

ANNUAL REPORT 2011

CEMENTOS ARGOS S.A.





Concrete mixer

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Cartagena Plant Tower

MANAGEMENT

BOARD OF DIRECTORS

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

TOP MANAGEMENT

CEO, José Alberto Vélez
Vice President of Corporate Affairs, Camilo José Abello
CFO, Ricardo Andrés Sierra
Vice President of Human Resources, Jorge Ignacio Acevedo
Vice President of Innovation, Tomás Restrepo
Vice President of Strategic Resources, Víctor Manuel Lizarralde
Vice President of Caribbean Regional Division, Jorge Mario Velásquez
Vice President of Colombia Regional Division, Juan David Uribe
Vice President of USA Regional Division, Eric Flesch

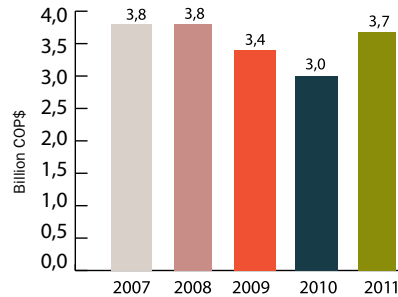
STATUTORY AUDITOR

Deloitte & Touche Ltda.

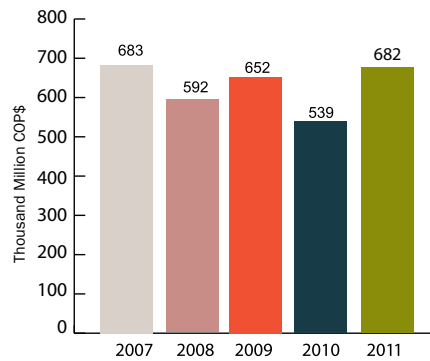
MAIN INDICATORS

FINANCIALS

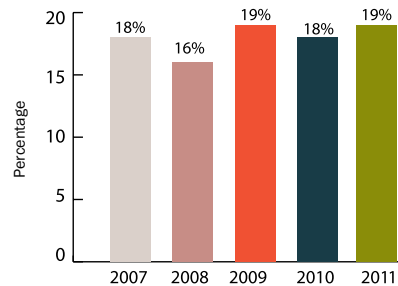
CONSOLIDATED OPERATING REVENUES



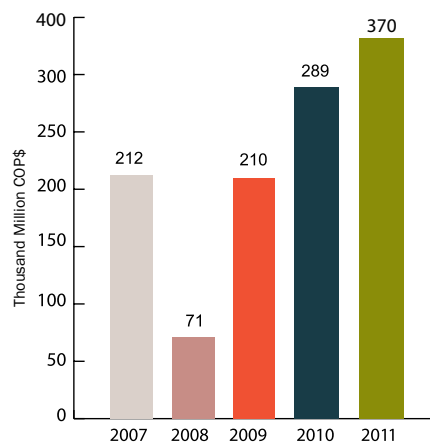
CONSOLIDATED EBITDA



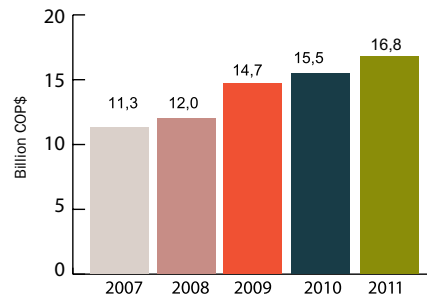
EBITDA MARGIN



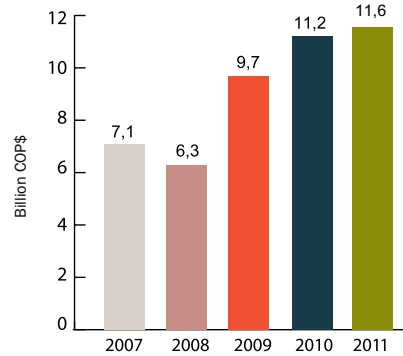
NET INCOME



CONSOLIDATED ASSETS

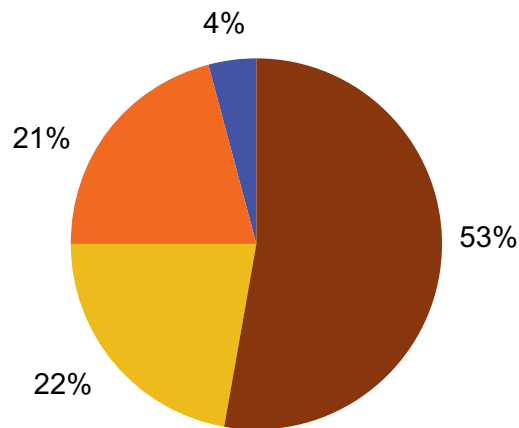


CONSOLIDATED SHAREHOLDERS' EQUITY



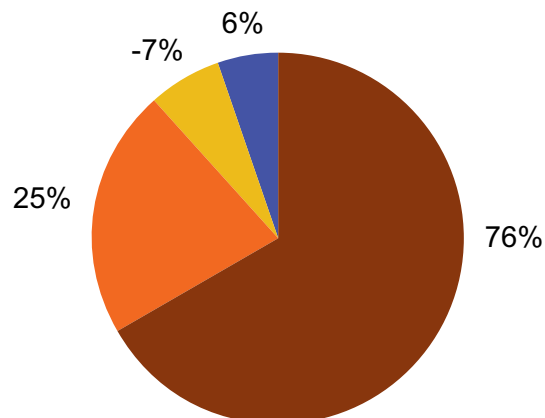
CONSOLIDATED REVENUES 2011 BREAKDOWN

- Colombia Regional Division
- Usa Regional Division
- Caribbean Regional Division
- Other businesses



CONSOLIDATED EBITDA 2011 BREAKDOWN

- Colombia Regional Division
- Caribbean Regional Division
- USA Regional Division
- Other businesses



BUSINESS INDICATORS

CEMENT PLANTS **11**

CLINKER GRINDING STATIONS **6**

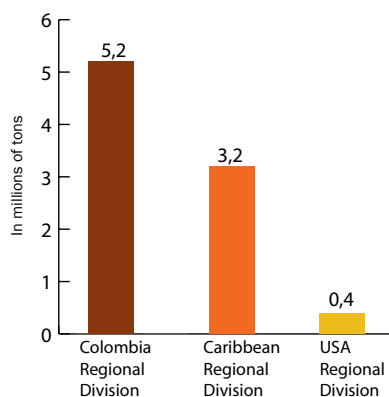
CEMENT BAGGING AND RECEPTION TERMINALS **5**

