- Recognition on the part of the Mayor of Medellín for the Company's contribution to education.
- Medal of Honor given by the San Gil Municipal Authorities to the Argos Foundation given its social work in this part of the world.
- Recognition for the Argos Foundation for its social work in Sogamoso.
- Recognition on the part of USAID – United States Agency for International Development and the Presidential Agency for Social Action and International Cooperation for its social work in creating productive projects.

We would also like to point out that in 2009, and as can be seen from the abovementioned prizes and awards, we engaged in a significant amount of social work through our Argos Foundation with all those communities where we are present in Colombia, investing COP 13.766 million in a total of 410 communities, benefiting approximately 130 thousand inhabitants through educational, housing, infrastructure and productive projects.

We also set up our CINA Foundation in 2009 just in time to channel all the humanitarian aid that Argos, its employees and suppliers as well as many other entities have donated to those communities living close to our CINA plant in Haiti, who were made homeless by the recent earthquake.

Another piece of news that was particularly gratifying for us was that our CO2 capturing project, through commercial reforestation activities, was validated and filed before the United Nations Framework Convention on Climate Change, under the framework of the Kyoto protocol in the section Clean Development Mechanisms. The validation of our CO2 capturing project bears out our responsible handling of our operating activities, where we try to either reduce or compensate for the environmental impact caused, in keeping with our Sustainability Policy.

The following is our Management Report.

## CORPORATE RESULTS

Cementos Argos obtained consolidated operating revenues of more than COP 3.4 billion (or USD1.602 million), showing drops of 9% in pesos and 18% in dollars. 47% of these revenues corresponded to sales

in Colombia, 28% in the United States, 18% in Latin America and the remaining 7% from other non-cement businesses. EBITDA came to COP 652 thousand million (USD 304 million), showing an increase of 10% in pesos and remaining stable in dollars. Our EBITDA margin went from 15.6% in 2008 to 18.9% in 2009.

Consolidated operating earnings came to COP 301 thousand million, for a total increase of 18%. The difficult situation affecting the US construction sector in 2009 led us to post an impairment, (the annual valuation which must be applied according to USGAAP that does not represent any outflows of cash) on our concrete operations in the US for a total of COP 82 thousand million. It must be noted that both of the abovementioned effects are of a strictly book-keeping nature and in no way do they compromise the Company's cash flow. Therefore, the Company's consolidated operating earnings after asset impairments came to COP 219 thousand million, for an increase of 22%.

On the other hand, net consolidated earnings came to more than COP 209 thousand million (USD 71 million), showing an increase of 197% in pesos and 51% in dollars compared to the previous year. This increase was mainly due to profits on the sale of certain coal-mining assets during the first quarter of the year as well as having sold off the shares held in Colinversiones to Inversiones Argos, during the fourth quarter.

With regard to Cementos Argos' individual income statement, operating revenues came to more than COP 1.4 billion (USD 659 million), along with an EBITDA of COP 370 thousand million (USD 173 million), operating earnings of COP 191 thousand million (USD 90 million) and net profits of more than COP 209 thousand million (USD 69 million dollars).

Consolidated assets came to COP 14.7 billion (USD 7.190 million) for a year-on-year increase of 22%. Liabilities dropped by 11% compared to the previous year, for a total of COP 4.9 billion. Shareholders Equity rose by 55% to COP 9,7 billion.

These increases in both assets and shareholders' equity are mainly due to gains obtained on the Company's real estate and portfolio investments. Appraisals of the Company's real estate assets, which according to Colombian GAAP must be performed every 3 years, came to COP 1.8 billion.

On the other hand, and thanks to the excellent performance of the Colombian equity market, Cementos Argos' equity portfolio, consisting mainly of shares held in Grupo de Inversiones Suramericana, Grupo Nacional de Chocolates and Bancolombia, rose by 55%, from COP 3,1 billion in 2008 to COP 4,8 billion for 2009. Also the Cementos Argos share obtained a gain of 61% for the year.

It is worthwhile noting that at the end of the year, Cementos Argos divested the 3,7% stake held in Colinversiones, which was acquired by Inversiones Argos, this in order to consolidate the overall stake held in the name of Inversiones Argos. This transaction was carried out on an "arm's length" basis.

## OUR BUSINESS IN COLOMBIA

In Colombia, Cementos Argos sold 3.9 million tons of grey cement, 1.4 million cubic meters of concrete, 82 thousand tons of white cement, 20 thousand tons of lime and 862 million tons of aggregate and prefabricated material. Accumulated sales of grey and white cement came to more than 4 million tons, showing a 12% drop compared to the prior year. On the other hand, sales of concrete showed a 15% drop in volume, compared with 2008.

In 2009, we exported to a total of 64 customers in 37 countries in the Caribbean, Latin America and North America. Export volumes of cement, clinker and lime from Colombia came to 1.6 million tons, showing a drop of 16% compared to the prior year. Export revenues dropped by 14% to USD 112 million. 40% of the total export volume was shipped to the US market, followed by the Caribbean with 36% and Central and

South America with the remaining 24%. 57% was shipped to the markets of our subsidiaries in the US, Caribbean and Central America and the other 43% to third parties.

Although exports of grey cement to the US fell, Cementos Argos share of the imported cement market in this country increased from 7% in 2008 to 9% in 2009. This is mainly due to a decline of 40% in the US demand for imported cement, which went from 11 million tons in 2008 to 7 million tons in 2009. This allowed for a certain leveling off of the US market with prices dropping by just 2% for the year.

In Colombia revenues dropped by 1% to COP 1,6 billion in 2009. On the other hand, EBITDA went from COP 433 thousand million in 2008 to COP 452 thousand million in 2009, showing an increase of 4%. The region's EBITDA margin increased from 26% in 2008 to 28% for 2009.

Argos led the domestic cement market with a much greater share than any of its competitors. In November, our Company came top in the Customer Service category of the PORTAFOLIO awards sponsored by the El Tiempo Editorial. To guarantee that our cement and concrete arrive efficiently at their final destination, the Company has concrete plants, cement plants, distribution centers logistic infrastructure, a skilled team of sales representatives, technicians and more than 5,000 people from the Company working on its integrated processes and fully engaged in providing maximum satisfaction to our customers. This achievement, being the best in Customer Service, has encouraged us to continue to deliver top quality products and provide a superior service excellence.

We were particularly gratified by the fact that the GDP for the construction sector for the fourth quarter of 2009 showed signs of a recovery, this being mainly driven by new infrastructure projects. The sector's GDP therefore increased by 14% compared to this same quarter for the previous year. This was mainly due to a 41% increase in the added value of civil engineering projects. However, in spite of fiscal spending constraints, public infrastructure projects such as highways, aqueducts and basic sanitation continue at the top of the Government's agenda. All these sectors shall not only drive overall economic recovery but fortunately represent an intensive demand for our products.

The Colombian Government has been actively implementing various mechanisms in order to drive the construction industry and increase the housing demand with low-cost housing macro projects (MISN). It has also streamlined the approval process for building permits and created guarantees for lines of credit aimed at improving urban or rural housing, while increasing subsidiaries issued by the Family Compensation Funds for acquiring new priority low-cost housing and creating subsidized interest rates (Conditioned Coverage Program) for credit facilities to repurchase new housing.

In 2009, besides extending the production capacity at our Cartagena Plant, the Company also invested in optimizing its emission control systems, increasing its capacity at certain plants, maximizing process efficiency and in self-generating electricity equipment. Amongst the projects thus carried out, it is important to mention the investment made in our Rioclaro Plant in order to comply with international stack emission standards for both of its furnaces as well as optimizing the clinker storage system at the Sabanagrande Plant. With respect to the self-generating electricity plants, in 2009 we continued with these projects and made much progress at the Rioclaro Plant, which now has a capacity to generate 17 MW of electricity; as well at the Sogamoso Plant (15 MW) and the Free Trade Zone in Cartagena (42 MW). The first two plants shall run on coal-fired steam, while the third shall operate on natural gas.

It is important to mention that these results demonstrate once again the Company's commitment to sustainable development through important initiatives in the fields of Quality Management, Environmental Management and Occupational Health and Industrial Safety.

We therefore maintained and obtained certifications for the following standards: the ISO 9001 Quality Management, ISO 14001 Environmental Management, OHSAS 18001 Occupational Health and Safety, the BASC standard for secure commerce as well as the Seals of Quality for the products produced by Cementos Argos at its different plants.



2009 was key to being able to consolidate our research and development team and facilities. A total of 32 projects were carried out in this regard, the majority in conjunction with International and local universities.

As for Product Technology, we concentrated our efforts on developing alternate cementing materials as well as other high-performing products. With regard to our Energy Efficiency projects, we mainly focused on new combustion technologies, cements that require less energy consumption, as well as increasing fuel efficiency. As for reducing emissions, we worked mainly on cements that produce low levels of CO<sub>2</sub> as well as alternate fuels and raw materials. Biotechnology is one of our new areas of investigation, given the corresponding growth potential which is substantial. We also began with the patenting proceedings for another project that we currently have underway.

A significant step forward this year was having built our first lab exclusively dedicated to research purposes at our R&D Center. The Argos R&D Center is located at the Universidad EAFIT and has a total budget of COP 4 thousand million of which COP 1 thousand million was invested in the first stage. The total amount budgeted for this R&D Center, to be used between 2009 and 2011, entitled the Company to a tax benefit of 125%, pursuant to the Colombian Science and Technology Act. The Company also received tax benefits on other projects for more than COP 1.200 million.

## OUR BUSINESS IN THE UNITED STATES

The demand for concrete on the United States market continued to slow down in 2009 mainly due to the effects of the mortgage crisis within the residential housing sector, as well as because of the bad weather, especially during the last quarter of the year.

The Argos companies in this part of the world sold 3.5 million cubic meters of concrete in 2009, showing a year-on-year decline of 33%. Revenues in the US fell by 34% to US\$442 million. EBITDA came to US\$21 million, showing a drop of 47%. Our EBITDA margin dropped from 6% in 2008 to 5% in 2009.

Towards the end of the year, several of our plants in North Carolina officially obtained their Green Star certification at a special ceremony attended by State representatives, customers and employees. The Green Star Certification offers many benefits, since customers prefer to do business with companies who have been recognized for their efforts in protecting the environment, also business models with an environmental focus optimize processes and operations, relations with neighboring communities are far better plus we are contributing to a better future while continuing to shed a "Green Light" on all that we do. The NRMCA - National Ready Mix Association- also awarded its Quality Excellence Prize to the Argos plants in the southeast of the US.

After the worst contraction in seven decades, the US recorded a growth in GDP in the third quarter of 2009. By year-end GDP had recorded an annual growth of 5,9%. The PCA -Portland Cement Association- is projecting a 2% growth for the US economy and a 5% growth in the country's cement demand for 2010, whereas between 2011 and 2013 a double-digit growth is expected for the sector.

## OUR BUSINESS IN THE CARIBBEAN

The Caribbean performed well in 2009. Consolidated revenues for this region increased by 56% from USD 181 million dollars in 2008 to USD284 million dollars in 2009. Furthermore, EBITDA went from USD 36 million dollars in 2008 to USD69 million dollars in 2009, for a total increase of 91%. EBITDA margin increased from 20% to 25%.

In the case of Argos in Panama, total sales of cement came to 636 thousand tons, 12% higher than those of the previous year. On the other hand Cementos Colon in the Dominican Republic and CINA in Haiti

sold 328 thousand and 440 thousand tons, respectively. This represented a drop of 29% in the case of the Dominican Republic and an increase of 11% in Haiti.

Consolidated revenues in Panama, came to USD156 million, for a year-on-year increase of 16%. Revenues in the Dominican Republic came to USD 38 million, which were 28% lower than the previous year. Haiti reported USD 55 million in revenues, for a year-on-year increase of 16%.

It is important to note that in 2009, Cemento Panama finished the construction of its new facilities thereby extending its grinding capacity from 770 thousand tons to 1.6 million tons per year. This with a view to supplying the increased demand as a result of the widening of the Panama Canal as well as other infrastructure projects being carried out in Panama.. These new facilities have leading-edge technology, are highly energy-efficient, and have the best designs and equipment for preserving the environment and ensuring occupational safety. On the other hand, Cimenterie Nationale en CINA in Haiti, recently extended its production capacity from 490 to 600 thousand tons per year.

In May, the Haitian Ministry for Labor and Social Affairs gave a special mention to Cimenterie Nationale (CINA) as being a model company in Haiti, during festivities celebrating agriculture and work. The purpose of these celebrations is to honor employers and employees who show outstanding skills and job dedication while driving the Haitian business sector.

Cementos Argos has expressed its deepest sympathy to the Haitian Government with regard to the tragic events that took place as a result of the recent earthquake which has left thousands dead. The Company has been deeply moved by the irreparable loss of human lives and the extent of the destruction wreaked by this natural disaster.

Fortunately none of our Company employees were amongst the victims. Furthermore, our CINA Plant, did not suffer any structural damage. This plant is located 25 kilometers from the capital, Port au Prince. Cementos Argos has been a shareholder of CINA, since 1999, holding a 65% stake in this Company, with the Haitian Government holding the remaining 35%.

Cementos Argos has taken immediate action to meet the basic needs of all the employees of our subsidiary Cimenterie Nationale S.E.M (CINA) along with their families and shall be providing support to the initiatives taken by the Colombian Government as well as other international organizations in taking care of the victims of this tragedy.

## LEGAL MATTERS

All transactions with Shareholders and Company Management as well as all other information required by Section 3 of Article 446 of the Code of Commerce is included in Notes 25 and 26 of our individual and consolidated financial statements, respectively.

It must be noted that, pursuant to that provided by Article 29 of Law 222 of 1995, this report contains all the different aspects pertaining to the degree of economic ties existing within the Argos Business Group, that is to say between the parent company and its subsidiaries. We therefore clearly state that all transactions with related companies and shareholders have been carried out on an arm's length basis and duly disclosed in the notes to the financial statements. All decisions taken by each of the companies have not been swayed by any interest that the controlling company might have in such.

In February 2009, the Colombian Tax Authorities (DIAN) issued Resolution No. 900003 by means of which it pronounced on the appeal filed by the Company, ruling that it would revoke the entire Official Revised Settlement by means of which it intended to increase the amount payable on the Company's tax return for 2005 due to corrections made therein and a fine for inaccuracy. As a result of this, the Company was exempted from paying more than COP 200.000 million.

With regard to our Cement Plant in Venezuela, which belongs to our subsidiary Corporación de Cemento Andino C.A., on March 27, we were informed of a ruling in our favor given by the Constitutional Division of the Supreme Court of Justice in Venezuela, which ordered the restitution of said cement plant to its rightful owner, amongst other measures. The Venezuelan Government has still to establish the amount of compensation to be paid. It is important to mention that this investment has been totally provisioned on the Company's books.

All legal and administrative proceedings that began in previous years, continue to be opportunely attended to without any unfavorable rulings being given in the last instance.

On the other hand, with respect to all intellectual property legislation, the Company has carried out strict follow-ups on all necessary policies and controls to ensure full compliance, particularly with regard to lawfully acquiring and using software and abiding by all copyright legislation.

The Company has not been informed of any important event occurring after the end of the last fiscal year, that could jeopardize its progress and affect its Shareholders' Equity. Other events occurring after the close of the last fiscal year are listed in Notes 26 and 27 of the individual and consolidated financial statements, respectively.

It is important to note that both the Company's internal controls as well as the systems used for controlling and disclosing all financial information have been satisfactorily checked, and found to be in proper working order.

The Auditing and Finance Committee meets regularly according to that provided by law, and these meetings are attended by the Company's statutory auditor and internal auditors as well as by members of the Board of Directors..

## **EVENTS SUBSEQUENT TO THE CLOSE OF BOOKS**

In January of this year, as part of an ongoing unfair competition investigation, the Colombian Superintendency of Industry and Commerce denied the appeals filed by the Company and confirmed the fines imposed on both the Company and its legal representative.

In February 2010, Cementos Argos signed a joint venture for USD 3.2 million with Vensur, a company belonging to the Kersten Group, the main business group in Surinam. With this Argos became a shareholder in a cement grinding company with access to port facilities providing silos and packing services.

This alliance shall allow the Company to ensure an important sales channel for clinker and cement which could well reach between 90 and 150 thousand tons. The Surinamese cement market represents about 200 thousand tons of cement per year for a population of more than 500 thousand, so it offers good growth potential.

Dear shareholders, we would like to invite you all to continue forming a valuable part of our Organization, and at the same time we wish to thank both you and all those who have helped us in one way or another in 2009, including our customers, suppliers and Government authorities.

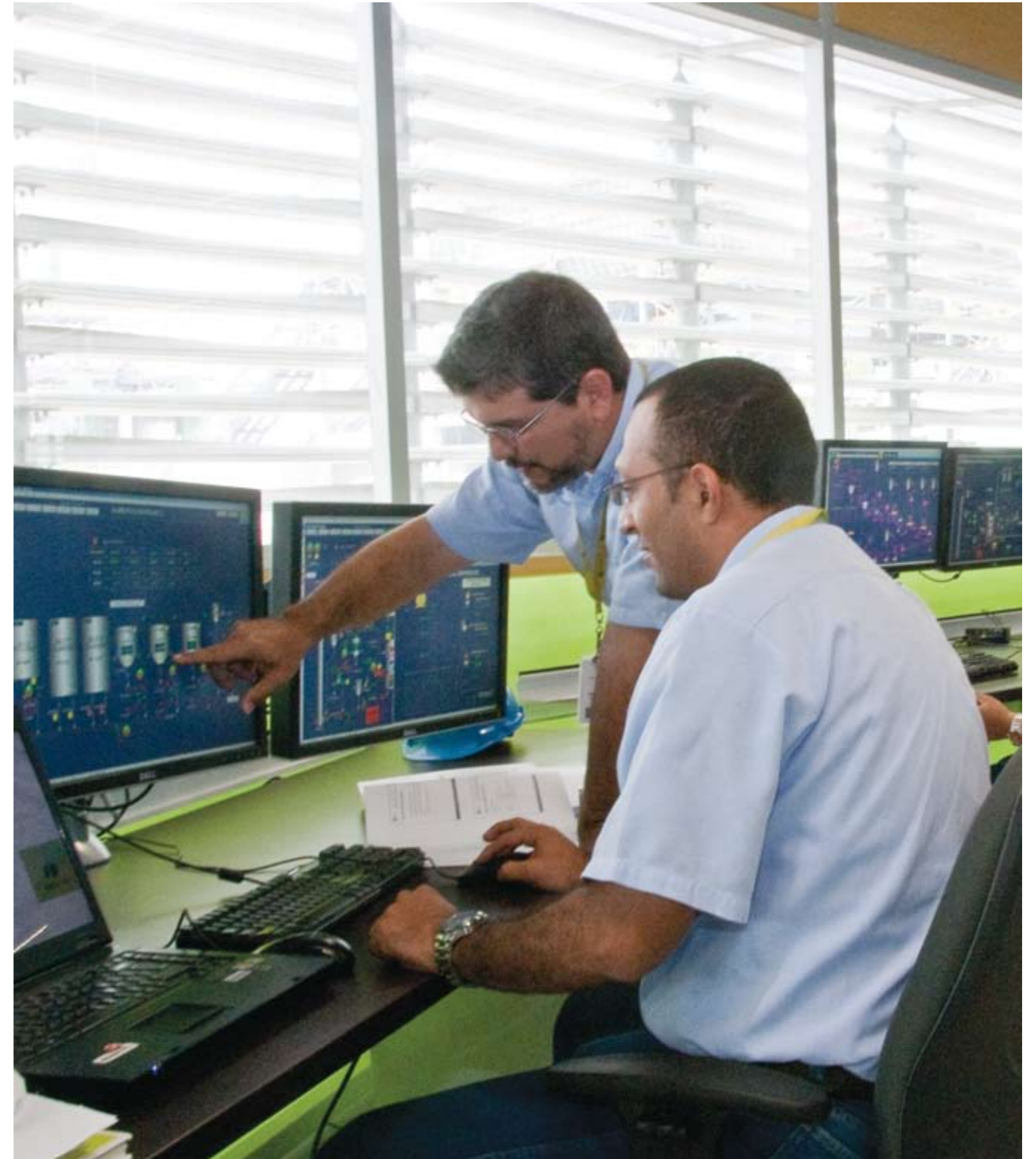
## **BOARD OF DIRECTORS**

Sergio Restrepo  
Ana María Giraldo  
Andrés Bernal  
Claudia Betancourt  
Juan David Vieira

## **CHAIRMAN**

José Alberto Vélez





Control Room Line 4 Cartagena Plant

# CONSOLIDATED FINANCIAL STATEMENTS

# CEMENTOS ARGOS S.A.

## CONSOLIDATED BALANCE SHEET

For years ended December 31, 2009 and December 31, 2008  
(In millions of Colombian pesos)

ASSETS	Notes	2009	2008
<b>CURRENT ASSETS</b>			
Cash and banks		155.816	226.625
Negotiable investments	5	489.291	759.010
Accounts receivable, net	6	752.349	992.806
Inventories, net	7	361.135	402.296
Property, plant and equipment, net	9	-	57.507
Deferred items and intangibles	10	-	106.777
Prepaid expense		39.550	32.928
<b>TOTAL CURRENT ASSETS</b>		<b>1.798.141</b>	<b>2.577.949</b>
<b>NON-CURRENT ASSETS</b>			
Long-term accounts receivable	6	57.522	40.822
Permanent investments	8	334.677	445.517
Property, plant and equipment, net	9	2.880.021	2.776.061
Deferred items and intangibles	10	1.908.881	1.999.218
Other assets		76.995	72.850
Asset appraisals	19	7.641.378	4.097.890
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12.899.474</b>	<b>9.432.358</b>
<b>TOTAL ASSETS</b>		<b>14.697.615</b>	<b>12.010.307</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Financial obligations	11	758.099	1.376.456
Commercial Paper	12	300.000	300.000
Suppliers and accounts payable	13	606.263	848.692
Taxes and rates	14	194.225	227.108
Labor liabilities	16	28.520	30.121
Other liabilities	17	266.636	265.960
<b>TOTAL CURRENT LIABILITIES</b>		<b>2.153.743</b>	<b>3.048.337</b>
<b>LONG-TERM LIABILITIES</b>			
Financial obligations	11	959.660	1.251.583
Labor liabilities	16	222.826	216.176
Deferred items	15	131.623	163.609
Accounts payable	13	175.395	224.584
Bonds outstanding	12	1.226.864	585.222
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2.716.368</b>	<b>2.441.174</b>
<b>TOTAL LIABILITIES</b>		<b>4.870.111</b>	<b>5.489.511</b>
Minority interest		87.124	223.356
<b>SHAREHOLDERS' EQUITY (Please refer to attached Statement)</b>	18	<b>9.740.380</b>	<b>6.297.440</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14.697.615</b>	<b>12.010.307</b>
Memoranda Accounts	20	1.935.832	1.103.143

The accompanying notes form an integral part of these financial statements

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

Oscar Rodrigo Rubio C.  
Accounting Manager  
Lic #. 47208 -T  
(See attached certification)

Olga Lilibiana Cabrales P.  
Statutory Auditor  
Lic #. 92873 -T  
Appointed by Deloitte & Touche Ltda.  
(See report attached)

# CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF INCOME

For years ending December 31, 2009 and December 31, 2008  
In millions of Colombian pesos  
(Except for basic earnings per share)

Notes	2009	2008
Operating revenue	3.449.768	3.805.007
Cost of sales	2.693.035	3.136.767
<b>GROSS EARNINGS</b>	<b>756.733</b>	<b>668.240</b>
Operating expense		
Administrative expense	21 322.030	288.963
Sales	22 133.896	125.120
<b>Total operating expense</b>	<b>455.926</b>	<b>414.083</b>
<b>OPERATING EARNINGS BEFORE ASSET IMPAIRMENT</b>	<b>300.807</b>	<b>254.157</b>
Asset impairment	10 81.691	74.786
<b>OPERATING EARNINGS AFTER ASSET IMPAIRMENT</b>	<b>219.116</b>	<b>179.371</b>
<b>Other non-operating income (expense)</b>		
Financial income	38.773	59.528
Dividends and equity stakes received	69.957	83.363
Financial expense	(279.662)	(256.859)
Exchange difference	23 (51.360)	(206.520)
Other income	24 697.010	491.875
Other expense	25 (389.284)	(236.730)
Earnings before provision for income tax	304.550	114.028
Provision for income tax	14 61.738	14.018
<b>EARNINGS BEFORE MINORITY INTEREST</b>	<b>242.812</b>	<b>100.010</b>
Minority interest share in subsidiary profits	(32.985)	(29.373)
<b>NET CONSOLIDATED PROFITS</b>	<b>209.827</b>	<b>70.637</b>
Basic earnings per share	182,2	61,3

The accompanying notes form an integral part of these financial statements

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

Oscar Rodrigo Rubio C.  
Accounting Manager  
Lic #. 47208 -T  
(See attached certification)

Olga Liliana Cabrales P.  
Statutory Auditor  
Lic #. 92873 -T  
Appointed by Deloitte & Touche Ltda.  
(See report attached)

# CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF CHANGES TO SHAREHOLDERS' EQUITY

For years ending December 31, 2009 and December 31, 2008  
(In millions of Colombian pesos)

Notes	2009	2008
<b>SUBSCRIBED AND PAID-IN CAPITAL</b>		
Beginning and ending balance	7.291	7.291
<b>SHARE PLACEMENT PREMIUM</b>		
Beginning and ending balance	210.819	210.819
<b>COMPANY'S OWN REPURCHASED SHARES</b>		
Opening balance	(113.797)	(113.797)
Movements for the year	-	-
<b>Closing balance</b>	<b>(113.797)</b>	<b>(113.797)</b>
<b>APPROPRIATED RETAINED EARNINGS</b>		
Opening balance	806.031	719.335
Appropriations approved by the General Assembly of Shareholders	70.637	212.036
Movements for the year	(2.556)	3.647
Dividends paid in cash in nominal pesos at \$121 per share on a total of 1,151,672,310	(139.352)	(128.987)
<b>Closing balance</b>	<b>734.760</b>	<b>806.031</b>
<b>UNAPPROPRIATED RETAINED EARNINGS</b>		
Opening balance	70.637	212.036
Appropriations approved by the General Assembly of Shareholders	(70.637)	(212.036)
Net profits (please refer to attached statement)	209.827	70.637
<b>Closing balance</b>	<b>209.827</b>	<b>70.637</b>
<b>EQUITY REVALUATION SURPLUS</b>		
Opening balance	1.021.479	1.041.349
Movements for the year	-	-
Wealth tax	(19.870)	(19.870)
<b>Closing balance</b>	<b>1.001.609</b>	<b>1.021.479</b>
<b>ASSET REAPPRAISAL SURPLUS</b>		
Opening balance	4.294.980	5.003.294
Exchange difference on foreign investments	-	163.597
Movements for the year	3.394.891	(871.911)
<b>Closing balance</b>	<b>7.689.871</b>	<b>4.294.980</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>9.740.380</b>	<b>6.297.440</b>

The accompanying notes form an integral part of these financial statements

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# CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF CHANGES TO FINANCIAL POSITION

For years ending December 31, 2009 and December 31, 2008

(In millions of Colombian pesos)

	2009	2008
<b>FUNDS PROVIDED BY:</b>		
Net profits	209.827	70.637
Plus (minus) debits (credits) to the income accounts that do not affect working capital:		
Depreciation on property, plant and equipment	264.082	272.199
Amortization of deferred charges and others	86.829	65.586
Other amortizations	1.642	1.642
Recovered amounts of provisions for property, plant and equipment, net	-	(17.279)
Provisions for investments, net	-	22.030
Exchange differences on financial obligations and long term payables	(64.545)	112.164
Losses (profits) from sales of property, plant and equipment, net	56.212	(131.189)
Losses on withdrawals of property, plant and equipment	16.058	-
Profits from sales of permanent investments	(157.512)	(220.473)
Amortization - retirement pensions	5.389	17.268
Minority interest	32.985	29.373
Asset impairment	81.691	74.786
<b>WORKING CAPITAL PROVIDED BY OPERATING ACTIVITIES</b>	<b>532.658</b>	<b>296.744</b>
<b>FUNDS PROVIDED BY OTHER SOURCES</b>		
Sales of property, plant and equipment	65.256	306.587
Sales of permanent investments	323.302	309.394
Increase in long-term labor liabilities	1.261	-
Increase in long-term financial obligations	-	21.536
Increase in long-term bonds	640.000	-
Transfers of property, plant and equipment to short-term	-	57.507
Transfers of deferred items and intangibles to short term	-	106.777
Transfers of portfolio investments to controlled investments	17.077	-
Decrease in long-term accounts receivable	-	53.770
Increase in minority interest	-	17.220
Increase in equity due to exchange difference on foreign investments	-	163.597
<b>TOTAL FUNDS PROVIDED</b>	<b>1.579.554</b>	<b>1.333.132</b>
<b>FUNDS USED FOR:</b>		
Purchases of property, plant and equipment	505.568	939.212
Purchases of permanent investments	72.027	118.902
Dividends declared	139.352	128.987
Decrease in long-term financial obligations	248.010	-
Decrease in long-term accounts payable	28.557	42.294
Decrease in deferred long-term liabilities	31.986	98.356
Decrease in other long-term liabilities	-	18.919
Decrease in labor liabilities	-	911
Increase in long-term receivables	16.700	-
Increase in other assets	4.145	55.566
Increase in deferred assets and intangibles	78.183	409.072
Decrease in minority interest	136.232	-
Decrease in equity due to exchange difference on foreign investments and others	184.138	-
Wealth tax	19.870	19.870
<b>TOTAL FUNDS USED</b>	<b>1.464.768</b>	<b>1.832.089</b>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>114.786</b>	<b>(498.957)</b>
<b>CHANGES IN COMPONENTS OF WORKING CAPITAL</b>		
Cash and banks plus temporary investments	(340.528)	697.671
Accounts receivable, net	(240.457)	106.596
Inventories, net	(41.161)	46.979
Property, plant and equipment, net	(57.507)	57.507
Deferred items and intangibles	(106.777)	106.777
Prepaid expense	6.622	1.338
Financial obligations	618.357	(947.378)
Commercial paper	-	(50.000)
Suppliers and accounts payable	242.429	(350.091)
Taxes and rates	32.883	(107.886)
Labor liabilities	1.601	2.803
Other liabilities	(676)	(63.273)
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>114.786</b>	<b>(498.957)</b>

The accompanying notes form an integral part of these financial statements

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(See report attached)

# CEMENTOS ARGOS S.A. CONSOLIDATED STATEMENT OF CASH FLOWS

For years ending December 31, 2009 and

December 31, 2008

(In millions of Colombian pesos)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profits	209.827	70.637
Adjustments to consolidate net profits with net cash provided by operating activities:		
Depreciation on property, plant and equipment	264.082	272.199
Amortization of deferred charges and others	86.829	65.586
Other amortizations	1.642	1.642
Recovered amounts of provisions for property, plant and equipment, net	-	(17.279)
Provisions for investments, net	-	22.030
Losses (profits) from sales of property, plant and equipment, net	65.576	(131.189)
Losses on withdrawals of property, plant and equipment	16.058	-
Profits from sales of permanent and negotiable investments, net	(481.868)	(220.473)
Amortization - retirement pensions	5.389	17.268
Income receivable	(16.644)	(15.315)
Provision for accounts receivable	7.757	4.108
Provision for inventories	5.298	2.304
Exchange differences on financial obligations and long term payables	(64.545)	112.164
Minority interest	32.985	29.373
Asset impairment	81.691	74.786
<b>SUBTOTAL - OPERATING FLOWS</b>	<b>214.077</b>	<b>287.841</b>
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		
Accounts receivable	232.644	(41.619)
Inventories	35.863	(49.283)
Prepaid expense	(6.622)	(1.338)
Other assets	(4.145)	(55.566)
Suppliers and accounts payable	(242.429)	350.091
Labor liabilities	(340)	(3.714)
Taxes and rates	(32.883)	107.886
Other liabilities	676	63.273
Decrease in deferred long-term liabilities	(31.986)	(98.356)
Decrease in other long-term liabilities	-	(18.919)
Transfers of portfolio investments to controlled investments	17.077	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>181.932</b>	<b>540.296</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of property, plant and equipment	220.176	306.587
Sales of investments	1.066.465	309.394
Purchases of property, plant and equipment	(505.568)	(939.212)
Purchases of investments	(490.834)	(118.902)
Increase in deferred assets and intangibles	(78.183)	(409.072)
(Decrease) increase in equity due to exchange difference on foreign investments and others	(184.138)	163.597
<b>NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>	<b>27.918</b>	<b>(687.608)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends declared	(139.352)	(128.987)
(Decrease) increase in financial obligations	(866.367)	968.914
Increase in commercial paper	-	50.000
Decrease in long-term accounts payable	(28.557)	(42.294)
Increase in bonds	640.000	-
(Decrease) increase in minority interest	(136.232)	17.220
Wealth tax	(19.870)	(19.870)
<b>NET CASH (USED FOR ) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(550.378)</b>	<b>844.983</b>
(Decrease) increase in cash and cash equivalents	(340.528)	697.671
Cash and cash equivalents at beginning of year	985.635	287.964
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>645.107</b>	<b>985.635</b>
<b>CASH EQUIVALENTS</b>		
Cash and banks	155.816	226.625
Negotiable investments	489.291	759.010
<b>CASH AND CASH EQUIVALENTS</b>	<b>645.107</b>	<b>985.635</b>

The accompanying notes form an integral part of these financial statements

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(See attached certification)

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Lic #. 47208 -T  
(See attached certification)

Olga Liliana Cabrales P.  
Statutory Auditor  
Lic #. 92873 -T  
Appointed by Deloitte & Touche Ltda.  
(See report attached)

# CERTIFICATION FROM THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 26, 2010

**To the Shareholders of Cementos Argos S.A. and to the public in general,**

As Legal Representative, I hereby certify that the Consolidated Financial Statements at December 31, 2009 that have been placed in the public domain, do not contain any errors, inaccuracies or flaws that could prevent the public from knowing the financial position of Cementos Argos S.A. or the operations it carried out during said period.

**José Alberto Vélez C.**  
Legal Representative

# CERTIFICATION FROM THE COMPANY'S CHIEF EXECUTIVE OFFICER AND ACCOUNTING MANAGER

Barranquilla, February 26, 2010

**To the Shareholders of Cementos Argos S.A.**

We the undersigned Legal Representative and Accounting Manager of Cementos Argos S.A. duly certify that the figures included in the Company's consolidated financial statements for the fiscal years ending December 31, 2009 and December 31, 2008 were faithfully taken from the Company's books. Also before being made available to both you, our Shareholders, as well as third parties, we duly checked the following disclosures made therein, including the following:

- a) All assets and liabilities included in the Company's consolidated financial statements for the fiscal years ending December 31, 2009 and December 31, 2008 duly exist and all transactions therein included were carried out during these same periods ending on said dates.
- b) All economic events on the part of both the Company and its subsidiaries during the fiscal years ending December 31, 2009 and December 31, 2008 have been duly acknowledged in the financial statements.
- c) Assets represent probable future earnings (rights) and liabilities represent probable future outlays (obligations) either obtained by or for the account of the Company at December 31, 2009 and December 31, 2008.
- d) All items have been posted at their appropriate values according to generally-accepted accounting principles in Colombia.
- e) All economic events affecting the Company and its subsidiaries have been correctly classified, described and revealed in these financial statements.