READY MIX CONCRETE PLANTS **308**

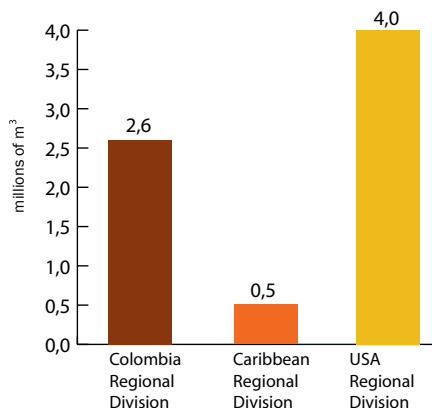
MIXERS **2,006**

COUNTRIES WHERE EXPORTS OF CEMENT AND CLINKER WERE MADE IN 2011 **40**

CEMENT PRODUCTION IN 2011



READY MIX CONCRETE PRODUCTION IN 2011



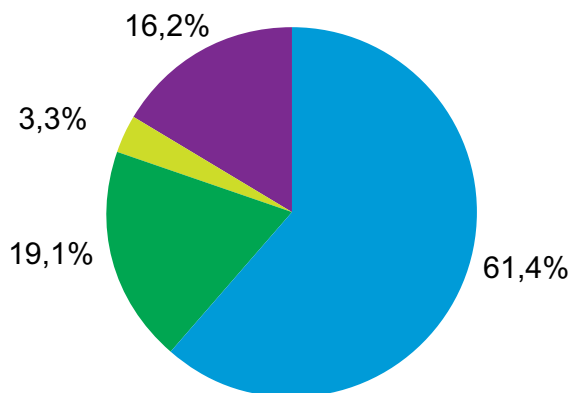
STOCK INDICATORS

NUMBER OF
SHAREHOLDERS
AT DEC. 2011

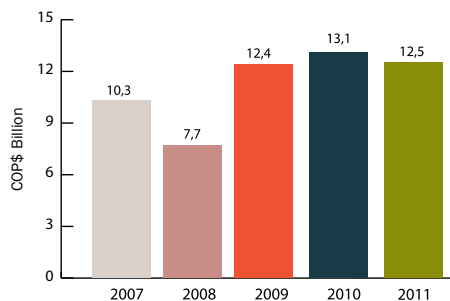
7,889*

SHAREHOLDERS STRUCTURE 2011

- Inversiones Argos
- Pension Funds
- Foreign Investors
- Others



MARKET CAP
AT DEC. 31ST



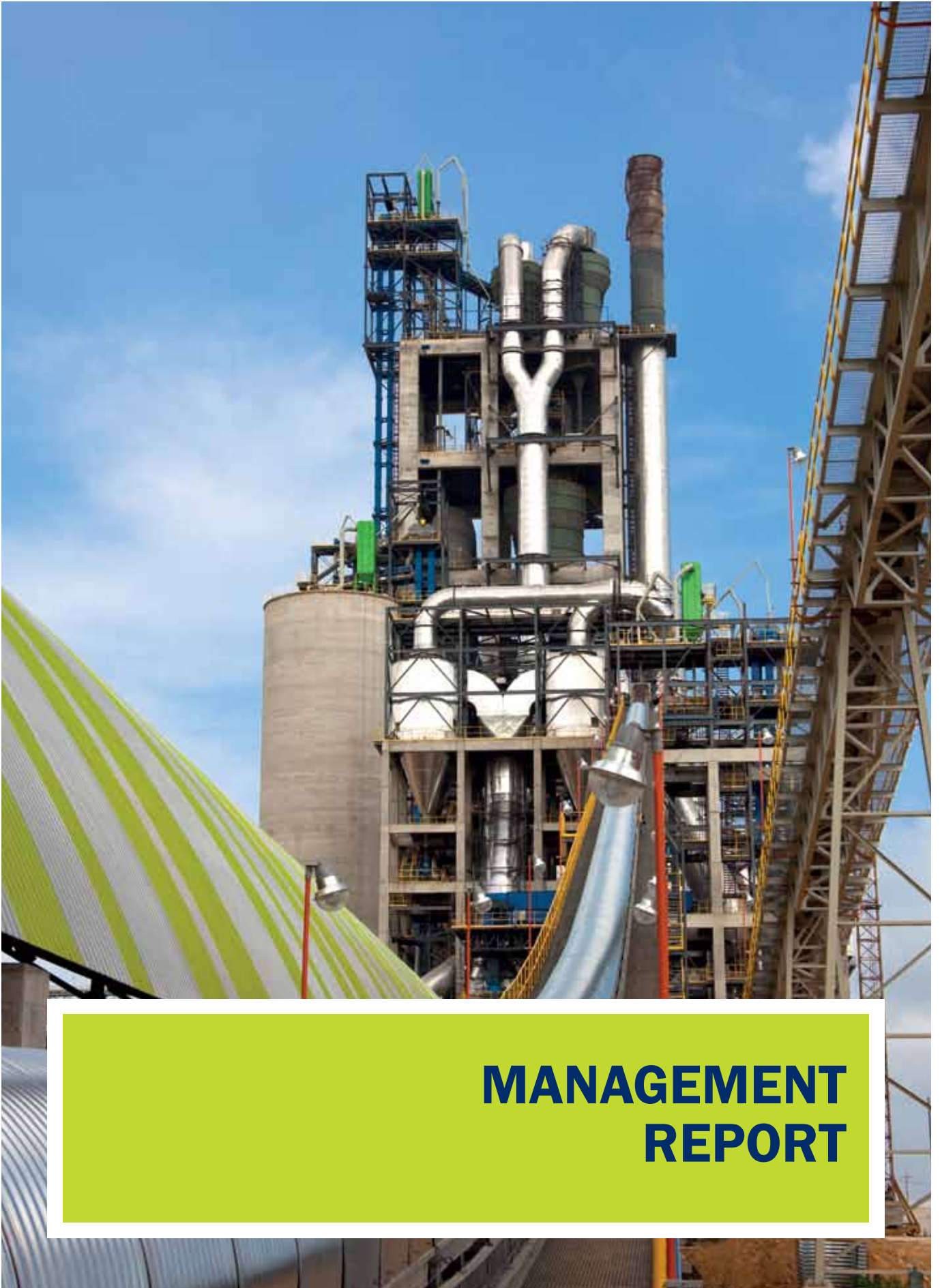
STOCK APPRAISAL
IN 2011

**

-4,7%

** IGBC performance during 2011: -18.3%

* Excludes Repos.



**MANAGEMENT
REPORT**

MANAGEMENT REPORT 2011



Planta de concreto en Houston Texas

The year 2011 was a period of great activity in our company. In addition to having registered increasing operational figures in the majority of our markets and having reached historic highs in cement and concrete volumes in the Colombia and Caribbean regional subsidiaries, Cementos Argos made progress in the consolidation of its operations in the United States and took an important step forward in the strategic reorganization of its activities, on its path to becoming a leading player in the cement, concrete and aggregates sector.

Since the first few months, 2011 promised to be a year of great vitality in our organization; in addition to begin delivering cement to the expansion project of the Panamá Canal, and setting in motion our main concrete production plant in Colombia, we also took an important step in the consolidation of our operations in the United States.

EXPANSION IN THE UNITED STATES

The previous year was an important landmark in our consolidation strategy as a multinational company with presence and leadership in Colombia, the United States and the Caribbean. In May, 2011, we announced the acquisition, for 760 million dollars, of a package of cement and concrete assets that strengthened our presence in the United States and enabled us, among other things, to integrate vertically, to generate important synergies, to become leaders in one of the most dynamic regions of that country and to take advantage of the financial strength of Cementos Argos to expand, at an attractive acquisition value, in a unique moment in the industry. In the midterm we expect this acquisition to generate a significant pillar in the creation of value in view of the potential recuperation of the American market that has been affected by the preceding economic deceleration.

At Argos we have a firm faith in the North American market because despite these difficult years, we are aware of its potential for recovery, given the demographic conditions as well as the solidity of the long term fundamentals of the building activity, the creation of housing and jobs and the disbursements for infrastructure required to uphold competitiveness in the country.

Although Cementos Argos has been present directly in the United States since the year 2005 with concrete operations in Texas, Arkansas, Georgia, Virginia and South Carolina, before closing this transaction we did not as yet, own cement production in that country. Initially, our idea was to achieve a vertical integration with our cement plants located in the northern part of Colombia and the North American concrete plants; however, our goal has always been to be able to count on cement production in the United States. This increases our operational flexibility, allowing us to respond quickly to changes in the market.

The package of assets acquired from the French cement concern, Lafarge included: a cement plant with an installed capacity of 1,6 million tons a year located in Roberta (Alabama); a cement plant with an installed capacity of 1,1 million tons a year, located in Harleyville (South Carolina); a clinker mill located in Atlanta (Georgia) with a capacity of 500 thousand tons of cement a year; 79 concrete plants in the states of Alabama, Georgia, Florida and South Carolina; 347 concrete mixer trucks, 5 railway terminals: 3 in Georgia, 1 in Mississippi and 1 in North Carolina and 1 seaport in Mobile (Alabama).

With this expansion in the North American market, we became the fourth concrete producer in the United States and the second cement producer in the South East region of the country. Moreover our company reached an installed capacity of 16 million tons of cement and 14 million cubic meters of concrete in all of its geographic locations.

INNOVATION

It should be noted that in 2011 we gave a major boost to the innovative dynamics that we wish to develop in Cementos Argos as a fundamental pillar of our sustainability. This was evinced in the very structure of the Company, as the Business Development Vice-presidency changed its name to Innovation Vice-presidency, with the mindset and organizational commitment that this change implies.

One of the most important initiatives in this area has been the creation of a technologies portfolio for the production of Green Cements. The first of these was implemented by Ceratech, an American company that developed a cementing agent with an almost neutral carbon footprint. Although this product is still in the development stage, very promising technical analyses and marketing tests have been carried out, not only because it is a sustainable material but because of its high technological performance.

In addition, in September we acquired a complete Research and Development facility which will have the fundamental purpose of implementing applied research projects that will lead to new generations of Argos processes and products. The investment involved in this center will be supplemented by the construction of a building of approximately 3.000 square meters in the campus of Eafit University in Medellín, thus taking advantage of the synergies and resources of that educational research and learning environment.

At the end of the year, in December, we held the first Argos Innovation Summit. The purpose of this event was to define the strategic architecture of IDEAXION, our Innovation System. The Summit was a landmark event in the sense that it brought together over 120 individuals from different areas and locations of our organizations and reaffirmed our commitment with regard to this topic which becomes more and more relevant for Argos and for the world at large.

DEMERGER OF NONRELATED CEMENT ASSETS

One of the events to be underscored in 2011 was the approval, by you, the shareholders, of the takeover demerger project that was undertaken by our Company some months in the past, which sought to convert Cementos Argos into an organization focused exclusively on the strategic business of cement, concrete and aggregates.

This Project involved the demerger of assets not associated to the cement activities of Cementos Argos and its take-over by Inversiones Argos. As compensation for these assets, you, the shareholders of Cementos Argos, as well as the shareholders of Inversiones Argos, in special and independent Shareholders Meetings approved that the latter issue in favor of the shareholders of Cementos Argos, preferred shares at the ratio of 0.31 preferred shares of Inversiones Argos for each share of Cementos Argos.

Throughout its history and due to the investment of excess liquidity, warranty reserves of limestone, aggregates and coal, logistics optimization and share reorganization, the general balance sheet of Cementos Argos is composed by the value of its cement operations and other assets not directly associated with this activity, among which real estate, coal, port and portfolio investments are noteworthy.

Beyond the rewards inherent to the soundness of the balance sheet and the support of capital, mining, energy and logistic resources that these assets provided for Cementos Argos, their presence in the balance sheet of the Company had hindered a thorough understanding as well as its analysis and value calculations, especially from the point of view of the investing public, thus limiting its appeal as an investment alternative.

It is important to clarify that Cementos Argos has a stock portfolio that allows it to back up its debt levels and which, in the future, could be used as a resource for the expansion and support of the operation. The investment portfolio that remains within Cementos Argos after the demerger is composed as follows:

- 6% of the Grupo de Inversiones Suramericana common
- 6% of the Bancolombia common and
- 2% of Cartón de Colombia

Finally, it should be noted that the term of the distribution ratio of this transaction, approved by Cementos Argos and Inversiones Argos Special Shareholders' Meetings, was proposed by their respective Boards of Directors, based on calculations made by international investment banks. Credit Suisse, the investment bank, provided advisory to Cementos Argos and issued a Fairness Opinion on this distribution ratio.