**José Alberto Vélez C.**  
Legal Representative

**Oscar Rodrigo Rubio C.**  
Accounting Manager  
Lic #. 47208-T

# STATUTORY AUDITOR'S REPORT

**To the shareholders of  
CEMENTOS ARGOS S.A.:**

I have audited the consolidated balance sheets of CEMENTOS ARGOS S.A. and its subordinated companies mentioned in note 1 to the financial statements, as of December 31, 2009 and 2008 and the corresponding consolidated statements of income, of changes in the equity, of changes in the financial position, and of cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

The administration is responsible for the preparation and accurate presentation of these financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, as well as making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audits. Deloitte & Touche, firm of which I am a member, did not audit the financial statements of some of the subordinated companies, in which as of December 31, 2009 and 2008 the controlling Company has included in the financial statements assets that represent 11% and 12%, and income of 21% and 16% of the consolidated totals, respectively. Those financial statements were audited by other auditors whose reports have been provided to me and the opinion that I express herein, as refers to the figures of assets and income of the above mentioned companies, is based exclusively on the reports of the other auditors of those companies. I obtained the information necessary to comply with my duties and carry out my audit in accordance with auditing standards generally accepted in Colombia. Such standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including his assessment of the risk of material misstatements in the financial statements. In making that risk assessment, the auditor considers the Company's internal control relevant to the preparation and reasonable presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. I believe that my audits provide me a reasonable basis to express my opinion.

The significant accounting policies, these financial statements and notes to financial statements were translated into English from statements originally issued in Spanish. All amounts are stated in millions of Colombian Pesos. The statements are presented on the basis of accounting principles generally accepted in Colombia. Certain accounting principles applied by the Company that conform to the generally accepted accounting principles applied in Colombia may not conform to generally accepted accounting principles applied in other countries.

In my opinion, based on my audits and on the reports from the other auditors referred to in the third paragraph, the consolidated financial statements referred to above, reasonably present, in all material respects, the financial situation of CEMENTOS ARGOS S.A. and its subordinated companies as of December 31, 2009 and 2008, the results of its operations, the changes in its equity, the changes in its financial position, and its cash flows for the years ended on those dates, in conformity with accounting principles generally accepted in Colombia, applied uniformly.

**Olga Liliana Cabrales P.**

Statutory Auditor  
Professional Card 92873-T  
Designated by Deloitte & Touche Ltda.

February 26, 2010.





Cooler assembly Line 4 Cartagena Plant

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CEMENTOS ARGOS S.A.

AI 31 DE DICIEMBRE DE 2009 Y 2008

(In millions of Colombian pesos, except when otherwise stated)

## NOTE 1 – REPORTING ENTITY

Cementos Argos S.A. is a company that was incorporated according to Colombian legislation on August 14, 1944. The Company's business purpose is to conduct business within the cement industry, produce concrete mixes and any other materials or articles made of cement, lime or clay; purchase and sell minerals or mineral deposits that are used by the cement industry and others, acquire and sell rights to explore and mine the aforementioned minerals by means of concessions, privileges, leasing agreements or any other type of arrangement, provide port services and contract, build, inspect or design or provide any type of consultancy services with regard to civil engineering or any other kind of projects and before any type of public or private entity. It is domiciled in Barranquilla and has a term of duration that expires on August 14, 2060.

The following are companies that have been included in the consolidated financial statements of Cementos Argos S.A. and its subsidiary companies.

### ARGOS U.S.A. CORP.

This company was incorporated according to the laws of the state of Delaware, USA on December 19, 2006, and is domiciled in Houston, Texas. Its business purpose is to carry out all lawful investment activities in the cement, concrete and related sectors. It has a perpetual duration. This Company is consolidated with Southern Star Concrete Inc., Southern Star Leasing LLC, Piazza Acquisition Corp., RMCC Group Inc., Southern Equipment Company Inc., Gulf Coast Cement LLC, Savannah Cement Company LLC, South Central Cement Ltd. Central Aggregates LLC and Consort Livestock Inc.

### AMERICAN CEMENT TERMINALS LLC

An investment company incorporated according to the laws of the state of Delaware, USA on September 20, 2007,

### ÁRIDOS DE ANTIOQUIA S.A.

Incorporated according to Colombian legislation on July 30, 1984 and domiciled in the town of Girardota (Antioquia), this Company's business purpose is to mine, prospect for, process, transform, transport, use, exploit, market and sell quarry and shore materials and generally speaking rock aggregates, such as sand, gravel and any other materials and elements inherent to such that are used in the construction industry and generally speaking carry out all those activities relating to mining and marketing and selling renewable and non-renewable natural resources. In 2009, this Company was taken over by Canteras de

Colombia S.A.S., and duly dissolved without being liquidated thereby terminating its legal status.. This company was included in the consolidation until 2008.

### **ASESORÍAS Y SERVICIOS LTDA (SUBJECT TO LIQUIDATION)**

Incorporated according to Colombian legislation on December 20, 1983, its business purpose was to hire and provide manpower and advisory services for both companies and private individuals. It was domiciled in Barranquilla and has been duly dissolved and is being liquidated given the expiry of its statutory term of duration. This company was only included in the consolidation until 2008.

### **C.I. CARBONES DEL CARIBE S.A.S. (FORMERLY C.I. CARBONES DEL CARIBE S.A.)**

.Incorporated according to Colombian legislation on October 28, 1981 this company is domiciled in Barranquilla and has an indefinite term of duration. Its business purpose is to promote Colombian exports abroad, especially international sales of coal and other coal-related minerals, as well as carrying out any other lawful business activity both at home and abroad. In 2009, it became a Simplified Joint Stock Company

### **C.I. DEL MAR CARIBE BVI INC.**

Incorporated according to the laws of the British Virgin Islands on June 2, 2004 and domiciled in Tortola, its business purpose is to sell cement, clinker and lime. It has a perpetual duration, according to the laws of this country.

### **CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S. (FORMERLY C.I. DEL MAR CARIBE S.A.)**

Incorporated according to Colombian legislation on December 14, 1982, domiciled in Medellin and with an indefinite term of duration, this Company's business purpose is to carry out any lawful business activity both at home and abroad. In 2009 this Company became a Simplified Joint Stock Company, changing its registered place of business from Barranquilla to Medellín and changed its name from C.I. del Mar Caribe S.A. to Corporaciones e Inversiones del Mar Caribe S.A.S., (CIDMC S.A.S).

### **C.T. & CÍA. LTDA.**

This Company was incorporated according to Colombian legislation on July 25, 1988 and domiciled in Barranquilla. Its business purpose was to mine, explore, process, transform, transport, use, exploit, market and sell quarry and shore materials and generally speaking rock aggregates, such as sand, gravel and any other materials and elements inherent to such that are used in the construction industry and generally speaking carry out all those activities relating to mining and marketing and selling renewable and non-renewable natural resources. In 2009, this Company was taken over by Canteras de Colombia S.A.S., and duly dissolved without being liquidated thereby terminating its legal status. This Company was only included in the consolidation until 2008..

### **CANTERAS DE COLOMBIA S.A.S. (FORMERLY CANTERAS DE COLOMBIA S.A.)**

Incorporated according to Colombian legislation on November 9, 1979, and domiciled in Medellín Antioquia, this Company has an indefinite term of duration. Its business purpose was to mine, explore, process, transform, transport, use, exploit, market and sell quarry and shore materials and generally speaking rock aggregates, such as sand, gravel and any other materials and elements inherent to such that are used in the construction industry and generally speaking carry out all those activities relating to mining and marketing and selling renewable and non-renewable natural resources and carry out any lawful business activity both at home and abroad. In 2009, this Company took over Áridos de Antioquia S.A., C.T. & Cía. Ltda. and Canteras del Norte Ltda. Also in 2009 the Company became a Simplified Joint Stock Company and changed its registered place of business from Bello (Antioquia) to Medellín.

### **CANTERAS DEL NORTE LTDA.**

Incorporated according to Colombian legislation on July 04, 2002, its registered place of business was in Barranquilla. Its business purpose was to mine, explore, process, transform and sell all types of minerals and renewable and non-renewable natural resources, managing and operating all types of mines, quarries and mineral deposits, carrying out any type of mining activity and task, including prospecting, conducting seismic exploration operations, moving sterile material, managing mining teams, operating workshops, storage facilities amongst others. In 2009, this Company was taken over by Canteras de Colombia S.A.S., and duly dissolved without being liquidated thereby terminating its legal status. This Company was only included in the consolidation until 2008..

### **CARBONES NECHÍ S.A.S. (FORMERLY CARBONES NECHÍ S.A.)**

Incorporated according to Colombian legislation on September 11, 1965, this Company is domiciled in Medellín and has an indefinite term of duration. Its business purpose is to mine, explore, process, transform, transport, use and exploit, market and sell coal and any other material and element inherent to such as used in the building industry and generally speaking, conduct any lawful business activity both at home and abroad. In 2009, it became a Simplified Joint Stock Company.

### **CARICEMENT ANTILLES NV**

This limited liability company was incorporated according to the laws of the Dutch Antilles on December 10, 1999. Its business purpose is to make investments. It is domiciled in Curaçao and has an indefinite term of duration. This Company is consolidated along with Caricement USVI Corp., Caribbean Construction and Development Ltd., Caricement Antigua Limited and Caricement Saint Maarten NV.

### **CARIBE TRADING CORPORATION**

Caribe Trading Corporation was incorporate according to the laws of the State of Florida, USA, in November 1987. Its business purpose consists of conducting international sale and any other lawful business activity. It has a perpetual term of duration. This Company was only included in the consolidation in 2008.

### **CEMENT AND MINING ENGINEERING INC.**

Incorporated according to Panamanian legislation on February 4, 1997 and domiciled in Panama City, its business purpose is to build, provide technical assistance, install and assemble equipment, buy, sell



and manage real estate and movable property, investments, financing, stakes in companies, purchase or obtain patents, trademarks, copyright, licenses and formulas, carry out transactions with banks and other financial institutions, purchase and sell shares, securities or bonds, financing and stakes held in companies as well as mining and shipping concerns as well as any other lawful business permitted by the laws of the Republic of Panama.

### **CEMENTO PANAMÁ S.A.**

This joint stock company was incorporated according to the laws of Panama on June 25, 1943. Its business purpose consists of producing, selling, importing and exporting cement and its byproducts, as well as importing any type of raw material, machinery, equipment and spare parts for producing and selling cement. It is domiciled in Panama City, Panama and has a perpetual term of duration. In December 2009, Cemento Panama S.A. merged with Panama Cement Holding S.A. and Corporación Incem S.A., the former taking over the latter two.

### **CEMENTOS COLÓN S.A.**

This is a joint stock company incorporated according to the laws of the Dominican Republic on February 12, 1996. Its business purpose is to produce, sell, import and export clinker and cement as well as mine and sell minerals used by or in connection with the cement industry. This Company is domiciled in Santo Domingo and has an indefinite term of duration.

### **COLCARIBE HOLDINGS S.A.**

Incorporated according to the laws of Panama on June 25, 1996 and domiciled in Panama City, its business purpose is to negotiate or trade in securities, bonds and stakes in other companies together with any type of rights, whether belonging to the Company or third parties, as well as opening, operating and closing accounts and deposits in financial institutions, lending or borrowing money and providing guarantees for third parties in any currency.

### **CONCRETOS ARGOS S.A.**

Concretos Argos S.A. is a joint stock company incorporated according to Colombian legislation on April 22, 1985; its business purpose is to explore, mine, transport, process, use in their entirety, trade and sell rock-based minerals such as: sand, cement and gravel, premixed concrete and prefabricated concrete articles, concrete blocks and any related materials and articles in addition to and complementing the aforementioned as used in the construction industry. The Company is domiciled in Bogotá and its term of duration expires September 8, 2093.

### **COMERCIAL ARVENCO C.A.**

Incorporated in Caracas Venezuela November 02, 2006, its term of duration is for 50 years beginning on said date. It is domiciled in Barquisimeto, in the State of Lara, Venezuela. Its business purpose is to conduct business and carry out activities relating to importing, exporting, transporting, purchasing and selling all types of merchandise and products, metal ore and non-metallic minerals, cement, clinker, coal, equipment, artifacts, vehicles, machinery, tools, spare parts, accessories as well as any other lawful commercial activity.

### **DOMAR LTD.**

This limited liability company was incorporated according to the laws of the Bermudas under Company Registration No. EC 21125 on September 12, 1995. Its business purpose is to make investments. It is domiciled in Hamilton, Bermuda and has an indefinite term of duration. This Company is consolidated with Dominicana Cement Holding S.A..

### **EMPRESA DE CARBONES DEL CESAR Y LA GUAJIRA S.A. – EMCARBON S.A.**

Incorporated according to Colombian legislation on February 2, 1994 and domiciled in Valledupar, its business purpose consists of carrying out development projects of a social and economic nature as well as marketing activities in the coal-mining region of Colombia, particularly in the Departments of César and Guajira. In carrying out its business purpose, it shall maintain a preference for all those large-scale mining projects relating to prospecting for, mining, transforming and selling coal. The term of its duration expires February 02, 2044.

### **FLOTA FLUVIAL CARBONERA S.A.S. (FORMERLY FLOTA FLUVIAL CARBONERA LTDA.)**

Incorporated according to Colombian legislation on December 30, 1982, this Company is domiciled in Barranquilla and has an indefinite term of duration. Its business purpose is to conduct business within the river transport industry as well as any other lawful business activity both at home and abroad. In 2009 it became a Simplified Joint Stock Company.

### **GANADERÍA RÍO GRANDE S.A.S. (FORMERLY GANADERÍA RÍO GRANDE S.A.)**

Incorporated according to Colombian legislation on September 8, 2006 this Company is domiciled in Medellín and has an indefinite term of duration. Its business purpose is to carry out any lawful business activity both at home and abroad. In 2009 it became a Simplified Joint Stock Company.

### **HAITI CEMENT HOLDING S.A.**

This Company was incorporated in Panama City, Panama, on October 07, 1997, where it has its registered place of business. Its business purpose is to acquire, purchase and invest in securities, bonds, shares and equity stakes in other companies, as well as conduct any other lawful activity permitted by Panamanian legislation. It has a perpetual term of duration. This company is consolidated with Cimenterie Nationale S.E.M. (CINA).

### **INTERNATIONAL CEMENT COMPANY S.A.**

Incorporated according to Panamanian legislation on November 24, 1997 and domiciled in Panama City, its business purpose is to purchase, own, manage, encumber, rent, sell and dispose in any way of any kind of property belonging either to the property or to third parties. It has a perpetual term of duration, according to the laws of this country.

## **LOGÍSTICA DE TRANSPORTE S.A.**

Incorporated according to Colombian legislation on April 16, 1996 and domiciled in Medellin, its business purpose is to transport passengers and all types of cargo, both at home or abroad, and via all its forms, overland, air, river and sea, either in vehicles, vessels or airplanes belonging to the Company or to associated third parties. The term of its duration expires April 16, 2026.

## **MARÍTIMA DE GRANELES S.A.**

Incorporated according to Panamanian legislation on December 29, 1978 and domiciled in Panama City, it has a perpetual term of duration. Its business purpose is to transport goods by sea, particularly cement and clinker, as well as to purchase and sell these products, rent cargo ships and supply these same.

## **PANAMÁ CEMENT HOLDING S.A.**

Incorporated according to Panamanian legislation on November 08, 2000, this Company is domiciled in Panama City. Its business purpose is to carry out any lawful activity permitted by the laws of Panama. This company is an investment holding belonging to Corporación Incem S.A., and its subsidiaries, which belong to the construction industry, and include Cemento Panama S.A.. It has a perpetual term of duration. In December 2009, this Company merged with Cemento Panama S.A. and Corporación Incem S.A., with the former taking over the rest.

## **POINT CORP.**

Incorporated according to the laws of the British Virgin Islands, on February 20, 2001 and domiciled in Road Town, Tortola, British Virgin Islands, its business purpose is to purchase, sell and transfer shares, purchase, borrow, lend, hire and rent property and all those activities which it is permitted to carry out in achieving its corporate goals.

## **PORT ROYAL CEMENT COMPANY, LLC**

Incorporated according to the laws of the state of Delaware, USA on March 10, 1998, and later acquired by American Cement Terminals, LLC on December 31, 2001, its business purpose is to market cement and related products. It has a perpetual term of duration.

## **PROFESIONALES A SU SERVICIO LTDA. (SUBJECT TO LIQUIDATION)**

This Company was incorporated according to Colombian legislation on February 08, 1989, and its business purpose is to hire and provide manpower and advisory services for both companies and private individuals. It is domiciled in Barranquilla and has been dissolved and is currently being liquidated as decided by its shareholders in 2009. This Company was only included in the consolidation until 2008..

## **REFORESTADORA DEL CARIBE S.A.S. (FORMERLY REFORESTADORA DEL CARIBE S.A.)**

Incorporated according to Colombian legislation on February 14, 1983, this Company is domiciled in Cartagena and has an indefinite term of duration. Its business purpose is to carry out any lawful business activity both at home and abroad. In 2009 it became a Simplified Joint Stock Company.

## **SOCIEDAD PORTUARIA DE CEMENTERAS ASOCIADAS S.A. – CEMAS S.A.**

Incorporated according to Colombian legislation on August 6, 1993 and domiciled in Buenaventura, its business purpose is to build, operate, manage and maintain ports and port terminals; carry out activities related to landfills, dredgings as well as civil and ocean engineering works and generally-speaking all those works that are carried out at ports and port terminals, wharves and constructions that exist on beaches and adjacent areas. The term of its duration expires August 6, 2043.

## **SOCIEDAD PORTUARIA GOLFO DE MORROSQUILLO S.A.**

Incorporated according to Colombian legislation on October 31, 1995, its business purpose is to invest in building and managing ports and sea and river docks. It is domiciled in Sincelejo and its duration expires on October 31, 2045.

## **SOUTH CARIBBEAN TRADING & SHIPPING S.A.**

Incorporated according to Panamanian legislation and domiciled in Panama City, its business purpose is to invest in any type of negotiable instrument. It has a perpetual term of duration, according to the laws of this country.

## **TRANSATLANTIC CEMENT CARRIERS INC.**

Incorporated according to Panamanian legislation on July 26, 1974 and domiciled in Panama City, it has a perpetual term of duration. Its business purpose is to transport cargo by sea, especially cement, clinker as well as purchasing and selling these same products.

## **TRANS ATLANTIC SHIP MANAGEMENT LTD.**

Incorporated in the British Virgin Islands on June 03, 2004, it is domiciled in Road Town, Tortola, in the British Virgin Islands. Its business purpose relates to the international shipping business, and to this end may lease, charter or own ships and transport cargo belonging to third parties in third party ships as well as carry out any other lawful activity permitted by the laws of the British Virgin Islands. This company consolidates its results with those of Somerset Shipping Co. Ltd., Winterset Shipping Co. Ltd. and Dorset Shipping Co. Ltd..

## **URBANIZADORA VILLA SANTOS S.A.S. (FORMERLY URBANIZADORA VILLA SANTOS LTDA.)**

Incorporated according to Colombian legislation on June 18, 1974, this Company is domiciled in Barranquilla and has an indefinite term of duration. Its business purpose is to carry out any lawful economic activity both at home and abroad. In 2009, it became a Simplified Joint Stock Company.

## **VALLE CEMENT INVESTMENTS LTD.**

Incorporated according to the laws of the British Virgin Islands on November 18, 1998 and domiciled in the British Virgin Islands, its business purpose is to make any type of investments. This company consolidates its results with those of Belsford Ltd., Climsford Investments Ltd., Godiva Investments Ltd. and Fortecol Investments Ltd..

## VENEZUELA PORTS COMPANY S.A.

This Company was incorporated in Panama City, Panama on February 26, 2002 and is domiciled in this same city. Its business purpose is to invest in companies, enterprises or projects and negotiate, run or participate in any industrial, mining, commercial, real estate or shipping company or any other type of companies as well as conduct any lawful business activity permitted by Panamanian legislation. It has a perpetual term of duration.

## ZONA FRANCA ARGOS S.A.S. (FORMERLY ZONA FRANCA ARGOS S.A.)

Incorporated according to Colombian legislation on July 05, 2007, this Company is domiciled in Cartagena and has an indefinite term of duration. Its business purpose is to conduct business within the cement industry, produce concrete mixes, or any other materials or articles made of cement, lime or clay; purchase and sell of minerals or mineral deposits to be used by the cement and similar industries, as well as acquire rights to explore or mine the aforementioned minerals, whether through concessions or chartering, leasing or other types or arrangements, manage, run, supervise, market and develop a free trade zone, and carry out all those activities inherent to its capacity as exclusive user of a special free trade zone and that should be considered convenient, relevant or necessary to perform the following activities as a port operator: loading and unloading, storing in port warehouses, importing and exporting goods and services, handling container loads and cargos in general. The Company may also carry out any other lawful business activity both at home and abroad. In 2009, it became a Simplified Joint Stock Company.

## NOTE 2 - BASIS OF PRESENTATION AND CONSOLIDATION PRINCIPLES

### CONSOLIDATION

Our Companies in Colombia must prepare their own individual general-purpose financial statements which are presented to their General Assemblies of Shareholders at their annual meetings and which serve as a basis for the distribution of dividends and other appropriations. Also, the Code of Commerce requires general-purpose consolidated financial statements to be drawn up, which are also presented to their shareholders at their annual meetings for subsequent approval, but said statements do not serve as a basis for distributing dividends and appropriating profits.

According to rules and regulations issued by the Superintendency of Finance, the consolidated financial statements include all those accounts pertaining to subsidiary companies where:

- a) More than 50% of their share capital belongs to the company, either directly, or through the agency of, or in conjunction with the other subsidiary companies or any of their respective subsidiaries. For this purpose, non-voting preferred shares are not taken into account.
- b) The Parent Company and its subsidiaries, either jointly or individually are entitled to cast a ballot making up the minimum deciding majority vote at a meeting of partners or shareholders, or possess the number of votes required to elect the majority of the members of the board of directors, should this exist.

- c) The Company, either directly or through the agency of or in conjunction of the subsidiary companies, with regard to any act or business with a controlled company or with its parties, exercises a dominant influence on the decisions taken by the management of the company in question.

The consolidated financial statements are prepared in accordance with generally-accepted accounting principles in Colombia. Company management must make estimates and assumptions that affect (i) the reported amounts of assets and liabilities; (ii) disclosures regarding contingent assets and liabilities on the closing date of the financial statements and (iii) the reported amounts of revenues and expenses obtained or incurred during the reporting period. Actual results could well differ from said estimates.

The global integration method was used to consolidate the financial statements, which consists of adding to the parent or controlling company's financial statements, the total amount of assets, liabilities, shareholders' equity and results obtained by the subsidiary companies, after eliminating the investment made by the parent or controlling company in the subsidiary company's equity, as well as all reciprocal balances and transactions existing at the closing date of the financial statements in question.

The eliminating of balances and transactions between the parent company and its subsidiaries, as well as those between subsidiaries, together with determining minority interest, the proportional value of the corresponding equity and amortizations of surpluses and/or shortfalls in the cost of the investment versus its book value, have strictly followed that provided by the Superintendency of Finance in Circular No. 002 of 1998, which was amended by Circular 011 of 1998.

Financial information pertaining to Cementos Argos S.A.'S consolidated subsidiaries, is prepared, as far as possible, pursuant to the same accounting criteria and methods. This information is taken at the cut-off date at December 31st, the date established by the parent company for closing its annual books and presenting its financial statements according to its bylaws and that provided by Article 9 of Decree 2649 of 1993.

Considering that our subsidiaries abroad prepare their financial statements based on international financial reporting standards (IFRS) together with generally-accepted accounting principles in the United States, using a coherent set of quality accounting principles and bearing in mind that said principles are considered benchmark accounting techniques in Colombia, these subsidiaries do not have to make substantial adjustments to their financial statements, except for those differences that go against the principle of essence over form.



The following table lists the assets, liabilities, shareholders' equity and results for each of the companies included in the consolidation:

#### 2009

NAME	TOTAL % STAKE	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	RESULTS FOR THE YEAR
American Cement Terminals LLC	100.00	13.013	-	13.013	(22)
Argos USA Corp.	100.00	1,517.797	883.131	634.666	(126.674)
Belsford Ltd.	100.00	56.108	102	56.006	(1.323)
C.I. Carbones del Caribe S.A.S.	100.00	243.628	50.183	193.445	(70.236)
C.I. del Mar Caribe BVI Inc.	100.00	22.483	14.354	8.129	4.169
Canteras de Colombia S.A.S.	100.00	84.057	12.143	71.914	(1.996)
Carbones Nechí S.A.S.	100.00	8.795	10.784	(1.989)	(5.047)
Caribbean Construction and Development Ltd.	100.00	8,257	1,683	6,574	161
Caricement Antigua Limited	100.00	7.766	2,244	5.522	911
Caricement Antilles NV	100.00	32.199	4,051	28.148	(3.640)
Caricement Saint Maarten NV	100.00	9.536	7.576	1.960	646
Caricement USVI Corp.	100.00	3.156	9.967	(6.811)	(1.931)
Cement and Mining Engineering Inc.	100.00	11.471	23.732	(12.261)	(3.016)
Cemento Panama S.A.	98.40	478.417	207.773	270.644	53.722
Cementos Argos S.A.		13,284.562	3,463.341	9,821.221	209.821
Cementos Colón, S.A.	70.00	68.429	10,252	58.177	15.605
Central Aggregates LLC	100.00	26.213	3,253	22.960	(2)
Cimenterie Nationale S.E.M.	65.00	58.269	15,646	42.623	11.604
Climsford Investments Ltd.	100.00	71.777	15,769	56.008	(1,321)
Colcaribe Holdings S.A.	100.00	217.522	26,680	190.842	16.648
Comercial Arvenco C.A.	100.00	752	571	181	(12)
Concretos Argos S.A.	100.00	614.134	200.755	413.379	(5.437)
Consort Livestock Inc.	100.00	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	99.60	208.555	75.884	132.671	(5.072)
Domar Ltd.	100.00	40.680	14.342	26.338	27.743
Dominicana Cement Holding, S.A.	87.00	40.722	-	40.722	10.865
Dorset Shipping Co. Ltd.	100.00	1.475	146	1.329	2.268
Empresa de Carbones del Cesar y La Guajira S.A.	99.90	76.148	29,602	46.546	40.467
Flota Fluvial Carbonera S.A.S.	100.00	12.872	4,947	7.925	2.008
Fortecol Investments Ltd.	100.00	27.397	4	27.393	(366)
Ganadería Río Grande S.A.S.	100.00	10.233	5,843	4.390	(768)
Godiva Investments Ltd.	100.00	27.698	-	27.698	(1,714)
Gulf Coast Cement LLC	100.00	-	-	-	-
Haití Cement Holding S.A.	100.00	32.641	2	32.639	7.094
International Cement Company S.A.	100.00	468	-	468	(2)
Logística de Transporte S.A.	100.00	46.218	18,327	27.891	(160)
Marítima de Graneles S.A.	100.00	24.519	22,148	2,371	(192)
Piazza Acquisition Corp.	100.00	543.781	9,587	534.194	(23,506)
Point Corp.	80.85	173.013	-	173.013	13.786
Port Royal Cement Company LLC	100.00	16.514	3,501	13.013	24
Reforestadora del Caribe S.A.S.	100.00	37.079	10,806	26.273	(1,570)
RMCC Group Inc.	100.00	291.752	-	291.752	(101,956)
Savannah Cement Company LLC	100.00	19.658	8,142	11.516	(452)
Sociedad Portuaria de Cementeras Asociadas S.A.	100.00	16.350	14,509	1.841	(310)
Sociedad Portuaria Golfo de Morrosquillo S.A.	100.00	18.765	7,811	10.954	(2,142)
Somerset Shipping Co. Ltd.	100.00	22.131	21,027	1,104	1,181
South Caribbean Trading & Shipping S.A.	100.00	204.078	45,475	158.603	24,844
South Central Cement Ltd.	100.00	74.274	19,299	54,975	1,097
Southern Equipment Company Inc.	100.00	932.217	640,465	291.752	(103,516)
Southern Star Concrete Inc	100.00	767.681	223,923	543.758	(19,003)
Southern Star Leasing, LLC	100.00	-	-	-	-
Trans Atlantic Shipmanagement Ltd.	50.00	22.567	(111)	22.678	(1,620)
Transatlantic Cement Carriers Inc.	100.00	45.231	20,858	24.373	(1,422)
Urbanizadora Villa Santos S.A.S.	100.00	61.035	53,179	7,856	1,623
Valle Cement Investments Ltd.	100.00	624.282	311,307	312.975	243,896
Venezuela Ports Company S.A.	100.00	5.176	10	5.166	1,118
Winterset Shipping Co. Ltd.	100.00	24.065	19,885	4,180	(669)
Zona Franca Argos S.A.S.	100.00	985.665	150,847	834,818	17,019
		<b>22.273.281</b>	<b>6.695.755</b>	<b>15.577.526</b>	

#### 2008

NAME	TOTAL % STAKE	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	RESULTS FOR THE YEAR
American Cement Terminals LLC	100.00	14.892	-	14.892	(669)
Argos USA Corp.	100.00	1,810.354	978.305	832.049	(113,216)
Áridos de Antioquia S.A.	100.00	26.941	52	26.889	89
Asesorías y Servicios Ltda.	100.00	84	1,224	(1,140)	(1,315)
Belsford Ltd.	100.00	55.307	113	55.194	8,155
C.I. Carbones del Caribe S.A.	100.00	532.995	272.134	260.861	(52,364)
C.I. del Mar Caribe BVI Inc.	100.00	23.469	18,710	4,759	(2,268)
C.I. del Mar Caribe S.A.	97.98	93.068	10,714	82.354	(1,910)
C.T. & Cia. Ltda.	100.00	18	-	18	-
Canteras de Colombia S.A.	100.00	55.679	8,595	47.084	7,196
Canteras del Norte Ltda.	100.00	51	1	50	-
Carbones Nechí S.A.	100.00	6.823	4,070	2,753	(1,510)
Caribe Trading Corporation	100.00	867	1	866	(168)
Cement and Mining Engineering Inc.	100.00	12.590	22,901	(10,311)	(16,931)
Cementos Argos S.A.	-	9,934.625	3,558.895	6,375.730	66,990
Central Aggregates LLC	100.00	28.193	2,992	25.201	(21)
Cimenterie Nationale S.E.M.	32.50	65.004	18,803	46.201	7,242
Climsford Investments Ltd.	100.00	82.336	27,142	55.194	6,363
Colcaribe Holdings S.A.	100.00	223.386	25,531	197.855	53,076
Concretos Argos S.A.	100.00	437.449	157,134	280.315	29,350
Consort Livestock Inc.	100.00	-	-	-	-
Comercial Arvenco C.A.	100.00	209	-	209	-
Empresa de Carbones del Cesar y La Guajira S.A.	96.60	47.128	28,860	18,268	1,215
Dorset Shipping Co. Ltd.	50.00	31.240	31,702	(462)	(3,007)
Flota Fluvial Carbonera Ltda.	100.00	22.212	7,680	14,532	(928)
Fortecol Investments Ltd.	100.00	18.578	-	18.578	1,933
Ganadería Río Grande S.A.	100.00	7.768	6,147	1,621	(1,344)
Godiva Investments Ltd.	100.00	19.107	2	19.105	(9,746)
Gulf Coast Cement LLC	100.00	-	-	-	-
Haití Cement Holding S.A.	50.00	30.030	-	30.030	1,370
International Cement Company S.A.	100.00	517	-	517	1
Logística de Transporte S.A.	100.00	57.093	29,692	27.401	3,695
Marítima de Graneles S.A.	100.00	20.182	16,363	3,819	(560)
Panamá Cement Holding S.A.	50.00	484.837	204,212	280.625	33,479
Piazza Acquisition Corp.	100.00	616.141	5,842	610.299	(27,024)
Point Corporation	80.85	176.153	-	176.153	41,919
Port Royal Cement Company LLC	100.00	20.605	5,713	14.892	(516)
Profesionales a su Servicio Ltda.	100.00	15	587	(572)	(946)
Reforestadora del Caribe S.A.	100.00	36.012	8,413	27.599	(2,238)
RMCC Group Inc.	100.00	430.449	-	430.449	(78,059)
Savannah Cement Company LLC	100.00	29.743	16,500	13.243	(327)
Sociedad Portuaria de Cementeras Asociadas S.A.	100.00	32.627	32,476	151	133
Sociedad Portuaria Golfo de Morrosquillo S.A.	100.00	18.908	5,812	13.096	(819)
Somerset Shipping Co. Ltd.	50.00	27.144	27,061	83	1,023
South Caribbean Trading & Shipping S.A.	100.00	208.868	55,333	153.535	67,933
South Central Cement Ltd.	100.00	87.919	28,279	59.640	787
Southern Equipment Company Inc.	100.00	1,157.261	726,812	430.449	(78,059)
Southern Star Concrete Inc	100.00	949.941	333,800	616.141	(21,981)
Transatlantic Cement Carriers Inc.	100.00	58.377	29,004	29,373	1,485
Trans Atlantic Shipmanagement Ltd.	50.00	30.516	(1,166)	31.682	2,767
Urbanizadora Villa Santos Ltda.	100.00	64.962	58,199	6,763	2,238
Valle Cement Investments Ltd.	100.00	150.803	30,851	119.952	615
Venezuela Ports Company S.A.	100.00	4.508	-	4.508	(1,027)
Winterset Shipping Co. Ltd.	50.00	30.472	25,042	5,430	2,540
Zona Franca Argos S.A.	100.00	772.603	219,369	553,234	17,209
		<b>19,047.059</b>	<b>7,039.902</b>	<b>12,007.157</b>	<b>-</b>

In 2009, our group of subsidiaries underwent the following changes:

- The consolidation was extended to: Cementos Colón S.A., Dominicana Cement Holding S.A., Domar Ltd., Caricement Antilles NV, Caricement USVI Corp., Caribbean Construction and Development Ltd., Caricement Antigua Limited and Caricement Saint Maarten NV.

- The following Companies were merged: Áridos de Antioquia S.A., C.T. & Cía. Ltda. and Canteras del Norte Ltda. with Canteras de Colombia S.A.S, with Canteras de Colombia S.A.S. taking over the others.
- The following companies are also in the process of being liquidated: Profesionales a su Servicio Ltda., Asesorías y Servicios Ltda. And Caribe Trading Corporation.
- The following companies were liquidated: Disgranel Ltda., Transporte de Agregados y Concretos y Cía Ltda. And Distribuidora de Cementos del Occidente Ltda..
- Corporación de Cemento Andino C.A. and its subsidiaries Andino Trading Corporation, Comercializadora Dicamente C.A. and Depoan S.A. were excluded from the consolidation given the fact that the Company no longer holds a controlling interest (Please refer to Note 8 – Permanent Investments). The same applied to Intership Agency Venezuela C.A. and Surandina de Puertos C.A.

The consolidation, with regard to the non-consolidated financial statements of Cementos Argos S.A., represented increases of COP 1.413.053 (2008 -COP 2.075.682) in total assets and COP 1.493.894 (2008 - COP 2.153.972) in liabilities, with a drop in equity of COP 80.841 (2008 –COP 78.290) and an increase in net profits of COP 6 (2008 – COP 3.647).