SUSTAINABILITY

For Cementos Argos, 2011 was a year of significant achievements in terms of sustainability in three dimensions: economic, social and environmental. It allowed us to make progress towards strengthening best practices and international standards using the methodology established by the Global Reports Initiative (GRI) on sustainability.

We persevere in our commitment to the principles of the Global Compact and we participate in the Regional Center of the Global Compact for Latin America and the Caribbean with the purpose of sharing experiences with different organizations of the region and generating initiatives that allow us to reinforce our practices. In this sense, the Company has developed significant processes linked to the ten principles of the Global Compact, focused on human rights, labor relations, the environment and anti-corruption.

During the year we played an active role in the international conferences of the World Business Council for Sustainable Development (WBCSD) and its Cement Sustainability Initiative (CSI) in which Cementos Argos is the only Colombian company that participates. Through this initiative we have managed to consolidate tools and strategies that enable the cement industry to be more environmentally friendly.

In addition, and for the fourth consecutive year, we were selected to participate in the annual Dow Jones Sustainability Index study (DJSI) that evaluates the most successful companies in the field of sustainable development; in 2011, we obtained the best scores in the results our industry's survey on topics such as customer service, corporate citizenship and philanthropy and were deemed well above the average in industrial security and occupational health, relations with stakeholders, standards for suppliers, logistics and in our social report. However, we have substantial challenges which we consider to be great opportunities for innovation and learning for our organization.

In the environmental dimension, this year we created the environmental policy and obtained the measurement of the carbon footprint of the Company, a process that enables us to define strategies and goals in the reduction of emissions in the mid and long terms. In addition, we became the first cement company in the world that has a forestry project registered with the United Nations in the framework of the Clean Development Mechanism and which is regulated by the Kyoto Protocol. In this project we have reforested a total of 2.750 hectares with Teak trees in San Onofre (Sucre), Sonsón and San Francisco (Antioquia).

With regard to the social dimension, we wish to point out the multicultural characteristic of our organization. Nearly 800 individuals joined the operations in the United States and became integrated into Argos' culture. In this way, Cementos Argos becomes consolidated with operations in different countries, implementing communications in different languages such as Spanish, English, French and Dutch.

Additionally, we carry out significant social work with 672 communities in the areas of influence of our operations in Colombia, Haiti, Dominican Republic and Panamá. In 2011, we invested eleven million dollars in educational and productive projects and in community infrastructure and new housing in Haiti for our workers affected by the earthquake of January, 2010.

The above is but a brief example of our commitment to sustainability and of the substantial challenges that we face, and where we will continue to work on a daily basis to generate value and sustainability for our company, society and the planet. We believe that with learning and innovation in practices that are ever more environmentally friendly, respectful of people and economically viable, we will always be at the forefront of the challenges that the world faces today in terms of sustainable development.

CORPORATE RESULTS

On a consolidated basis, we obtained operational income close to 3.7 trillion pesos (2.0 billion dollars), showing an increase of 21% in pesos, or 24% in dollars, versus 2010. Of these revenues, 53% came from the sales of the Colombia Region, 22% from the USA Region, 21% from the Caribbean Region and the remaining 4%, from other businesses. The EBITDA was 682 billion pesos (369 million dollars), showing an increase of 26% in pesos or 30% in dollars. The EBITDA margin went from 18% in 2010 to 19% in 2011.

The consolidated operating income came to 347 billion pesos (189 million dollars), showing a growth of 59% in pesos or 65% in dollars. Given the still timid forces at work of the construction industry in the United States and due to the accounting legislation of that country an impairment of assets was generated in the amount of 74 billion pesos (40 million dollars). This is purely an accounting effect and does not affect the cash flow of our company; in this way, the consolidated operational profit after the impairment of assets amounted to 273 billion pesos (149 million dollars).

Consolidated net income for the year 2011 amounted to 370 billion pesos (206 million dollars) showing an increase of 28% in pesos or 32% in dollars. It is important to bear in mind that the net profit for 2011 is affected by extraordinary events such as the sale of shares of the Grupo de Inversiones Suramericana to our parent company, Inversiones Argos, a fact that generated a non-operating profit from the sale of investments in the amount of 607 billion pesos; the above within the framework of our strategy of financing the purchase of assets in the Southeast of the United States and under the guidelines of concentrating the portfolio investments at the level of our parent company, Inversiones Argos.

Related to the above and considering the extraordinary profits earned by the divestments mentioned, during 2011 we decided to implement mainly the amortization of intangibles, goodwill and actuarial calculations, which as a whole generated extraordinary non-operating expenses in the order of 247 billion pesos. It is important to point out that the extraordinary amortizations respond clearly to accounting decisions and did not compromise the cash flow of the Company. In addition, thanks to the implementation of these amortizations, the effect of these adjustments will generate, in the future, an approximate savings in amortizations of 27 billion pesos a year, thus resulting in a higher profit.

The individual Income Statement, showed operating revenues in excess of 1.6 trillion pesos, an EBITDA of 417 billion pesos, an operating income of 288 billion pesos and a net income of 370 billion pesos.

On a consolidated basis, the assets amounted to 16.8 trillion pesos (8.6 billion dollars) and increased by 8% in pesos or 7% in dollars in comparison to December, 2010. During this same period, liabilities increased by 21% in pesos, or 19% in dollars for a total of 5.1 trillion pesos (2.6 billion dollars). The assets (net worth) reached 11.6 trillion pesos (6.0 billion) with a 4% increase in pesos or 2% in dollars.

It should be pointed out that the increase in liabilities was due mainly to the increase of financial obligations which helped leverage the acquisition of the assets in the Southeast of the United States. Ever since the announcement of the transaction, the purpose was to take on a temporary debt that would be paid by the disinvestment of non-related cement assets during the following months. We are currently working on a long term funding plan that will allow us to maintain adequate leverage levels that adapt to the projections of the cash flow of the company.

THE BUSINESS IN COLOMBIA

Our Colombia Region sector registered an excellent 2011, when not only did we play a leading role but also reached the maximum cement and concrete levels marketed in this country since the Company was established.

The interesting local economic juncture and the deployment of investments in commercial projects, housing and infrastructure made the results of this Region sustain a tendency towards growth throughout all of 2011. The importance of the recent approval of the Free Trade Agreement in our country with its relevant commercial associate, the United States should be pointed out, because in view of Colombian competitiveness, the investments in infrastructure will become more important in the investment agenda of the country, reflecting an encouraging demand of our products in the civilian works subsector.

In addition, another factor that reflects the interesting consumption potential of cement within our country is the positive tendency of the purchasing power of this material that has become evident during the last 10 years. Based on this, while in 2001, with a minimum wage in Colombia one could purchase an average of seventeen 50Kg cement bags, today one can purchase an average of 25 bags.

During the year, we sold 5 million tons of grey cement in the Colombia Region, which shows a positive variation of 19% in comparison to 2010. For the same period, we marketed 2.6 million cubic meters of concrete, with a significant increase of 35%. These volumes, both in cement and in concrete, have been the highest deliveries made in Colombia since our Company was established.

We also traded 111 thousand tons of white cement, 46 thousand tons of lime, 858 thousand tons of aggregates and 27 thousand tons of cement for the oil industry.

The revenues of the Region amounted to 1.9 trillion pesos, a figure higher by 24% with respect to that of 2010. Moreover, the EBITDA was above 597 billion pesos, representing an increase of 24%, and reflecting the advantages of the operative leverage that resulted from the strict control of expenses in the midst of a growing global juncture in costs of raw materials. The EBITDA margin was stable at 31%.

Finally, we uphold our positive position in terms of the Colombian market, and we are convinced of the immense potential that it represents for Cementos Argos with regard to demand and profitability in the coming years; not only are considerable investments in infrastructure foreseen for that time, but also leading indicators of the sector, such as the square meters approved for housing lead us to believe that the dynamism of the construction industry in Colombia will prevail for more years to come.

BUSINESS IN THE UNITED STATES

The results of the United States Region continue to reflect a still timid recuperation of the construction industry in that country. However, it is worth mentioning that although cement and concrete prices are still below their historical average, we have noticed stabilization since a few months back and a slightly upward trend that we hope will continue in 2012. It is also important to bear in mind that during the year the states where we are located were victims of adverse climate conditions and suffered the impact of tornados, hurricanes and rain that prevented the normal delivery of concrete in the country and also impacted negatively the profitability of the Region.

However, and beyond the reported financial figures and the still challenging situation of the industry, we have implemented different initiatives in order to maintain competitiveness and to be prepared for the moment when the vitality of the construction industry is reactivated in this country. After having operated for several years in the USA Region through two companies: Ready Mix Concrete and Southern Star Concrete, in February we announced the transition to only one brand, Argos, which, as has been the case in Colombia, we hope will become consolidated as a symbol of quality, service and respect for the environment.

We would also like to share with you that today Argos USA, our company in this country is the first in terms of the number of concrete plants with the Green Star certification, a seal granted to those installations with high standards of operative efficiency, but above all, with commitment to the environment. Currently, 60 of our concrete plants in the United States have the Green Star certification of a total of 253 certified plants of the North American concrete industry.

As mentioned above, the year 2011 was greatly relevant in the demarcation of our strategy in the United States because we were able to take advantage of the difficult dynamics of the sector in order to acquire, at an attractive price, a significant package of cement and concrete related assets which would allow us, among other things, to vertically integrate our cement and concrete operations in the Southeast region of the country and to become leaders in one of the most dynamic markets of this area, as is the case of the city of Atlanta. It is, therefore, important to convey to you, the shareholders, that this acquisition is based on a long term strategy and permanence in the United States; and therefore, it is appropriate to emphasize the fact that 2012 and 2013 will most certainly be years of low dynamics in this country, and as a result, of low profitability for our operations. However, in the midterm we hope that this economy will materialize the different plans for updating infrastructure and housing required by a society of such interesting demographic characteristics and important perspectives of growth as that of the United States.