The effect of consolidating the Company's financial statements with those of its subsidiaries was as follows:

	Balance before Eliminations	Eliminations	Consolidated Balance
Assets	22.273.281	(7.575.666)	14.697.615
Liabilities	6.695.755	(1.738.520)	4.957.235
Shareholders' Equity	15.577.526	(5.837.146)	9.740.380

The reconciliation between Cementos Argos S.A.'s own profits and its total consolidated profits is as follows:

	2009	2008
Non-consolidated profits	209.821	66.990
Profits on sale of land on the part of Urbanizadora Villa Santos S.A.S.	6	3.647
<b>Consolidated profits</b>	<b>209.827</b>	<b>70.637</b>

The reconciliation between Cementos Argos S.A.'s own equity and its total consolidated equity is as follows:

	2009	2008
Individual Equity	9.821.221	6.375.730
Unrealized gains on sale of property plant and equipment	(1.808)	(1.803)
Unrealized gains on sale of investments	(48.621)	(48.621)
Unrealized gains on sale of land	(30.418)	(31.513)
Unrealized gains for the year	6	3.647
<b>Consolidated equity</b>	<b>9.740.380</b>	<b>6.297.440</b>

## NOTE 3 - MAIN ACCOUNTING POLICIES AND PROCEDURES

In preparing its consolidated financial statements, the Parent Company by law must follow generally-accepted accounting principles in Colombia as well as rules and regulations established by the Colombian Superintendency of Finance and other legal provisions.. The following are the main accounting policies and procedures that the Company has adopted in keeping with the above:

### ESSENCE OVER FORM

Consolidated companies recognize and disclose their assets and economic events based on their essence or their economic reality and not just on their legally-defined nature, reason for which, accounting principles are applied that allow for an adequate recognition of the economic events in each of the countries where present.

### CONVERTING THE FINANCIAL STATEMENTS

Given the fact that Colombian legislation lacks a technical framework with regard to accepted conversion methods, but does however establish that, given the inexistence of this latter framework, the proper course is to refer to a superior application standard which in this case is the International Accounting Standard (IAS) No. 21 - The Effects of Changes in Foreign Exchange Rates”, which was duly adopted.

In this order of ideas, the financial statements pertaining to companies abroad, stated in currencies other than the US dollar or another similar hard currency, are converted into US dollars according to that provided in IAS No. 21, in the following manner.

- Assets and liabilities are converted at the exchange rate applicable on the closing date.
- The equity accounts are converted using the exchange rates applicable on each of the dates on which the transactions were conducted. In the case of companies that cannot provide any historical information, their corresponding equity was converted at the exchange rate applicable at the close of December 2005.
- The income accounts were converted using the exchange rates applicable on each of the dates on which the transactions were conducted, and, where not possible, the average exchange rate for the month in question.
- Conversion differences are recorded in Shareholders' Equity specifically in the Accumulated Conversion Adjustments account, containing all those differences obtained from converting items on the Income Statements using average exchange rates, together with those items on the Balance Sheet using the rates applicable at the closing date.

Furthermore, figures in US dollars are converted to Colombian pesos using the representative market exchange rate as certified by Colombia's Central Bank.

### ADJUSTMENTS FOR INFLATION

Decree 1536 issued on May 7, 2007, amended Decrees 2649 and 2650 and eliminated inflation adjustments. Pursuant to said Decree, all adjustments for inflation recorded in books from January 1992 to December 31, 2006 form part of the balance of their respective accounts.

The balance of the Equity Revaluation account cannot be distributed until the company is either liquidated or capitalized. In the event that the company is capitalized, the funds in this account can be used to wipe out losses should there be grounds for liquidating the company; however they can never be used for reimbursing capital. In the case of a debit balance being obtained in this account, this can be reduced with profits for the period or from prior periods, but only upon complying with all those rules and regulations governing profits that are contained in the Colombian Code of Commerce.

Law 1111 of 2006 established the possibility of charging wealth tax to this account, without affecting the income accounts, which was the option chosen by the companies belonging to the Argos Group.

## NEGOTIABLE AND PERMANENT INVESTMENTS

The Superintendency of Finance requires that all investments are classified and entered in books as follows:

- a) Investments that the Parent Company or its Subsidiaries intend to hold until maturity or until they expire or for at least a term of three years in the case of all those investments whose term is greater than three years or that simply do not have a maturity date are classified as permanent investments. These investments are appraised and posted on a prospective basis in the following manner:
  - Debt investments or investments incorporating debtor's rights (non-equity securities) earning a fixed or variable rate are initially posted at their purchase cost and are appraised on a monthly basis based on the IRR of each security calculated at the moment of purchase; the resulting adjustment is recorded on the income accounts.
  - Investments in shares or equity stakes (equity securities) earning a variable rate and held in entities where the Company does not possess a controlling stake are recorded at their inflation-adjusted cost and these are duly adjusted on a monthly basis at their realizable value. The resulting adjustment, whether it is positive or negative, is posted in the revaluation account debiting or crediting the revaluation surplus account under Shareholders' Equity, as applicable. The realizable value of securities with a high or medium liquidity, as rated by the Superintendency of Finance, is calculated based on the average share price registered on the Colombian Stock Exchange during the previous 10 to 90 days, depending on the corresponding parameters established by said authority. The realizable value of all those equity securities with a low or minimum liquidity or which are not listed on the Stock Exchange is calculated based on their intrinsic value as shown on the latest financial statements presented by the issuer of said securities.
- b) Investments corresponding to securities that are easily disposed of and that the Company intends to sell within a period of up to three years to a third party outside the Business Group are classified as negotiable investments. These investments are initially posted at cost and then are adjusted on a monthly basis to reflect their realizable value debiting or crediting the income accounts, as applicable. Their realizable value is calculated in the same way as indicated in the previous subsection for each type of investment.

## PROVISION FOR DOUBTFUL ACCOUNTS

The provision for doubtful accounts is reviewed and updated every year based on an analysis carried out by Company Management of how long the balances due have remained in arrears as well as the probabilities of these being recovered. The amounts considered uncollectible are periodically charged to this provision.

## INVENTORIES

Inventories are posted at cost and at the end of the fiscal period these are reduced to their market value, should this be lower than their cost. This cost is determined according to the average-cost method. At the end of the fiscal year, obsolete inventories of materials and spare parts are duly reviewed and updated and a provision is set up in the financial statements. As of 2009 these included construction work and land to be built upon. All costs and taxes incurred in preparing the land until it is ready to be sold are duly recorded in books.

## PROPERTY, PLANT AND EQUIPMENT

Property and equipment are recorded at cost, which when relevant includes financing expense and exchange differences on the liabilities incurred in acquiring property and equipment until these are ready to be used.

Sales and withdrawals of said assets are discharged at their respective adjusted net cost, and the difference between the selling price and the adjusted net cost is recorded in the income accounts.

Depreciation is calculated using the straight-line method, on the inflation-adjusted cost, based on the probable useful life of the assets according to the following parameters: between 20 and 40 years in the case of buildings, construction work, plants and networks; between 3 and 10 years in the case of machinery as well as industrial and office equipment; between 5 and 10 years for fleets of vehicles together with transport, computer and communication equipment; and between 6 and 8 years in the case of ships.

Repairs and maintenance performed on these assets are charged to the income accounts, while any improvements and extensions to such are added to the cost of these same.

## INTANGIBLES

Intangibles are recorded at their acquisition cost and represent the value of certain rights such as trademarks, goodwill, utilization rights (concessions and franchises) amongst others. These are amortized using the straight-line method. The period for amortizing trademarks is 20 years, and in the case of all those other rights, whichever period is the shortest between the licensing term or the time estimated for using the reserves, which is estimated at between 3 and 30 years, except for acquired goodwill which is detailed below:

## ACQUIRED GOODWILL

Colombian companies have to record in their corresponding Acquired Goodwill Account, any additional sum paid over and above their intrinsic value, as certified by the respective company, when purchasing shares, or equity stakes in active economic entities, when control of the business is taken over, as provided for by Articles 260 and 261 of the Code of Commerce, that were subsequently amended by Articles 26 and 27 of Law 222 of 1995 and any other rules or regulations that should so amend, extend or replace such provisions.

Based on Circulars 007 of 1997 and 011 of 2005 issued by the Superintendency of Finance, the amortization of goodwill arising from business mergers, is calculated using the straight-line method based on the estimated time that the intangible is due to be used, which shall not exceed a term of twenty years.

At the close of each fiscal year, or at the end of each month that is included in the basis for preparing extraordinary financial statements, the Parent Company in Colombia assesses the goodwill obtained from each investment so as to check its source within the balance sheet.

In other countries where our subsidiaries are based, goodwill is calculated according to the accounting rules and regulations applicable in the country in question, which are governed by an overarching accounting standard governing essence over form, according to generally-accepted accounting principles in Colombia as well as that provided by the Superintendency of Finance and in keeping with that laid out in Article 11 of Decree 2649 of 1993, regarding essence over form.



## ASSET VALUATIONS

These correspond to:

- a) Excess amounts between the market or intrinsic value of investments in shares, quotas or equity stakes at the end of the fiscal year and their net inflation-adjusted cost in books.
- b) Surplus amounts resulting from technical appraisals of property, plant and equipment compared with their respective net inflation-adjusted costs. Said appraisals were carried out by both employees and third parties, on the basis of their replacement cost or depreciated value for the years 2009 and 2008. These appraisals must be updated every three years.

## DERIVATIVES

Company is exposed to different risks existing on the financial market, as part of its normal course of business, which is duly handled through derivatives. These risks can be summarized as follows:

Strategic risk: any changes between the expected benefits of a strategy and the actual results obtained.

Market risk: any change in the reasonable value of the derivative due to fluctuations in its market price.

Liquidity risk: losses incurred due to: I) failure to pay off an obligation due to liquidity difficulties. II) the impossibility of taking up or liquidating a position in derivatives given the fact that there is no market for such.

Credit risk: Losses that could be incurred due to counterparty default.

Operating Risk: losses to which the Company is exposed due to errors with the recording and/or valuation systems Also a poorly designed system of limits, deficient checks performed on the contracts and an inadequate information management system.

It is important to note that the Company conducts periodic appraisals of its derivatives based on market prices for administrative control purposes. The Company effectively handles these risks carrying out the following operations:

### SWAPS

These are financial transactions in which the Company, as part of an agreement with a bank, exchanges flows of money so as to reduce risks relating to liquidity, rates, terms or issuers, as well as with regard to the restructuring of assets and liabilities.

In the case of interest rate swaps, no capital is exchanged and the Company is responsible for the money due in terms of both amounts and terms established, which are recorded quite separately from the value of the swap. As for recording the swap in books, only the net payments of interest made between the parties involved are posted, recognizing the positive or negative difference between the flows of interest that the parties agree to exchange. All profits or losses obtained or incurred with swaps are directly recorded in the income accounts for the period.

In the case of currency swaps, the existence of an agreement of this type does not affect the value of the underlying (original) debt. During the term of this agreement, the parties pay a differential on the interest, and the exchange difference which is posted directly in the income accounts.

## FORWARDS

These are used to cover the risk inherent to the exchange rate on debt operations and investments in foreign currency. At the end of each period, these are appraised by deducting their forward rate based on the depreciation rate agreed on. This present value is then compared with the representative market rate at the close of the period and the positive or negative difference thus obtained is recorded in the income accounts.

## LABOR OBLIGATIONS AND RETIREMENT PENSIONS

Labor liabilities are adjusted at the end of each fiscal period based on applicable legal provisions and the current labor agreements in force.

Retirement pension obligations represent the present value of all future amounts to be paid out by the Company to its pensioned employees or corresponding beneficiaries. The respective charges to the income accounts for the year, are carried out based on actuarial studies, according to current legal provisions, which are prepared using methods such as the system of actuarial equivalences for pension payments due and life annuities that are immediate, fractional, payable and prospective. Pension payments made during the year are charged directly to the income accounts for the period

In the case of all those employees who are covered by the new social security system (Law 100 of 1993) the Company covers its pension obligations by paying contributions to the Colombian Social Security Institute and/or private pension funds according to the terms and conditions provided by said Law.

Actuarial calculations comply with Colombian legislation and apply solely to Colombian companies.

The consolidated financial statements include all labor liabilities calculated in the different countries, applying the corresponding accounting techniques and in keeping with the legal and implicit obligations acquired by the subsidiaries. In this sense, there was no need to prepare new accounting estimates as a result of recording the consolidated amount of employment benefits and other perks on a basis different from that presented in all those countries where the corresponding labor liabilities were incurred.

## INCOME TAX

The Company calculates the provision for income tax based on estimated taxable earnings at rates contained in applicable tax legislation, or based on the presumptive income method. Tax effects on the income, costs and expense accounts, corresponding to temporary differences between the book and tax figures are recorded as deferred tax. However in the case of debit deferred tax, only temporary differences are recorded as income when these imply a higher tax payment during the current year, providing it is reasonably expected that sufficient taxable income shall be provided in the periods in which the tax benefit shall be obtained.

## MEMORANDA ACCOUNTS

Memoranda accounts contain all those commitments to be fulfilled as well as contingent rights or responsibilities, such as the value of goods and securities pledged as security, guarantees issued, unused letters of credit, goods and securities received for safekeeping or as security, assets that are totally depreciated, as well as the difference between the tax and book equity values.

## RECOGNITION OF REVENUES, COSTS AND EXPENSE

Sales revenue is recognized when the product is shipped; when the land or construction work has been recorded as a public deed, rental revenue is recognized in the month it accrues and revenue from services is recognized when these are provided. All income, costs and expense are recorded on an accrual basis.

## OPERATING PROFITS BEFORE ASSET IMPAIRMENT

This account contains the operating earnings produced by the consolidated companies, excluding extraordinary operating expense recorded by Argos USA Corporation in the United States. This specific expense consisted of a long-term asset impairment, this considered as an unusual and non-recurring business event.

## ASSET IMPAIRMENT

This corresponds to the expense originating in a long-term asset impairment study carried out by experts that was posted as operating expense by Argos USA Corporation, according to USGAAP. This expense arose as a result of events that are entirely unrelated to the Company's main business activity.

## DIVIDEND REVENUES

Dividends accrue in their entirety when these are declared.

## CONVERTING TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Transactions in foreign currency are posted at the exchange rate applicable on the dates these are carried out. At the end of each fiscal period, amounts to be paid or collected are adjusted according to the representative market exchange rate as certified by Colombia's Central Bank. With regard to amounts receivable or payable in foreign currency, exchange differences are posted in the income accounts, providing these exchange differences are not to be charged to the cost of acquiring the corresponding assets. Exchange differences that can be charged to the cost of acquiring assets are those that occur while said assets are being built or installed and until they are ready to be used.

Beginning in 2007, as provided in Decree 4918 of 2007, the exchange difference on equity investments held in foreign-based subsidiaries must be recorded as a higher or lower value of equity in the equity method surplus account.

## STATEMENTS OF CASH FLOWS

The attached Statements of Cash Flows were prepared using the indirect method, which includes reconciling the year's net profits with net cash sourced from operating activities.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and banks, savings deposits and all highly liquid investments.

## MATERIALITY

In preparing the consolidated financial statements according to generally-accepted accounting principles in Colombia, Company Management is required to make estimates and assumptions regarding the reported amounts of assets and liabilities on the closing date of said financial statements as well as the amounts of revenues and expense reported during the period in question. The materiality used for the financial statements at December 31, 2009 and December 31, 2008 was calculated on the basis of 10% of the results before tax for the period and 1% of Assets and Shareholders' Equity.

## CONSOLIDATED BASIC EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the annual weighted average of the Company's subscribed shares outstanding for the year. The Company's own repurchased shares were excluded from this calculation.

## CONTINGENCIES

Certain contingencies may exist on the date on which the financial statements are issued and these could result in a loss for the Company. However, such contingencies can only be determined at a future date based on whether one or more events occur. Such contingencies are estimated by Company Management together with the Company's legal advisors. Estimated loss contingencies necessarily imply a judgment call and therefore are a matter of opinion. In estimating loss contingencies relating to legal proceedings taken against the Company, legal advisors analyze the merits of the case, the legal system of the courts involved and the current status of said proceedings, among other aspects.

If upon analyzing the contingency, a material loss is probable and the amount of the liability can be estimated, this is duly recorded in the financial statements. If, on the other hand, there is no indication of a probable potential loss but the result is still uncertain or there could be a probable loss but the amount cannot be estimated, then the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies considered as remote are generally not disclosed.

## RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain figures included in the financial statements at December 31, 2008 were reclassified for presentation purposes

## NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCY

Basic rules and regulations in Colombia allow foreign currency to be freely negotiated through banks and other financial institutions at freely determined exchange rates. However, the majority of transactions in foreign currency still need to fulfill certain legal requirements.

Transactions and balances in foreign currency are converted using the representative market exchange rate as certified by Central Bank, this being used to prepare the financial statements at December 31, 2009 and December 31, 2008. The representative market exchange rate at December 31, 2009 came to COP 2.044,23 (2008 - COP 2,243.59) per US dollar.

The Company and its subsidiaries held the following net position in foreign currency, mainly in US dollars, posted at their equivalent values in millions of Colombian pesos at December 31, 2009 and December 31, 2008:

	2009		2008	
	DOLLARS	MILLIONS OF PESOS	DOLLARS	MILLIONS OF PESOS
Current Assets	431.392.061	881.865	636.335.949	1.427.677
Non-current assets	1.236.760.392	2.528.223	1.397.990.938	3.136.518
	1.668.152.453	3.410.088	2.034.326.887	4.564.195
Current liabilities	(566.289.579)	(1.157.626)	(830.237.993)	(1.862.714)
Non-current liabilities	(608.791.840)	(1.244.511)	(793.026.635)	(1.779.227)
	(1.175.081.419)	(2.402.137)	(1.623.264.628)	(3.641.941)
<b>Net Asset Position</b>	<b>493.071.034</b>	<b>1.007.951</b>	<b>411.062.259</b>	<b>922.254</b>

## NOTE 5 – NEGOTIABLE INVESTMENTS

Negotiable investments at December 31, 2009 and December 31, 2008 are broken down as follows:

	Average Annual Rate - 2009 (%)	2009	2008
CDs (1)	2,93%	261.977	496.644
Repos	2,20%	165.191	29.133
Trust rights	4,41%	62.119	251.555
Securities and acceptances		-	2.020
Bonds and others		252	289
		<b>489.539</b>	<b>779.641</b>
Less - Provisions		(248)	(20.631)
		<b>489.291</b>	<b>759.010</b>

(1) Corresponding mainly to CDs totaling USD 116.000.000 (2008 USD 156.000.000).

## NOTE 6 – ACCOUNTS RECEIVABLE

At December 31, 2009 and December 31, 2008, the Accounts Receivable account included the following:

	2009	2008
Domestic Customers	282.914	283.397
Foreign customers	15.534	21.873
Current trade accounts (1)	20.287	48.653
Advances to contractors and others (2)	138.364	232.289
Loans to private individuals	15.458	13.796
Miscellaneous receivables	61.847	58.190
Accounts receivable due from workers	24.407	23.053
Income receivable (3)	105.732	188.086
Advance tax payments	173.027	182.616
Receivables due from related companies (See Note 26)	22.185	17.605
Others	2.689	1.979
	<b>862.444</b>	<b>1.071.537</b>
Less: Provision for Doubtful Accounts.	(52.573)	(37.909)
Long-Term Portion	(57.522)	(40.822)
	<b>752.349</b>	<b>992.806</b>

- (1) Including COP 20.191 (2008 - COP 46.463) corresponding to non-consolidated related companies (See Note 26).
- (2) Drop due mainly to having legalized the advance payments made for building the Cartagena Plant in the Zona Franca Argos S.A.S.
- (3) Drop due to having collected COP 75.172 from the sale of shares in Reforestadora El Guásimo as well as land.

A provision for losses on trade receivables for COP 7,757 (2008 - COP 4,108) was posted on the Income Statement.

At December 31, 2009, the accounts receivable and inventories corresponding to Southern Star Concrete and Ready Mix Concrete Company have been pledged to Citicapital as security for each of the companies' lines of revolving credit. The credit limit approved for Southern Star comes to USD 30.000.000, of which USD 4.510.006 had been used at December 2009, with another U\$15.000.000 approved for Ready Mixed Concrete Company, which had not been used at December 2009.

Long-term accounts receivable at December 31 2009 become due and payable as follows:

	VALUE
2011	47.078
2012	5.629
2013	4.106
2014	709
	<b>57.522</b>

Interest rates on long-term receivables are as follows: between 2,00% y 14,00% in the case of employee loans, and between 3,00% y 10,00% for loans to related companies..

The value of past-due customer receivables at December 31, 2009, came to COP 42.058 (2008 - COP 28.306). Uncollectible accounts more than 12-months past-due on the part of 11 customers total COP 357 (2008 -COP 2.371).



## NOTE 7 – INVENTORIES, NET

Inventories at December 31, 2009 and December 31, 2008 are broken down as follows:

	2009	2008
Finished goods	63.201	64.928
Goods in process	20.708	29.442
Raw and direct materials	92.706	115.298
Materials, spare parts and accessories	111.437	120.468
Inventories in transit	7.280	10.495
Assets for sale	13.622	16.498
Land	10.360	10.726
Goods not manufactured by the Company	16.923	22.530
Construction work	14.957	-
Others	15.515	19.216
	<b>366.709</b>	<b>409.601</b>
Less - Provision for inventories	(5.574)	(7.305)
	<b>361.135</b>	<b>402.296</b>

The provision for inventories performed as follows:

	2009	2008
Opening balance	7.305	6.294
Provision for the year	5.298	2.304
Charge-offs	(7.029)	(1.293)
<b>Ending balance</b>	<b>5.574</b>	<b>7.305</b>

As of 2009, and given the increase in construction work, the Company decided to record these operations as part of its main business activities, in keeping with that stipulated in its business purpose.

## NOTE 8 – PERMANENT INVESTMENTS, NET

Permanent investments at December 31, 2009 and December 31, 2008 are broken down as follows:

2009

Company	Domicile	Business Activity	Valuation Basis	Shares Outstanding	No. Shares	% Stake	Type of Share	Adjusted Cost	Commercial Value	Provision	Increase (Decrease) in Value
<b>A. SHARES</b>											
Aeropuerto de Barranquilla S.A.	Barranquilla	Air transport	I	338.000.000	16.000.000	4,73%	O	40	149	-	109
Bancolombia S.A.	Medellin	Financial services	B	509.704.584	36.763.662	7,21%	O	107.777	850.711	-	742.934
Cartón de Colombia S.A.	Cali	Cardboard manufacturing	B	107.716.050	3.192.175	2,96%	O	7.034	26.119	-	19.085
Cementos de Caldas S.A.	Manizales	Cement production	I	50.666.501	20.179.195	39,83%	O	3.027	3.363	-	336
Compañie de Distribution de Ciment S.A.(2)	Haiti	Overland transport	I	200	200	100,00%	O	181	181	-	-
Compañia Colombiana de Empaques Bates S.A.	Palmira	Packaging manufacturing	I	54.607	3.503	6,41%	O	49	6.959	-	6.910
Concesiones Urbanas S.A.	Bogotá	Civil Engineering Construction	I	1.554.726	518.345	33,34%	O	6.361	11.452	-	5.091
Corporación de Cemento Andino C.A. (3)	Venezuela	Cement production	I	37.697.288	37.580.426	99,69%	O	39.484	-	39.484	-
Fondo Regional de Garantías de la Costa Atlántica	Barranquilla	Financial services	I	68.359	2.730	3,99%	O	40	103	-	63
Fundiciones Colombia S.A.	Medellin	Metal-working	I	2.496.845.128	38.543.456	1,54%	O	278	23	255	-
Grupo de Inversiones Suramericana S.A.	Medellin	Investments	B	469.037.260	131.227.832	27,98%	O	134.759	3.171.710	-	3.036.951
Grupo Nacional de Chocolates S.A.	Medellin	Confectionery	B	435.123.458	24.940.650	5,73%	O	15.444	523.754	-	508.310
Hipódromo Los Comuneros S.A.	Guarne	Horse-racing	I	3.199.388	16.870	0,53%	O	12	-	-	(12)
Industrial Hullera S.A.	Medellin	Coal mining	I	6.474.711	2.426.469	37,48%	O	155	-	-	(155)
Inmobiliaria Incom	Panamá		I	2.196.430	281.143	12,80%	O	204	204	-	-
Intership Agency Venezuela	Venezuela	Shipping agency services	I	-	-	100,00%	O	20	-	20	-
Inversiones El Duero S.A.S.	Medellin	Investments	I	21.077.050	2.107.705	10,00%	O	15.094	15.033	61	-
Occidental de Empaques S.A.	Medellin	Packaging	I	2.160.000	4.500	0,21%	O	10	77	-	67
Omya Colombia S.A.	Guarne	Non-metallic minerals	I	12.690.910	6.345.455	50,00%	O	11.554	30.674	-	19.120
Papeles y Cartones S.A.	Barbosa	Paper manufacturing	I	11.426.975.951	1.112.158	0,01%	O	1	13	-	12
Propal S.A.	Cali	Paper manufacturing	I	150.826.378	116.767	0,08%	O	2	164	-	162
Propuerto S.A.	Barranquilla	Port Services	I	1.145.337	128.965	11,26%	O	1.151	-	1.147	(4)
Reforestadora El Guásimo S.A.	Medellin	Agroindustrial projects	I	3.656.092.780	43.905.232	1,20%	O	3	827	-	824
Sociedad Administradora Portuaria Puerto Berrío S.A.	Barranquilla	Port Services	I	16.667	2.625	15,75%	O	70	5	-	(65)
Sociedad Portuaria de Barrancabermeja S.A.	Barranquilla	Port Services	I	52.714	1.000	1,90%	O	16	14	-	(2)
Sociedad Portuaria Bocas de Ceniza S.A.	Barranquilla	Port Services	I	16.198.079	403.130	2,49%	O	484	404	-	(80)
Sociedad Portuaria La Inmaculada S.A. (2)	Barranquilla	Port Services	I	40.000	40.000	100,00%	O	56	39	2	(15)
Sociedad Portuaria Las Flores S.A. (2)	Barranquilla	Port Services	I	50.000	50.000	100,00%	O	59	51	2	(6)
Sociedad Portuaria Regional de Barranquilla S.A.	Barranquilla	Port Services	I	2.799.646	12.771	0,46%	O	63	160	-	97
Sociedad Portuaria de Tamalameque S.A.	Barranquilla	Port Services	I	50	3	6,00%	O	9	-	9	-
Sociedad Promotora Puerto Industrial Aguadulce S.A.	Buenaventura	Port Services	I	356.132	4.390	1,23%	O	103	47	-	(56)
Surandina de Puertos C.A.	Venezuela	Port Services	I	250.000	250.000	100,00%	O	5.353	5.353	-	-
Tableros y Maderas de Caldas S.A.	Manizales	Timber	B	25.398.319.930	999.681.490	3,94%	O	1.429	5.948	-	4.519
Textiles Fabricato Tejicondor S.A.	Medellin	Textiles	B	8.255.282.680	206.470.392	2,50%	O	2.861	6.166	-	3.306
Sociedad de Transporte Férreo del Occidente S.A.	Cali	Rail services	I	2.450.625	72.294	2,95%	O	331	-	331	-
Triple A Barranquilla S.A.	Barranquilla	Public utility services	I	59.079.605	82.214	0,14%	O	350	213	-	(137)
Others								6.538	-	3.963	(2.576)
<b>B. SHAREHOLDER STAKES AND INTEREST</b>											
Compañía de Navegación del Mar Caribe Ltda. (1)	Barranquilla	Shipping services	I	61.169	50.334	82,29%	O	10	-	10	-
Distribuidora Colombiana de Cementos Ltda. (1)	Barranquilla	Marketing	I	200.000	200.000	100,00%	O	3.674	4.977	-	1.303
Distribuidora de Cementos Ltda. (1)	Medellin	Marketing	I	50.000	50.000	100,00%	O	1.915	1.762	227	74
Servigranel	Barranquilla	Marketing	I	-	-	-	O	37	-	37	-
Transportadora Sucre Ltda. (1)	Barranquilla	Overland transport	I	100	40	40,00%	O	75	75	-	-
Transportes Elman Ltda. (1)	Barranquilla	Overland, river and maritime transport	I	800.000	389.148	48,64%	O	1.592	4.334	-	2.742
Transmarítima del Caribe Ltda. (1)	Barranquilla	Shipping services	I	50	34	68,00%	O	53	-	53	-
Others								12	5	7	
<b>TOTAL SHARES AND EQUITY QUOTAS</b>								<b>367.770</b>	<b>4.671.069</b>	<b>45.608</b>	<b>4.348.907</b>
<b>C. BONDS AND SECURITIES</b>								<b>2.017</b>	<b>2.017</b>		
<b>D. OTHER INVESTMENTS</b>								<b>14.107</b>	<b>92.210</b>	<b>3.609</b>	<b>81.712</b>
<b>Less- Provision</b>								<b>(49.217)</b>			
								<b>334.677</b>	<b>4.765.296</b>	<b>49.217</b>	<b>4.430.619</b>

2008

Company	Domicile	Business Activity	Valuation Basis	Shares Outstanding	No. Shares	% Stake	Type of Share	Adjusted Cost	Commercial Value	Provision	Increase (Decrease) in Value
<b>A. ACCIONES</b>											
Aeropuerto de Barranquilla	Barranquilla	Air transport	I	338.000.000	16.000.000	4,73%	O	40	157	-	117
Bancolombia S.A.	Medellín	Financial services	B	509.704.584	34.988.095	6,86%	O	81.163	498.555	-	417.392
Cartón de Colombia S.A.	Cali	Cardboard manufacturing	B	107.716.050	3.192.175	2,96%	O	7.035	39.522	-	32.487
Cementos de Caldas S.A.	Manizales	Cement production	I	50.686.501	20.179.195	39,81%	O	3.028	3.572	-	545
Compañía Colombiana de Inversiones S.A.	Medellín	Financial services	B	71.931.201	2.672.325	3,72%	O	29.042	57.668	-	28.626
Compañie de Distribution de Ciment S.A.(2)	Haiti	Overland transport	I	200	200	100,00%	O	214	214	-	-
Compañía Colombiana de Empaques Bates S.A.	Palmira	Packaging manufacturing	I	54.607	3.503	6,41%	O	49	6.294	-	6.245
Concesiones Urbanas S.A.	Bogotá	Civil Engineering construction	I	2.350.000	783.489	33,34%	O	9.616	12.959	-	3.343
Corporación de Cemento Andino C.A. (3)	Venezuela	Cement production	I	37.697.288	34.815.640	92,36%	O	40.059	-	40.059	-
Domar Ltd.	Bermuda	Investment	I	-	6.000	50,00%	O	17.077	19.640	-	2.563
Ferrocarriles del Norte de Colombia S.A.	Barranquilla	Transport	I	114.902.277	9.686.262	8,43%	O	18.098	7.309	-	(10.789)
Fondo Regional de Garantías de la Costa Atlántica	Barranquilla	Financial services	I	68.359	2.730	3,99%	O	40	106	-	67
Fundiciones Colombia S.A.	Medellín	Metal-working	I	2.496.845.128	38.543.456	1,54%	O	278	27	251	-
Grupo Nacional de Chocolates S.A.	Medellín	Confectionery	B	435.123.458	24.940.650	5,73%	O	15.444	386.708	-	371.264
Hípódromo Los Comuneros S.A.	Guarne	Horse-racing	I	3.199.388	16.870	0,53%	O	12	-	-	(12)
Industrial Hullera S.A.	Medellín	Coal-mining	I	6.474.711	2.426.469	37,48%	O	155	-	-	(155)
Inmobiliaria Incem	Panamá		I	2.196.430	281.143	12,80%	O	224	224	-	-
Intership Agency Venezuela	Venezuela	Shipping agency services	I	-	-	100,00%	O	22	-	22	-
Occidental de Empaques S.A.	Medellín	Packaging	I	2.160.000	4.500	0,21%	O	10	64	-	55
Omya Colombia S.A.	Guarne	Non-metallic minerals	I	12.690.910	6.345.455	50,00%	O	11.554	26.384	-	14.830
Papeles y Cartones S.A.	Barbosa	Paper manufacturing	I	11.426.975.951	1.112.158	0,01%	O	1	11	-	11
Propal S.A.	Cali	Paper manufacturing	I	150.826.378	116.767	0,08%	O	2	141	-	139
Propuerto S.A.	Barranquilla	Port services	I	1.145.337	128.965	11,26%	O	1.151	1.340	-	189
Reforestadora El Guásimo S.A.	Medellín	Agroindustrial projects	I	3.656.092.780	43.905.232	1,20%	O	3	833	-	830
Soc. Administradora Portuaria Puerto Berrío S.A.	Barranquilla	Port services	I	16.667	2.625	15,75%	O	70	5	-	(65)
Sociedad Portuaria de Barrancabermeja S.A.	Barranquilla	Port services	I	52.714	1.000	1,90%	O	16	14	-	(2)
Sociedad Portuaria Bocas de Ceniza S.A.	Barranquilla	Port services	I	16.198.079	361.259	2,23%	O	484	361	-	(123)
Sociedad Portuaria La Inmaculada S.A. (2)	Barranquilla	Port services	I	40.000	40.000	100,00%	O	56	39	2	(15)
Sociedad Portuaria Las Flores S.A. (2)	Barranquilla	Port services	I	50.000	50.000	100,00%	O	59	39	12	(8)
Sociedad Portuaria Río Córdoba S.A.	Ciénaga	Port services	I	14.900.000	14.900.000	100,00%	O	45.522	22.035	7.642	(15.845)
Sociedad Portuaria Regional de Barranquilla S.A.	Barranquilla	Port services	I	2.799.646	12.771	0,46%	O	63	185	-	122
Sociedad Portuaria de Tamalameque S.A.	Barranquilla	Port services	I	50	3	6,00%	O	4	-	4	-
Soc. Promotora Puerto Industrial Aguadulce S.A.	Buenaventura	Port services	I	356.132	4.390	1,23%	O	103	48	-	(55)
Suramericana de Inversiones S.A.	Medellín	Investment	B	457.396.624	131.227.832	28,69%	O	134.759	1.984.903	-	1.850.143
Surandina de Puertos C.A.	Venezuela	Port services	I	500	500	100,00%	O	5.530	4.507	1.023	-
Tableros y Maderas de Caldas S.A.	Manizales	Timber	B	17.667.764.545	999.681.490	5,66%	O	1.429	3.739	-	2.310
Textiles Fabricato Teijcondor S.A.	Medellín	Textiles	B	8.255.116.534	273.569.681	3,31%	O	5.498	4.971	-	(527)
Sociedad de Transporte Férreo del Occidente S.A.	Cali	Rail services	I	2.450.625	72.294	2,95%	O	331	-	331	-
Triple A Barranquilla S.A.	Barranquilla	Public utility services	I	59.079.605	82.214	0,14%	O	350	211	-	(139)
Others								4.718	(4.499)	5.752	(3.464)
<b>B. SHAREHOLDER STAKES AND INTEREST</b>											
Compañía de Navegación del Mar Caribe Ltda. (1)	Barranquilla	Maritime shipping services	I	61.169	50.666	82,83%	O	10	-	10	-
Dicente Ltda. (1)	Medellín	Marketing	I	1.000	900	90,00%	O	364	3.051	-	2.687
Disgranel Ltda. (1)	Barranquilla	Marketing	I	1.000	1.000	100,00%	O	7	80	-	73
Distribuidora Colombiana de Cementos Ltda. (1)	Barranquilla	Marketing	I	200.000	202.500	100,00%	O	3.674	3.951	-	276
Distribuidora de Cementos Ltda. (1)	Medellín	Marketing	I	50.000	50.000	100,00%	O	1.900	2.236	-	335
Servigranel	Barranquilla	Marketing	I	-	-	-	O	37	-	37	-
Transportadora Sucre Ltda. (1)	Barranquilla	Overseas transport	I	-	-	-	-	75	75	-	-
Transportes Eiman Ltda. (1)	Barranquilla	Overland, river and maritime transport	I	800.000	380.000	47,50%	O	1.491	4.156	-	2.665
Transportes de Agregados y Concretos Ltda. (1)	Barranquilla	Overland transport	I	10	10	100,00%	O	153	-	153	-
Transmarítima del Caribe Ltda. (1)				26	9	34,62%	O	53	-	53	-
<b>TOTAL SHARES AND EQUITY QUOTAS</b>								<b>441.073</b>	<b>3.091.837</b>	<b>55.351</b>	<b>2.706.115</b>
<b>C. BONDS AND SECURITIES</b>								<b>16.762</b>	<b>16.762</b>		
<b>D. OTHER INVESTMENTS</b>								<b>43.033</b>	<b>43.033</b>		
<b>Less- Provision</b>								<b>(55.351)</b>			
								<b>445.517</b>	<b>3.151.632</b>	<b>55.351</b>	<b>2.706.115</b>

Market values corresponding to December 2009 and 2008

Valuation basis

I: Intrinsic B: Stock price Type of share: O: Ordinary

(1) Companies subject to liquidation

(2) Companies at pre-start-up stage

(3) Corporación de Cemento Andino C.A.:

With regard to our Cement Plant in Venezuela, which belongs to our subsidiary Corporación de Cemento Andino C.A., in which Cementos Argos S.A. holds an indirect stake through its subsidiary Colcaribe Holding S.A., on March 27, we were informed of a ruling in our favor given by the Constitutional Division of the Supreme Court of Justice in Venezuela, which ordered the restitution of said cement plant to its rightful owner, amongst other measures. The Venezuelan Government has still to establish the amount of compensation to be paid. It is important to mention that this investment has been totally provisioned on the Company's books.

The following investments have been pledged as security for credit facilities provided by Bancolombia:

Company	No Shares	Entity	Value
C.I. Carbones del Caribe S.A.S.	661.000	Bancolombia	21.129
Grupo de Inversiones Suramericana S.A.	5.200.000	Bancolombia	127.608
Grupo Nacional de Chocolates S.A.	2.706.018	Bancolombia	56.826
			<b>205.563</b>

## NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The balance of the Property, Plant and Equipment Account including depreciation at December 31, 2009 and December 31, 2008 includes the following:

2009	AJUSTED COST	ACUMULATED DEPRECIATION	NET COST	COMMERCIAL	VALUATION	APRAISAL METHOD
Land	370.711	-	370.711	1.630.224	1.259.513	Comparative
Construction in progress	144.231	-	144.231	144.231	-	Cost
Buildings and construction	519.791	291.507	228.284	424.718	196.434	Comparative/cost
Production machinery and equipment	2.297.207	1.391.392	905.815	1.864.145	958.330	Revenue capitalization
Furniture and office, computer and communication equipment	45.591	28.971	16.620	19.568	2.948	Cost
Mines, quarries and mineral deposits	134.488	123.738	10.750	757.205	746.455	Revenues
Overland transport equipment	442.869	198.686	244.183	274.283	30.100	Revenue capitalization
River transport fleet	87.406	10.092	77.314	86.949	9.635	Revenue capitalization
Roads	102.690	3.285	99.405	104.157	4.752	Comparative/cost
Agricultural farming estates	6.260	-	6.260	7.062	802	
Machinery and equipment being installed	778.130	-	778.130	778.130	-	Revenue capitalization
Property, plant and equipment in transit	25.654	-	25.654	25.654	-	Cost
Other assets	2.643	589	2.054	3.844	1.790	Cost
<b>Subtotal</b>	<b>4.957.671</b>	<b>2.048.260</b>	<b>2.909.411</b>	<b>6.120.170</b>	<b>3.210.759</b>	
Less provision for asset devaluation	-	-	(29.390)	-	-	
<b>TOTAL</b>	<b>4.957.671</b>	<b>2.048.260</b>	<b>2.880.021</b>	<b>6.120.170</b>	<b>3.210.759</b>	

2009	AJUSTED COST	ACUMULATED DEPRECIATION	NET COST	COMMERCIAL VALUATION	APRAISAL METHOD	
Land	404.188	-	404.188	654.481	250.293	Comparative
Construction in progress	165.448	-	165.448	165.448	-	Cost
Buildings and construction	543.960	200.531	343.429	447.066	103.637	Comparative/cost
Production machinery and equipment	2.326.156	1.293.527	1.032.629	1.885.631	853.002	Revenue capitalization
Furniture and office, computer and communication equipment	33.300	25.503	7.797	9.308	1.511	Cost
Mines, quarries and mineral deposits	138.081	124.152	13.929	157.359	143.430	Revenues
Overland transport equipment	450.754	175.448	275.306	293.436	18.130	Revenue capitalization
River transport fleet	89.573	15.462	74.111	91.993	17.882	Revenue capitalization
Roads	25.338	9.850	15.488	18.008	2.520	Comparative/cost
Agricultural farming estates	1.564	710	854	854	-	-
Machinery and equipment being installed	461.782	-	461.782	461.782	-	Revenue capitalization
Property, plant and equipment in transit	67.466	-	67.466	67.466	-	Cost
Other assets	3.299	1.652	1.647	3.017	1.370	Cost
<b>Subtotal</b>	<b>4.710.909</b>	<b>1.846.835</b>	<b>2.864.074</b>	<b>4.255.849</b>	<b>1.391.775</b>	
Less provision for asset devaluation	-	-	(30.506)	-	-	
<b>Subtotal</b>	<b>4.710.909</b>	<b>1.846.835</b>	<b>2.833.568</b>	<b>4.255.849</b>	<b>1.391.775</b>	
Less current portion (1)	-	-	(57.507)	-	-	
<b>TOTAL</b>	<b>4.710.909</b>	<b>1.846.835</b>	<b>2.776.061</b>	<b>4.255.849</b>	<b>1.391.775</b>	

The Company performed technical appraisals on its property, plant and equipment in 2009 and 2008. The appraisal methods used are listed in Note 19. These appraisals are updated at least every three years.

Depreciation charged to the income accounts during 2009 came to COP 264.082 (2008 - COP 272.199).

In 1994, our cement plant in Sogamoso, including adjacent land, was pledged as collateral for financial obligations on the part of Acerias Paz del Río S.A.; this collateral at December 31, 2009 and December 31, 2008 consisted of senior mortgages totaling USD 15.283.042; second mortgages for COP 1.394 million, a chattel mortgage for USD 77.252.892; a first lien for USD 7.800.777; and a second lien for USD 46.354.067. The Company is taking all the corresponding measures to have these liens lifted since all those obligations that gave rise to such liens have been duly paid-off.

Also land belonging to the Hacienda Casanare, which is a ranch located in Puerto Nare, Antioquia has been mortgaged for a total of COP 265 to guarantee financial obligations with Bancolombia

## NOTE 10 – DEFERRED AND INTANGIBLE ITEMS

The Deferred and Intangible Items account at December 31, 2009 and December 31, 2008 included the following:

	2009	2008
Goodwill (1)	1.174.344	1.143.646
Brands (2)	267.129	247.643
Rights (3)	105.841	167.796
Concessions, franchises and licenses (4)	241.741	246.535
Deferred items	225.161	371.750
Provisions	(2.108)	-
Accumulated amortization	(103.227)	(71.375)
	1.908.881	2.105.995
Less current portion (5)	-	106.777
<b>Total</b>	<b>1.908.881</b>	<b>1.999.218</b>

- (1) Goodwill acquired with the purchase of the concrete companies Southern Star and Ready Mixed Concrete Company in the United States in 2005 and 2006 respectively. Acquired goodwill corresponding to the difference between the value paid and the fair value of the net assets belonging to the acquired US companies. This value was posted in books, according to generally-accepted accounting principles in the United States, whose accounting standards vis-à-vis the Colombian conceptual framework, are considered superior standards given the fact that they apply to more developed economies. According to these accounting standards, goodwill is not amortized but appraised based on any impairment to such, when there are indications that such is the case. At the end of the fiscal years of 2009 and 2008, the corresponding goodwill was appraised by experts, resulting in an impairment of these assets.

Generally accepted accounting principles in the United States (USGAAP) and International Financial Reporting Standards (IFRS), provide for the impairment of assets. This ensures that the value of the assets in question does not exceed their recovery value. That is to say, in the case of the company suffering any adverse situation, changes in its operating environment, changes in the projected use of its assets or a decline in its operating performance upon estimating future discounted flows produced by a production unit resulting in its book value surpassing its fair recovery value, through either using or selling off the asset in question, this is considered as an asset impairment that must be recorded as a loss on the Company's financial statements. Colombian accounting principles, as stipulated in Decree 2649 of 1990 do not specifically provide for asset impairment.

The effect of this impairment is recorded in the consolidated financial statements as "Asset Impairment" under the heading "Operating Earnings before Asset Impairment" and is produced by events that are in no way related to the main operating activities of Argos USA Corporation, and are classified as unusual and non-recurring in nature. The most significant item included in this figure is the goodwill intangible and the acquired customer data base, which resulted in an impairment of these assets of COP 81.691 (2008 -COP 74.786).

This goodwill corresponds to the additional value paid out over and above the respective book cost for shares belonging to:

- Carbones Nechi S. A. S. for at total value of COP 2.334, compared with an intrinsic value in pesos per share of COP 57.902, which is being amortized using the straight-line method over a period of 5 years
- C. I. Carbones del Caribe S. A. S. for at total value of COP 6.023, compared to an intrinsic value in pesos per share of COP 41.668, which is being amortized using the straight-line method over a period of 5 years.
- Cemento Panama S.A. for at total value of COP 22,688, compared to an intrinsic value in pesos per share of COP 218,190, which is being amortized using the straight-line method over a period of 5 years.
- Haití Cement Holding for at total value of COP 975, compared to an intrinsic value in pesos per share of COP 195.340, which is being amortized using the straight-line method over a period of 12 months.
- Domar Ltd. for a total of COP 71.230 which is being amortized using the straight-line method over a period of 10 years.
- Caricement Antilles NV. COP 25.648, compared to an intrinsic value in pesos per share of COP 2.480.232. This is being amortized using the straight-line method over a period of 10 years.

- (2) Corresponding to the appraisal value of trademarks that were acquired; the appraisal methodology used for this purpose is based on the Discounted Cash Flow method; the value of the Company is the result of the operating cash flows that the Company may generate over a period of time, discounted at a rate that reflects the risk of said flows. This methodology is based on the return obtained from the wholly-owned trademark on said flows (contribution of the trademark to the business, both at the present time and in the future).



- The Argos mark purchased from Inversiones Argos S.A. was appraised by the Corporación Financiera Colcorp which is being amortized in a term of 20 years. The trademark was acquired in December, 2005 and is being amortized over a period of 20 years. Its acquisition cost came to COP 115.389.
- The Fortaleza and Uno A trademarks were obtained from having allocated to Cementos Argos S.A the assets remaining from the winding up of Cementos La Unión S.A. and Cementos Apolo S.A. .These trademarks were appraised in March 2007 by Sumatoria S.A. for a total of \$52.137 in the case of the Fortaleza trademark and \$73.854 for Uno A. . These values are to be amortized over a period of 20 years.

- (3) Including a real estate trust, the rights to which were purchased from Gaseosas Lux S.A. for a total value of COP 42,761. This trust owns a plot of land in Medellín; and other rights conferred by an agreement guaranteeing the supply of limestone with Acerías Paz del Río S.A. for a total of COP 39.828

The following is a list of assets acquired through financial leasing arrangements for which a monthly payment is made:

Contract No.	Initial Amount	Balance at Dec-09	Maturity Date	Term (months)	Pending Installments	Type of Asset
50149	80	30	15/01/2011	55	13	Vehicles
70749	68	19	21/11/2010	48	11	Vehicles
83763	78	32	15/12/2010	42	12	Vehicles
83861	78	14	15/04/2010	42	4	Vehicles
85689	91	71	15/12/2012	60	36	Vehicles
98495	40	23	16/01/2011	26	13	Vehicles
104892	61	59	15/12/2011	25	24	Vehicles

- (4) Corresponding mainly of having acquired a right of disposal totaling COP \$134,772 for the purchase of 150,000 tons of slag per year from Acerías Paz del Río for a term of 15 years. This right of disposal may be extended for another equal term.

- (5) The figure for 2008 included intangibles and deferred items pertaining to C.I. Carbones del Caribe S.A. and Emcarbón S.A. which were sold in March 2009

## NOTE 11 – FINANCIAL OBLIGATIONS

Financial Obligations at December 31, 2009 and December 31, 2008, are broken down as follows:

	2009	2008
Loans with domestic banks and financial corporations	1,022.575	1,451.153
Loans with foreign banks and institutions	601.059	1,003.310
Letters of credit and loans from financing companies	242	652
Other obligations with private individuals (1)	37.524	75.140
Other domestic obligations	56.359	97.784
	<b>1.717.759</b>	<b>2.628.039</b>
Less non-current portion	(959.660)	(1.251.583)
	<b>758.099</b>	<b>1.376.456</b>

- (1) Includes leasing arrangements governing ships totaling COP 37.524 (2008 COP 75.140), , which according to International Financial Reporting Standards (IFRS) are posted as financial leasing

arrangements. In Colombia such arrangements would have been recorded as a lease, without representing any financial obligation whatsoever.

The following is a breakdown of the main financial obligations held:

## FINANCIAL OBLIGATIONS WITH BANKS AND FINANCIAL INSTITUTIONS BOTH AT HOME AND ABROAD

Entity	Description	Currency	2009		2008		Maturity Date
			Amount in dollars	Amount in millions of pesos	Amount in dollars	Amount in millions of pesos	
BBVA	Short-term loan	Pesos	9.783.635	20.000	-	-	Sept-10
BBVA	Short-term loan	Pesos	14.675.452	30.000	-	-	Sept-10
Davienda	Long-term loan	Pesos	48.918.175	100.000	44.571.423	100.000	Oct-13
Bancolombia	Short-term loan	Pesos	19.567.270	40.000	17.828.569	40.000	Aug-10
BBVA	Short-term loan	Pesos	19.567.270	40.000	17.828.569	40.000	April-10
Banco de Bogotá	Long-term loan	Pesos	22.013.179	45.000	-	-	Sept-11
Citibank	Bancoldex Loan	Dollars	499.944	1.022	1.499.383	3.364	April-10
BBVA	Bank Loan	Pesos	3.179.681	6.500	-	-	Feb-10
BBVA	Bank Loan	Pesos	24.459.087	50.000	-	-	Feb-10
Banco de Crédito	Bank Loan	Pesos	5.691.140	11.634	-	-	Feb-10
Davienda	Bank Loan	Pesos	1.467.545	3.000	-	-	Jan-10
Banco Santander	Bank Loan	Pesos	4.011.290	8.200	-	-	Jan-10
Banco de Crédito	Bank Loan	Pesos	4.500.472	9.200	-	-	Jan-10
Davienda	Bank Loan	Pesos	105.663	216	-	-	Jan-10
Banco de Bogotá	Bank Loan	Pesos	-	-	22.285.712	50.000	Sept-09
BBVA	Bank Loan	Dollars	-	-	43.075.161	96.643	Aug-09
Davienda	Bank Loan	Dollars	-	-	18.501.598	41.510	May-09
Davienda	Long-term loan	Pesos	29.350.905	60.000	-	-	Dec-12
Bancolombia	Bank Loan	Pesos	1.858.891	3.800	-	-	May-10
Banco AV Villas	Bank Loan	Pesos	48.918	100	-	-	Jan-10
Banco de Crédito	Bank Loan	Pesos	2.445.909	5.000	-	-	Jan-10
Banco AV Villas	Bank Loan	Pesos	2.103.482	4.300	-	-	Jan-10
Banco AV Villas	Bank Loan	Pesos	293.509	600	-	-	Jan-10
Bancolombia	Bank Loan	Pesos	2.788.336	5.700	-	-	Jan-10
Banco AV Villas	Bank Loan	Pesos	1.213.171	2.480	-	-	Jan-10
Bancolombia	Bank Loan	Pesos	342.427	700	-	-	Feb-10
Banco de Crédito	Bank Loan	Pesos	489.182	1.000	-	-	Jan-10
Bancolombia	Bank Loan	Pesos	978.363	2.000	-	-	Jan-10
Citibank	Syndicated loan	Dollars	63.333.382	129.468	95.000.000	213.141	Dec-11
Banco de Crédito	Bank Loan	Dollars	-	-	9.000.000	20.192	May-09
BBVA	Bank Loan	Dollars	-	-	16.000.000	35.897	May-10
BBVA	Bancoldex Loan	Dollars	-	-	1.001.074	2.246	April-09
Corporación Andina de Fomento	Multilateral loan	Dollars	-	-	75.000.000	168.269	Nov-09
Banco de Desarrollo de China	Multilateral loan	Dollars	-	-	75.000.000	168.269	Nov-09
Citibank PLC London	Long-term loan	Dollars	151.274.074	309.239	65.783.410	147.591	June -19
Banamex	Bilateral loan	Dollars	-	-	99.906.400	224.149	Dec-09
Citibank NA, sucursal Panama (Agente Administrador)	Syndicated loan	Dollars	50.000.000	102.212	50.000.000	112.180	(1)
BNP Paribas, sucursal Panama	Bank Loan	Dollars	24.000.000	49.062	-	-	Mar -10
BNP Paribas, sucursal Panama	Bank Loan	Dollars	1.500.000	3.066	-	-	Jan-10
Banco General	Bank Loan	Dollars	-	-	4.000.000	8.974	Dec-09
Banco General	Bank Loan	Dollars	-	-	2.000.000	4.487	June -09
BNP Paribas, sucursal Panama	Bank Loan	Dollars	-	-	3.000.000	6.731	April-09
BNP Paribas, sucursal Panama	Bank Loan	Dollars	-	-	2.000.000	4.487	May-09
Banco General	Bank Loan	Dollars	-	-	2.000.000	4.487	June -09
BICSA	Bank Loan	Dollars	-	-	1.000.000	2.244	Mar -09
BICSA	Bank Loan	Dollars	-	-	2.000.000	4.487	June -09
Banco General	Bank Loan	Dollars	-	-	2.000.000	4.487	June 6-09
Citibank (Agente Administrador) (2)	Syndicated loan	Dollars	256.666.666	524.686	385.000.000	863.782	(3)
UBS	Bank Loan	Dollars	4.493.782	9.186	4.493.782	10.082	2010
Bancolombia Miami Agency	Bank Loan	Dollars	972.222	1.987	1.361.111	3.054	(4)
Wells Fargo	Revolving credit	Dollars	4.510.006	9.219	-	-	2010
Citicapital	Revolving credit	Dollars	-	-	15.233.856	34.179	2009

- (1) Corresponding to 20 quarterly payments of USD 2,5 million from August 2010 to May 2015.
- (2) Interest rate is based on the 90-day LIBOR plus a margin ranging from 0,75% to 1,625%, depending on the consolidated net debt/EBITDA ratio of Cementos Argos S.A..

The syndicated loan with Citibank N.A (Administrative Agent) and the long-term loan with Citibank PLC (Administrative Agent) underwritten by EKF Dinamarca, stipulate the following covenants with regard to the consolidated balance sheets:

- A Net Debt/EBITDA ratio of less than 4.0 times must be maintained until June 2010, whereupon this ratio is lowered to 3.5 times.
- The debt service coverage ratio shall not be lower than 1.5

- (3) Half-yearly installments of USD 64.166.166,67 from June 2009 to December 2011.
- (4) Installments of USD 388.889 from 2009 to 2011 and an installment of USD 194.444 in June 2012.

Interest totaling COP 263.423 (2008 - COP 243.819) accrued on financial obligations, bonds, commercial paper and payables.

Interest rates for financial obligations held with foreign banks and financial institutions range between Libor + 0,85% and Libor + 2,82%.

Interest rates on financial obligations held by related companies based in the United States range between Libor + 0,85% and Libor + 2,82% and Prime + 3%.

At the end of 2009, no forward operations were recorded on current foreign exchange.

The loan with Bancolombia is secured with permanent investments totaling COP 205.563 (2008 - COP 148.403), as mentioned in Note 8.

## NOTE 12 – COMMERCIAL PAPER AND BONDS OUTSTANDING

Term	Amounts Issued	Effective rate	Interest Payment Frequency
7 years	COP 80,000	CPI+2,40%	Half-yearly in arrears
10 years	COP 80,000	CPI+2,88%	Half-yearly in arrears
12 years	COP 290,000	CPI +3,17%	Half-yearly in arrears
12 years	COP 150,000	CPI +5,25%	Half-yearly in arrears
	<b>COP 600,000</b>		

Bonds outstanding issued on April 28, 2009, included the following at December 31, 2009 subyacente:

Term	Amounts Issued	Effective rate	Interest Payment Frequency
3 years	COP 144,002	9.0%	Quarterly in arrears
5 years	COP 81,175	9.7%	Yearly in arrears
7 years	COP 114,943	CPI + 6,0%	Quarterly in arrears
10 years	COP 70,350	CPI + 6,3%	Quarterly in arrears
15 years	COP 229,530	CPI + 7,19%	Quarterly in arrears
	<b>COP 640,000</b>		

Both issues were given an AA+ rating by Fitch Ratings Colombia S. A. These bonds are made out to the bearer and are traded on the secondary market.

The following is a breakdown of swaps held at December 31 with bonds serving as the underlying instruments:

Entity	Value in USD	Maturity Date	Interest Rate	Type	Underlying
Citibank	32.649.840	23-Nov-17	180-day Libor – 0.71%	Cross-Currency SWAP	Bonds in pesos

Furthermore two SWAPS were unwound for a nominal value of USD 77.557.646, producing a value of USD 7.100.000 in favor of the Company. This was carried out so as to reduce the Company's net liabilities in dollars as well as the effect of its exposure to the exchange rate.

The bonds issued on February 23, 2007, for at total of COP 132.211 produced a placement discount of COP 17.788, which is being amortized using the straight-line method over a period of 12 years. At December 31, 2009 and December 31, 2008, the following balances were recorded:

	2009	2008
Total bonds outstanding	1.240.000	600.000
Discount value	17.788	17.788
Amortization	(4.652)	(3.010)
Balance to be amortized	<u>(13.136)</u>	<u>(14.778)</u>
	<b>1.226.864</b>	<b>585.222</b>

The Argos 2008 Commercial Paper program was approved for up to a total of COP 300.000 currently outstanding. Bearer securities, negotiable on the secondary market, included the following tranches at December 31:

Term Frequency	Amounts Issued	Interest Rate	Interest Payment
363 days	COP 150,000	8.44%	In arrears
270 days	COP 80,000	6.54%	In arrears
180 days	COP 70,000	5.24%	In arrears
	<b>COP 300,000</b>		

Funds from placing this issue were allocated in their entirety to financing working capital. This issue was given a F1+ rating by Fitch Ratings Colombia S.A. A , which is their maximum short-term rating.

In 2009, interest totaling COP 128.723 accrued on the Company's issues of commercial paper and ordinary bonds

The cost of total financial liabilities, including Argos bonds, commercial paper, derivatives and loans for 2009 is as follows:

Average cost of financial liabilities in pesos: 9,95% (2008 - 10,78 )  
 Average cost of financial liabilities in dollars: 2,85% (2008 - 4,31% )

## NOTE 13 - SUPPLIERS AND ACCOUNTS PAYABLE

The Suppliers and Accounts Payable Account at December 31, 2009 and December 31, 2008, is broken down as follows:

	2009	2008
Costs and expense payable	149.721	223.145
Domestic suppliers	147.939	314.381
Foreign suppliers	80.073	116.661
Dividends payable	42.510	42.320
Current trade accounts (1)	29.653	21.482
Accounts payable - Contractors	6.887	9.573
Miscellaneous payables (2)	249.506	287.976
Withholding tax payable	19.090	36.482
Installments payable (3)	46.715	3.251
Other accounts payable	9.564	18.005
	<b>781.658</b>	<b>1.073.276</b>
Less:- Miscellaneous long-term payables	(175.395)	(224.584)
	<b>606.263</b>	<b>848.692</b>

(1) Payables totaling COP 24.773 (2008 - COP 17.657) due from related companies.

(2) Corresponding to an account payable to Cementos Andino S.A. and Concrecem S.A. on the purchase of Cementos La Unión S.A. and Cementos Apolo S.A. under the following conditions:

Balance at December 31, 2009: USD 100.100.000

Maturity Date: August, 2016

Interest rate: 5% quarterly in arrears.

Amortization Schedule: 10 annual payments

Accrued interest for 2009 and 2008 came to USD 4.931.353 and USD 6.007.706 respectively. . In 2009 a total of USD 14.300.000 (2008 – US\$14.300.000).was applied to the principal. A swap was performed on this loan as underlying under the following conditions:

Entity	Value (COP \$ )	Maturity Date	Interest Rate	Type	Underlying
Bancolombia	191.181	8-Aug-16	CPI + 5,35% Quarterly in arrears	Cross-Currency SWAP	Payable in dollars

(3) Corresponding to the purchase of a 50% stake in Cemento Panama S. A. (formerly Panama Cement Holding S. A.) for a total of USD 73.200.000 of which USD 22.580.000 shall be paid in March 2010.

## NOTE 14 – TAXES AND RATES

The balance of the Tax and Rates Account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Income Tax	165.100	180.599
Sales tax	22.532	54.314
Industry and Commerce tax	649	(13.163)
Land tax	4.953	4.750
Others	991	608
	<b>194.225</b>	<b>227.108</b>

Tax legislation, as it applies to the Parent Company and its subsidiaries in Colombia, stipulates the following:

- Taxable income is taxed at a rate of 33%.
- The basis for determining income tax cannot be lower than 3% of net worth on the last day of the immediately preceding fiscal year.
- As of 2007, companies may offset fiscal losses, duly adjusted for tax purposes and without any time limit, using net ordinary income obtained in following periods, without detriment to presumptive income for the fiscal period in question. Fiscal losses, incurred on the special deduction granted for investing in fixed productive assets can also be offset using the taxpayer's net income. Fiscal losses incurred, as of 2003, may be offset with net ordinary income obtained during the following eight years, without this exceeding 25% of the value of the loss per year, and without detriment to presumptive income obtained for the fiscal year in question.
- Excess amounts existing between presumptive income and ordinary income obtained as of 2003 may be offset with net ordinary income obtained during the following five years As of 2007, excess amounts between presumptive income and ordinary income are readjusted on a fiscal basis.
- As of 2004, taxpayers who carry out operations with related companies or parties abroad are obliged to determine, for the purpose of calculating income and complementary taxes, their ordinary and extraordinary income, costs and deductions, assets and liabilities, bearing in mind the prices and profit margins established by the market. Upon completing the corresponding analysis of transfer prices, Company Management together with their tax advisors consider that no significant additional tax provisions are required to be set up.

Accumulated excess amounts between presumptive income and ordinary income for 2009 and 2008 corresponding to Cementos Argos S.A. and its subsidiaries came to COP 158.661 (2008 -COP 171.931) with tax losses totaling COP 167.255 (2008 -COP 79.654).

Income tax was calculated for the years ending December 31, 2009 and December 31, 2008 as follows:

	2009	2008
Taxable income – domestic companies	195.176	143.495
	33%	33%
	64.408	47.353
Deferred income tax credit	(2.398)	(12.482)
Provision for income tax – domestic companies	62.010	34.871
Income tax – foreign companies	(272)	(20.853)
<b>Total income tax provision</b>	<b>61.738</b>	<b>14.018</b>

The Company's income tax returns for the years 2007 and 2008 together with its wealth tax returns for 2008 and 2009, are still pending review and acceptance on the part of the Colombian Tax Authorities.

Company Management together with their legal advisors consider that the tax provisions recorded are sufficient to cover any additional tax liability that may accrue for the years in question.

## WEALTH TAX

The amount of wealth tax declared for 2009 came to COP 19.870 which was recorded against the Equity Revaluation account.

The wealth tax to be paid by the Company in 2010 comes to COP 19.870.

## TAX REFORM

The following contains a summary of the more relevant amendments made to the Colombian Tax code for 2010 and the following years, pursuant to Law 1370 passed December 30, 2009:

Wealth tax for 2011 shall be based on the amount of net equity held on January 1, 2011. This shall be subject to a rate of 2,4% for all those equities with a tax base of between COP 3.000 and COP 5.000 and 4,8% for all those equities with a tax base equal or higher than COP 5.000. In accordance with Decree 514 issued February 16, 2010, the value of the wealth tax installments due may be recorded against the equity revaluation account for the fiscal year in question. The net equity value of shares held in Colombian companies does not form part of the tax base.

As of the fiscal year of 2010, tax deductions on investments made in real productive assets went from 40% to 30% of their total value.

Liabilities with related foreign-based companies shall no longer be fiscally accepted

## NOTE 15 – DEFERRED LIABILITIES

	2009	2008
Deferred tax (1)	123.923	149.885
Deferred monetary correction	7.700	13.724
	<b>131.623</b>	<b>163.609</b>

(1) This corresponds to tax on deferred depreciation.

## NOTE 16 – LABOR LIABILITIES

	2009	2008
Pensions payable	222.826	216.176
Consolidated severance pay	7.698	7.473
Consolidated vacation pay	8.408	8.325
Employment benefits	9.629	11.333
Salaries payable	188	1.712
Others	2.597	1.278
	251.346	246.297
Less – Long-Term Portion	(222.826)	(216.176)
	<b>28.520</b>	<b>30.121</b>

The actuarial reserve was calculated on the following technical basis:

1. Mortality table: Colombian life table for annuitants based on the experience of the Colombian Institute of Social Security 1980/89 for both males and females (Resolution 0585 of 1994 issued by the Banking Superintendency).
2. Pension and salary adjustments: the formula employed explicitly contains future salary and pension increases at a rate of 6.48% for 2009 (Decree 2783 issued December 20, 2001).
3. Technical interest: 4.8% per annum.
4. Reserves: These are determined using the fractional annuities in arrears system (Article 112 of the Colombian Tax Statute.)

The actuarial method used to calculate this liability is that established in Decree No 2783 of 2001 issued by the Colombian Government.

The main factors used in the actuarial calculations for the years ending December 31, 2009 and December 31, 2008 were as follows:

	2009	2008
Number of persons	1.683	1.770
Interest Rate	4,80%	4,80%
Future pension increases	6,48%	5,15%

The amounts charged to the annual income accounts corresponding to retirement pensions were as follows:

	2009	2008
Retirement pensions	31.011	40.752

Both pension liabilities and securities have been totally amortized..

The following is a breakdown of the number of employees for both the Company and its subsidiaries, showing expense corresponding to both senior executive and other employees

COMPANY	NO. SENIOR EXECUTIVES	SENIOR EXECUTIVE EXPENSE	OTHER EMPLOYEES	OTHER EMPLOYEE EXPENSE
American Cement Terminals LLC	-	-	-	-
Argos USA Corp.	4	3.008	11	1.141
Belsford Ltd.	-	-	-	-
C.I. Carbones del Caribe S.A.S.	1	132	63	4.307
C.I. del Mar Caribe BVI Inc.	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	-	-
Canteras de Colombia S.A.S.	-	-	16	405
Carbones Nechí S.A.S.	87	100	701	9.668
Caricement Antilles NV	-	-	-	-
Caricement USVI Corp	2	741	7	771
Caribbean Construction and Development Ltd.	-	-	9	211
Caricement Antigua Limited	-	-	7	463
Caricement Saint Maarten NV	-	-	6	589
Cement and Mining Engineering Inc.	-	-	-	-
Cemento Panama S.A.	-	-	-	-
Cementos Argos S.A.	211	38.772	2.663	132.885
Cementos Argos S.A.	-	-	-	-
Central Aggregates LLC	-	-	-	-
Cimenterie Nationale S.E.M.	4	203	197	3.029
Climsford Investments Ltd.	-	-	-	-
Colcaribe Holdings S.A.	-	-	-	-
Concretos Argos S.A.	12	1.752	863	27.169
Consort Livestock Inc.	-	-	-	-
Comercial Arvenco C.A.	-	-	-	-
Empresa de Carbones del Cesar y La Guajira S.A.	-	-	-	-
Domar Ltd.	-	-	-	-
Dominicana Cement Holding, S.A.	-	-	-	-
Dorset Shipping Co. Ltd.	-	-	-	-
Flota Fluvial Carbonera S.A.S.	-	-	57	1.813
Fortecol Investments Ltd.	-	-	-	-
Ganadería Río Grande S.A.S.	1	65	60	564
Godiva Investments Ltd.	-	-	-	-
Gulf Coast Cement LLC	-	-	-	-
Haití Cement Holding S.A.	-	-	-	-
International Cement Company S.A.	-	-	-	-
Logística de Transporte S.A.	4	553	130	4.849
Marítima de Graneles S.A.	-	-	-	-
Piazza Acquisition Corp.	-	-	-	-
Point Corp.	-	-	-	-
Port Royal Cement Company LLC	-	-	-	-
Reforestadora del Caribe S.A.S.	1	189	9	322
RMCC Group Inc.	-	-	-	-
Savannah Cement Company LLC	-	-	7	700
Sociedad Portuaria de Cementeras Asociadas S.A.	1	11	2	9
Sociedad Portuaria Golfo de Morrosquillo S.A.	1	123	66	1.458
Somerset Shipping Co. Ltd.	-	-	-	-
South Caribbean Trading & Shipping S.A.	-	-	-	-
South Central Cement Ltd.	-	-	13	1.131
Southern Equipment Company Inc.	4	1.444	917	68.068
Southern Star Concrete Inc	7	3.120	959	82.516
Southern Star Leasing, LLC	-	-	-	-
Transatlantic Cement Carriers Inc.	-	-	-	-
Trans Atlantic Shipmanagement Ltd.	-	-	-	-
Urbanizadora Villa Santos S.A.S.	1	268	25	990
Valle Cement Investments Ltd.	-	-	-	-
Venezuela Ports Company S.A.	-	-	-	-
Winterset Shipping Co. Ltd.	-	-	-	-
Zona Franca Argos S.A.S	12	1.953	332	15.219



## NOTE 17 – OTHER LIABILITIES

The Other Liabilities Account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
<b>Estimated liabilities and provisions</b>		
For costs and expense (1)	75.517	90.066
For labor liabilities	10.578	11.416
For tax liabilities	68.777	26.026
For maintenance and repairs	920	643
For contingencies (2)	23.376	24.087
Miscellaneous provisions (3)	27.630	40.177
<b>Deferred items</b>		
Income received in advance	2.614	4.199
Deferred profits on installment sales	2.142	3.458
<b>Other liabilities</b>		
Advance payments received (4)	54.524	67.283
Deposits received	18	35
Revenues received for third parties	152	(1.880)
Third party withholdings on contracts	388	450
	<b>266.636</b>	<b>265.960</b>

- (1) Corresponding to provisions for goods and/or services received and pending billing totaling COP 45.579 (2008 -COP 74.606), as well as expense corresponding to material and spare parts COP 10.900, interest COP 5.120, fees COP 1.174.
- (2) Including provisions for the following contingencies: labor COP11.703 (2008 -\$14.637), civil \$7.083 (2008 - \$3.815), administrative \$3.100 (2008- \$2.718) and others \$70 (2008 -\$1.098).
- (3) Corresponding mainly to the right purchased from Acerías Paz del Río S.A., for COP 13.159 In C.I. Carbones del Caribe S.A.S. COP 10.387 (Take or Pay Fenoco COP 7.264 and others for COP 3.123).
- (4) Corresponding mainly to advance payments received from customers for COP 41.350 (2008 - COP 61.505) as well as advanced payments received on contracts COP 12.859 (2008 - COP 1.170).

The cost method was used to appraise estimated liabilities consisting of costs and expense, labor liabilities, tax obligations, contingencies and miscellaneous provisions.

## NOTE 18 – SHAREHOLDERS' EQUITY

### SHARE CAPITAL

The Company's authorized capital consists of 1.500.000.000 shares each for a nominal value of COP 6 Colombian pesos and its subscribed and paid-in capital is made up of 1,215,247,885 shares. The Company's own reacquired shares came to 63,575,575 and therefore, at December 31, 2009 and December 31, 2008 the total amount of shares outstanding came to 1.151.672.310.