With regard to financial figures reported by the USA Region, it is worth noting that the assets acquired in the Southeast contributed to consolidate the results of the company, effective October 3, 2011, the date on which the close of the transaction was formalized.

In 2011 we recorded sales in the amount of 441 million dollars, growing by 16% in comparison to 2010. Meanwhile, the EBITDA was minus \$ 27 million dollars, mainly reflecting the still low prices in the sector and the adverse climate conditions prevalent during a few months of the year. It is important to bear in mind that the EBITDA of the Region was affected by extraordinary and non-recurring expenses, in the order of 11 million dollars, associated to the acquisition of the assets from Lafarge. According to North American accounting regulations, these expenses must be entered in the books as operating expenses and for this reason they impacted the EBITDA for 2011 directly.

In the Gulf Zone (states of Texas and Arkansas) in 2011 we traded 2.7 million concrete cubic meters, showing a positive variation of 3% compared to 2010. In the same manner, in the Southeast Zone (states of Georgia, South Carolina, North Carolina and Virginia) the volume of concrete sold was 1 million cubic meters, increasing by 5%. This volume refers to the assets held in the Southeast before the purchase made to Lafarge.

Based on the above, the assets acquired in the Southeast of the United States, registered for the three months that consolidated our figures in 2011, volumes of cement and concrete of 356 thousand tons and 231 thousand cubic meters respectively, for total sales of 64 million dollars and an EBITDA of minus 400 thousand dollars.

BUSINESS IN THE CARIBBEAN

During 2011, the Caribbean proved to be a significant accumulation of regions that reflect positive forces at work in terms of growth. In addition, our Cartagena Plant, classified within this Region, continued registering in its new production line, excellent results in terms of efficiency and productivity and operates today at its nominal capacity of 1.8 million tons per year, profitably supplying the Caribbean and the Central American markets as well as the Colombian market.

Today, Cementos Argos has a significant logistic network in the Caribbean basin, which has enabled it to maximize the benefits of geographical diversification and trading flexibility after the expansion strategy in these markets. The logistic and production synergies of the Caribbean make the Region an important source of revenues and EBITDA, with markets that reflect for most of 2011, growing figures and a promising potential, given the needs in infrastructure and housing.

Evidence of the above is the Panamánian market, which continues on the path of robust investments in infrastructure and a construction sector with interesting perspectives in terms of growth. Works such as the expansion of the Canal, the expansion of the airport of Panamá City, sanitation works of the bay and diverse hydropower works reflect the potential of this market where we maintain a significant participation in the neighborhood of 50%.

The consolidated revenues of the Caribbean Region amounted to 422 million dollars, registering a growth of 32% in comparison with 2010. This increase is explained for the most part by the vitality in the different markets of the Caribbean basin and by the expansion of the Cartagena plant which completed its first year of operation in 2011.

The EBITDA went from 62 million dollars in 2010 to 105 million dollars in 2011, growing by 70%. Meanwhile, the EBITDA margin of 2011 increased by 25% in comparison to 19% achieved in 2010.

In the operations in Panamá, the accumulated cement sales volume during the year amounted to 900 thousand tons, with an increase of 23% versus 2010. The EBITDA registered in this country increased by 25%, amounting to 58 million dollars.

Meanwhile, in the operations of the Dominican Republic and Haiti, sales volumes reached 340 thousand and 550 thousand tons respectively. This signified increases of 3% in the case of the Dominican Republic and 18% in Haiti. The EBITDA in Dominican Republic was 12 million dollars, increasing by 3% versus 2010. Haiti registered 7 million dollars, decreasing by 3%.

In our terminals at St. Thomas, St. Marteen, Dominica, Antigua y Curacao (CARICEMENT) in 2011 we achieved a significant recuperation versus 2010; the year was affected by a difficult juncture in terms of prices in these markets. For 2011, revenues for CARICEMENT registered a positive variation of 17% amounting to 17 million dollars. Thus, the EBITDA reached a breakeven point after having registered a negative figure of 1 million dollars in 2010.

In conclusion, Shareholders, 2011 was a satisfactory year for our company as a consequence of positive dynamics in the greater part of our markets, but especially because of the constant commitment we share of being more and more efficient and innovative and of responding swiftly to the changes in the environment. We expect to continue on this path in order to continue generating value for you and upholding the name of Argos, green light.

LEGAL ASPECTS

Administrative and judicial processes and the overall legal status of the Company have developed normally without rulings or relevant events.

During 2011, no significant operations took place with partners or administrators; the details of the operations made with associates are shown in Notes Nos. 25 and 26 of the individual and consolidated Financial Statements respectively.

The details of the operations mentioned in paragraph 3 of Article 446 of Commercial Code can be seen in the brochure, and the details of each of these operations can be found on the USB drive that has been given to you with this report. It should be pointed out that this document was part of the information that was made available to the shareholders during the period provided for by law for exercising the right of inspection.

The Company has strictly complied with the rules that refer to intellectual property and copyright; it has designed and observed the policies and necessary controls to guarantee compliance and proof of their application is preserved within the Company.

In the same manner, the operation of the controls established in the Company has been verified, and the existing systems have been satisfactorily assessed in terms of the disclosure and control of financial information, finding that they operate adequately.

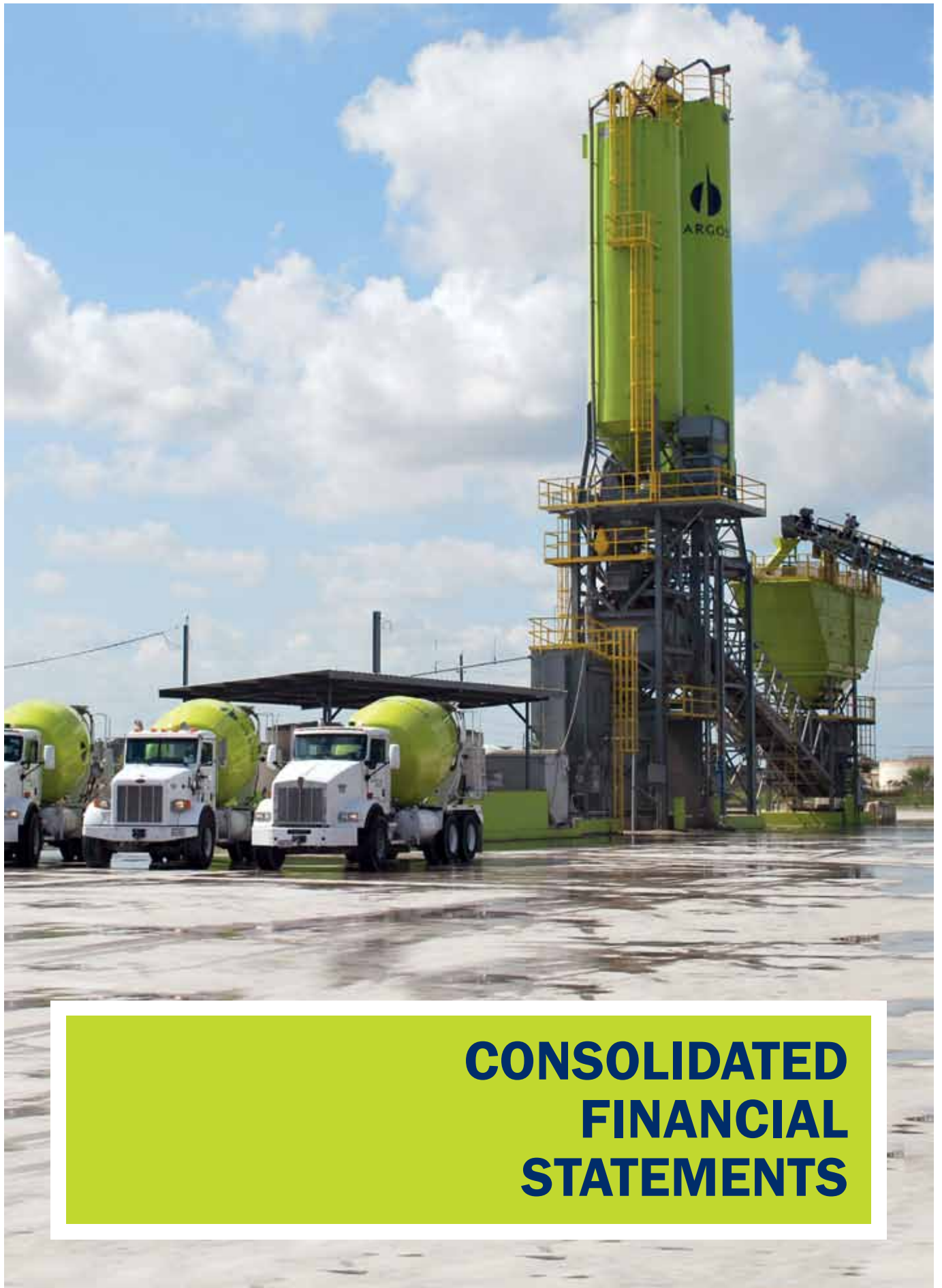
The company has not had certain and definitive information regarding important events that have occurred between the accounting closing date and the preparation of this report that could compromise its evolution or the assets of the shareholders.