	2009	2008
Authorized capital – 1.500.000.000 ordinary shares each with a nominal value of COP 6	9.000	9.000
Subscribed and paid-in capital - 1,215,247,885 ordinary shares	7.291	7.291

## STATUTORY RESERVE

Colombian companies are obliged to allocate 10% of their yearly net profits to a legal reserve, until said reserve reaches 50% of its subscribed capital. The Company's current reserve is above that legally established. This statutory reserve cannot be distributed before the Company is liquidated, but must be used to absorb or reduce annual net losses. The allocations made when more than the aforementioned 50% is reached can be freely disposed of by the Shareholders at their Annual General Meetings.

## RESERVE FOR REPURCHASING THE COMPANY'S OWN SHARES

The reserve for the Company's own repurchased shares, according to the Colombian Code of Commerce, can only be distributed among shareholders until said shares are sold again. While the shares belong to the Company, all inherent rights to these same are held in abeyance.

	2009	2008
Reserve for repurchasing shares	113.797	113.797
Less – Company's own reacquired shares	(113.797)	(113.797)
	-	-

## OTHER RESERVES

On March 24, 2009, the Company's shareholders gave their authorization to COP 72.362 being appropriated for the reserve for future expansion and investments. These other reserves can be freely disposed of by the shareholders.

## EQUITY REVALUATION

The Equity Revaluation account reflects how equity is affected by the loss in the purchasing power of the peso, according to legislation that was in force until December 2006.

With the elimination of adjustments for inflation, pursuant to Decree 1536 of 2007, the balance of the Equity Revaluation account cannot be distributed until the Company is either wound up or capitalized. However, once capitalized the equity revaluation account may be used to wipe out any losses on the grounds of the Company being wound up but cannot be used for reimbursing any capital; should a debit balance be obtained, this may be reduced using the results for either the current or past fiscal years, after complying with all those rules and regulations applying to profits as contained in the Colombian Code of Commerce.

Furthermore, and according to that laid out in the paragraph pertaining to Article 25 of Law 1111, which in turn amended Article 292 of the Colombian Tax Statute, for the fiscal years of 2007, 2008, 2009 and 2010, the Company may record wealth tax against the equity revaluation account, without affecting the results of the corresponding fiscal year.

## NOTE 19 – VALUATIONS AND ASSET REVALUATION SURPLUSES

Valuations and asset revaluation surpluses at December 31, 2009 and December 31, 2008 are broken down as follows as follows:

	2009	2008
From permanent Investments	4.430.619	2.706.115
From property, plant, equipment and other assets (1)	3.210.759	1.391.775
Valuations	7.641.378	4.097.890
Transfer of minority interest	48.493	197.090
<b>Valuation surplus</b>	<b>7.689.871</b>	<b>4.294.980</b>

In 2009 and 2008, the firm, Activos e Inventarios y Cia. . Ltda., took a physical inventory of all fixed assets belonging to the companies relating to the Argos Group, at their different, industrial, commercial and administrative premises throughout Colombia. They also performed the appraisals and book value reconciliations and for said assets based on the methodology herein described, which is based on appraisal criteria for a working company, applying the comparative method, the revenue capitalization method as well as the cost method, as applicable and/or a combination of these methods. Which in synthesis are based on the Fair Value criteria upon comparing international benchmark figure for working functional units, the elements used and being operated, the corresponding installed production capacities which are appraised in dollars and measured in terms of their production capacity for mining, grinding, calcination, milling and packaging with regard to cement production..

This methodology also takes into account the value of the equipment including the construction work required to install these as well as engineering work, electricity, mechanical and electronic connections, pre-start-up tests and the start-up itself, this based on the guidelines provided in Article 64 of Decree 2649 issued in November of 1993, and complemented by international rules and regulations such as USGAAP and IFRS.

The value of the Company's real estate was also appraised based on the criteria applied within the local real estate markets. The increase in these appraised values was mainly obtained on land in Barú and Barranquilla.

## NOTE 20 – MEMORANDA ACCOUNTS

Memoranda accounts at December 31, 2009 and December 31, 2008 are broken down as follows:

	2009	2008
Goods and securities handed over as security (1)	671.399	419.024
Promissory purchase agreements	-	6.910
Totally depreciated assets (2)	440.724	295.232
Capitalization - equity revaluation	55.391	55.391
Tax receivable (3)	5.129.639	5.395.016
Lawsuits and/or litigation	142.015	142.015
Unused credit (4)	7.039	261.340
Other debtor control accounts	56.581	5.657
Others	136.836	23.037
	<b>6.639.624</b>	<b>6.603.622</b>
Contingent responsibilities		
Goods and securities received	(36.147)	(30.253)
Other contingent responsibilities (5)	(725.304)	(937.077)
Others	(74.388)	(34.451)
	<b>(835.839)</b>	<b>(1.001.781)</b>
Credit Memoranda Accounts		
Tax payable (6)	(3.841.304)	(4.472.041)
Creditor control accounts	(26.649)	(26.657)
	<b>(3.867.953)</b>	<b>(4.498.698)</b>
	<b>1.935.832</b>	<b>1.103.143</b>

- (1) Increase mainly de to stock exchange gains obtained with investments held in Grupo de Inversiones Suramericana S.A. and Grupo Nacional de Chocolates S.A. which have been pledged as security.
- (2) Increase due to greater number of totally depreciated assets and their market values being updated at December 31, 2009.
- (3) Corresponding to tax and book differences with regard to assets, the most salient difference being appraisals of assets and investments for a total of COP 3.892.050 in Cementos Argos S.A..
- (4) Corresponding to available bank credit.
- (5) Corresponding mainly to a syndicated loan on the part of Argos USA Corp for a total of USD 256.666.666, for which Cementos Argos S.A. is joint debtor. Including COP 42.213 in contingent liabilities on mining rights, which represent a future commitment.
- (6) Corresponding mainly due to differences between the tax and book values posted by Cementos Argos S.A. with regard to its Shareholders Equity for COP 3.659.768 and other items totaling COP 191.042.

## NOTE 21 – ADMINISTRATIVE EXPENSE

The Administrative Expense account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Personnel expense	111.475	92.412
Services	25.655	30.918
Amortization of deferred charges	40.155	37.356
Fees	26.896	26.256
Contributions and memberships	3.317	2.931
Traveling expense	6.113	7.387
Depreciation on property, plant and equipment	23.266	23.985
Maintenance and repairs	10.597	10.493
Tax	8.284	8.506
Leases (1)	10.665	9.335
Insurance	13.251	26.225
Provisions (2)	28.522	(507)
Legal expense	2.669	5.280
Fittings and installations	178	219
Entertainment and PR expense	386	600
Clubs and restaurants	1.281	1.199
Stationary and office supplies	513	506
Transport	365	446
Miscellaneous	8.442	5.416
	<b>322.030</b>	<b>288.963</b>

- (1) Increase due to leased aircraft and offices in Bogota
- (2) Increase due to provisions for investments totaling COP 28.190, mainly on the investment held by Corporaciones e Inversiones del Mar Caribe S.A.S. in Caricement Antilles NV.

## NOTE 22 – SALES EXPENSE

The Sales Expense Account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Personnel expense	41.060	39.849
Services	23.676	27.524
Amortization of deferred charges	18.060	8.291
Maintenance and repairs	3.280	4.139
Tax	16.484	16.034
Leases	3.910	6.651
Traveling expense	2.580	3.467
Fees	3.183	2.170
Insurance	1.609	1.050
Depreciation on property, plant and equipment	5.536	6.165
Contributions and memberships	1.077	793
Legal expense	40	317
Fittings and installations	-	9
Commissions	474	1.597
Packaging	31	-
Fuel and lubricants	286	332
Stationary and office supplies	141	186
PR expense	230	362
Provisions	10.284	5.079
Miscellaneous	1.955	1.105
	<b>133.896</b>	<b>125.120</b>

## NOTE 23 – EXCHANGE DIFFERENCE

	2009	2008
Exchange earnings	26.162	148.235
Exchange losses	(77.522)	(354.755)
Exchange difference, net	(51.360)	(206.520)

This decrease is due to having maintained a lower net position in 2009 compared to 2008 and this represented a lower impact on the income accounts.. The exchange difference recorded on the sale of the investment held in Argos USA Corp. came to COP 29.493.

## NOTE 24 – OTHER REVENUES

The Other Income Account at December 31, 2009 and December 31, 2008 included the following:

	2009	2008
Recovered amounts (1)	40.633	83.970
Profits from sale of permanent investments (2)	489.994	226.263
Profits from sales of property, plant and equipment	85.077	131.981
Profits from sale of other assets (3)	48.669	-
Other sales	5.158	12.109
Services	2.451	2.982
Fees	4.570	4.730
Leases	3.442	4.019
Income from prior periods	5.694	3.112
Usage Revenues	3.441	2.452
Subsidies	1.083	2.248
Indemnities	1.835	2.302
Claims	-	2.037
Others	4.963	13.670
	<b>697.010</b>	<b>491.875</b>

(1) Includes recovered amounts from provision for investments totaling COP 26.877 as well as recovered costs and expense for COP 13.435.

(2) Corresponding to profits on sale of shares in Fenoco for COP 41.535, Diamond Coal for COP 324.356 and Sociedad Portuaria Río Córdoba S.A. COP 3.022, as well as sale of assets to Vale Do Río Doce. Also including profits on sale of shares held in Compañía Colombiana de Inversiones S.A. for COP 114.018, in Argos USA Corp. for COP 6.919 and in Concesiones Urbanas for COP 144.

(3) Obtained by Emcarbón S.A. COP 48.635 on the sale of assets to Vale Do Río Doce.

## NOTE 25 – OTHER EXPENSE

The Other Expense account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Costs and expense from prior periods	12.359	23.986
Fines, penalties and litigations	10.641	8.162
Loss on sale and withdrawal of property, plant and equipment (1)	151.644	793
Withdrawals of property, plant and equipment	16.058	3.164
Taxes assumed	5.348	18.762
Donations and contributions	9.742	6.086
Costs of other sales	4.861	5.524
Cost of sales of materials and spare parts	8.891	18.461
Retirement pensions and pension securities	31.011	40.752
Indemnities	5.058	8.602
Provision for permanent investments (2)	49.924	58.792
Loss on sales of investments	8.126	5.790
Loss on sale and withdrawal of other assets	4.159	1.336
Losses on accidents/claims	475	2.205
Legal costs and expense	607	505
Provision for receivables	-	2.220
Expense incurred by associated companies	2.901	466
Labor lawsuits	5.001	3.522
Amortization of deferred charges	565	520
Other amortizations	10.100	9.006
Operator bonuses for el Hatillo mine	-	15.768
Others (3)	51.813	2.308
	<b>389.284</b>	<b>236.730</b>

1) Sale of coal-mining assets to Vale Do Río Doce.

2) Includes provisions for investments held by C.I. Carbones del Caribe S.A.S. in Emcarbón S.A. for COP 22.972 on the purchase of a minority stake, South Central Cement Limited in Venezuela for COP 1.217, Cementos Argos S.A. in Point Corp. COP 5.342, Colcaribe Holding S.A. in Domar Limited COP 15.108, Cementos Argos S.A. in Haití Cement Holding COP 843, Cement and Mining Engineering INC. on exchange difference with Corporación de Cemento Andino C.A. COP 2.472, Trans Atlantic Shipmanagement Ltd. in Dorset Shipping Co. Ltd. COP 1.216.

3) Corresponding to miscellaneous expense incurred by Cementos Argos S.A. for COP 13.152 (provisions for Industrial Hullera, Carbones Nechí S.A.S, miscellaneous expense for Sodexho, safety, fuel, notary fees and land tax on non-operating land, ), by Valle Cement Investments Limited for COP 17.624 (operating expense Vale), by C.I. Carbones del Caribe S.A.S. for COP 14.084 (inventory charge-offs COP 2.449, freight charges COP 2.210, miscellaneous COP 7.886, provision for Propuertos COP 1.147, labor lawsuits COP 316), extraordinary expense by Trans Atlantic Shipmanagement Ltd. on having wound up Valencia, Sevilla and Ulleholmen for COP 4.314. Expense incurred by Zona Franca Argos S.A.S. corresponding to the cost of invoicing Cementos Argos S.A. and the cost of inaugurating the Cartagena Plant for COP 2.122.

## NOTE 26 – TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the assets and liabilities held at December 31, 2009 and December 31, 2008 as well as the income and expense incurred by the Parent Company on transactions carried out during the years ending on said dates, with shareholders holding more than a 10% stake in the Parent Company, as well as its legal representatives and senior management

2009	Shareholders	Directors	Legal Representatives and Senior Management
At year-end			
Assets			
Accounts receivable	4.432	-	5.755
<b>Total assets</b>	<b>4.432</b>	<b>-</b>	<b>5.755</b>
Expense			
Leases	365	-	-
Salaries	-	-	6.174
Interest	1.878	-	-
	<b>2.243</b>	<b>-</b>	<b>6.174</b>

Accounts receivable with legal representatives and senior management obey labor policies approved by the Board of Directors and policies that equally apply to all employees that are not covered by the Company's .current collective labor agreement, and that consist of housing or home renovation loans as well as loans for purchasing cars and attending family problems, each of these events being properly regulated and with sufficient guarantees .

Transactions carried out with related companies at December 31, 2009 are as follows:

Name	Accounts receivable Dec-09	Description	Accounts payable Dec-09	Description
Inversiones Argos S.A.	4.432	Back office fees	8.894	Loan for purchasing 1.264.623 shares in Inversiones El Duero S.A.S. and for leasing office premises in Bogotá.
Andino Trading			1.025	Loan
Asesorías y Servicios Ltda. Subject to Liquidation	415	Capitalization		
Caricement B.V.	3.603	Loan		
Cartec Inc.	13.374	Loan	1.888	Loan
Cementos de Caldas S.A.			6.114	Purchase of 326.876 shares in Metroconcreto S.A., 1.066.625 shares in Logística de Transporte S.A., 11.600 shares in Áridos de Antioquia S.A., 7.500 shares in Canteras de Colombia S.A.S. and leasing office and warehousing premises.
Compañía de Navegación del Mar Caribe Ltda (Subject to Liquidation)	165	Loan (liquidation)		
Corporación de Cemento Andino C.A.	13.432	Technical assistance and loans	2.275	Sales of raw materials
Distribuidora de Cementos Ltda. (subject to liquidation)			42	Purchase of 3.600 shares in Sociedad Portuaria La Inmaculada S.A., 4.000 in Sociedad Portuaria Las Flores S.A., 50.000 in Sociedad Portuaria Río Córdoba S.A.
Dicente Ltda. subject to liquidation	1.457	Liquidation of Dicente, pursuant to Minutes No 90.		
Distribuidora Colombiana de Cementos Ltda. subject to liquidation			1.196	Purchase of 225.000 shares in Corporaciones e Inversiones del Mar Caribe S.A.S., 247.745 equity stakes in Flota Fluvial Carbonera S.A.S., 10.000 in Sociedad Portuaria Golfo de Morrosquillo S.A.
Industrial Hullera S.A.	80	Loan to pay off debt with the Colombian Social Security Institute.		
Promosur S.A. subject to liquidation	543	Liquidation Dicente, pursuant to Minutes No 90.		
Proservi Ltda. subject to liquidation	41	Capitalization	9	Liquidation private security services for Litoral Ltda.
Reforestadora El Guásimo S.A.	80	Loan for special vehicle for Company officer		
Sociedad Portuaria La Inmaculada S.A.	1	Payment of renewal fees and income tax defrayed by Cementos Argos S.A.		
Sociedad Portuaria Las Flores S.A.	1	Payment of renewal fees and income tax defrayed by Cementos Argos S.A.		
Surandina de Puertos C.A.			168	Loan
Transmarítima del Caribe Ltda. subject to liquidation	284	Loan (liquidation )		
Transportadora Sucre Ltda. subject to liquidation			79	Sale of shares in Asesorías y Servicios Ltda. subject to liquidation
Others				
	4.469		3.084	
<b>Total</b>	<b>42.376</b>		<b>24.773</b>	



2008	SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND SENIOR MANAGEMENT
At year-end			
Assets			
Accounts receivable	7.476	-	4.591
<b>Total assets</b>	<b>7.476</b>	<b>-</b>	<b>4.591</b>
Expense			
Leases	438	-	-
Salaries	-	-	5.995
Interest	1.411	-	-
	<b>1.850</b>	<b>-</b>	<b>5.995</b>

In certain cases, accounts receivable with legal representatives and senior management obey labor policies approved by the Board of Directors and policies that equally apply to all employees that are not covered by the Company's current collective labor agreement, and that consist of housing or home renovation loans as well as loans for purchasing cars and attending family problems, each of these events being properly regulated and with sufficient guarantees.

Transactions carried out with related companies at December 31, 2008 are as follows :

Name	Accounts receivable Dec 08	Description	Accounts payable Dec-08	Description
Inversiones Argos S.A.	7.476	Back office fees	3.611	COP 2.624 in sale of assets, COP 846 in leases, COP 141 in accounts offset with Fundicom
Merilétrica S.A. & Cia. S.C.A. E.S.P.	863	Sale of raw materials		
Sociedad Portuaria Río Córdoba S.A.	38.367	Loan of COP 37.602; sales of raw materials COP 180; leases COP 584	157	Sales of stowage equipment and services
Corporación de Cemento Andino C.A.	14.746	Leased equipment and loans	2.275	Sales of raw materials
Promosur S.A. subject to liquidation	541	Sales of raw materials		
Transmarítima del Caribe Ltda. subject to liquidation	280	Loan		
Cementos Colón, S.A.	1.795	Loan		
Tempo Ltda.			367	Sales of raw materials
Distribuidora Colombiana de Cementos Ltda. subject to liquidation			1.196	Sale of shares in CI del Mar Caribe for COP 1.005 and other sales COP 190
Cementos de Caldas S.A.			6.434	Leases
Andino Trading Corporation			1.125	Loan
Surandina de Puertos C.A.			1.346	Loan
Colcaribe Investments			651	Loan
Inversiones Castro Jaramillo Ltda. subject to liquidation			75	Purchase of 40 quotas in Transportadora Sucre Ltda. subject to liquidation
Carbones del San Jorge Ltda. subject to liquidation			35	Sale of shares
Dicente Ltda. subject to liquidation			328	Sales of shares in Áridos de Antioquia S.A. and Sociedad Portuaria de Cementeras Asociadas S.A. COP 8, services COP 319
Transportadora Sucre Ltda. subject to liquidation			57	Sale of shares in Asesorías y Servicios Ltda. subject to liquidation
<b>Total</b>	<b>64.068</b>		<b>17.657</b>	

The aforementioned transactions were carried out on an arm's length basis.

In 2009 and 2008, no operations having the following characteristics were conducted with shareholders, directors and legal representatives:

- Services carried out free of charge or to compensate other items or services
- Loans that imply for the borrower an obligation that does not correspond to the essence or nature of a loan agreement.
- Loans bearing interest rates that are different to those normally paid or charged by or to third parties in similar conditions with regard to risk, term, etc.

## NOTE 27 – CONTINGENCIES AND SUBSEQUENT EVENTS

### CEMENTOS ARGOS S.A. AND SUBSIDIARY COMPANIES

In 2009 there were no:

- Inspections or visits carried out by oversight authorities that had given rise to warnings being given or penalties imposed.
- Sanctions of an administrative, contentious or civil nature imposed by state, departmental or municipal authorities.
- Company officials for transgressions committed in performing their respective duties,

Subsequent to the closing date of these financial statements the following relevant events occurred:

- In January of this year, as part of an ongoing unfair competition investigation, the Colombian Superintendency of Industry and Commerce denied the appeals filed by the Company and confirmed the fines imposed on both the Company and its legal representative
- In February 2010, Cementos Argos signed a joint venture for USD 3.2 million with Vensur, a company belonging to the Kersten Group, the main business group in Surinam. With this Argos became a shareholder in a cement grinding company with access to port facilities providing silos and packing services.

## FINANCIAL INDICATORS

	2009	2008
<b>Liquidity</b> (current assets / current liabilities)	0,83	0,85
<b>Indebtedness</b> (total liabilities / total assets)	33,14%	45,71%
<b>Asset Turnover</b> (operating revenue / total assets)	0,23	0,32
<b>Profit margin</b> (net earnings / operating income)	6,08%	1,86%
<b>Profitability</b>		
(Net earnings / equity)	2,15%	1,12%
(Net earnings / total assets)	1,43%	0,59%
<b>EBITDA</b>	651.718	591.942
<b>EBITDA Margin</b>	18,89%	15,56%
<b>EBITDA / equity</b>	6,69%	9,40%



Port at Cartagena Plant

## INDIVIDUAL FINANCIAL STATEMENTS

# CEMENTOS ARGOS S.A. BALANCE SHEET

For years ended December 31, 2009 and December 31, 2008  
(In millions of Colombian pesos)

ASSETS	Notes	2009	2008
<b>CURRENT ASSETS</b>			
Cash		35.942	101.803
Negotiable investments	4	234.553	258.061
Accounts receivable, net	5	657.444	872.030
Inventories, net	6	168.259	165.389
Prepaid expense		9.128	7.545
<b>TOTAL CURRENT ASSETS</b>		<b>1.105.326</b>	<b>1.404.828</b>
<b>NON-CURRENT ASSETS</b>			
Long-term accounts receivable	5	369.448	121.079
Permanent investments	7	3.009.705	3.038.015
Property, plant and equipment, net	8	817.999	884.440
Deferred items and intangibles	9	618.741	593.880
Other assets		12.802	333
Asset appraisals	10	7.350.541	3.892.050
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12.179.236</b>	<b>8.529.797</b>
<b>TOTAL ASSETS</b>		<b>13.284.562</b>	<b>9.934.625</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Financial obligations	11	370.629	980.486
Commercial paper	12	300.000	300.000
Suppliers and accounts payable	13	506.501	583.557
Taxes and rates	14	44.210	75.461
Labor liabilities	15	17.360	17.124
Estimated liabilities	16	74.246	77.054
Advance payments		38.656	36.038
Other liabilities		116	194
<b>TOTAL CURRENT LIABILITIES</b>		<b>1.351.718</b>	<b>2.069.914</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial obligations	11	475.756	450.079
Bonds outstanding	12	1.226.864	585.222
Labor liabilities	15	222.826	216.176
Suppliers and accounts payable	13	175.395	224.584
Deferred items		10.782	12.920
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2.111.623</b>	<b>1.488.981</b>
<b>TOTAL LIABILITIES</b>		<b>3.463.341</b>	<b>3.558.895</b>
<b>SHAREHOLDERS EQUITY, see attached statement</b>	17	<b>9.821.221</b>	<b>6.375.730</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>13.284.562</b>	<b>9.934.625</b>
Memoranda Accounts	18	1.484.233	998.963

The accompanying notes form an integral part of these financial statements

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

Oscar Rodrigo Rubio C.  
Accounting Manager  
Lic #. 47208 -T  
(See attached certification)

Olga Liliana Cabrales P.  
Statutory Auditor  
Lic #. 92,873 -T  
Appointed by Deloitte & Touche Ltda.  
(See report attached)

# CEMENTOS ARGOS S.A. STATEMENT OF INCOME

For years ending December 31, 2009 and December 31, 2008  
(In millions of Colombian pesos)

	Notes	2009	2008
<b>Operating revenue</b>	19	<b>1.410.293</b>	<b>1.423.875</b>
Cost of sales		1.021.985	1.087.690
<b>GROSS EARNINGS</b>		<b>388.308</b>	<b>336.185</b>
Operating expense			
Administrative expense	20	134.710	131.455
Sales	21	62.808	65.326
<b>Total operating expense</b>		<b>197.518</b>	<b>196.781</b>
<b>OPERATING EARNINGS</b>		<b>190.790</b>	<b>139.404</b>
OTHER INCOME (EXPENSE)			
Financial income		45.594	63.025
Financial expense		(245.550)	(198.409)
Exchange difference, net	22	(64.162)	(146.403)
Net share in results obtained by subsidiaries		181.566	(19.502)
Other income	23	240.651	382.489
Other expense	24	(120.016)	(144.680)
<b>Earnings before provision for income tax</b>		<b>228.873</b>	<b>75.924</b>
Provision for income tax	14	19.052	8.934
<b>NET PROFITS</b>		<b>209.821</b>	<b>66.990</b>
Basic earnings per share(in Colombian pesos)		182,19	58,17

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# CEMENTOS ARGOS S.A. STATEMENT OF CHANGES TO SHAREHOLDERS' EQUITY

For years ended December 31, 2009 and December 31, 2008  
(In millions of Colombian pesos)

	Notes	2009	2008
<b>SUBSCRIBED AND PAID-IN CAPITAL</b>			
Opening balance		7.291	7.291
Movements for the year		-	-
<b>Closing balance</b>		<b>7.291</b>	<b>7.291</b>
<b>SHARE PLACEMENT PREMIUM</b>			
Opening balance		210.819	210.819
Movements for the year		-	-
<b>Closing balance</b>		<b>210.819</b>	<b>210.819</b>
<b>COMPANY'S OWN REPURCHASED SHARES</b>			
Movements for the year		(113.797)	(113.797)
<b>Closing balance</b>		<b>(113.797)</b>	<b>(113.797)</b>
<b>APPROPRIATED RETAINED EARNINGS</b>			
Opening balance		863.717	787.714
Appropriations approved by the General Assembly of Shareholders		66.990	204.990
Dividends paid in cash (at \$121 on 1.151.672.310 shares)		(139.352)	(128.987)
<b>Closing balance</b>		<b>791.355</b>	<b>863.717</b>
<b>UNAPPROPRIATED RETAINED EARNINGS</b>			
Opening balance		66.990	204.990
Appropriations approved by the General Assembly of Shareholders		(66.990)	(204.990)
Net profits for the year (please refer to attached statement)		209.821	66.990
<b>Closing balance</b>		<b>209.821</b>	<b>66.990</b>
<b>EQUITY REVALUATION</b>			
Opening balance		1.045.730	1.065.600
Movements for the year		(19.870)	(19.870)
<b>Closing balance</b>		<b>1.025.860</b>	<b>1.045.730</b>
<b>SURPLUS - EQUITY METHOD</b>			
Opening balance		402.930	194.447
Movements for the year		(63.599)	208.483
<b>Closing balance</b>		<b>339.331</b>	<b>402.930</b>
<b>ASSET REAPPRAISAL SURPLUS</b>			
Opening balance		3.892.050	4.808.880
Movements for the year		3.458.491	(916.830)
<b>Closing balance</b>		<b>7.350.541</b>	<b>3.892.050</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	17	<b>9.821.221</b>	<b>6.375.730</b>
The balance of appropriated retained earnings is made up of the following reserves:			
Statutory reserve		23.163	23.163
Reserve for future expansion and investment		641.926	714.288
Reserve for repurchasing shares		113.797	113.797
Reserve for tax provisions		9.731	9.731
Others		2.738	2.738
<b>TOTAL RESERVES</b>		<b>791.355</b>	<b>863.717</b>

The accompanying notes form an integral part of these financial statements

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# CEMENTOS ARGOS S.A. STATEMENT OF CHANGES TO FINANCIAL POSITION

For years ending December 31, 2009 and December 31, 2008  
(In millions of Colombian pesos)

	2009	2008
<b>FUNDS PROVIDED BY:</b>		
Net profits	209.821	66.990
Plus (less) debits (credits) to income that do not affect working capital:		
Share of subsidiary profits	(181.566)	19.502
Depreciation and amortizations on property, plant and equipment	129.395	148.600
Amortization of deferred charges and intangibles	49.697	39.517
Profits from sales of property, plant and equipment	(8.527)	(116.753)
Profits from sales of permanent investments	(121.828)	(60.057)
Loss on sales of permanent investments	1.309	5.739
Loss on sales or withdrawals of assets	16.099	11.393
Amortization - retirement pensions	5.389	17.268
Exchange difference on long-term financial obligations	(26.630)	108.679
Exchange difference on permanent investments and others	26.636	(18.491)
Amortization of deferred tax and other items	(495)	(14.943)
Amounts recovered from provisions	(2.610)	(43.630)
Provision for assets	8.535	2.976
Wealth tax	(19.870)	(19.870)
<b>WORKING CAPITAL PROVIDED BY OPERATING ACTIVITIES FOR THE YEAR</b>	<b>85.355</b>	<b>146.920</b>
<b>FUNDS PROVIDED BY OTHER SOURCES</b>		
Cash dividends received from permanent investments	17.630	11.676
Proceeds from sales of property, plant and equipment	17.665	274.011
Proceeds from sales of permanent investments	619.453	118.413
Decrease in long-term accounts receivable	-	205.615
Increase in long-term financial obligations	52.306	145.589
Increase in bonds outstanding	640.000	-
Increase in long-term deferred revenue	-	11.348
<b>TOTAL FUNDS PROVIDED</b>	<b>1.432.409</b>	<b>913.572</b>
<b>FUNDS USED FOR:</b>		
Dividends declared	139.352	128.987
Purchases of property, plant and equipment	86.901	262.703
Purchases of permanent investments	403.810	568.915
Decrease in long term accounts payable	47.927	108.033
Increase in deferred items and intangibles	74.557	228.759
Increase in investments upon setting up companies	-	29.056
Increase in long-term accounts receivable	248.369	-
Increase in other assets	12.799	158
<b>TOTAL FUNDS USED</b>	<b>1.013.715</b>	<b>1.326.611</b>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>418.694</b>	<b>(413.039)</b>
<b>CHANGES IN COMPONENTS OF WORKING CAPITAL</b>		
Cash	(65.861)	71.559
Negotiable investments	(23.508)	154.881
Accounts receivable, net	(214.586)	186.545
Inventories, net	2.870	(12.059)
Prepaid expense	1.583	(1.251)
Financial obligations	609.857	(592.751)
Commercial paper	-	(50.000)
Suppliers and accounts payable	77.056	(194.684)
Taxes and rates	31.251	33.054
Labor liabilities	(236)	(50)
Other liabilities and estimated liabilities	268	(8.283)
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>418.694</b>	<b>(413.039)</b>

The accompanying notes form an integral part of these financial statements

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# CEMENTOS ARGOS S.A. STATEMENTS OF CASH FLOWS

For years ending December 31, 2009 and December 31, 2008  
(In millions of Colombian pesos)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profits	209.821	66.990
Adjustments to reconcile net earnings for the year with cash provided by operating activities		
Share of subsidiary profits	(181.566)	19.502
Depreciation and amortizations on property, plant and equipment	129.395	148.600
Amortization of deferred charges and intangibles	49.697	39.831
Profits from sales of property, plant and equipment	(8.527)	(116.753)
Profits from sales of permanent investments	(121.828)	(60.057)
Loss on sales of permanent investments	1.309	5.739
Loss on sales or withdrawals of assets	16.099	11.393
Amortization - retirement pensions	5.389	17.268
Exchange difference on long-term financial obligations	(26.630)	108.679
Exchange difference on permanent investments	26.636	(18.491)
Amortization - deferred tax	(2.137)	(2.337)
Amortization - bonds	1.642	1.642
Amounts recovered from provisions	(2.744)	(45.758)
Provision for assets	8.535	2.976
Amortization on deferred income - dividends	-	(15.621)
Wealth tax	(19.870)	(19.870)
Derivative appraisals	9.265	(50.996)
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		
Accounts receivable	(42.916)	73.668
Inventories	(2.870)	11.956
Prepaid expense	(1.583)	937
Other assets	-	11.192
Suppliers and accounts payable	(77.056)	194.684
Labor liabilities	236	50
Other liabilities	(268)	7.489
Taxes and rates	(31.251)	(33.054)
<b>NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(61.222)</b>	<b>359.659</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of property, plant and equipment	17.665	274.011
Proceeds from sales of permanent investments	619.453	118.413
Dividends received in cash	17.630	11.676
Purchases of permanent investments	(403.810)	(597.972)
Purchases of property, plant and equipment	(86.901)	(262.703)
Increase in deferred items and intangibles	(74.557)	(228.759)
Assets received as payment in kind	(12.799)	-
<b>NET CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES</b>	<b>76.681</b>	<b>(685.334)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (decrease) increase in financial obligations	(557.549)	738.340
Decrease in long-term payables	(47.927)	(107.238)
Increase in bonds and commercial paper outstanding	640.000	50.000
Dividends paid in cash	(139.352)	(128.987)
<b>NET CASH (USED FOR ) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(104.828)</b>	<b>552.115</b>
Net (decrease) increase in cash and cash equivalents	(89.369)	226.440
Cash and cash equivalents at beginning of year	359.864	133.424
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>270.495</b>	<b>359.864</b>
<b>CASH EQUIVALENTS</b>		
Cash and banks	35.942	101.803
Negotiable investments	234.553	258.061
<b>CASH AND CASH EQUIVALENTS</b>	<b>270.495</b>	<b>359.864</b>

The accompanying notes form an integral part of these financial statements

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

Oscar Rodrigo Rubio C.  
Accounting Manager  
Lic #. 47208 -T  
(See attached certification)

Olga Liliana Cabrales P.  
Statutory Auditor  
Lic #. 92,873 -T  
Appointed by Deloitte & Touche Ltda.  
(See report attached)

# CERTIFICATION FROM THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 26, 2010

**To the Shareholders of Cementos Argos S.A. and to the General Public**

As the Company's Legal Representative, I hereby certify that the individual financial statements at December 31, 2009 that have been placed in the public domain, do not contain any errors, inaccuracies or flaws that could prevent the public from knowing the Company's real equity position or the operations carried out by Cementos Argos S.A. during said period.

**José Alberto Vélez C.**  
Legal Representative

# CERTIFICATION FROM THE COMPANY'S CHIEF EXECUTIVE OFFICER AND ACCOUNTING MANAGER

Barranquilla, February 26, 2010

**To the Shareholders of Cementos Argos S.A.**

We, the undersigned Legal Representative and Accounting Manager of Cementos Argos S.A. duly certify that the figures included in the Company's financial statements for the fiscal years ended December 31, 2009 and 2008 were faithfully taken from the Company's books. Also before being made available to both you, our Shareholders, as well as third parties, we duly checked the following disclosures made therein, including the following:

- a) All assets and liabilities included in the Company's financial statements for the fiscal years ended December 31, 2009 and 2008 duly exist and all transactions therein included were carried out during these same periods ending on said dates.
- b) All economic events on the part of both the Company and its subsidiaries during the years ended December 31, 2009 and 2008 have been duly recognized in the financial statements.
- c) Assets represent probable future earnings (rights) and liabilities represent probable future commitments (obligations) either obtained by or for the account of the Company at December 31, 2009 and December 31, 2008.
- d) All items have been posted at their appropriate values according to generally-accepted accounting principles in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and revealed in these financial statements.

**José Alberto Vélez C.**  
Legal Representative

**Oscar Rodrigo Rubio C.**  
Accounting Manager  
Lic #. 47208-T

# STATUTORY AUDITOR'S REPORT

**To the shareholders of  
CEMENTOS ARGOS S.A.:**

I have audited the balance sheets of CEMENTOS ARGOS S.A., as of December 31, 2009 and 2008 and the corresponding statements of income, of changes in the equity, of changes in the financial position, and of cash flows for the years then ended, and the summary of the major accounting policies and other explanatory notes.

The administration is responsible for the preparation and accurate presentation of these financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, as well as making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audits. Deloitte & Touche, firm of which I am a member, did not audit the financial statements of some of the subordinated companies, in which as of December 31, 2009 and 2008 the Company has investments, included in the financial statements. that represent 3% of the assets, and net income under the equity method of 20% and 22% of the profit, respectively. Those financial statements were audited by other auditors whose reports have been provided to me and the opinion that I express herein, as refers to the figures of investments and net income of the above mentioned companies, is based exclusively on the reports of the other auditors of those companies. I obtained the information necessary to comply with my duties and carry out my audit in accordance with auditing standards generally accepted in Colombia. Such standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including his assessment of the risk of material misstatements in the financial statements. In making that risk assessment, the auditor considers the Company's internal control relevant to the preparation and reasonable presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. I believe that my audits provide me a reasonable basis to express my opinion.

The significant accounting policies, these financial statements and notes to financial statements were translated into English from statements originally issued in Spanish. All amounts are stated in millions of Colombian Pesos. The statements are presented on the basis of accounting principles generally accepted in Colombia. Certain accounting principles applied by the Company that conform to the generally accepted accounting principles applied in Colombia may not conform to generally accepted accounting principles applied in other countries.

In my opinion, based on my audits and on the reports from the other auditors referred to in the third paragraph, financial statements referred to above, taken from the accounting books, reasonably present, in all material respects, the financial situation of CEMENTOS ARGOS S.A. as of December 31, 2009 and 2008, the results of its operations, the changes in its equity, the changes in its financial position, and its cash flows

for the years ended on those dates, in conformity with accounting principles generally accepted in Colombia, applied uniformly.

Further, based on the scope of my audits, I report that the Company has kept its accounting in accordance with legal rules and accounting technique; the operations recorded in the accounting books and the acts by the administrators conform to the bylaws and the decisions of the General Stockholders' Meeting and the Board of Directors; the correspondence, account vouchers and books of minutes and stockholders' ledger are duly kept and preserved; the management report from the administrators is in due conformity with the basic financial statements and the Company is not in default in the payment of contributions to the Integral Social Security System, and the mechanisms for money laundering prevention and control have implemented in accordance with External Circular No. 60 of 2008 from the Financial Superintendence. My evaluation of the internal control, conducted with the purpose of establishing the scope of my audit tests, did not indicate that the Company has failed to follow adequate internal control and preservation and custody measures for its assets and those of third parties that are in its possession.

**Olga Liliana Cabrales P.**  
Statutory Auditor  
Professional Card 92873-T  
Designated by Deloitte & Touche Ltda.

February 26, 2010.





Crushed Limestone – Quarry at Cartagena Plant

# NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS



# NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS CEMENTOS ARGOS S.A.

FOR YEARS ENDING DECEMBER 31, 2009 AND DECEMBER 31, 2008  
(In millions of Colombian pesos, except when otherwise stated)

## NOTE 1 – REPORTING ENTITY

Cementos Argos S.A. is a company that was incorporated according to Colombian legislation on August 14, 1944. The Company's corporate purpose is to conduct business within the cement industry, produce concrete mixes and any other materials or articles made of cement, lime or clay; purchase and sell minerals or mineral deposits that are used by the cement industry and others, acquire and sell rights to prospect for and mine the aforementioned minerals by means of concessions, privileges, leasing agreements or any other type of arrangement, provide port services and act as contractor, constructor, consultant, inspector, designer or draftsman with regard to civil engineering or any other kind of projects and before any type of public or private entity. It is domiciled in Barranquilla and has a term of duration that expires on August 14, 2060.

The Company possesses plants in the 4 main regions of the country. These include:

Central Region: Sogamoso y San Gil  
Northern Region: Barranquilla, Toluviéjo y Sabanagrande  
North-Western Region: Nare, Cairo and Rioclaro  
South-Western Region: Yumbo

## NOTE 2 - MAIN ACCOUNTING POLICIES AND PROCEDURES

In preparing its financial statements, by law the Company must follow generally-accepted accounting principles in Colombia as well as rules and regulations established by the Colombian Superintendency of Finance as well as other legal provisions. The following are the main accounting policies and procedures that the Company has adopted in keeping with the above:

## CONSOLIDATING THE FINANCIAL STATEMENTS

Cementos Argos S. Cementos Argos S.A. forms part of the Grupo Empresarial Argos (Argos Business Group), whose parent company is Inversiones Argos S.A.

The accompanying financial statements, do not contain the assets, liabilities, shareholders' equity and results of the Group's subsidiaries. These financial statements are submitted for the consideration of the General Assembly of Shareholders and serve as a basis for the subsequent distribution of dividends and other appropriations. Pursuant to legal requirements, the Company is obliged to also submit to the General Assembly of Shareholders, the Company's consolidated financial statements for due approval. The investments held in these subsidiary companies are recorded in books using the equity method as indicated further on.

According to rules and regulations issued by the Superintendency of Finance, the consolidated financial statements include all those accounts pertaining to subsidiary companies where:

- a) More than 50% of their share capital belongs to Cementos Argos S.A, either directly or through the agency of or in conjunction with its subsidiary companies or any of their respective subsidiaries. For this purpose, non-voting preferred shares are not taken into account.
- b) Cementos Argos S.A and its subsidiaries, either jointly or individually, are entitled to cast votes making up the minimum deciding majority vote at a meeting of partners or shareholders, or possess the number of votes required to elect the majority of the members of the board of directors.
- c) Cementos Argos S.A., either directly or through the agency of or in conjunction with its subsidiaries, with regard to any act or business with a controlled company or with its partners, exercises a dominant influence on the decisions taken by the governing bodies of the company in question.

The consolidated financial statements are prepared in accordance with generally-accepted accounting principles in Colombia. Company management must make estimates and assumptions that affect (i) the reported amounts of assets and liabilities; (ii) disclosures regarding contingent assets and liabilities on the closing date of the financial statements and (iii) the reported amounts of revenues and expenses obtained or incurred during the reporting period. Actual results could well differ from said estimates.

According to consolidation rules and regulations governing the preparation of consolidated financial statements, all balances and transactions between related companies are duly eliminated.

The financial information reported by the subsidiaries and consolidated by Cementos Argos S.A. was prepared, as far as possible, using the same accounting criteria and methods. Said information, was taken at the closing date of December 31, which was established by the Parent Company as the cut-off date for its operations and on which the financial statements were to be prepared, according to both the parent company's bylaws as well as that laid out in Article 9 of Decree 2649 of 1993.

Considering that our subsidiaries abroad prepare their financial statements based on international financial reporting standards (IFRS) together with generally-accepted accounting principles in the United States, using a coherent set of quality accounting principles and bearing in mind that said principles are considered benchmark accounting techniques in Colombia, these subsidiaries do not have to make substantial adjustments to their financial statements, except for those differences that go against the principle of essence over form.

## ESSENCE OVER FORM

Companies recognize and disclose their resources and economic events based on their essence or economic reality and not just on their legal form, reason for which, accounting principles are applied that allow for an adequate recognition of the economic events in each of the countries where said companies operate.

## CONVERTING THE FINANCIAL STATEMENTS

Given the fact that Colombian legislation lacks a technical framework that provides for accepted conversion methods, but does however establish that, given the inexistence of this latter framework, the proper course is to refer to a superior application standard. With regard to converting its financial statements, the Company decided to follow the IAS guidelines specifically the International Accounting Standard (IAS) No. 21 - The Effects of Fluctuations in Foreign Exchange Rates"

In this order of ideas, the financial statements pertaining to companies abroad, stated in currencies other than the US dollar or another similar hard currency, are converted into US dollars according to that provided in IAS No. 21, in the following manner.

- Assets and liabilities are converted at the exchange rate applicable on the closing date.
- The equity accounts are converted using the exchange rates applicable on each of the dates on which the transactions were conducted. In the case of companies that cannot provide any historical information, their corresponding equity was converted at the exchange rate applicable at the close of December 2005.
- The income accounts are converted using the exchange rates applicable on each of the dates on which the transactions were conducted, or, should this not be possible, the average exchange rate for the month in question.
- Conversion differences are recorded under Shareholders' Equity specifically in the Accumulated Conversion Adjustments account, which contains all those differences obtained from converting items on the Income Statements using average exchange rates, together with those items on the Balance Sheet using the rates applicable on the closing date.

Furthermore, figures in US dollars are converted to Colombian pesos using the representative market exchange rate as certified by Colombia's Central Bank.

## ADJUSTMENTS FOR INFLATION

When Decree 1536 was issued on May 7, 2007, amending Decrees 2649 and 2650, the application of inflation adjustments was duly eliminated. Pursuant to said Decree, all adjustments for inflation recorded in books from January 1992 to December 31, 2006 form part of the balance of their respective accounts.

The balance of the Equity Revaluation account cannot be distributed until the company is either liquidated or capitalized. In the event that the company is capitalized, the funds in this account can be used to wipe out losses should there be grounds for liquidating the company; however they can never be used for reimbursing capital. In the case of a debit balance being obtained in this account, this can be reduced with profits for the period or from prior periods, but only upon complying with all those rules and regulations governing profits that are contained in the Colombian Code of Commerce.

Law 1111 of 2006 established the possibility of charging wealth tax to this account, without affecting the income accounts. This option was subsequently adopted by the companies belonging to the Argos Group.

## NEGOTIABLE AND PERMANENT INVESTMENTS

The Superintendency of Finance requires that all investments are classified and entered in books as follows:

- a) Permanent investments are those that are intended to be held until their maturity or redemption date, as applicable, or kept indefinitely should they not be subject to any definite term. In the latter case, in order to classify an investment as being permanent, it must remain in the Company's possession for at least three (3) calendar years, beginning on the date it was acquired, and without detriment to classifying this as a permanent investment on this same date. These investments are appraised and posted on a prospective basis in the following manner:
  - Debt investments or investments incorporating debtor's rights (non-equity securities) earning a fixed or variable rate are initially posted at their purchase cost and are appraised every month based on the IRR of each security calculated at the moment of purchase; the resulting adjustment is recorded on the income accounts.
  - Investments in shares or in stakes of share capital (equity securities) earning a variable rate and held in entities where the Company does not possess a controlling stake are recorded at cost and are duly adjusted on a monthly basis at their realizable value. The resulting adjustment, whether

positive or negative, is posted in the revaluation account debiting or crediting the reappraisal surplus account under shareholders' equity, as applicable. The realizable value of securities, classified as having high or medium liquidity by the Superintendency of Finance, is calculated based on the average share price registered on the Stock Exchange during the previous 10 to 90 days, depending on the corresponding parameters established by the aforementioned Superintendency. The realizable value of all those equity securities classified as having a low or minimum liquidity or that are not listed on the Stock Exchange is determined based on their intrinsic value calculated on the basis of the latest financial statements presented by the issuer of said securities.

Investments made in subsidiaries where the Company holds more than a 50% stake, either directly or indirectly, as well as those made in companies where although less than a 50% stake may be held, the investor company's parent company does hold more than a 50% stake, these investments are recorded using the equity method applied on a prospective basis as of January 1994. With this method, investments are recorded initially at cost and subsequently adjusted, crediting or debiting the income accounts, whichever is the case, so as to recognize the share in the profits or losses obtained by the subsidiaries as of January 1, 1994, after eliminating all those unrealized gains between subsidiaries and the parent company. Any cash distribution of profits obtained by these companies before December 31, 1993 is recorded as income and any distribution subsequent to the aforementioned date is recorded as a lower value of the investment in question. Furthermore, any proportional share of increases recorded in the subsidiaries' equity accounts, different to the year's income and equity revaluation accounts, is posted as a higher value of the investment, crediting the equity method surplus account. Once this is recorded using the equity method, should the intrinsic value of the investment be lower than its book value, a provision is recorded in the income accounts.

Any surplus amounts between the investments' intrinsic and book values at the end of the fiscal period are posted separately as an asset valuation, crediting the equity valuation surplus account.

- b) Negotiable investments are securities that are easily disposed of, and that the Company intends to sell off within a period of up to three years. In the case of debt investments producing a fixed or variable rate, these are initially recorded at cost and are adjusted on a monthly basis according to their realizable value crediting or debiting the income accounts, as applicable. Their realizable value is calculated in the same way as indicated in the previous subsection for each type of investment.

## PROVISION FOR DOUBTFUL ACCOUNTS

The provision for doubtful accounts is reviewed and updated at the end of every quarter based on an analysis carried out by Company Management of how long the balances due have remained in arrears as well as the probabilities of these being recovered. Periodically the amounts considered uncollectible are charged to the corresponding provision.

## INVENTORIES

Inventories are posted at cost and at the end of the fiscal period these are reduced to their market value, should this be lower than their cost. This cost is determined according to the average-cost method. At the end of each fiscal year obsolete inventories of materials and spare parts are duly reviewed and updated and a provision is set up in the financial statements. As of 2009 these included construction work and land to be built upon. All costs and taxes incurred in preparing the land until it is ready to be sold are duly recorded in books.

## PROPERTY, PLANT AND EQUIPMENT

Property and equipment are recorded at cost, which when relevant includes financing expense and exchange differences on the liabilities incurred in acquiring property and equipment until these are ready to be used.

Sales and withdrawals of said assets are discharged at their respective adjusted net cost, and the difference between the selling price and the adjusted net cost is recorded in the income accounts.

Depreciation is calculated using the straight-line method, based on the probable useful life of the assets in question, for which the following parameters are applied: between 20 and 40 years in the case of buildings, construction work, plants and networks; between 3 and 10 years in the case of machinery as well as industrial and office equipment; and between 5 and 10 years for fleets of vehicles together with transport, computer and communication equipment.

All depreciable property and equipment whose acquisition cost is equal or less than three minimum basic wages, are depreciated during the same year as they were acquired without taking into account their useful life.

Repairs and maintenance performed on these assets are charged to the income accounts, while any improvements and extensions to such are added to the cost of these same.

## INTANGIBLES

Intangibles are recorded at their acquisition cost and represent the value of certain rights such as trademarks, goodwill, utilization rights (concessions and franchises) amongst others. These are amortized using the straight-line method. The period for amortizing trademarks is 20 years, and in the case of all those other rights, whichever period is the shortest between the licensing term or the time estimated for using the reserves, which is estimated at between 3 and 30 years, except for acquired goodwill which is detailed below:

## ACQUIRED GOODWILL

Colombian companies record under acquired goodwill, any additional sum paid over and above the intrinsic value of any shares, quotas or equity stakes purchased in any active economic entity, as duly certified by said entity, when holding or acquiring a controlling interest in such, as provided for by Articles 260 and 261 of the Code of Commerce, that were subsequently amended by Articles 26 and 27 of Law 222 of 1995 and any other rules or regulations that should amend, extend or replace such provisions

Based on Circulars 007 of 1997 and 011 of 2005 issued by the Superintendency of Finance, the amortization of goodwill arising from business mergers, is calculated using the straight-line method based on the estimated time that the intangible is due to be used, which shall not exceed a term of twenty years.

At the close of each fiscal year, or at the end of each month that is included in the basis for preparing extraordinary financial statements, the Company assesses the goodwill obtained from each investment so as to check its source within the balance sheet.

In other countries where our subsidiaries are based, goodwill is calculated according to the accounting rules and regulations applicable in the country in question, which is framed within an overarching accounting standard governing essence over form, according to generally-accepted accounting principles in Colombia as well as that provided by the Superintendency of Finance and in keeping with that laid out in Article 11 of Decree 2649 of 1993,.

## ASSET VALUATIONS

These correspond to:

- a. Excess amounts between the market or intrinsic value of investments in shares, quotas or equity stakes at the end of the fiscal year and their corresponding cost.
- b. Excess amounts produced by technical appraisals of property, plant and real estate compared to their respective net costs. Said appraisals were carried out by independent surveyors, on the basis of their replacement or depreciated value in 2009. These technical appraisals must be updated at least every three years.

## DERIVATIVES

The Company is exposed to different risks existing on the financial market, as part of its normal course of business, which is duly handled through derivatives. These risks can be summarized as follows:

**Strategic risk:** any changes between the expected benefits of a strategy and the actual results obtained.

**Market risk:** any change in the reasonable value of the derivative due to fluctuations in its market price.

**Liquidity risk:** losses incurred due to: i) failure to pay off an obligation due to liquidity difficulties. ii) the impossibility of taking up or liquidating a position in derivatives given the fact that there is no market for such.

**Credit risk:** losses that could be incurred due to counterparty default.

**Operating Risk:** losses to which the Company is exposed due to errors with the recording and/or valuation systems. Also a poorly designed system of limits, deficient checks performed on the contracts and an inadequate information management system.

It is important to note that the Company conducts periodic appraisals of its derivatives based on market prices for administrative control purposes. The Company effectively handles these risks carrying out the following operations:

### SWAPS

These are financial transactions in which the Company, as part of an agreement with a bank, exchanges flows of money so as to reduce risks relating to liquidity, rates, terms or issuers, as well as with regard to the restructuring of assets and liabilities.

In the case of interest rate swaps there is no exchange of capital flows, the Company is responsible for paying the amounts due within the term accorded for such, and these amounts are recorded independently from the swap. As for recording the swap in books, only the net payments of interest made between the parties involved are posted, recognizing the positive or negative difference between the flows of interest that the parties agree to exchange. All profits or losses obtained or incurred with swaps are directly recorded in the income accounts for the period.

In the case of currency swaps, the existence of this type of agreement does not have any repercussions on the appraisal value of the underlying debt (original). During the term of a currency swap agreement, the parties pay the difference corresponding to interest payments and exchange differences which are directly recorded in the income accounts for the period.

## FORWARDS

Forwards are used to hedge the exchange rate risk on existing debt and investments held in foreign currency. At the end of each period, these are appraised by deducting their forward rate based on the depreciation rate agreed on. This present value is then compared with the representative market rate at the close of the period and the positive or negative difference thus obtained is recorded in the income accounts.

## LABOR OBLIGATIONS AND RETIREMENT PENSIONS

Labor liabilities are adjusted at the end of each fiscal period based on applicable legal provisions and the current labor agreements in force.

Retirement pension obligations represent the present value of all future amounts to be paid out by the Company to its pensioned employees or corresponding beneficiaries. These pensioned employees are essentially long-standing personnel. The respective charges to the income accounts for the year, are carried out based on actuarial studies, according to current legal provisions, which are prepared using methods such as the system of actuarial equivalences for pension payments due and life annuities that are immediate, fractional, payable and prospective. Pension payments made during the year are charged directly to the income accounts for the period.

In the case of all those employees who are covered by the new social security system (Law 100 of 1993) the Company covers its pension obligations by paying contributions to the Colombian Social Security Institute and/or private pension funds according to the terms and conditions provided by said Law.

In consolidating its financial statements, the Company registers its labor obligations as determined for the different countries in keeping with applicable accounting techniques and based on all those legal and implicit obligations acquired by the subsidiaries. In this sense, there was no need to prepare new accounting estimates as a result of recording the consolidated amount of employment benefits on a basis different from that presented in all those countries where the corresponding labor liabilities were incurred.

## INCOME TAX

The Company calculates the provision for income tax based on estimated taxable earnings at rates contained in applicable tax legislation, or based on the presumptive income method. Tax effects on the income, costs and expense accounts, corresponding to temporary differences between the book and tax figures are recorded as deferred tax. However in the case of debit deferred tax, only temporary differences are recorded as income when these imply a higher tax payment during the current year, providing it is reasonably expected that sufficient taxable income shall be provided in the periods in which the tax benefit shall be obtained.

## MEMORANDA ACCOUNTS

Memoranda accounts contain all those commitments to be fulfilled as well as contingent rights or responsibilities, such as the value of goods and securities pledged as security, guarantees issued, unused letters of credit, goods and securities received for safekeeping or as security, promissory bills of sale, assets that are totally depreciated, as well as the difference between the tax and book equity values.



## CONVERTING TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Transactions in foreign currency are posted at the exchange rate applicable on the dates these are carried out. At the end of each fiscal year, amounts to be paid or collected as well as investments in foreign currency are adjusted according to the representative market exchange rate as certified by Colombia's Central Bank. With regard to amounts receivable or payable in foreign currency, exchange differences are posted in the income accounts, providing these exchange differences are not to be charged to the cost of acquiring the corresponding assets. Exchange differences that can be charged to the cost of acquiring assets are those that occur while said assets are being built or installed and until they are ready to be used.

As of 2007, and as provided in Decree 4918 of 2007, the exchange difference on equity investments held in foreign-based subsidiaries must be recorded as a higher or lower value of equity in the equity method surplus account.

## RECOGNITION OF REVENUES, COSTS AND EXPENSE

Sales revenue is recognized when the product is shipped; when the land or construction work has been recorded as a public deed, rental revenue is recognized in the month it accrues and revenue from services is recognized when these are provided. All income, costs and expense are recorded on an accrual basis.

## DIVIDEND INCOME

Dividends accrue in their entirety when these are declared.

## STATEMENTS OF CASH FLOWS

The accompanying Statements of Cash Flows were prepared using the indirect method, which includes reconciling the year's net profits with net cash sourced from operating activities.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and banks, savings deposits and all highly liquid investments.

## MATERIALITY

In preparing the financial statements according to generally-accepted accounting principles in Colombia, Company Management is required to make estimates and assumptions regarding the reported amounts of assets and liabilities on the closing date of said financial statements as well as the amounts of revenues and expense reported during the period in question. The materiality used for the financial statements at December 31, 2009 and December 31, 2008 was calculated on the basis of 10% of the results before tax for the period and 1% of Assets and Shareholders' Equity.

## BASIC EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the annual weighted average of the subscribed shares outstanding for the year. The Company's own repurchased shares were excluded from this calculation.

## CONTINGENCIES

Certain contingencies may exist on the date on which the financial statements are issued and these could result in a loss for the Company. However, such contingencies can only be determined at a future date based on whether one or more events occur. Such contingencies are estimated by Company Management together with the Company's legal advisors. Estimated loss contingencies necessarily imply a judgment call and therefore are a matter of opinion. In estimating loss contingencies relating to legal proceedings that have been filed against the Company and are pending their respective rulings, legal advisors analyze the merits of the case, the legal system of the courts involved and the current status of said proceedings, among other aspects.

If upon analyzing the contingency, a material loss is considered probable and the amount of the corresponding liability can be estimated, this is duly recorded in the financial statements. If, on the other hand, there is no indication of a probable potential loss but the result is still uncertain or there could be a probable loss but the amount cannot be estimated, then the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies considered as remote are generally not disclosed.

## RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain figures included in the financial statements at December 31, 2008 were reclassified for presentation purposes

## NOTE 3 – TRANSACTIONS IN FOREIGN CURRENCY

Basic rules and regulations in Colombia allow foreign currency to be freely negotiated through banks and other financial institutions at freely determined exchange rates. However, the majority of transactions in foreign currency still need to fulfill certain legal requirements.

Transactions and balances in foreign currency are converted using the representative market exchange rate as certified by Central Bank, this being used to prepare the financial statements at December 31, 2009 and December 31, 2008. The representative market exchange rate at December 31, 2009 came to COP 2.044,23 (2008 - COP 2,243.59) per US dollar.

The Company held the following assets and liabilities in foreign currency (mainly in US dollars) , posted at their equivalent values in millions of Colombian pesos at December 31, 2009 and December 31, 2008:

	2009		2008	
	DOLLARS	IN MILLIONS OF COLOMBIAN PESOS	DOLLARS	IN MILLIONS OF COLOMBIAN PESOS
Current Assets	132.113.988	270.071	273.629.977	613.913
Non-current assets	533.047.450	1.089.672	642.920.249	1.442.449
<b>Total assets</b>	<b>665.161.438</b>	<b>1.359.743</b>	<b>916.550.226</b>	<b>2.056.362</b>
Current liabilities	(108.949.602)	(222.718)	(450.352.442)	(1.010.406)
Non-current liabilities	(280.143.371)	(572.677)	(346.685.586)	(777.820)
<b>Total liabilities</b>	<b>(389.092.973)</b>	<b>(795.395)</b>	<b>(797.038.028)</b>	<b>(1.788.226)</b>
Subtotal	276.068.465	564.348	119.512.198	268.136
Permanent Investments held in related companies	(303.165.525)	(619.740)	(514.526.998)	(1.154.389)
<b>Net liability position</b>	<b>(27.097.060)</b>	<b>(55.392)</b>	<b>(395.014.800)</b>	<b>(886.253)</b>

The Company's policy is to maintain a net position of between + (-) USD 30.000.000, that is to say with its assets exceeding liabilities by USD 30.000.000, or vice versa. This position was maintained at December 31, 2009. At December 31, 2008 this limit was surpassed and the Company recorded a short position of USD 395 million, which was remedied in 2009 with the divestiture of several coal-mining assets. Any possible differences with regard to this policy are duly hedged with derivative operations. The Company's net position is reviewed on a monthly basis.

As of 2007, and as provided in Decree 4918 of 2007, the exchange difference on equity investments held in foreign-based subsidiaries must be recorded as a higher or lower value of equity in the equity method surplus account. Therefore, in order to measure the Company's net position that affects its income accounts, these investments were excluded from the corresponding calculation.

## NOTE 4 – NEGOTIABLE INVESTMENTS

Negotiable investments at December 31, 2009 and December 31, 2008 are broken down as follows:

	Average Annual Rate - 2009 (%)	2009	2008
Repo rights on negotiable investments	2,20%	143.078	6.708
CDs (1)	2,31%	86.020	152.438
Trusts in local currency	2,54%	5.420	98.434
Securities, bonds and bank acceptances		1	320
Tax reimbursement certificates		34	161
		<b>234.553</b>	<b>258.061</b>

(1) Consisting mainly of securities in the amount of USD 40.122.862 (2008 USD 52.969.729).

## NOTE 5 – ACCOUNTS RECEIVABLE, NET

At December 31, 2009 and December 31, 2008, the Accounts Receivable account included the following:

	2009	2008
Domestic customers (1)	157.727	71.210
Foreign Customers USD 5.143.166 (2008 – USD 8.112.270)	4.942	11.539
Related companies (see Note 25)	583.906	508.908
Advance payments	63.877	70.892
Income receivable (2)	100.110	184.205
Advance tax payments (3)	86.611	106.525
Accounts receivable - workers	22.093	20.855
Loans to private individuals (4)	15.346	13.658
Swaps receivable (5)	13.905	21.506
Forwards receivable	-	1.664
Miscellaneous receivables	1.931	2.169
	<b>1.050.448</b>	<b>1.013.131</b>
Less - Provision	(23.556)	(20.022)
<b>Total accounts receivable</b>	<b>1.026.892</b>	<b>993.109</b>
Less – Long-term portion(6)	369.448	121.079
Short-term receivables	657.444	872.030

The Accounts Receivable provision performed as follows:

	2009	2008
Opening balance	20.022	17.847
Provision for the year	5.044	3.598
Amounts recovered	(134)	(908)
Charge-offs	(1.376)	(515)
<b>Ending balance</b>	<b>23.556</b>	<b>20.022</b>

- (1) This increase mainly corresponds to having terminated the previous factoring arrangements with Inversiones Argos S.A. for COP 68.436 million.
- (2) This decrease represents COP 75.172 collected from the sale of shares in Reforestadora El Guásimo S. A. as well as land.
- (3) This change corresponds to a tax refund request (in the form of TIDIS -Tax Refund Securities) for a total of COP 47.582 in income tax paid for 2007 as well as a balance accruing in favor for income tax corresponding to 2008 for COP 30.629.
- (4) Consisting mainly of loans granted to Industrial Hullera S.A.
- (5) Decrease due to the unwinding of a Swap with Bancolombia and Citibank (See Note 12).
- (6) Increase due to loans and transactions mainly in the case of Argos USA Corp. for a total of COP 285.467.

The value of past-due trade receivables at December 31, 2009, came to COP 40.011 (2008 COP 27.297). Uncollectible accounts over 12-months past due, corresponding to 11 customers, came to COP 357 (2008 COP 2.371). This amount is expected to be recovered in the short-term.

At December 31, 2009, there were no encumbrances existing on the Company's receivables.

Long-term accounts receivable at December 31, 2009 become due and payable as follows:

	VALUE
2011	70.128
2012	284.518
2013	2.296
2014	3.643
2015	8.863
	<b>369.448</b>

Interest rates on long-term receivables are as follows: employee loans between 4.00% and 14.00%, loans to related companies (See Note 25) and swaps (See Note 12).

## NOTE 6 – INVENTORIES, NET

Inventories at December 31, 2009 and December 31, 2008 are broken down as follows:

	2009	2008
Raw and direct materials	36.190	45.444
Goods in process	10.601	13.205
Finished goods	27.470	26.771
Materials, spare parts and accessories	69.346	75.216
Inventories in transit	4.984	4.671
Construction work (1)	15.452	-
Others	5.600	3.269
	169.643	168.576
Less - Provision for inventories	(1.384)	(3.187)
	<b>168.259</b>	<b>165.389</b>

The provision for inventories performed as follows:

	2009	2008
Opening balance	3.187	3.203
Provision for the year	2.276	1.244
Charge-offs	(4.079)	(1.260)
<b>Ending balance</b>	<b>1.384</b>	<b>3.187</b>

(1) As of 2009, and given the increase in construction work, the Company decided to record these operations as part of its main business activities, in keeping with that stipulated in its business purpose. The construction projects that were carried out as part of an agreement signed with Urbanizadora Villa Santos S. A. S. are as follows:

- Portal de Génoves
- Cluster Institucional
- Centro Internacional del Caribe
- Miramar IV etapa
- Portal de Alejandría

No encumbrances or restrictions have been placed on inventories.

## NOTE 7 – PERMANENT INVESTMENTS, NET

Permanent investments at December 31, 2009 and December 31, 2008 are broken down as follows:

	2009	2008
Permanent equity investments in controlled companies		
Shares	2.419.176	2.577.413
Equity interest	285.057	116.185
Permanent equity investments in non-controlled companies		
Shares	331.745	337.227
Permanent fixed-income investments in non-controlled companies		
Bonds and others	13.669	40.780
	3.049.647	3.071.605
Less - Provision for investments	(39.942)	(33.590)
	<b>3.009.705</b>	<b>3.038.015</b>

The following investments have been pledged as security for credit facilities provided by Bancolombia:

Company	No. Shares	Value
C.I. Carbones del Caribe S. A. S.	661.000	21.129
Grupo de Inversiones Suramericana S. A.	5.200.000	127.608
Grupo Nacional de Chocolates S. A.	2.706.018	56.826
		<b>205.563</b>

**PERMANENT INVESTMENTS AT DECEMBER 31, 2009**

Company	Domicile	Business Activity	Valuation Basis	No. Shares	Type of Share	Adjusted Cost	Commercial Value	% Stake	Provision	Shares in results	Increase (Decrease) in Value
<b>PERMANENT CONTROLLED INVESTMENTS</b>											
<i>Joint Stock Companies</i>											
Argos USA Corp.	USA	Investments	I	3,186	O	217,932	222,252	35.02	-	(66,137)	4,320
C.I. Carbones del Caribe S.A.S.	Barranquilla	Coal-Mining	I	6,137,912	O	193,396	178,111	92.07	15,285	(64,669)	-
C.I. del Mar Caribe BVI Inc	British Virgin Islands	Port services	I	18,400	O	6,183	7,631	93.88	-	3,913	1,448
Corporación e Invertements del Mar Caribe S.A.S.	Barranquilla	International marketing	I	11,529,100	O	129,470	132,652	98.71	-	(5,007)	3,182
Canteras de Colombia S.A.S.	Medellin	Aggregate production	I	23,121	O	3,603	3,585	4.98	18	(99)	-
Carbones Nechi S.A.S.	Medellin	Coal-Mining	I	61,070	O	-	-	93.95	-	(1,022)	-
Colcaribe Holding S. A.	Panamá	Investments	I	230,000	O	189,191	190,842	100.00	-	16,648	1,651
Concretos Argos S.A.	Bogotá	Concrete manufacturing	I	8,936,585	O	376,504	385,978	93.37	-	(5,077)	9,474
Flota Fluvial Carbonera S.A.S.	Barranquilla	Transporte de carga	I	2,482,020	O	6,951	6,951	87.71	-	1,761	-
Ganadería Río Grande S.A.S.	Medellin	Cattle-raising	I	9,124,651	O	4,178	4,005	91.25	173	(701)	-
Haiti Cement Holding S.A.	Haiti	Investments	I	78,000	O	18,583	16,320	50.00	2,263	3,547	-
International Cement Company S.A.	Panamá	Investments	I	10,000	O	508	469	100.00	39	(2)	-
Investments el Duero S.A.S.	Medellin	Investments	I	1,264,623	O	9,020	9,020	6.00	-	178	-
Logística de Transporte S.A.	Medellin	Transporte de carga	I	13,094,331	O	25,198	26,469	94.90	-	(152)	1,271
Cemento Panamá S. A.	Panamá	Investments	I	1,298,122	O	241,010	231,703	85.61	9,307	29,559	-
Point Corp.	British Virgin Islands	Investments	I	38,000	O	145,225	139,883	80.85	5,342	11,146	-
Reforestadora del Caribe S.A.S.	Cartagena	Reforestation	I	1,023,800	O	22,388	24,906	94.80	-	(1,489)	2,518
Sociedad Portuaria Golfo de Morrosquillo S.A.	Sincojejo	Port services	I	1,077,066	O	9,745	3,611	32.97	6,134	(706)	-
Sociedad Portuaria de Cementeras Asociadas S.A.	Buenaventura	Port services	I	20,375	O	1,794	1,251	67.92	543	(211)	-
Transatlantic Cement Carrier Inc.	Panamá	Cargo shipping	I	33,500	O	19,206	24,373	100.00	-	(1,422)	5,167
Urbanizadora Villa Santos S.A.S.	Barranquilla	Construction	I	9,000	O	6,846	7,070	90.00	-	1,461	224
Zona Franca Argos S.A.S.	Cartagena	Cement production	I	53,333,782	O	792,242	792,242	94.90	3	16,151	-
<b>SUBTOTAL - JOINT STOCK COMPANIES</b>						<b>2,419,176</b>	<b>2,409,324</b>		<b>39,107</b>	<b>(62,330)</b>	<b>29,255</b>
<i>Limited Liability Companies</i>											
Valle Cement Investments Ltd.	British Virgin Islands	Investments	I	1	O	279,483	312,974	100.00	-	243,896	33,491
Dicementos Ltda. en Liquidación	Medellin	Marketing	C	47,500	O	1,900	1,673	95.00	227	-	-
Distribuidora Col. de Cementos Ltda. en Liquidación	Barranquilla	Marketing	C	200,000	O	3,674	4,977	100.00	-	-	1,303
<b>SUBTOTAL - LIMITED LIABILITY COMPANIES</b>						<b>285,057</b>	<b>319,624</b>		<b>227</b>	<b>243,896</b>	<b>34,794</b>
<b>PERMANENT NON-CONTROLLED INVESTMENTS</b>											
Bancolombia S.A.	Medellin	Financial services	B	36,763,662	O	107,777	850,711	7.21	-	25,457	742,934
Cementos de Caldas S.A.	Manizales	Cement production	I	20,179,195	O	3,027	3,363	39.83	-	-	336
Cartón Colombia S.A.	Cali	Cardboard manufacturing	I	3,192,175	O	7,035	26,120	2.96	-	1,106	19,085
Grupo de Invertements Suramericana S. A.	Medellin	Financial services	B	131,227,832	O	183,380	3,220,331	27.98	-	33,070	3,036,951
Fundiciones Colombia S.A.	Medellin	Metal-working	I	38,543,456	O	278	23	1.54	255	-	-
Grupo Nacional de Chocolates S.A.	Medellin	Confectionery	B	24,940,650	O	15,444	523,754	5.73	-	7,781	508,310
Industrial Hullera S.A.	Medellin	Coal-mining	B	2,426,054	O	155	-	37.47	-	-	(155)
Omya Colombia S.A.	Guarne	Non-metallic mineral production	I	6,345,425	O	11,554	30,674	50.00	-	-	19,120
Prom. de Proy. del Suroccidente S.A. en Liquidación	Cali	Construction	I	46,056	O	-	-	95.95	-	-	-
Sociedad de Transporte Férreo S. A.	Cali	Rail services	B	72,294	O	331	-	2.95	331	-	-
Sociedad Portuaria Bocas de Ceniza S. A.	Barranquilla	Port services	I	403,130	O	484	403	2.49	-	-	(81)
Sociedad Puerto Industrial Aguadulce S. A.	Buenaventura	Port services	B	4,390	O	103	47	1.23	-	-	(56)
Tableros y Maderas de Caldas S.A.	Medellin	Timber	B	999,681,490	O	1,429	5,948	3.94	-	120	4,519
Triple A Barranquilla S. A.	Barranquilla	Public utility services	I	68,514	O	288	177	0.12	-	-	(111)
Other minor investments worth \$100						460	7,771		22	1,227	7,333
<b>SUB-TOTAL NON-CONTROLLED INVESTMENTS</b>						<b>331,745</b>	<b>4,669,322</b>		<b>608</b>	<b>68,761</b>	<b>4,338,185</b>
<b>Provision</b>						<b>3,035,978</b>	<b>7,398,270</b>		<b>39,942</b>	<b>250,327</b>	<b>4,402,234</b>
<b>CONTROLLED FIXED INCOME</b>						(39,942)					
<b>Bonds and others</b>											
<b>TOTAL</b>						<b>13,669</b>	<b>95,340</b>		<b>-</b>	<b>-</b>	<b>81,671</b>
						<b>3,009,705</b>	<b>7,493,610</b>		<b>39,942</b>	<b>250,327</b>	<b>4,483,905</b>
<b>Valuation Basis</b>											
I Intrinsic											
B Stock price											
C Cost											
<b>Type of share:</b>											
O Ordinary											