BOARD OF DIRECTORS

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

Chair

José Alberto Vélez



**CONSOLIDATED
FINANCIAL
STATEMENTS**


CEMENTOS ARGOS S.A. CONSOLIDATED BALANCE SHEET

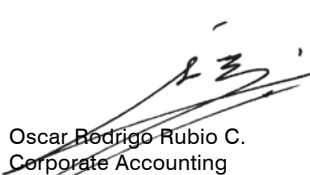
At December 31


(Millions of Colombian pesos)

| ASSETS | Notes | 2011 | 2010 |
|--|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash | | 262,952 | 241,058 |
| Negotiable investments | 5 | 27,983 | 235,072 |
| Receivables, net | 6 | 837,267 | 687,873 |
| Inventories, net | 7 | 376,626 | 289,475 |
| Prepaid expenses | | 29,530 | 23,617 |
| TOTAL CURRENT ASSETS | | 1,534,358 | 1,477,095 |
| NON CURRENT ASSETS | | | |
| Long term debtors | 6 | 53,815 | 38,230 |
| Inventories | 7 | 38,237 | 39,412 |
| Long term investments | 8 | 299,457 | 340,108 |
| Property, plant and equipment, net | 9 | 4,177,137 | 2,870,683 |
| Deferred charges and intangible assets | 10 | 1,466,387 | 1,634,481 |
| Other assets | | 26,933 | 44,319 |
| Asset appraisals | 19 | 9,184,742 | 9,036,539 |
| TOTAL NON-CURRENT ASSETS | | 15,246,708 | 14,003,772 |
| TOTAL ASSETS | | 16,781,066 | 15,480,867 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Financial obligations | 11 | 1,269,423 | 682,182 |
| Bonds Payable | | 224,002 | - |
| Securities | 12 | 199,030 | 250,000 |
| Suppliers and Accounts Payable | 13 | 618,347 | 500,749 |
| Taxes, levies and contributions | 14 | 121,499 | 46,445 |
| Labor obligations | 16 | 87,072 | 36,419 |
| Other liabilities | 17 | 322,083 | 249,145 |
| TOTAL CURRENT LIABILITIES | | 2,841,456 | 1,764,940 |
| LONG TERM LIABILITIES | | | |
| Financial obligations | 11 | 719,717 | 700,167 |
| Taxes, levies and contributions | | 63,481 | - |
| Labor liabilities | 16 | 253,366 | 224,990 |
| Deferred charges | 15 | 87,074 | 160,869 |
| Accounts payable | 13 | 111,122 | 136,850 |
| Bonds payable | 12 | 1,006,146 | 1,228,506 |
| TOTAL NON-CURRENT LIABILITIES | | 2,240,906 | 2,451,382 |
| TOTAL LIABILITIES | | 5,082,362 | 4,216,322 |
| Minority interest | | 81,305 | 88,468 |
| SHAREHOLDERS' EQUITY , see attached statement | 18 | 11,617,399 | 11,176,077 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 16,781,066 | 15,480,867 |
| Memorandum accounts | 20 | 3,517,113 | 3,358,117 |

The accompanying notes are an integral part of the Financial Statements


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



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



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


CEMENTOS ARGOS S.A.
CONSOLIDATED STATEMENT OF INCOME
Years ended December 31st
(Millions of Colombian pesos)

| | Notes | 2011 | 2010 |
|--|-------|----------------|----------------|
| Operating revenues | | 3,668,610 | 3,023,069 |
| Cost of sales | | 2,904,365 | 2,423,433 |
| GROSS INCOME | | 764,245 | 599,636 |
| Operating expenses | | | |
| Administration expenses | 21 | 282,230 | 253,709 |
| Sales expenses | 22 | 134,722 | 127,327 |
| Total operating expenses | | 416,952 | 381,036 |
| OPERATING INCOME BEFORE ASSET IMPAIRMENT | | 347,293 | 218,600 |
| Asset impairment | 10 | 74,460 | 88,343 |
| OPERATING INCOME AFTER ASSET IMPAIRMENT | | 272,833 | 130,257 |
| Other non-operating income (expenses) | | | |
| Financial revenues | | 18,785 | 12,981 |
| Dividends and shares received | | 72,283 | 81,374 |
| Financial expenses | | (195,963) | (192,208) |
| Foreing exchange difference | 23 | (15,848) | 758 |
| Other revenues | 24 | 746,023 | 592,268 |
| Other expenses | 25 | (493,335) | (295,491) |
| Income before tax provision | | 404,778 | 329,939 |
| Income tax provision | 14 | 25,024 | 31,947 |
| INCOME BEFORE MINORITY INTEREST | | 379,754 | 297,992 |
| Net profit sharing in subordinate companies | | (9,780) | (9,114) |
| CONSOLIDATED NET INCOME | | 369,974 | 288,878 |
| Net income per share | | 321.2 | 250.8 |

The accompanying notes are an integral part of the Financial Statements

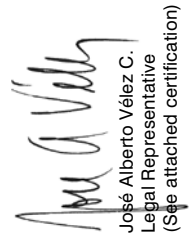

 José Alberto Vélez C.
 Legal Representative
 (See attached certification)

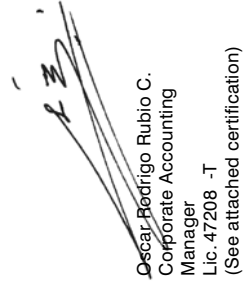

 Oscar Rodrigo Rubio C.
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 (See attached certification)

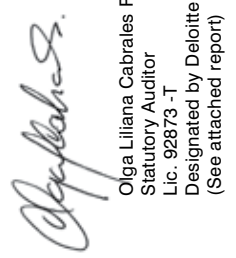

 Olga Lilia Cabrales P.
 Statutory Auditor
 Lic. 92873 -T
 Designated by Deloitte & Touche Ltda.
 (See attached report)

CEMENTOS ARGOS S.A.
STATEMENTS OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY
 Years ended December 31st
 (Millions of Colombian pesos)

| | Capital | Premium on placement of shares | Legal reserve | Reserve for future expansions and investments | Other reserves | Total Reserves | Revaluation of shareholders' equity | Income from previous periods | Income for the period | Asset Appraisal Surplus | Total shareholders' equity |
|--|--------------|--------------------------------|---------------|---|----------------|----------------|-------------------------------------|------------------------------|-----------------------|-------------------------|----------------------------|
| BALANCES AT DECEMBER 31, 2009 | 7,291 | 210,819 | 23,163 | 585,331 | 12,469 | 620,963 | 1,001,609 | - | 209,827 | 7,689,871 | 9,740,380 |
| Transfer to income from previous periods | - | - | - | - | - | - | - | 209,827 | (209,827) | - | - |
| Release of untaxed reserves for future expansions | - | - | - | (1,328) | - | (1,328) | - | 1,328 | - | - | - |
| Dividends issued in cash at \$126 per year per share payable in four installments as of April 2010 | - | - | - | - | - | - | - | (145,111) | - | - | (145,111) |
| Other movements in reserves | - | - | - | - | 11 | 11 | - | (6) | - | - | 5 |
| Income in the year | - | - | - | 62,630 | 6 | 62,630 | - | (62,630) | - | - | 6 |
| Appropriation of the reserve for future expansions | - | - | - | - | 3,408 | 3,408 | - | (3,408) | - | - | - |
| Appropriation of the reserve for tax requirements | - | - | - | - | - | - | (19,870) | - | - | - | (19,870) |
| Tax on equity | - | - | - | - | - | - | - | - | - | 1,311,789 | 1,311,789 |
| Appraisal surplus | - | - | - | - | - | - | - | - | 288,878 | - | 288,878 |
| Income for the period | - | - | - | - | - | - | - | - | - | - | - |
| BALANCES AT DECEMBER 31, 2010 | 7,291 | 210,819 | 23,163 | 646,633 | 15,894 | 685,690 | 981,739 | - | 288,878 | 9,001,660 | 11,176,077 |
| Transfer of income from previous periods | - | - | - | - | - | - | - | 288,878 | (288,878) | - | - |
| Release of untaxed reserve for future expansions | - | - | - | (6,135) | - | (6,135) | - | 6,135 | - | - | - |
| Dividends issued in cash at \$132 per year per share payable in four installments as of April 2011 | - | - | - | - | - | - | - | (152,021) | - | - | (152,021) |
| Other changes in reserves | - | - | - | - | 17,479 | 17,479 | - | - | - | - | 17,479 |
| Changes in translation of financial statement | - | - | - | - | - | - | 37,782 | - | - | - | 37,782 |
| Income for the year | - | - | - | 142,992 | - | 142,992 | - | (142,992) | - | - | - |
| Appropriation of the reserve for future expansions | - | - | - | - | - | - | - | - | - | - | - |
| Appropriation of the reserve for tax requirements | - | - | - | - | - | - | (127,347) | - | - | - | (127,347) |
| Tax on equity | - | - | - | - | - | - | - | - | - | 295,455 | 295,455 |
| Appraisal surplus | - | - | - | - | - | - | - | - | - | - | 369,974 |
| Income for the period | - | - | - | - | - | - | - | - | - | - | - |
| BALANCES AT DECEMBER 31, 2011 | 7,291 | 210,819 | 23,163 | 783,490 | 33,373 | 840,026 | 892,174 | - | 369,974 | 9,297,115 | 11,617,399 |


 José Alberto Vélez C.
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 (See attached certification)


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 (See attached certification)


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 (See attached report)

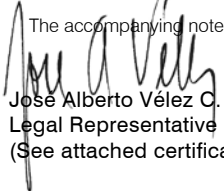
CEMENTOS ARGOS S.A.