**PERMANENT INVESTMENTS AT DECEMBER 31, 2008**

Company	Domicile	Business Activity	Valuation Basis	No. Shares	Type of Share	Adjusted Cost	Commercial Value	% Stake	Provision	Shares in results	Increase (Decrease) in Value
<b>PERMANENTES CONTROLADAS</b>											
<i>Sociedades Anónimas</i>											
Argos USA Corp.	USA	Investments	I	9,098	O	833,600	832,050	100.00	1,550	(113,216)	-
Aridos de Antioquia S.A.	Medellin	Shore material mining	I	46,400	O	1,596	1,052	3.91	544	3	-
C.I. Carbones del Caribe S.A.	Barranquilla	Coal-Mining	I	6,137,912	O	255,469	240,184	92.07	15,285	(48,213)	-
C.I. del Mar Caribe BVI	British Virgin Islands	Port services	I	18,400	O	2,939	4,468	93.88	-	(2,129)	1,529
C.I. del Mar Caribe S.A.	Barranquilla	International marketing	I	2,349,100	O	76,922	77,383	93.96	-	(1,794)	461
Canteras de Colombia S.A.	Medellin	Aggregate production	I	16,500	O	2,431	2,590	5.50	-	396	159
Carbones Nechi S.A.	Medellin	Coal-Mining	I	61,070	O	1,021	2,587	93.95	-	(1,419)	1,566
Colcaribe Holding S.A.	Panamá	Investments	I	230,000	O	197,855	197,855	100.00	-	53,076	-
Concretos Argos S.A.	Bogotá	Concrete manufacturing	I	8,936,585	O	252,260	261,734	93.37	-	27,406	9,474
Ganadería Río Grande S.A.	Medellin	Cattle-raising	I	8,646,102	O	1,342	1,472	90.81	-	(1,220)	130
Haiti Cement Holding S.A.	Haiti	Investments	I	78,000	O	16,435	15,014	50.00	1,421	685	-
International Cement Company S.A.	Panamá	Investments	I	10,000	O	563	517	100.00	46	2	-
Logística de Transporte S.A.	Medellin	Transporte de carga	I	13,094,331	O	24,732	26,003	94.90	-	3,506	1,271
Panamá Cement Holding S.A.	Panamá	Investments	I	425,999	O	110,893	102,937	36.68	7,956	12,281	-
Point Corp.	British Virgin Islands	Investments	I	38,000	O	136,247	142,421	80.85	-	33,892	6,174
Reforestadora del Caribe S.A.	Cartagena	Reforestation	I	1,023,800	O	23,644	26,162	94.80	-	(2,122)	2,518
Soc. Portuaria Golfo de Morrosquillo S.A.	Sincojejo	Port services	I	1,077,066	O	10,451	4,317	32.97	6,134	(270)	-
Sociedad Portuaria de Cementeras Asociadas S.A.	Buenaventura	Port services	I	375	O	4	5	3.75	-	5	1
Sociedad Portuaria Río Córdoba S.A.	Barranquilla	Port services	I	828,400	O	1,427	1,175	5.56	-	-	(252)
Transatlantic Cement Carriers Inc.	Panamá	Cargo shipping	I	33,500	O	24,206	29,373	100.00	-	1,486	5,167
Zona Franca Argos S.A.	Cartagena	Cement production	I	36,061,988	O	603,376	603,373	94.90	3	16,332	-
<b>SUBTOTAL - JOINT STOCK COMPANIES</b>						<b>2,577,413</b>	<b>2,572,672</b>		<b>32,939</b>	<b>(21,313)</b>	<b>28,198</b>
<i>Limited Liability Companies</i>											
Valle Cement Investments Ltd.	British Virgin Islands	Investments	I	1	O	91,302	119,953	100.00	-	614	28,651
Urbanizadora Villa Santos Ltda.	Barranquilla	Construction	I	9,000	O	6,155	6,086	90.00	69	2,010	-
Dicementos Ltda. en Liquidación	Medellin	Marketing	C	47,500	O	1,900	2,123	95.00	-	-	223
CT & Cia. Ltda.	Barranquilla	Aggregate mining	I	1,400	O	12	12	70.00	-	-	-
Canteras del Norte Ltda.	Barranquilla	Quarrying	I	2,500	O	25	25	50.00	-	-	-
Dicente Ltda. en Liquidación	Medellin	Marketing	C	900	O	364	3,051	90.00	-	-	2,687
Flota Fluvial Carbonera Ltda.	Barranquilla	Overland transport	I	2,482,020	O	12,747	12,747	87.71	-	(813)	-
Distribuidora Col. de Cementos Ltda. en Liquidación	Barranquilla	Marketing	C	200,000	O	3,674	3,950	100.00	-	-	276
Disgranel Ltda. en Liquidación	Barranquilla	Marketing	C	900	O	6	72	90.00	-	-	66
<b>SUBTOTAL - LIMITED LIABILITY COMPANIES</b>						<b>116,185</b>	<b>148,019</b>		<b>69</b>	<b>1,811</b>	<b>31,903</b>
<b>PERMANENT NON-CONTROLLED INVESTMENTS</b>											
Bancolombia S.A.	Medellin	Financial services	B	27,685,460	O	81,163	364,757	5.43	-	29,207	283,594
Cementos de Caldas S.A.	Manizales	Cement production	I	20,179,195	O	3,027	3,572	39.83	-	-	545
Cartón Colombia S.A.	Cali	Cardboard production	B	3,192,175	O	7,035	39,522	2.96	-	1,024	32,487
Cia. Colombiana de Invertements S.A.	Medellin	Financial services	B	2,672,325	O	29,042	57,668	3.72	-	826	28,826
Fundiciones Colombia S.A.	Medellin	Metal-working	I	38,543,456	O	278	27	1.54	251	-	-
Grupo Nacional de Chocolates S.A.	Medellin	Confectionery	B	24,940,650	O	15,444	386,708	5.73	-	8,343	371,264
Industrial Hullera S.A.	Medellin	Cardboard production	B	2,426,054	O	155	-	37.47	-	-	(155)
Omya Colombia S.A.	Guarne	Non-metallic mineral mining	I	6,345,425	O	11,554	26,384	50.00	-	-	14,830
Promotora de Proyectos del Suroccidente S.A.	Cali	Construction	I	46,056	O	-	-	95.95	-	-	-
Sociedad de Transporte Férreo S.A.	Cali	Rail services	B	72,294	O	331	-	2.95	331	-	-
Sociedad Portuaria Bocas de Ceniza S.A.	Barranquilla	Port services	I	361,259	O	484	361	2.23	-	-	(123)
Sociedad Puerto Ind. Aguadulce S.A.	Buenaventura	Port services	B	4,390	O	103	48	1.23	-	-	(55)
Suramericana de Invertements S.A.	Medellin	Financial services	B	131,227,832	O	183,380	2,033,523	27.98	-	37,400	1,850,143
Tableros y Maderas de Caldas S.A.	Medellin	Timber	B	999,681,490	O	1,429	3,739	3.94	-	200	2,310
Textiles Fabricato-Tejcondor S.A.	Medellin	Textiles	B	67,099,289	O	3,145	1,219	0.81	-	-	(1,926)
Triple A Barranquilla S.A.	Barranquilla	Public utility services	I	68,514	O	288	176	0.12	-	11	(112)
Other minor investments worth \$100						369	7,019		-	1,618	6,650
<b>SUB-TOTAL NON-CONTROLLED INVESTMENTS</b>						<b>337,227</b>	<b>2,924,723</b>		<b>582</b>	<b>78,62</b>	



The total value of assets, liabilities, shareholders' equity and income for the year, posted using the Equity Method for each of the Company's subsidiaries, is as follows:

Company	2009				2008			
	Type of Asset	Liabilities	Shareholders' Equity	Profits (Loss)	Type of Asset	Liabilities	Shareholders' Equity	Profits (Loss)
Argos USA Corp. (1)	1.517.797	883.131	634.666	(126.674)	1.810.354	978.305	832.049	(113.216)
Áridos de Antioquia S. A. (2)	-	-	-	-	26.941	52	26.889	89
C.I. Carbones del Caribe S. A. S. (3)	243.628	50.183	193.445	(70.236)	532.995	272.134	260.861	(52.364)
C.I. del Mar Caribe BVI Inc	22.483	14.354	8.129	4.169	23.469	18.710	4.759	(2.268)
C.T. & Cia. Ltda. (2)	-	-	-	-	18	-	18	-
Canteras de Colombia S.A.S. (3)	84.057	12.143	71.914	(1.996)	55.679	8.595	47.084	7.196
Carbones Nechí S.A.S. (3)	8.795	10.784	(1.989)	(5.047)	6.823	4.070	2.753	(1.510)
Cemento Panamá S.A. (5)	478.417	207.773	270.644	53.722	484.837	204.212	280.625	33.479
Colcaribe Holding S.A. (7)	217.522	26.680	190.842	16.648	223.386	25.531	197.855	53.076
Concretos Argos S.A.	614.134	200.755	413.379	(5.437)	437.449	157.134	280.315	29.350
Corp. e Inversiones del Mar Caribe S.A.S. (3)	(4)208.555	75.884	132.671	(5.072)	93.068	10.714	82.354	(1.910)
Flota Fluvial Carbonera S.A.S. (3)	12.872	4.947	7.925	2.008	22.212	7.680	14.532	(928)
Ganadería Río Grande S.A.S. (3)	10.233	5.843	4.390	(768)	7.768	6.147	1.621	(1.344)
Haití Cement Holding S.A.	32.641	2	32.639	7.094	30.030	-	30.030	1.370
International Cement Company S.A.	468	-	468	(2)	517	-	517	1
Inversiones El Duero S.A.S. (3)	150.541	204	150.337	2.973	-	-	-	-
Logística de Transporte S. A.	46.218	18.327	27.891	(160)	57.093	29.692	27.401	3.695
Marítima de Graneles S.A.	24.519	22.148	2.371	(192)	20.182	16.363	3.819	(560)
Point Corp.	173.013	-	173.013	13.786	176.153	-	176.153	41.919
Reforestadora del Caribe S. A. S. (3)	37.079	10.806	26.273	(1.570)	36.012	8.413	27.599	(2.238)
Soc. Portuaria Cementeras Asociadas S.A. (6)	16.350	14.509	1.841	(310)	32.627	32.476	151	133
Soc. Portuaria Golfo de Morrosquillo S.A.	18.765	7.811	10.954	(2.142)	18.908	5.812	13.096	(819)
Transatlantic Cement Carriers Inc	45.231	20.858	24.373	(1.422)	58.377	29.004	29.373	1.485
Urbanizadora Villa Santos S.A.S. (3)	61.035	53.179	7.856	1.623	64.962	58.199	6.763	2.238
Valle Cement Investments Ltd.	624.282	311.307	312.975	243.896	150.803	30.851	119.952	615
Zona Franca Argos S.A.S. (3)	985.665	150.847	834.818	17.019	772.603	219.369	553.234	17.209

- (1) The effort of recording this investment using the equity method produced a drop in profit at December 31, 2009 of COP 66.137 (2008 COP 113.216). This negative effect, recorded against the income accounts was mainly due to having applied generally accepted accounting principles in the United States regarding asset impairment, which entailed a loss of COP 82.791 (2008 COP 74.786), as posted on the financial statements of Argos USA Corporation. In 2009 a stake of 65% in this Company was sold to Valle Cement Investments Ltd. A Company belonging to the Argos Group.
- (2) This company was taken over by Canteras de Colombia S. A. S.
- (3) In 2009 this Company became a Simplified Joint Stock Company . (S.A.S.)
- (4) Comercializadora Internacional del Mar Caribe S. A changed its corporate name Corporaciones e Inversiones del Mar Caribe S. A. S., along with its business purpose.
- (5) In August 2009 a 50% stake was acquired in Panama Cement Holding S.A., corresponding to 580.675 shares for a total of USD 73.200.000, thereby increasing the Company's stake to 86,68%. Also in December, 2009 Panama Cement Holding S.A. and Corporación Incem S. A. were taken over by Cemento Panama S. A.. The Company maintained the same percentage stake as before as a result of this merger.
- (6) This Company was started up on August 29, 2009.

- (7) With regard to our Cement Plant in Venezuela, which belongs to our subsidiary Corporación de Cemento Andino C.A., in which Cementos Argos S.A. holds an indirect stake through its subsidiary Colcaribe Holding S.A., on March 27, we were informed of a ruling in our favor given by the Constitutional Division of the Supreme Court of Justice in Venezuela, which ordered the restitution of said cement plant to its rightful owner, amongst other measures. The Venezuelan Government has still to establish the amount of compensation to be paid. It is important to mention that this investment has been totally provisioned on the Company's books.

The following companies were wound up in 2009:

- Dicente Ltda. (subject to liquidation)
- Dicente Ltda. (subject to liquidation)
- Transportes de Agregados y Concretos y Cia. Ltda. (subject to liquidation)

The Company's equity investments are broken down as follows:

#### 2009

Company	Share Capital	Capital surplus	Reserves	Equity revaluation	Results for the Year	Results from Prior Years	Valuation surplus	Shareholders' Equity
Argos USA Corp. (1)	911.878	6	-	(57.813)	(126.674)	(132.136)	39.405	634.666
C.I. Carbones del Caribe S.A.S.	7.500	17.214	102.043	92.962	(70.236)	-	43.962	193.445
C.I. del Mar Caribe BVI Inc	54	-	-	(2.048)	4.169	5.954	-	8.129
Canteras de Colombia S.A.S.	464	11.902	1.230	4.090	(1.996)	(8.308)	64.532	71.914
Carbones Nechí S.A.S.	65	-	579	848	(5.047)	(921)	2.487	(1.989)
Cemento Panamá S.A.	265.660	-	-	(30.553)	53.722	(18.185)	-	270.644
Colcaribe Holding S.A.	41.825	2.208	-	(15.625)	16.648	123.511	22.275	190.842
Concretos Argos S.A.	9.589	108.180	50.047	50.200	(5.437)	-	200.800	413.379
Corp. e Inversiones del Mar Caribe S.A.S.	11.508	82.543	390	8.022	(5.072)	(2.967)	38.247	132.671
Flota Fluvial Carbonera S.A.S.	2.830	837	496	1.389	2.008	(8.137)	8.502	7.925
Ganadería Río Grande S.A.S.	5.000	3.298	-	-	(768)	(3.140)	-	4.390
Haití Cement Holding S.A.	31.430	-	-	118	7.094	(6.003)	-	32.639
International Cement Company S.A.	13	-	-	(49)	(2)	506	-	468
Inversiones El Duero S.A.S.	2.108	-	23.715	3.655	2.973	1.082	116.804	150.337
Logística de Transporte S.A.	83	15.140	6.167	3.924	(160)	-	2.737	27.891
Marítima de Graneles S.A.	114	-	2.409	8	(192)	32	-	2.371
Point Corp.	101	-	-	(23.969)	13.786	183.095	-	173.013
Reforestadora del Caribe S.A.S.	1.080	8.300	6.134	3.606	(1.570)	-	8.723	26.273
Soc. Portuaria de Cementeras Asociadas S.A.	30	1.980	108	33	(310)	-	-	1.841
Soc. Portuaria Golfo de Morrosquillo S.A.	3.267	9.515	-	636	(2.142)	(1.699)	1.377	10.954
Transatlantic Cement Carriers Inc.	6.133	11.765	-	2.080	(1.422)	2.278	3.539	24.373
Urbanizadora Villa Santos S.A.S.	1	187	3.946	1.579	1.623	-	520	7.856
Valle Cement Investments Ltd.	13.716	58.456	-	(55.739)	243.896	39.994	12.652	312.975
Zona Franca Argos S.A.S.	56.200	744.393	17.206	-	17.019	-	-	834.818

## 2008

Company	Share Capital	Capital surplus	Reserves	Equity revaluation	Results for the Year	Results from Prior Years	Valuation surplus	Shareholders' Equity
Argos USA Corp.	911.879	4.287	-	11.029	(113.216)	(38.581)	56.651	832.049
Áridos de Antioquia S.A.	237	874	450	1.488	89	(2.183)	25.934	26.889
C.I. del Mar Caribe BVI Inc.	54	-	-	(1.846)	(2.268)	8.819	-	4.759
C.I. del Mar Caribe S.A.	2.500	1.492	391	8.156	(1.910)	(1.058)	72.783	82.354
C.I. Carbones del Caribe S.A.	7.500	28.043	154.407	96.576	(52.364)	-	26.699	260.861
C.T. & Cia. Ltda.	2	-	1	25	-	(10)	-	18
Canteras de Colombia S.A.	300	10.903	779	2.695	7.196	(13.388)	38.599	47.084
Carbones Nechí S. A.	65	-	579	848	(1.510)	589	2.182	2.753
Colcaribe Holding S.A.	41.825	-	-	36.947	53.076	33.121	32.886	197.855
Concretos Argos S.A.	9.589	107.496	20.697	51.978	29.350	-	61.205	280.315
Flota Fluvial Carbonera Ltda.	2.830	586	496	1.389	(929)	(7.209)	17.369	14.532
Ganadería Río Grande S.A.	4.761	-	-	-	(1.344)	(1.796)	-	1.621
Haití Cement Holding S.A.	31.430	1.639	-	2.604	1.370	(7.013)	-	30.030
International Cement Company S.A.	13	-	-	(3)	1	506	-	517
Logística de Transporte S.A.	83	9.575	2.703	4.059	3.695	(231)	7.517	27.401
Marítima de Graneles S.A.	114	1.032	2.643	(37)	(560)	627	-	3.819
Panama Cement Holding S.A.	265.264	-	-	(1.700)	33.479	(16.418)	-	280.625
Point Corp.	101	-	-	6.460	41.919	127.672	-	176.152
Reforestadora del Caribe S.A.	1.080	7.190	8.372	3.771	(2.238)	-	9.424	27.599
Soc. Portuaria de Cementeras Asociadas S.A.	10	-	-	33	134	(26)	-	151
Soc. Portuaria Golfo de Morrosquillo S.A.	3.267	9.515	-	636	(819)	(880)	1.377	13.096
Transatlantic Cement Carrier Inc.	6.133	16.681	-	3.417	1.485	1.657	-	29.373
Urbanizadora Villa Santos Ltda.	1	865	1.708	1.579	2.238	-	372	6.763
Valle Cement Investments Ltd.	13.716	50.588	-	4.328	615	39.049	11.656	119.952
Zona Franca Argos S.A.	35.393	500.635	-	-	17.209	(3)	-	553.234

No scrip dividends were declared in 2009 and 2008.

## NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The Property, Plant and Equipment account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009					2008				
	Cost	Accumulated Depreciation.	Net Book Value	Commercial Appraisal Value	Gain.	Cost	Accumulated Depreciation.	Net Book Value	Commercial Appraisal Value	Gain.
Land	69.365	-	69.365	1.156.217	1.086.852	80.307	-	80.307	202.421	122.114
Deposits, mines and quarries	122.316	119.577	2.739	710.569	707.830	123.816	118.335	5.481	110.830	105.349
Buildings and construction	372.372	231.773	140.599	350.001	209.402	351.743	215.803	135.940	238.643	102.703
Transport equipment	15.695	13.905	1.790	8.904	7.114	16.494	15.187	1.307	5.325	4.018
Machinery and equipment	1.650.130	1.159.985	490.145	1.343.135	852.990	1.610.625	1.067.818	542.807	1.318.459	775.652
Furniture, fixtures and computing equipment	18.772	6.567	12.205	14.017	1.812	12.885	3.847	9.038	9.116	78
Construction work in progress and machinery being installed	127.721	-	127.721	-	-	119.662	-	119.662	-	-
Property, plant and equipment in transit	2.748	-	2.748	-	-	20.172	-	20.172	-	-
<b>Subtotal</b>	<b>2.379.119</b>	<b>1.531.807</b>	<b>847.312</b>	<b>3.582.843</b>	<b>2.866.000</b>	<b>2.335.704</b>	<b>1.420.990</b>	<b>914.714</b>	<b>1.884.794</b>	<b>1.109.914</b>
Provision for asset depreciation	-	-	(29.313)	-	-	-	-	(30.274)	-	-
<b>Total</b>	<b>2.379.119</b>	<b>1.531.807</b>	<b>817.999</b>	<b>3.582.843</b>	<b>2.866.000</b>	<b>2.335.704</b>	<b>1.420.990</b>	<b>884.440</b>	<b>1.884.794</b>	<b>1.109.914</b>

Depreciation charged to the income accounts during 2009 came to COP 129.395 (2008 COP 148.600).

In 1994, our cement plant in Sogamoso, including adjacent land, was pledged as collateral for financial obligations on the part of Acerias Paz del Río S.A.; this collateral at December 31, 2009 and December 31, 2008 consisted of senior mortgages totaling USD 15.283.042; second mortgages for COP 1.394, a chattel mortgage for USD 77.252.892; a first lien for USD 7.800.777; and a second lien for USD 46.354.067. The Company is taking all the corresponding measures to have these liens lifted since all those obligations that gave rise to such liens have been duly paid-off.

Also land belonging to the Hacienda Casanare, which is a ranch located in Puerto Nare, Antioquia has been mortgaged for a total of COP 265 to guarantee financial obligations with Bancolombia

Appraisals were performed on the Company's property and equipment in 2009. The appraisal methods used are described in Note 10. These appraisals are updated at least every three years.

## NOTE 9 – DEFERRED AND INTANGIBLE ITEMS

The Deferred and Intangible Items account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Trademarks acquired (1)	247.613	247.613
Goodwill (2)	31.045	8.357
Concessions and franchises (3)	234.942	274.190
Licenses	23	68
Rights (4)	95.918	9.871
Deferred items (5)	99.228	109.526
Less accumulated amortization	(90.028)	(55.745)
	<b>618.741</b>	<b>593.880</b>

(1) Corresponding to the appraised value of the Company's acquired trademarks; the appraisal methodology used for this purpose is based on the Discounted Cash Flow method; the value of the company is the result of the operating cash flows that it may generate over a period of time, discounted at a rate reflecting the risks inherent to such flows. This methodology is based on the return obtained from the wholly-owned trademark on said flows (contribution of the trademark to the business, both at the present time and in the future), as shown below:

- The Argos mark purchased from Inversiones Argos S.A. in December 2005 for a total of COP 115.389. This mark was appraised by the Corporación Financiera Colcorp which is being amortized in a term of 20 years
- The Fortaleza and Uno A trademarks were obtained from the winding up of Cementos Apolo S.A., and Cementos La Unión S.A., companies that were purchased from Cemento Andino S.A., and Concrecem S.A. respectively. These trademarks were appraised in March 2007 by Sumatoria S.A. for a total of COP 52.137 in the case of the Fortaleza trademark and COP 73.854 for Uno A. These values are to be amortized over a period of 20 years.

(2) This goodwill corresponds to the additional value paid out over and above the respective book cost for shares belonging to:

- Carbones Nechi S. A. S. for at total value of COP 2.334, compared to an intrinsic value in pesos per share of COP 57.902, which is being amortized using the straight-line method over a period of 5 years.
- C. I. Carbones del Caribe S. A. S. for at total value of COP 6.023, compared to an intrinsic value in pesos per share of COP 41.668, which is being amortized using the straight-line method over a period of 5 years.

- In 2009, Cemento Panama S.A. for at total value of COP 22,688, compared to an intrinsic value in pesos per share of COP 218,190, which is being amortized using the straight-line method over a period of 5 years.
- (3) Consisting mainly of having acquired a right of disposal for the purchase of 150,000 tons of slag per year from Acerías Paz del Río for a term of 15 years. This right of disposal may be extended for another equal term.
- (4) This increase is mainly due to having recorded a real estate trust, the rights to which were purchased from Gaseosas Lux S.A. for a total value of COP 42,761. This trust owns a plot of land in Medellín; and other rights conferred by an agreement guaranteeing the supply of limestone with Acerías Paz del Río S.A. for a total of COP 39.828.

The following is a list of assets acquired through financial leasing arrangements for which a monthly payment is made:

No. Contract	Initial Value	Balance at Dec-09	Expiry Date	Term (months)	Pending Installments	Type of Asset
50149	81	30	15/01/2011	55	13	Vehicles
70749	68	19	21/11/2010	48	11	Vehicles
83763	78	32	15/12/2010	42	12	Vehicles
83861	78	14	15/04/2010	42	4	Vehicles
85689	91	71	15/12/2012	60	36	Vehicles
98495	40	23	16/01/2011	26	13	Vehicles
104892	61	59	15/12/2011	25	24	Vehicles

- (5) Deferred Items at December 31, 2009 and December 31, 2008 included the following:

	2009	2008
Computer programs	22.656	29.938
Research studies	1.349	2.380
Deferred income tax debit	20.464	20.204
Deferred Expense(1)	54.759	57.004
	<b>99.228</b>	<b>109.526</b>

- (1) Corresponding mainly projects including the New Operating Model, the Cartagena Plant Transformation initiative and the information management project.

These are amortized over a period of between 3 and 5 years using the straight-line method

## NOTE 10 – ASSET APPRAISALS

Asset Appraisals at December 31, 2009 and December 31, 2008 are broken down as follows:

	2009	2008
Surplus amount between the market or intrinsic values of these investments vs. their net cost in books. (See Note 7)	4.483.905	2.782.126
Surplus amount between technically appraised values of property, plant and equipment and their net book cost. (See Note 8)	2.866.000	1.109.914
Other assets	636	10
	<b>7.350.541</b>	<b>3.892.050</b>

During the second half of 2009, the firm, Activos e Inventarios y Cia. Ltda., took a physical inventory of all fixed assets belonging to the companies relating to the Argos Group, at their different, industrial, commercial and administrative premises throughout Colombia. They also performed the appraisals and book value reconciliations and for said assets based on the methodology herein described, which

is based on appraisal criteria for a working company, applying the comparative method, the revenue capitalization method as well as the cost method, as applicable and/or a combination of these methods. Which in synthesis are based on the Fair Value criteria upon comparing international benchmark figure for working functional units, the elements used and being operated, the corresponding installed production capacities which are appraised in dollars and measured in terms of their production capacity for mining, grinding, calcination, milling and packaging with regard to cement production.

This methodology also takes into account the value of the equipment including the construction work required to install these as well as engineering work, electricity, mechanical and electronic connections, pre-start-up tests and the start-up itself, this based on the guidelines provided in Article 64 of Decree 2649 issued in November of 1993, and complemented by international rules and regulations such as USGAAP and IFRS.

The value of the Company's real estate was also appraised based on the criteria applied within the local real estate markets. The increase in these appraised values was mainly obtained on land in Barú and Barranquilla.

## NOTE 11 – FINANCIAL OBLIGATIONS

Financial Obligations at December 31, 2009 and December 31, 2008, are broken down as follows:

	Annual Interest Rate - 2009	2009	2008
Bank overdrafts	14%	3.405	418
Obligations with local banks (1)	7,71%	364.772	371.517
Obligations with foreign banks (2)	2,03%	426.544	965.703
Other obligations:		51.664	92.927
<b>Total financial obligations</b>		<b>846.385</b>	<b>1.430.565</b>
Less – Long-Term Portion		475.756	450.079
Short-term obligations		370.629	980.486

- (1) Obligations with domestic banks are broken down as follows:

Entity	Description	2009	2008	Currency	Maturity Date
Davivienda	Bank loan	-	41.510	Dollars	07/05/2009
BBVA	Bank loan	-	96.643	Dollars	21/08/2009
Banco de Bogotá	Bank loan	-	50.000	Colombian Pesos	07/09/2009
Davivienda	Loan	216	-	Colombian Pesos	15/01/2010
Davivienda	Bank Loan	3.000	-	Colombian Pesos	18/01/2010
Banco Santander	Bank Loan	8.200	-	Colombian Pesos	18/01/2010
Banco de Crédito	Bank Loan	9.200	-	Colombian Pesos	22/01/2010
BBVA	Bank Loan	6.500	-	Colombian Pesos	01/02/2010
BBVA	Bank Loan	50.000	-	Colombian Pesos	01/02/2010
Banco de Crédito	Bank Loan	11.634	-	Colombian Pesos	02/02/2010
Citibank	Bancoldex Loan	1.022	3.364	Dollars	03/04/2010
BBVA	Loan	40.000	40.000	Colombian Pesos	07/04/2010
Bancolombia	Loan	40.000	40.000	Colombian Pesos	19/08/2010
BBVA	Loan	20.000	-	Colombian Pesos	03/09/2010
BBVA	Loan	30.000	-	Colombian Pesos	07/09/2010
Banco de Bogotá	Long-term loan	45.000	-	Colombian Pesos	23/09/2011
Davivienda	Long-term loan	100.000	100.000	Colombian Pesos	15/10/2013
<b>Total</b>		<b>364.772</b>	<b>371.517</b>		

(2) Obligations with foreign banks are listed below:

Entity	Description	2009	2008	Currency	Maturity Date
BBVA	Bancoldex Loan	-	2.246	Dollars	27/04/2009
Banco de Crédito	Bank Loan	-	20.192	Dollars	07/05/2009
Corp. Andina de Fomento	Multilateral loan	-	168.269	Dollars	24/11/2009
Banco de Desarrollo de China	Multilateral loan	-	168.269	Dollars	24/11/2009
Banamex	Bilateral Loan	-	224.149	Dollars	04/12/2009
BBVA	Bank Loan	-	35.897	Dollars	07/05/2010
Citibank	Syndicated loan	129.468	213.141	Dollars	18/12/2011
Citibank PLC London	Long-term loan	297.076	133.540	Dollars	26/06/2019
<b>TOTAL</b>		<b>426.544</b>	<b>965.703</b>		

Interest accrued on financial obligations up to December 31, 2009 total COP 82.234 (2008 - COP 105.937)..

At the end of 2009, no forward operations were recorded on current foreign exchange.

Other obligations:

The syndicated loan with Citibank N.A (Administrative Agent) and the long-term loan with Citibank PLC (Administrative Agent) underwritten by EKF Dinamarca, stipulate the following covenants with regard to the consolidated balance sheets:

- A Net Debt/EBITDA ratio of less than 4.0 times must be maintained until June 2010, whereupon this ratio is lowered to 3.5 times.
- The debt service coverage ratio shall not be lower than 1.5

Long-term accounts receivable at December 31, 2009 become due and payable as follows:

Year	Value at Maturity
2011	166.223
2012	66.271
2013	71.271
2014	31.271
2015 y siguientes	140.720
<b>TOTAL</b>	<b>475.756</b>

## NOTE 12 – COMMERCIAL PAPER AND BONDS OUTSTANDING

Bonds outstanding issued on November 23, 2005, included the following at December 31, 2009:

Term	Amounts Issued	Interest Rate	Payment Frequency
7 years	COP 80.000	CPI+2,40%	Half-yearly in arrears
10 years	COP 80.000	CPI+2,88%	Half-yearly in arrears
12 years	COP 290.000	CPI +3,17%	Half-yearly in arrears
12 years	COP 150.000	CPI +5,25%	Half-yearly in arrears
	<b>COP 600.000</b>		

Bonds outstanding issued on April 28, 2009, included the following at December 31, 2009 and December 31, 2008:

Term	Amounts Issued	Interest Rate	Payment Frequency
3 years	COP 144.002	9%	Quarterly in arrears
5 years	COP 81.175	9.7%	Yearly in arrears
7 years	COP 114.943	CPI + 6%	Quarterly in arrears
10 years	COP 70.350	CPI + 6,3%	Quarterly in arrears
15 years	COP 229.530	CPI + 7,19%	Quarterly in arrears
	<b>COP 640.000</b>		

Both issues were given an AA+ rating by Fitch Ratings Colombia S. A. These bonds are made out to the bearer and are traded on the secondary market.

The following is a breakdown of swaps held at December 31, 2009 with bonds serving as the underlying instruments:

Entity	Value (USD)	Maturity Date	Interest Rate	Type	Underlying
Citibank	32.649.840	23/11/2017	180-day Libor – 0.71%	Cross Currency SWAP	Bonds in Colombian pesos

Furthermore two SWAPS were unwound for a nominal value of USD 77.557.646, producing a value of USD 7.100.000 in favor of the Company. This was carried out so as to reduce the Company's net liabilities in dollars as well as the effect of its exposure to the exchange rate.

The bonds issued on February 23, 2007, for at total of COP 132.211 produced a placement discount of COP 17.788, which is being amortized using the straight-line method over a period of 12 years. At December 31, 2009 and December 31, 2008, the following balances were recorded:

	2009	2008
Total bonds outstanding	1.240.000	600.000
Discount value	17.788	17.788
Amortization	(4.652)	(3.010)
Balance to be amortized	<b>(13.136)</b>	<b>(14.778)</b>
	<b>1.226.864</b>	<b>585.222</b>

The Argos 2008 Commercial Paper program was approved for up to a total of COP 300.000 in currently outstanding, bearer securities, negotiable on the secondary market, included the following tranches at December 31:

Term	Amounts Issued	Interest Rate	Interest Payment Frequency
363 days	COP 150.000	8.44%	In arrears
270 days	COP 80.000	6.54%	In arrears
180 days	COP 70.000	5.24%	In arrears
	<b>COP 300.000</b>		

Funds from placing this issue were allocated in their entirety to financing working capital. This issue was given a F1+ rating by Fitch Ratings Colombia S.A. A, which is their maximum short-term rating.

In 2009, interest totaling COP 128.723 accrued on the Company's issues of commercial paper and ordinary bonds.