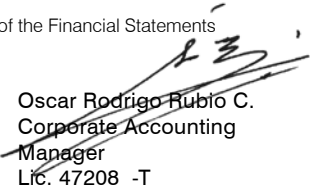
STATEMENTS OF CONSOLIDATED CHANGES IN FINANCIAL POSITION

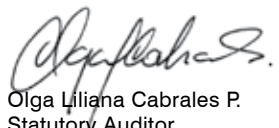
Years ended December 31st
(Millions of Colombian pesos)

| | 2011 | 2010 |
|--|--------------------|------------------|
| FINANCIAL RESOURCES WERE PROVIDED BY: | | |
| Net consolidated income | 369,974 | 288,878 |
| Add (less) debit(credit) to income statements that does not affect working capital | | |
| Depreciation and amortizations of property, plant and equipment | 269,813 | 249,471 |
| Amortization of deferred charges and other | 155,881 | 71,111 |
| Other amortizations expenses | 1,642 | 1,642 |
| Provision recovery for protection of property, plant and equipment, net | - | 2,620 |
| Provision for the protection of investments, net | - | 6,295 |
| Intangible assets written-off | 96,799 | - |
| Long term financial liabilities and accounts payable exchange differences | 53,325 | 2,321 |
| Gain from the sale of property, plant and equipment, net | (8,554) | (1,885) |
| Loss from the disposal of property, plant and equipment | 13,803 | 74,237 |
| Gain from the sale of permanent investments | (641,155) | (509,220) |
| Amortization of retirement pensions | 26,795 | 4,697 |
| Share of minority interests | 9,780 | 9,114 |
| Asset impairment | 74,460 | 88,343 |
| WORKING CAPITAL PROVIDED BY YEARS' OPERATIONS | 422,563 | 287,624 |
| FINANCIAL RESOURCES GENERATED BY OTHER RESOURCES: | | |
| Sale of property, plant and equipment | 21,056 | 176,872 |
| Sale of permanent investments | 715,280 | 547,856 |
| Increase in long term labor obligations | 1,581 | - |
| Increase in long term taxes | 63,481 | - |
| Increase in deferred charges and other long term obligations | - | 29,246 |
| Decrease in long term creditors | - | 19,292 |
| Decrease in deferred assets and intangible assets | (159,046) | 114,946 |
| Decrease in other long term assets | 17,386 | 32,676 |
| (Decrease) increase in minority interests | - | 1,344 |
| Decrease in long term inventories | 1,175 | - |
| Increase in equity from other equity variations | 192,733 | - |
| TOTAL FINANCIAL RESOURCES PROVIDED | 1,276,209 | 1,209,856 |
| FINANCIAL RESOURCES WERE USED FOR: | | |
| Increase in long term inventories | - | 39,412 |
| Acquisition of property, plant and equipment | 253,530 | 491,977 |
| Acquisition of long term investments | - | 3,333 |
| Increase in long term investments from income realization | 33,474 | - |
| Dividends declared | 152,021 | 145,111 |
| Decrease in long term financial liabilities | 34,093 | 255,949 |
| Decrease in long term accounts payable | 25,410 | 44,410 |
| Transfer of bonds to short term | 224,002 | - |
| Decrease in deferred long term obligations | 73,795 | - |
| Decrease in labor obligations | - | 2,533 |
| Increase in long term receivables | 15,585 | - |
| Decrease in minority interests | 7,163 | - |
| Net increase in property, plant and equipment from incorporation of companies | 1,349,042 | - |
| Decrease in equity from other equity variations | - | 92,475 |
| Payment of tax on equity | 127,347 | 19,870 |
| Transfer of controlled permanent investments to non controlled permanent investments | - | 47,029 |
| TOTAL FINANCIAL RESOURCES USED | 2,295,462 | 1,142,099 |
| (DECREASE) INCREASE IN WORKING CAPITAL | (1,019,253) | 67,757 |
| CHANGES IN THE COMPONENTS OF WORKING CAPITAL: | | |
| Cash and temporary investments | (185,195) | (168,977) |
| Debtors, net | 149,394 | (64,476) |
| Inventories, net | 87,151 | (71,660) |
| Prepaid expenses | 5,913 | (15,933) |
| Financial liabilities | (587,241) | 75,917 |
| Outstanding bonds | (224,002) | - |
| Securities | 50,970 | 50,000 |
| Suppliers and accounts payable | (117,598) | 105,514 |
| Taxes, contributions and levies | (75,054) | 147,780 |
| Labor liabilities | (50,653) | (7,899) |
| Other liabilities | (72,938) | 17,491 |
| (DECREASE) INCREASE IN WORKING CAPITAL | (1,019,253) | 67,757 |

The accompanying notes are an integral part of the Financial Statements


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


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

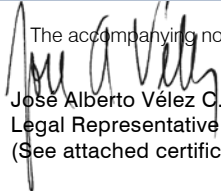

Olga Liliانا Cabrales P.
Statutory Auditor
Lic. 92873 -T
Designated by Deloitte & Touche Ltda.
(See attached report)

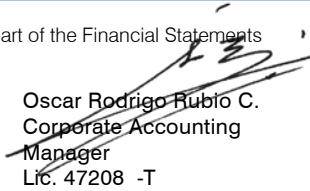
CEMENTOS ARGOS S.A. STATEMENTS OF CONSOLIDATED CASH FLOWS

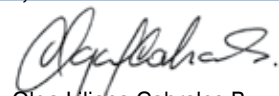
Years ended December 31st
(Millions of Colombian pesos)

| | 2011 | 2010 |
|---|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net consolidated income | 369,974 | 288,878 |
| Adjustments to reconcile net income of the year to net cash provided by operating activities: | | |
| Depreciation of property, plant and equipment | 269,813 | 249,471 |
| Amortization of deferred charges and other | 155,881 | 71,111 |
| Other amortizations expenses | 1,642 | 1,642 |
| Recovery of provisions for the protection of property, plant and equipment, net | - | 2,620 |
| Provision for the protection of investments, net | - | 6,295 |
| Intangible assets written-off | 96,799 | - |
| Gain from the sale of property, plant and equipment, net | (8,554) | (1,885) |
| Loss from the disposal of property, plant and equipment | 13,803 | 74,237 |
| Gain from the sale of permanent investments | (641,155) | (509,220) |
| Amortization of retirement pensions | 26,795 | 4,697 |
| Revenues receivable | (15,851) | (8,532) |
| Provision for the protection of receivables | 5,243 | 4,165 |
| Provision for the protection of Inventories | 2,138 | 7,798 |
| Long term financial liabilities and accounts payable exchange difference | 53,325 | 2,321 |
| Share in minority interests | 9,780 | 9,114 |
| Asset impairment | 74,460 | 88,343 |
| SUBTOTAL OPERATING CASH FLOWS | 414,093 | 291,055 |
| CHANGES IN OPERATING ASSETS AND LIABILITIES: | | |
| Accounts receivable | (154,371) | 88,135 |
| Inventories | (88,114) | 24,450 |
| Prepaid expenses | (5,913) | 15,933 |
| Suppliers and accounts payable | 117,598 | (105,514) |
| Labor obligations | 52,234 | 5,366 |
| Taxes, contributions and levies | 75,054 | (147,780) |
| Other liabilities and accrued liabilities | 72,938 | 11,755 |
| Decrease in long term deferred liabilities | (73,795) | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 409,724 | 183,400 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES: | | |
| Proceeds from the sale of property, plant and equipment | 21,056 | 176,872 |
| Proceeds from the sale of investments | 715,280 | 547,856 |
| Acquisition of property, plant and equipment | (253,530) | (491,977) |
| Acquisition of long term investments | - | (3,333) |
| Net increase in property, plant and equipment by incorporation of companies | (1,349,042) | - |
| Increase in long term investments from income realization | (33,474) | - |
| Increase in deferred charges and intangible assets | (159,046) | - |
| Decrease in equity from other equity variations | - | (92,475) |
| Transfer of controlled permanent investments to non-controlled permanent investments | - | (47,029) |
| NET CASH (USED) PROVIDED BY INVESTMENT ACTIVITIES | (1,058,756) | 89,914 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Declared dividends | (152,021) | (145,111) |
| Increase (decrease) in financial liabilities | 553,148 | (331,866) |
| Decrease in securities | (50,970) | (50,000) |
| Increase in long term taxes | 63,481 | - |
| Decrease in long term accounts payable | (25,410) | (44,410) |
| Decrease in long term deferred charges and intangible assets | - | 114,946 |
| Decrease in other long term assets | 17,386 | 32,676 |
| (Decrease) increase in minority interests | (7,163) | 1,344 |
| Tax on equity | (127,347) | (19,870) |
| Increase in shareholders' equity from other equity variations | 192,733 | - |
| NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES | 463,837 | (442,291) |
| Decrease in cash and cash equivalents | (185,195) | (168,977) |
| Cash and cash equivalents at beginning of year | 476,130 | 645,107 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 290,935 | 476,130 |
| CASH EQUIVALENTS | | |
| Cash available | 262,952 | 241,058 |
| Negotiable Investments | 27,983 | 235,072 |
| CASH AND CASH EQUIVALENTS | 290,935 | 476,130 |

The accompanying notes are an integral part of the Financial Statements


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


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


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

CERTIFICATION BY THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 22, 2012

To the Shareholders of Cementos Argos S.A. and to the general public:

In my capacity as Legal Representative I certify that the consolidated financial statements as of December 31, 2011 that have been made available to the public are free from inaccuracy, misstatement or material error that prevent from knowing the true economic position or the operations carried out by Cementos Argos S.A. during the relevant period.



José Alberto Vélez C.
Legal Representative
Cementos Argos S.A.