The cost of total financial liabilities, including Argos bonds, commercial paper, derivatives and loans for 2009 is as follows:

Average cost of financial liabilities in pesos: 9,95% (2008- 10,81% )  
Average cost of financial liabilities in dollars: 2,85% (2008- 4,08% )



## NOTE 13 - SUPPLIERS AND ACCOUNTS PAYABLE

The Suppliers and Accounts Payable Account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Domestic suppliers	63.686	123.189
Foreign suppliers, including USD 1.314.847 (2008 – USD 17.971.197)	2.688	40.317
Dividends payable	39.968	40.037
Accounts payable - Contractors	3.657	3.567
Costs and expense payable	78.002	118.160
Related companies (see Note 25)	227.996	180.021
Payroll deductions and contributions	4.579	5.529
Miscellaneous payables (1)	205.749	268.072
Withholding and VAT tax	7.582	21.726
Installments payable (2)	46.159	-
Others	1.830	7.523
<b>Total suppliers and payables</b>	<b>681.896</b>	<b>808.141</b>
Less – Long-Term Portion	175.395	224.584
<b>Suppliers and short-term payables</b>	<b>506.501</b>	<b>583.557</b>

- (1) Corresponding mainly to payables due on the purchase of Cementos La Unión S. A. and Cementos Apolo S. A. under the following terms and conditions:  
Balance due at December 31, 2009: USD 100.100.000  
Maturity Date: August, 2016  
Interest rate: 5%, payable quarterly in arrears  
Amortization Schedule: 10 annual payments

Accrued interest for 2009 and 2008 came to USD 4.931.353 and USD 6.007.706 respectively. In 2009 and 2007 a total of USD 14.300.000 was applied to the principal. A swap was performed on this loan as underlying under the following conditions:

Entity	Value	Maturity Date	Interest Rate	Type	Underlying
Bancolombia	191.181	08/08/16	CPI + 5.35% QTLY IN ARREARS	Cross-Currency SWAP	Payable in dollars

- (2) Corresponding to the purchase of a 50% stake in Cemento Panama S. A. (formerly Panama Cement Holding S. A.) for a total of USD 73.200.000 of which USD 22.580.000 shall be paid in March 2010.

## NOTE 14 – TAX AND RATES

The balance of the Tax and Rates Account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Income Tax	25.400	26.511
Sales tax	18.531	48.949
Industry and Commerce tax	279	1
<b>Total</b>	<b>44.210</b>	<b>75.461</b>

Tax legislation, as it applies to the Company, stipulates the following

- Taxable income is taxed at a rate of 33%.
- The basis for determining income tax cannot be lower than 3% of net worth on the last day of the immediately preceding fiscal year.
- As of 2007, companies may offset fiscal losses, duly adjusted for tax purposes and without any time limit, using net ordinary income obtained in following periods, without detriment to presumptive income for the fiscal period in question. Fiscal losses, incurred on the special deduction granted for investing in fixed productive assets can also be offset using the taxpayer's net income. Fiscal losses incurred, as of 2003, may be offset with net ordinary income obtained during the following eight years, without this exceeding 25% of the value of the loss per year, and without detriment to presumptive income obtained for the fiscal year in question. As of the fiscal year of 2007, these are readjusted for tax purposes.

The Company did not have any fiscal losses pending amortization at the close of the period.

- Surplus amounts existing between presumptive income and ordinary income obtained as of 2003 may only be offset with net ordinary income obtained during the following five years. As of 2007, excess amounts between presumptive income and ordinary income are readjusted on a fiscal basis. At December 31, 2009 and December 31 2008, the Company recorded COP 133.956 and COP 160.139 respectively, in surplus presumptive income for the fiscal years of 2005 and 2006.
- As of 2004, taxpayers who carry out operations with related companies or parties abroad are obliged to determine, for the purpose of calculating income and complementary taxes, their ordinary and extraordinary income, costs and deductions, assets and liabilities, bearing in mind the prices and profit margins established by the market. Upon completing the corresponding analysis of transfer prices, Company Management together with their tax advisors consider that no significant additional tax provisions are required to be set up.

The following table shows the reconciliation between profits before income tax and taxable income for the years ending December 31, 2009 and December 31, 2008:

a. Reconciliation between book profits and taxable net income:

	2009	2008
<b>Net Income</b>		
Profits before provision for income tax	228.873	75.924
<b>Plus:</b>		
Dividends received from subsidiaries.	16.302	19.919
Profits on sales of fixed assets and investments	692	25.543
Amounts recovered from deferred depreciation	20.382	25.469
Other income	17.293	86.945
Other non-deductible expense	261.774	264.678
	<b>545.316</b>	<b>498.478</b>
<b>Less:</b>		
Gross profits recorded using the equity method	326.686	151.695
Non-taxable dividends and equity stakes received	61.598	71.820
Deduction for fixed assets	24.457	9.229
Other non-taxed items	281.494	258.861
	<b>694.235</b>	<b>491.605</b>
<b>Net ordinary income</b>	<b>(148.919)</b>	<b>6.873</b>
Offset surpluses of presumptive income	-	6.873
Presumptive income on equity	64.853	69.025
<b>Taxable net income</b>	<b>64.853</b>	<b>69.025</b>
<b>Tax rate</b>	<b>33%</b>	<b>33%</b>
Income tax	<b>21.401</b>	<b>22.778</b>
<b>Occasional gains tax</b>		
Profits on sale of fixed assets	20.856	5.942
(Loss) Profits on sale of investments	(77.167)	(1.561)
Taxable occasional gains	<b>(56.311)</b>	<b>4.381</b>
<b>Tax rate</b>	<b>33%</b>	<b>33%</b>
Occasional gains tax	-	<b>1.446</b>
Provision for tax	21.401	24.224
Excess provision for current year	49	76
<b>Less:</b> Deferred tax and adjustments on prior years	2.398	15.366
Tax provision charged to the income accounts	<b>19.052</b>	<b>8.934</b>

b. Reconciliation between book and tax equity:

	2009	2008
<b>Book equity</b>	<b>9.821.221</b>	<b>6.375.730</b>
<b>Plus:</b>		
Provision for inventories, fixed assets, receivables and investments	94.443	79.117
Tax differences - property, plant and equipment	350.182	258.670
Tax differences - permanent investments	(744.850)	(435.197)
Non-tax liabilities	88.978	64.621
<b>Less:</b>		
Valuations of investments and property	7.350.541	3.892.050
Deferred tax debit	20.464	20.204
<b>Tax equity</b>	<b>2.238.969</b>	<b>2.430.687</b>

Cementos Argos S.A.'s income tax returns for 2007 and 2008 together with its wealth tax returns for 2007, 2008 and 2009 are still pending review and acceptance on the part of the Colombian Tax Authorities.

Company Management together with their legal advisors consider that the figure posted for the Company's tax payable liability is sufficient to cover any additional tax liability that may accrue for the years in question.

## WEALTH TAX

The amount of wealth tax declared for 2009 came to COP 19.870 of which COP 9.935 was paid on May 22, 2009 and another COP 9.935 was paid on September 21, 2009, both amounts recorded against the Equity Revaluation account.

The wealth tax to be paid by the Company in 2010 comes to COP 19.870.

## TAX REFORM

The following contains a summary of the more relevant amendments made to the Colombian Tax code for 2010 and the following years, pursuant to Law 1370 passed December 30, 2009:

Wealth tax for 2011 shall be based on the amount of net equity held on January 1, 2011. This shall be subject to a rate of 2,4% for all those equities with a tax base of between COP 3.000 and COP 5.000 and 4,8% for all those equities with a tax base equal or higher than COP 5.000 million. In accordance with Decree 514 issued February 16, 2010, the value of the wealth tax installments due may be recorded against the equity revaluation account for the fiscal year in question. The net equity value of shares held in Colombian companies does not form part of the tax base.

As of the fiscal year of 2010, tax deductions on investments made in real productive assets went from 40% to 30% of their total value.

Liabilities with related foreign-based companies shall no longer be fiscally accepted.

## NOTE 15 – LABOR LIABILITIES

Labor liabilities at December 31, 2009 and December 31, 2008, were as follows:

	2009	2008
Consolidated severance pay	4.688	4.906
Interest on severance pay	559	581
Vacation pay	5.973	5.887
Retirement pensions	222.826	216.176
Bonuses	5.671	5.279
Salaries payable	469	471
	<b>240.186</b>	<b>233.300</b>
Less – Long-Term Portion	222.826	216.176
Short-term labor liabilities	17.360	17.124

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to all employees who fulfill certain requisites with regard to age and seniority. The Colombian Social Security Institute (ISS) and pension funds have assumed a large part of these obligations.

The main factors used in the actuarial calculations for the years ending December 31, 2009 and December 31, 2008 were as follows:

	2009	2008
Number of persons	1.683	1.766
Technical interest rate	4,8%	4,8%
Future pension increases	6,48%	5,15%

Actuarial calculations were made using the fractional pension payment due method, according to that stated in Article 112 of the Tax Code together with that contained in Decree 2783 of December 20, 2001, with respect to tax.

Charges to the income accounts corresponding to the amortization of retirement pension payments and labor liabilities for 2009 and 2008 came to COP 31.011 and COP 40.752 respectively. Both pension liabilities and securities have been totally amortized.

	2009	2008
Actuarial calculation	184.513	179.124
Balance to be amortized	-	-
Retirement pension liability	184.513	179.124
Plus: Pension securities	35.356	14.524
Pension bonds	2.957	22.528
	<b>222.826</b>	<b>216.176</b>

## NOTE 16 – ESTIMATED LIABILITIES

Estimated liabilities at December 31, 2009 and December 31, 2008 are recognized at cost and include:

	2009	2008
Costs and expense (1)	33.637	36.190
Tax obligations (2)	10.347	7.607
Contingencies (3)	13.984	14.987
Miscellaneous provisions (4)	16.278	18.270
	<b>74.246</b>	<b>77.054</b>

- 1) Corresponding to goods and services received and pending invoicing as well as other provisions relating to Company operations.
- 2) Corresponding mainly to the provision for industry and commerce which shall be paid in 2010.
- 3) Including mainly a provision set up for labor contingencies with Industrial Hullera S.A. for COP 7.387.
- 4) Corresponding mainly to the right purchased from Acerías Paz del Río S.A., for COP 13.159.

## NOTE 17 – SHAREHOLDERS' EQUITY

Shareholders' Equity at December 31, 2009 and December 31, 2008 is broken down as follows:

### SHARE CAPITAL

The Company's authorized capital consists of 1.500.000.000 shares each for a nominal value of COP 6 Colombian pesos and its subscribed and paid-in capital is made up of 1,215,247,885 shares. The Company's own reacquired shares came to 63,575,575 and therefore, at December 31, 2009 and December 31, 2008 the total amount of shares outstanding came to 1.151.672.310.

	2009	2008
Authorized Capital 1.500.000.000 ordinary shares each with a nominal value of COP 6.	9.000	9.000
Subscribed and paid-in capital 1,215,247,885 ordinary shares each with a nominal value of COP 6.	7.291	7.291

### DECLARED DIVIDENDS

The Company's shareholders at their annual meeting held March 24, 2009, declared a cash dividend of COP 121,00 pesos per share, payable in four quarter installments of COP 30.25 pesos per share between April 2009 and January 2010. In 2008, the Company's shareholders declared a cash dividend of COP 112,00 pesos per share, payable in four quarterly installments between April 2008 and January 2009.

### STATUTORY RESERVE

The Company is obliged to allocate 10% of its annual net profits to a statutory reserve, until said reserve reaches 50% of its subscribed capital. At December 31, 2009, this statutory reserve came to COP 23.163.

The Company's current reserve is above that legally established (COP 19.516).. This statutory reserve cannot be distributed before the Company is liquidated, but must be used to absorb or reduce annual net losses. The allocations made when more than the aforementioned 50% is reached can be freely disposed of by the Shareholders at their Annual General Meetings.

## RESERVE FOR REPURCHASING SHARES AND THE COMPANY'S OWN REPURCHASED SHARES

	2009	2008
Reserve for repurchasing shares	113.797	113.797
Less – Company's own repurchased shares	(113.797)	(113.797)
	-	-

The reserve for the Company's own repurchased shares, according to the Colombian Code of Commerce, can only be distributed among shareholders until said shares are sold again. While the shares belong to the Company, all inherent rights to these same are held in abeyance.

## OTHER RESERVES

On March 24, 2009, the Company's shareholders gave their authorization to COP 72.362 being appropriated for the reserve for future expansion and investments. These other reserves can be freely disposed of by the shareholders.

## EQUITY REVALUATION

The Equity Revaluation account reflects how equity was affected by the loss in the purchasing power of the peso, according to legislation that was in force until December 2006.

With the subsequent elimination of adjustments for inflation, pursuant to Decree 4918 of 2007, the balance of the Equity Revaluation account cannot be distributed until the Company is either wound up or capitalized. However, once capitalized the equity revaluation account may be used to wipe out any losses on the grounds of the Company being wound up but cannot be used for reimbursing any capital; should a debit balance be obtained, this may be reduced using the results for either the current or past fiscal years, after complying with all those rules and regulations applying to profits as contained in the Colombian Code of Commerce.

Furthermore, and according to that laid out in the paragraph pertaining to Article 25 of Law 1111, which in turn amended Article 292 of the Colombian Tax Code, for the fiscal years of 2007, 2008, 2009 and 2010, the Company may record wealth tax against the equity revaluation account, without affecting the results of the corresponding fiscal year. In accordance with the foregoing, the Company recorded COP 19.870 in wealth tax for 2009.

## NOTE 18 – MEMORANDA ACCOUNTS

Memoranda accounts at December 31, 2009 and December 31, 2008 are broken down as follows:

	2009	2008
Goods and securities handed over for safekeeping (1)	350.460	152.821
Goods and securities handed over as security (2)	275.444	217.313
Goods and securities held by third parties	3.395	3.395
Lawsuits and/or litigation	142.015	142.015
Goods leased under financial leasing arrangements	133.441	23.037
Totally depreciated assets (3)	411.914	259.649
Unused credit (4)	13.697	235.565
Capitalization - equity revaluation	55.391	55.391
Other debtor control accounts	44.982	5.543
Tax receivable (5)	4.802.275	5.370.600
	6.233.014	6.465.329
Contingent responsibilities		
Goods and securities received	(34.654)	(30.472)
Others(6)	(836.726)	(937.262)
	(871.380)	(967.734)
Other credit memoranda accounts	(26.591)	(26.591)
Tax memoranda accounts (7)	(3.850.810)	(4.472.041)
	(4.748.781)	(5.466.366)
<b>Total memoranda accounts</b>	<b>1.484.233</b>	<b>998.963</b>

- (1) Showing an increase due to dematerialized Bancolombia ordinary shares.
- (2) Increase mainly de to stock exchange gains obtained with investments held in Grupo de Inversiones Suramericana S.A. and Grupo Nacional de Chocolates S.A. which have been pledged as security.
- (3) Increase due to greater number of totally depreciated assets and their market values being updated at December 31, 2009.
- (4) Corresponding to available bank credit.
- (5) Corresponding to tax and book differences with regard to assets, the most salient difference being appraisals of assets and investments for a total of COP 3.892.050.
- (6) Corresponding mainly to a syndicated loan on the part of Argos USA Corp for a total of USD 256.666.666, for which Cementos Argos S.A. is joint debtor. Including COP 42.213 in contingent liabilities on mining rights, which represent a future commitment.
- (7) Corresponding to tax and book differences for:

Shareholders' Equity	COP 3.659.768
Other items	191.042
	<b>3.850.810</b>

## NOTE 19 – OPERATING REVENUE

Operating Revenue at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Domestic sales	1.146.209	1.231.304
Sales abroad	151.002	170.876
Other operating sales	113.082	21.695
	<b>1.410.293</b>	<b>1.423.875</b>



The Company's operating revenue corresponds mainly to domestic and export sales of cement and clinker.

Other operating sales include sales of slag and limestone, which were recorded as operating sales taking into account that they are a byproduct of a production process and are subject to a certain degree of processing for subsequent sale. As of 2009, the Company began to urbanize certain plots of land in its possession, which provided year-end revenues of COP 27.101.

## NOTE 20 – ADMINISTRATIVE EXPENSE

The Administrative Expense account

	2009	2008
Personnel expense	54.040	51.021
Depreciation and amortizations (1)	27.630	23.483
Services	17.372	19.851
Fees	8.631	10.262
Leases (2)	7.872	6.255
Contributions and memberships	2.101	1.938
Insurance	5.628	5.953
Maintenance and repairs	6.368	6.119
Traveling expense	4.126	5.590
Legal expense	83	288
Others	859	695
	<b>134.710</b>	<b>131.455</b>

(1) Increase mainly due to projects being completed and started up.

(2) Increase due to leased aircraft and offices in Bogota.

## NOTE 21 – SALES EXPENSE

The Sales Expense Account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Personnel expense	20.700	21.115
Services	13.482	15.625
Tax	10.808	10.572
Depreciation and amortization	7.992	8.896
Traveling expense	2.030	2.745
Provisions	1.084	1.325
Fees	1.914	1.301
Leases	1.538	1.662
Contributions and memberships	659	350
Insurance	307	112
Maintenance and repairs	111	155
Others	2.183	1.468
	<b>62.808</b>	<b>65.326</b>

## NOTE 22 – EXCHANGE DIFFERENCE

The exchange difference charged to the income accounts at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Exchange difference, net	(64.162)	(146.403)

This decrease is due to having maintained a lower net position in 2009 compared to 2008 and this represented a lower impact on the income accounts.. The exchange difference recorded on the sale of the investment held in Argos USA Corp. came to COP 29.493. (See Note 7)

## NOTE 23 – OTHER REVENUES

The Other Revenues account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Sales of raw materials (1)	7.814	20.267
Sales of fuel	56	8.035
Dividends and equity stakes received	68.761	78.631
Leases	2.175	1.995
Fees	6.854	8.091
Services	2.492	1.894
Profits from sales of investments (2)	121.828	60.057
Profits from sales of property, plant and equipment	8.527	116.753
Recovered amounts (3)	13.569	80.726
Indemnities	79	1.315
Others (4)	8.496	4.725
	<b>240.651</b>	<b>382.489</b>

(1) Change due to lower supply billings to Zona Franca Argos S.A.S.

(2) The figure for 2009 corresponds to profits obtained from the sale of the following shares:

Colinversiones S.A.	114.018
Argos USA Corp.	6.920
Sociedad Portuaria Río Córdoba S.A.	890

(3) The figure for 2009 includes recovered amounts for other costs and expense for COP 6.771. The figure for 2008 includes recovered amounts of provisions on investments held in Corporación de Cemento Andino C.A. for COP 36.944, in Panama Cement Holding S.A.S for COP 10.827 and having recalculated the amortization of mining permits for COP 18.653.

(4) Corresponding mainly to profits obtained from having wound up Dicente Ltda. for COP 2.426.

## NOTE 24 – OTHER EXPENSE

The Other Expense account at December 31, 2009 and December 31, 2008 is broken down as follows:

	2009	2008
Pensions and amortization of actuarial calculations	27.703	38.230
Withdrawals of property, plant and equipment (1)	16.099	14.787
Other amortizations	10.100	9.006
Provision for permanent investments (2)	8.535	2.976
Cost of materials sold (3)	7.756	22.656
Cost of other sales	5.996	7.164
Labor lawsuits	4.550	2.447
Donations	4.039	3.686
Costs and expense from prior periods	3.988	15.138
Interest on bonds and pension securities	3.308	2.522
Indemnities	3.472	4.731
Taxes assumed	3.072	5.266
Provision set up for Industrial Hullera S. A.	3.023	2.273
Expense incurred with related companies	2.902	466
Non-deductible expense	1.811	315
Loss on sales of investments	1.309	5.739
Fines, penalties and litigations	1.180	1.189
Others	11.173	6.089
	<b>120.016</b>	<b>144.680</b>

- (1) Corresponds mainly to having withdrawn the Line 3 project at the Tolcemento plant (COP 12.044)
- (2) The figure for 2009, corresponds mainly to Point Corp COP 5.343, Cemento Panama S. A. COP 1.350, Haití Cement Holding S. A. COP 843 and Sociedad Portuaria de Cementeras Asociadas S.A. COP 543.
- (3) Change due to lower supply billings to Zona Franca Argos S. A. S.

## NOTE 25 – TRANSACTIONS WITH RELATED PARTIES

1. The balances obtained from the asset and liability accounts with related parties at December 31, 2009 and December 31, 2008 are broken down as follows:

Company	ACCOUNTS RECEIVABLE - 2009		
	Operating	Loans	Total
Argos USA Corp.	-	285.467	285.467
C.I. Del Mar Caribe BVI Inc.	2.688	-	2.688
C.I. Carbones del Caribe S.A.S.	42	-	42
Carbones Nechí S.A.S.	32	3.698	3.730
Cement and Mining Engineering Inc.	23.729	-	23.729
Cementos Colón	340	-	340
Cimenterie Nationale S.E.M.	2.044	-	2.044
Concretos Argos S.A.	20.042	41.296	61.338
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	6.501	6.501
Flota Fluvial Carbonera S.A.S.	33	1.440	1.473
Ganadería Río Grande S.A.S.	3.015	1.711	4.726
Inversiones Argos S.A.	4.431	-	4.431
Logística de Transporte S.A.	315	37	352
Port Royal Cement	1.498	-	1.498
Profesionales a su Servicio Ltda.	-	1	1
Reforestadora del Caribe S.A.S.	6.450	1.496	7.946
Savannah Cement Company,LLC	3.630	-	3.630
Soc. Portuaria de Cementeras Asociadas S.A.	-	11.997	11.997
Soc. Portuaria Golfo de Morrosquillo S.A.	2.034	4.153	6.187
South Central Cement Ltd.	883	-	883
Transatlantic Cement Carrier Inc.	-	9.439	9.439
Urbanizadora Villa Santos S.A.S.	35.294	-	35.294
Valle Cement Investment Ltd.	40.653	-	40.653
Zona Franca Argos S.A.S.	30.497	37.377	67.874
Other minor receivables	1.536	107	1.643
<b>TOTAL</b>	<b>179.186</b>	<b>404.720</b>	<b>583.906</b>

Company	ACCOUNTS RECEIVABLE - 2008		
	Operating	Loans	Total
Argos USA Corp.	-	36.478	36.478
C.I. Carbones del Caribe S.A.	4	167.420	167.424
C.I. del Mar Caribe S.A.	-	2.574	2.574
Carbones Nechi S.A.	-	889	889
Cement and Mining Engineering Inc.	22.899	-	22.899
Cimenterie Nationale S.E.M.	2.244	-	2.244
Concretos Argos S.A.	68.258	28.077	96.335
Flota Fluvial Carbonera Ltda.	268	3.235	3.503
Ganadería Río Grande S.A.	749	4.184	4.933
Inversiones Argos S.A.	7.475	-	7.475
Logística de Transporte S.A.	13.943	-	13.943
Merilétrica S.A. & CIA S.C.A.	863	-	863
Port Royal Cement	3.517	-	3.517
Profesionales a su Servicio Ltda.	-	1	1
Reforestadora del Caribe S.A.	6.374	1.351	7.725
Savannah Cement Company,LLC	7.382	-	7.382
Soc. Portuaria de Cementeras Asociadas S.A.	-	28.859	28.859
Soc. Portuaria Golfo de Morrosquillo S.A.	37	4.428	4.465
South Central Cement Ltd.	3.465	-	3.465
Transatlantic Cement Carriers	-	10.371	10.371
Urbanizadora Villa Santos Ltda.	31.563	-	31.563
Zona Franca Argos S.A.	49.948	1.767	51.715
Other minor receivables	192	93	285
<b>TOTAL</b>	<b>219.181</b>	<b>289.727</b>	<b>508.908</b>

Company	ACCOUNTS PAYABLE 2009		
	Operating	Loans	Total
Argos USA Corp.	5	-	5
C.I. Carbones del Caribe S.A.S.	3.481	15.127	18.608
C.I. del Mar Caribe BVI Inc	17	-	17
Carbones Nechí S.A.S.	1.293	-	1.293
Cementos de Caldas S.A.	4.782	1.158	5.940
Concretos Argos S.A.	75.507	-	75.507
Corporación de Cemento Andino C. A.	2.275	-	2.275
Corp. e Inversiones del Mar Caribe S.A.S.	-	20.275	20.275
Dicementos Ltda. - En Liquidación	6	-	6
Distribuidora Colombiana de Cementos Ltda. En Liquidación	1.005	-	1.005
Emp. Carbón César y Guajira - EMCARBON S.A.	-	70.230	70.230
Flota Fluvial Carbonera S.A.S.	2	-	2
Ganadería Río Grande S.A.S.	346	-	346
Inversiones Argos S.A.	5.454	-	5.454
Logística de Transporte S.A.	10.475	-	10.475
Profesionales a su Servicio Ltda.	-	9	9
Reforestadora del Caribe S.A.S.	54	-	54
Soc. Portuaria de Cementeras Asociadas S.A.	-	31	31
Soc. Portuaria Golfo de Morrosquillo S.A.	77	-	77
Transatlantic Cement Carrier Inc	1.891	-	1.891
Urbanizadora Villa Santos S.A.S.	4.041	-	4.041
Valle Cement Investment Ltd.	590	-	590
Zona Franca Argos S.A.S.	9.562	-	9.562
Other minor receivables	303	-	303
<b>TOTAL</b>	<b>121.166</b>	<b>106.830</b>	<b>227.996</b>

Company	ACCOUNTS PAYABLE 2008 Operating	Loans	Total
Argos USA Corp.	6	-	6
C.I. del Mar Caribe BVI Inc	59	-	59
C.I. del Mar Caribe S.A.	-	1	1
Carbones Nechi S.A.	374	-	374
Cementos de Caldas S.A.	5.767	506	6.273
Concretos Argos S.A.	54.418	-	54.418
Corporación de Cemento Andino C. A.	2.275	-	2.275
Dicementos Ltda. - En Liquidación	6	-	6
Distribuidora Colombiana de Cementos Ltda. En Liquidación.	1.005	-	1.005
Ganadería Río Grande S.A.	401	-	401
Inversiones Argos S.A.	3.586	25	3.611
Logística de Transporte S.A.	14.355	-	14.355
Marítima de Graneles S.A.	5	-	5
Reforestadora del Caribe S.A.	34	-	34
Soc. Portuaria de Cementeras Asociadas S.A.	-	594	594
Soc. Portuaria Golfo de Morrosquillo S.A.	66	-	66
Transatlantic Cement Carrier Inc	2.355	-	2.355
Urbanizadora Villa Santos Ltda.	5.381	-	5.381
Valle Cement Investment Ltd.	688	-	688
Zona Franca Argos S.A.	87.597	-	87.597
Others	517	-	517
<b>TOTAL</b>	<b>178.895</b>	<b>1.126</b>	<b>180.021</b>

Interest rates on loans to related parties range between 3% and 10% .

2. Revenues obtained for the periods January 1 to December 31, 2009 and January 1 to December 31, 2008:

2009

Company	Sales	Services	Fees	Miscellaneous	Total Revenues
Argos USA Corp.	-	-	-	3.081	3.081
C.I. Carbones del Caribe S.A.S.	27	88	-	4.543	4.658
Carbones Nechí S.A.S.	3	14	-	286	303
Cement and Mining Engineering Inc.	-	-	-	829	829
Concretos Argos S.A.	105.252	222	926	2.730	109.130
Corp. e Inversiones del Mar Caribe S.A.S.	-	-	-	19	19
Flota Fluvial Carbonera S.A.S.	87	9	-	105	201
Ganadería Río Grande S.A.S.	-	-	-	254	254
Inversiones Argos S.A.	-	120	1.808	2.024	3.952
Logística de Transporte S.A.	154	22	926	-	1.102
Port Royal Cement	16.156	-	-	-	16.156
Reforestadora del Caribe S.A.S.	1	10	-	203	214
Savannah Cement Company,LLC	25.857	-	-	-	25.857
Soc. Portuaria Golfo de Morrosquillo S.A.	-	433	-	392	825
South Central Cement	7.066	-	-	-	7.066
Transatlantic Cement Carrier Inc.	-	-	-	529	529
Urbanizadora Villa Santos S.A.S.	-	7	-	14	21
Valle Cement Investments Ltd	-	-	-	1.673	1.673
Zona Franca Argos S.A.S.	23.800	529	504	195	25.028

2008

Company	Sales	Services	Fees	Miscellaneous	Total Revenues
Argos USA Corp.	-	-	31	4.649	4.680
C.I. Carbones del Caribe S.A.	(5)	-	119	8.819	8.933
C.I. del Mar Caribe BVI Inc.	6.578	-	-	-	6.578
C.I. del Mar Caribe S.A.	-	-	-	24	24
Canteras de Colombia S.A.	1	-	-	-	1
Carbones Nechi S.A.	-	-	12	-	12
Cement and Mining Engineering Inc.	-	-	-	599	599
Cimenterie Nationale S.E.M.	58	-	-	-	58
Concretos Argos S.A.	116.563	-	1.301	1.244	119.108
Flota Fluvial Carbonera Ltda.	153	-	7	231	391
Ganadería Río Grande S.A.	1	-	-	442	443
Inversiones Argos S.A.	-	-	2.170	302	2.472
Logística de Transporte S.A.	365	-	1.093	180	1.638
Port Royal Cement	24.070	-	-	-	24.070
Reforestadora del Caribe S.A.	-	-	5	89	94
Savannah Cement Company,LLC	35.335	-	-	-	35.335
Soc. Portuaria Golfo de Morrosquillo S.A.	47	-	-	194	241
South Central Cement Ltd	6.843	-	-	-	6.843
Transatlantic Cement Carrier Inc.	-	-	-	51	51
Urbanizadora Villa Santos Ltda.	-	-	6	-	6
Zona Franca Argos S.A.	35.745	656	327	4.542	41.270

3. Expense incurred for the periods January 1 to December 31, 2009 and January 1 to December 31, 2008

2009

Compañía	Sales	Services	Miscellaneous	Total Expense
C.I. Carbones del Caribe S.A.S.	28.594	-	3.253	31.847
C.I. del Mar Caribe BVI Inc.	33	-	-	33
Canteras de Colombia S.A.S.	2	-	-	2
Carbones Nechí S.A.S.	15.944	-	-	15.944
Cementos Argos S.A.	1.932	-	-	1.932
Concretos Argos S.A.	4.157	-	233	4.390
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	1.363	1.363
Emp Carbón César y Guajira - EMCARBON S.A.	-	-	4.932	4.932
Flota Fluvial Carbonera S.A.S.	234	-	117	351
Inversiones Argos S.A.	-	-	2.242	2.242
Logística de Transporte S.A.	10.213	-	169	10.382
Marítima de Graneles S.A.	272	-	-	272
Reforestadora del Caribe S.A.S.	19	-	-	19
Soc. Portuaria Golfo de Morrosquillo S.A.	2.972	-	-	2.972
Transatlantic Cement Carrier Inc	19.246	-	-	19.246
Zona Franca Argos S.A.S.	68.848	483	-	69.331

## 2008

Company	Sales	Services	Fees	Miscellaneous	Total Expense
Asesorías y Servicios Ltda.	150	-	-	-	150
C.I. Carbones del Caribe S.A.	23.072	577	-	-	23.649
C.I. del Mar Caribe BVI Inc	61	-	-	-	61
Canteras de Colombia S.A.	13	-	-	-	13
Carbones Nechi S.A.	7.352	-	-	-	7.352
Concretos Argos S.A.	2.772	-	-	-	2.772
Flota Fluvial Carbonera Ltda.	179	-	-	-	179
Inversiones Argos S.A.	-	-	-	1.850	1.850
Logística de Transporte S.A.	12.610	-	1.458	1	14.069
Marítima de Graneles S.A.	69	-	-	-	69
Reforestadora del Caribe S.A.	110	-	-	-	110
Soc. Portuaria Golfo de Morrosquillo S.A.	4.314	-	-	-	4.314
Transatlantic Cement Carrier Inc	20.322	-	-	-	20.322
Zona Franca Argos S.A.	61.621	1.226	-	-	62.847

4. In 2009, the Company paid COP 117 in fees to the members of its Board of Directors (2008 COP 104). No other transactions were carried out with any shareholder appearing as real beneficiary of 10% or more of the Company's total shares outstanding, or any members of the Board of Directors, legal representatives or companies in which a shareholder, member of the Board of Director or senior executive of the issuer holds more than a 10% stake, except in the case of factoring arrangements between Cementos Argos S.A. and Inversiones Argos S.A. in 2008 for a total of COP 68.436, this for the purpose of optimizing funds belonging to the Parent Company. Neither were any decisions taken as a result of the Parent Company or any of its subsidiaries exercising their influence or acting in their self interest.

The following is a summary of the transactions carried out with shareholders, directors, legal representatives and senior executives.

	Shareholders	Directors	Legal Representatives and Senior Executives
<b>Year-End 2009</b>			
<b>Assets</b>			
Accounts receivable	4.431	-	5.749
<b>Total assets</b>	<b>4.431</b>	<b>-</b>	<b>5.749</b>
<b>Expense</b>			
Purchases	365	-	-
Interest	1.877	-	-
Salaries	-	-	6.174
<b>Total expense</b>	<b>2.242</b>	<b>-</b>	<b>6.174</b>
<b>Year-End 2008</b>			
<b>Assets</b>			
Accounts receivable	7.476	-	4.591
<b>Total assets</b>	<b>7.476</b>	<b>-</b>	<b>4.591</b>
<b>Expense</b>			
Purchases	1.850	-	-
Interest	1.200	-	-
Salaries	-	-	5.995
<b>Total expense</b>	<b>3.050</b>	<b>-</b>	<b>5.995</b>

In certain cases, accounts receivable with legal representatives and senior management obey labor policies approved by the Board of Directors and policies that equally apply to all employees that are not covered by the Company's current collective labor agreement, and that consist of housing or home renovation loans as well as loans for purchasing cars and attending family problems, each of these events being properly regulated and with sufficient guarantees.

## NOTE 26 – CONTINGENCIES AND SUBSEQUENT EVENTS

In 2009, there were no

1. Inspections or visits carried out by oversight authorities that had given rise to warnings being given or penalties imposed.
2. Sanctions of an administrative, contentious or civil nature imposed by state, departmental or municipal authorities.
3. Company officials for transgressions committed in performing their respective duties,

Subsequent to the closing date of these financial statements the following relevant events occurred:

1. In January of this year, as part of an ongoing unfair competition investigation, the Colombian Superintendency of Industry and Commerce denied the appeals filed by the Company and confirmed the fines imposed on both the Company and its legal representative.
2. In February 2010, Cementos Argos signed a joint venture for USD 3.2 million with Vensur, a company belonging to the Kersten Group, the main business group in Surinam. With this Argos became a shareholder in a cement grinding company with access to port facilities providing silos and packing services.



## FINANCIAL INDICATORS

	2009	2008
<b>Liquidity</b>		
Current ratio		
Current assets / current liabilities	0,82	0,68
Accounts receivable turnover (days)		
Average sales/customer receivables		
- Domestic sales	29	24
- Sales abroad	35	34
Finished goods inventory days (360 days/inventory turnover)	6	9
<b>Solvency and coverage</b>		
Debt /total assets ratio Including valuations	26%	36%
Excluding valuations	58%	59%
<b>Performance</b>		
EBITDA	369.882	327.835
EBITDA margin	26,23%	23,02%
Net profits as a % of operating revenues	14,88%	4,70%
Operating earnings as a % of operating revenue	13,53%	9,79%

## INFORMATIVE SUMMARY

(In millions of Colombian pesos, except for share prices)

	2009	2008
<b>SHARES</b>		
Nominal value	6	6
Equity value	8.527,79	5.536,06
Average stock price	10.823	6.588
Maximum stock price	10.880	6.940
Minimum stock price	10.780	5.930
<b>EMPLOYMENT STATISTICS</b>		
Number of employees	1.359	1.546
Average monthly wage	4	4
Number of workers	1.515	1.540
Average monthly wage	2	2
<b>FINANCIAL POSITION</b>		
Operating assets (Current Assets + Fixed Assets)	1.923.325	2.289.268
Working capital	(246.392)	(665.086)