CERTIFICATION BY THE COMPANY'S LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER

Barranquilla, February 22, 2012

To the shareholders of Cementos Argos S.A.:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. do hereby certify that the consolidated financial statements of the Company as of December 31, 2011 and 2010 have been fairly taken from the books and that prior to be made available to you and to third parties we have verified the following statements therein contained:

- a) All assets and liabilities included in the consolidated financial statements of the Company as of December 31, 2011 and 2010 exist, and all transactions included in such statements have been carried out during the years ended on such dates.
- b) All economic activities undergone by the Company during the fiscal years ended December 31, 2011 and 2010 have been recognized in the financial statements.
- c) Assets represent potential future economic benefits (rights) and liabilities represent potential future economic commitments (liabilities), obtained or due by the Company as of December 31, 2011 and 2010.
- d) All items have been recognized by their proper values pursuant to accounting principles generally accepted in Colombia.
- e) All economic events affecting the Company and its subordinated companies have been duly classified, described and disclosed in the financial statements.



José Alberto Vélez C.
Legal Representative
Cementos Argos S.A.



Oscar Rodrigo Rubio C.
Corporate Accounting Manager
T. P. 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 subsidiaries, as of December 31, 2011 and 2010 and the consolidated statements of income, changes in equity, changes in financial position and 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 consolidated 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 consolidated financial statements based on my audits. I obtained the information necessary to comply with my duties and carry out the audits 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 consolidated 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 consolidated financial statement presentation. I believe that my audits provide a reasonable basis to express my opinion.

As of December 31, 2011 and 2010, CEMENTOS ARGOS S.A. has direct and indirect investments in companies audited by other auditors that represent 5% of the assets and 9% and 10% of the consolidated income, respectively, consolidated under the global integration method, according to the financial statements of these companies, as of that date.

In my opinion, based on my audits and on those from other statutory auditors, the consolidated financial statements referred to above, reasonably present, in all material respects, the consolidated financial situation of CEMENTOS ARGOS S.A. and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations, changes in their equity, changes in their financial position and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia, applied uniformly.



OLGA LILIANA CABRALES PINTO

Statutory Auditor

Professional Card 92873-T

Designated by Deloitte & Touche Ltda.

February 22, 2012.



**NOTES TO THE
CONSOLIDATED
FINANCIAL STATEMENTS**

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

AT DECEMBER 31, 2011 Y 2010
(Millions of Colombian pesos, except as otherwise stated)

NOTE 1 – REPORTING ENTITY

Cementos Argos S.A. is a commercial company incorporated under the laws of Colombia on August 14, 1944. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and other products or articles made of cement, lime or clay; the acquisition and disposal of minerals or mineral deposits usable in the cement industry and the like, rights to explore and exploit the mentioned minerals, either by concession, privilege, leasing or otherwise; the provision of port services; acting as contractor, constructor, consultant, technical auditor, designer or planner of civil works or other works, before any and all public and private entities. Its main place of business is the city of Barranquilla and the life span of the Company expires on August 14, 2060.

The following are the companies included in the consolidated financial statements of Cementos Argos S.A.:

ALEXIOS N.V.

A company incorporated under the laws of Surinam on March 1, 2006 and the term of duration is indefinite; its prime purpose is investments. Its main place of business is Paramaribo, Surinam. This company is consolidated with Vensur N.V.

AMERICAN CEMENT TERMINALS LLC

A company incorporated under the laws of the State of Delaware (United States) on September 20, 2007; its prime purpose is investments and the term of duration is perpetual.

ARGOS U.S.A. CORP.

A company incorporated under the laws of the State of Delaware (United States) on December 19, 2006; its main place of business is the city of Houston (Texas). Its corporate purpose is the development of lawful activities involving investments in the cement sector, concrete and related products. The term of duration is perpetual. 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, Consort Livestock Inc., Argos Cement LLC and Argos Ready Mix LLC.

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

A company incorporated under the laws of Colombia on October 28, 1981; its main place of business is the city of Medellín and its term of duration is indefinite. Its corporate purpose is the prospecting, exploration, exploitation, production, processing, transformation, acquisition, sale, marketing and transportation of coal and other coal-related minerals, and the import, export, marketing and supply of raw materials, supplies, equipment and machinery needed for mining coal and other minerals. During 2010, by virtue of a merger, the company took over the company Carbones Nechí S.A.S. Also in 2010 the organization moved its main place of business from Barranquilla to Medellín. In 2011 it changed its name to Carbones del Caribe S.A.S.

C.I. DEL MAR CARIBE BVI INC.

A company incorporated under the laws of the British Virgin Islands on June 2, 2004; its main place of business is Tortola and its corporate purpose is the commercialization of cement, clinker and lime. Its term of duration according to the laws of that country is perpetual.

CANTERAS DE COLOMBIA S.A.S.

A company incorporated under the laws of Colombia on November 9, 1979; its main place of business is the city of Medellín and its term of duration is indefinite. Its corporate purpose is the exploration, exploitation, transformation, benefit, integral use, marketing and sale of stony minerals such as sand, gravel and any other materials and elements incidental and supplementary used in the construction industry; and in general, carrying out any and all activities related to mining, marketing and sale of renewable and nonrenewable natural resources as well as any lawful economic activity both in Colombia and abroad.

CARICEMENT ANTILLES NV

A limited liability partnership incorporated under the laws of the Netherlands Antilles on December 10, 1999. Its prime corporate purpose is investments. Its main place of business is Curacao and the term of duration is indefinite. This company is consolidated with Caricement USVI Corp., Caribbean Construction and Development Ltd., Caricement Antigua Limited and Caricement Saint Maarten NV.

CEMENT AND MINING ENGINEERING INC.

A company incorporated under the laws of Panamá on February 4, 1997; its main place of business is Panamá City; its prime corporate purpose is the construction, technical assistance, installation and setup of equipment, purchase, sales and administration of real estate and chattels, investments, funding and participation in companies, purchase or acquisition of patents, brands, copyright, licenses and formulas, carrying out operations with banks or other financial institutions. Also, the purchase and sale of shares, securities or bonds, funding and participation in companies, mining businesses, shipping and any other lawful business permitted by the laws of the Republic of Panamá. Its term of duration is perpetual.

CEMENTO PANAMÁ S.A.

A stock corporation incorporated under the laws of the Republic of Panamá on June 25, 1943; its corporate purpose is the manufacture, sale, import and export of cement and its derivatives, as well as importing all types of raw materials, machinery, equipment and spare parts for the manufacture and sale of cement. Its main place of business is Panamá City, Republic of Panamá, and the term of duration is perpetual. This company is consolidated with Grava S.A., Concreto S.A., Terminal Granelera Bahía Las Minas S.A., Comercializadora Incem S.A., Extracción Arci-Cal S.A., Inversiones e Inmobiliaria Tocumen S.A., Arenas del Golfo S.A., Canteras Nacionales Centrales S.A. and Canteras Nacionales Chiriquí S.A.

CEMENTOS COLÓN S.A.

A stock company incorporated under the laws of the Dominican Republic on February 12, 1996; its prime corporate purpose is the manufacture, marketing import and export of clinker and cement; the exploitation and marketing of minerals used and related to the cement industry. Its main place of business is the city of Santo Domingo and the term of duration is indefinite. This company is consolidated with Compañía de Electricidad de Najayo S.A.

COLCARIBE HOLDINGS S.A.

A company incorporated under the laws of Panamá on June 25, 1996; its main place of business is Panamá City; Its corporate purpose is to negotiate or dispose of securities, bonds, participations in other companies and rights of all kinds, either on its own or on behalf of third parties as well as to open, operate and close accounts and deposits with financial institutions, lend or borrow monies and offer guarantees in favor of third parties in any currency in the world. Its term of duration is perpetual.

COMERCIAL ARVENCO C.A.

A company incorporated in Caracas (Venezuela) on November 2, 2006; it has a life span of 50 years as from such date. Its main place of business is the city of Barquisimeto, state of Lara (Venezuela). Its corporate purpose is the exploitation of businesses and activities related to the import, export, transportation, purchase and sale of all kinds of commodities and products, metallic minerals, cement, clinker, coal, equipment, artifacts, vehicles, machinery, tools, spare parts, accessories as well as to carry out any act of lawful trade.

CONCRETOS ARGOS S.A.

A stock corporation incorporated under the laws of Colombia on April 22, 1985; its prime corporate purpose is the exploration, exploitation, transportation, benefit, integral use, marketing and sales of stony minerals such as sand, gravel, pre-mixed concrete and pre-fabricated concrete elements, concrete blocks and any materials and elements used in the construction industry and elements that are supplementary or ancillary thereto. Its main place of business is Bogotá and its life span is until September 8, 2093.

CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.

A company incorporated under the laws of Colombia on December 14, 1982. Its main business place is Medellín and the term of duration is indefinite. The corporate purpose of the company is to carry out any lawful economic activity, both in Colombia and abroad. In 2010 the registration of the Company as a foreign company was authorized in the Republic of Panamá and it was merged with Colcaribe Holdings Dos S.A.

GANADERÍA RÍO GRANDE S.A.S.

A company incorporated under the laws of Colombia on September 8, 2006; its main place of business is Medellín and its duration is indefinite. Its main corporate purpose is the exploitation of the agricultural and livestock industries. In addition, the company may carry out any other lawful economic activity, both in Colombia and abroad.

HAITI CEMENT HOLDING S.A.

A stock corporation incorporated in Panamá City, Republic of Panamá on October 7, 1997. Its main place of business is Panamá City. Its main corporate purpose is the acquisition, purchase, investment in securities, bonds, shares participations in other companies as well as any other lawful business allowed by the laws of the Republic of Panamá. The life span of the company is perpetual. This company is consolidated with Cimenterie Nationale S.E.M. (CINA).

INTERNATIONAL CEMENT COMPANY S.A.

A company incorporated under the laws of Panamá on November 24, 1997; its main place of business is Panamá City. Its corporate purpose is to acquire, possess, manage, impose liens, lease, transfer and dispose of all kinds of goods, on its own or on behalf of third parties. Its duration according to the laws of that country is perpetual.

LOGÍSTICA DE TRANSPORTE S.A.

A corporation incorporated under the laws of Colombia law on April 16, 1996; its main place of business is Medellín. Its corporate purpose is the ground, air, fluvial or maritime transportation of persons and all types of cargo inside and outside the country, using vehicles, ships or aircrafts of its own or of third related parties. The duration of the Company expires on April 16, 2026.

MARÍTIMA DE GRANELES S.A.

A corporation incorporated under the laws of Panamá on December 29, 1978, having its main place of business in Panamá City and indefinite duration. Its main corporate purpose is the maritime transportation especially of cement and clinker and the purchase and sale of these same products, charter of vessels and particularly the provisioning thereof.

POINT CORP.

A company incorporated under the laws of the British Virgin Islands on February 20, 2001; its main place of business is the city of Town Road in Tortola, British Virgin Islands and its corporate purpose is the sale,

purchase and assignment of shares; purchase, enter into loan and rental agreements for real estate purposes and carry out all activities allowed to it leading to the achievement of the goals of the company. Its duration is indefinite.

PORT ROYAL CEMENT COMPANY, LLC

A limited liability partnership incorporated under the laws of the State of Delaware (United States) on March 10 1998 and later acquired by American Cement Terminals, LLC on December 3, 2001; its corporate purpose is the marketing of cement and related products. Its life span is perpetual.

REFORESTADORA DEL CARIBE S.A.S.

A company incorporated under the laws of Colombia on February 14, 1983; its main place of business is Medellín and its duration is indefinite; its corporate purpose is to carry out any lawful economic activity, both in Colombia and abroad. In 2010, the company moved its main place of business from Cartagena to Medellín.

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

A company incorporated under the laws of Colombia on August 6, 1993; its main place of business is Buenaventura; its prime corporate purpose is the construction, operation, management and maintenance of ports and port terminals, carrying out landfills, dredging and civil and ocean engineering works and in general, all works to be carried out in ports and port terminals, piers and constructions on beaches and adjunct land. Its duration goes to August 6, 2043.

SOCIEDAD PORTUARIA GOLFO DE MORROSQUILLO S.A.

A company incorporated under the laws of Colombia on October 31 1995; its main corporate purpose is the investment in construction and management of ports and maritime and fluvial piers. Its main place of business is Sincelejo and its life span goes to October 31, 2045

SOCIEDAD PORTUARIA LA INMACULADA S.A.

A company incorporated under the laws of Colombia on October 10, 2000; its corporate purpose is the investment in construction and management of ports and maritime and fluvial piers. Its main place of business is Barranquilla and its duration expires on October 10, 2050.

SOCIEDAD PORTUARIA LAS FLORES S.A.

A company incorporated under the laws of Colombia on May 22, 2002; its corporate purpose is the investment in construction and management of ports and maritime and fluvial piers. Its main place of business is Barranquilla and its duration expires on May 22, 2052.

SOUTH CARIBBEAN TRADING & SHIPPING S.A.

A company incorporated under the laws of Panamá on March 8, 1999 and registered in Panamá's public registry on March 17, 1999; its main place of business was Panamá City and its corporate purpose was investment in any and all types of negotiable instruments. Its duration according to the laws of such country was perpetual. In 2011 this company was merged with Colcaribe Holdings S.A.

TRANSATLANTIC CEMENT CARRIERS INC.

A company incorporated under the laws of Panamá on July 26, 1974; its main place of business is Panamá City and its life span is indefinite. Its corporate purpose is international maritime transportation particularly of cement, clinker and the purchase and sale of these same products.

TRANSATLANTIC SHIPMANAGEMENT LTD.

A company incorporated in the British Virgin Islands on June 3, 2004. Its main place of business is Road Town, Tortola (British Virgin Islands). Its main activity is the international maritime transportation and to this end it can, among other things, rent, charter or own ships and transport third parties' cargo aboard ships belonging to others as well as carry out any lawful activity under the laws of the British Virgin Islands. This company is consolidated with Somerset Shipping Co. Ltd., Winterset Shipping Co. Ltd. and Dorset Shipping Co. Ltd.

URBANIZADORA VILLA SANTOS S.A.S.

A company incorporated under the laws of Colombia on June 18, 1974; its main place of business is Barranquilla and its duration is indefinite. Its corporate purpose is to carry out any economic lawful activity both in Colombia as well as abroad

VALLE CEMENT INVESTMENTS LTD.

A company incorporated under the laws of the British Virgin Islands on November 18, 1998; its main place of business is the British Virgin Islands and its corporate purpose is investments of any kind. Until 2010 this company was consolidated with Belsford Ltd., Climsford Investments Ltd., Godiva Investments Ltd. and Fortecol Investments Ltd.

VENEZUELA PORTS COMPANY S.A.

A company incorporated in Panamá City, Republic of Panamá on February 26, 2002. Its main place of business is Panamá City. Its main purpose is the investment in concerns or projects and the negotiation, exploitation or participation in industrial, mining, marketing, commercial, real estate, maritime transportation or any other type of companies as well as any lawful business permitted under the laws of the Republic of Panamá. The duration of this company is perpetual.

ZONA FRANCA ARGOS S.A.S.

A company incorporated under the laws of Colombia on July 5, 2007; its main place of business is Cartagena and its duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixes and any other materials or articles based on cement, lime or clay, the acquisition and transfer of minerals or mineral deposits to be used in the cement industry or similar industries, of rights to explore and exploit the above-mentioned minerals whether by concession, privilege,

lease or by any other means; to direct, manage, supervise, promote and develop a customs free zone; to carry out any and all activities that in its condition as sole user of the customs free zone are convenient or pertinent or necessary; to carry out the following activities as port operator: loading and unloading, storage in ports, imports and exports of goods and services, freight management in general, management of container freight. In addition the company may carry out any lawful economic activity either in Colombia or abroad.

NOTE 2 – BASIS FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION

Companies in Colombia must prepare general purpose individual financial statements which are submitted for the consideration of the General Meeting of Shareholders and are taken as the basis to declare dividends and make other appropriations. Additionally, the Code of Commerce requires preparation of consolidated general purpose financial statements, which are also submitted to the General Meeting of Shareholders for approval, but are not taken as the basis to declare dividends and appropriation of profits.

Pursuant to the guidelines of the Financial Superintendence, consolidated financial statements include the accounts of companies as regards which any of the following conditions is met:

- a) If more than 50% of the capital belongs to the Company, either directly or through or with the help of its subsidiaries or the subsidiaries of the latter. Shares with preferred dividend and without voting rights are not computed for such purpose.
- b) If the Company and its subsidiaries hold, either jointly or severally, the right to issue the votes that make the minimum deciding majority in the Board of Directors or in the General Meeting, or have the number of votes required to elect the majority of the members of the Board, if any.
- c) If the Company, either directly or through or with the help of its subsidiaries, exerts dominant influence on the decision of the company's administration bodies by virtue of act or contract entered into with the controlled company or its shareholders.

Consolidated financial statements are prepared in accordance with accounting principles generally accepted in Colombia. Company's management must make estimations and assumptions that might affect the amounts reported of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and the amounts reported of revenues and expenses during the period being reported. Actual results might defer from such estimations.

The consolidation method used for preparing the financial statements is that of global integration, by means of which the parent or controlling company's financial statements are supplemented with total assets, liabilities, shareholders' equity and results of the subsidiaries, after Company investment in the capital of the subsidiaries and mutual existing transactions and balances as of the date of the consolidated financial statements have been eliminated from the statements of the parent or controlling company.

Elimination of balances and transactions between the parent company and the subsidiaries, as well as among the latter, and the estimation of the minority interest, proportional equity value and amortization of the excess and/or shortage of the cost of the investment over book value, have been carried out pursuant to the guidelines of the Financial Superintendence contained in Instruction ("Circular") No. 002 of 1998, amended by Instructions No. 11 of 1998.

The financial information relevant to the subsidiaries consolidated by Cementos Argos S.A. is prepared, as far as possible, based on even criteria and accounting method; such information is taken at the close of December 31st, date set by the Parent to close its operations and submit its financial statements pursuant to its Bylaws and as set forth in section 9 of Decree 2649 of 1993.

Taking into consideration that foreign related companies prepare their financial statements under the International Reporting Financial Standards (IFRS) and accounting principles generally accepted in the United States of America, using a top-quality consistent set of accounting standards, and given that such structure of principles is deemed appropriate as a source of accounting technical reference in Colombia, such subsidiaries should not substantially adjust their financial statements, except for differences not meeting the substance above legal forms principle.

Below is a detail of assets, liabilities, shareholders' equity and period results for each of the companies included in the consolidation:

2011

| Companies | Participation % | Assets | Liabilities | Shareholders' equity | Period results |
|---|-----------------|-------------------|------------------|----------------------|----------------|
| Alexios N.V. | 50.00 | 11,423 | 951 | 10,472 | 1,155 |
| American Cement Terminals LLC | 100.00 | 11,189 | - | 11,189 | (1,150) |
| Argos Cement LLC | 100.00 | 1,374,877 | 122,336 | 1,252,541 | (8,473) |
| Argos Ready Mix LLC | 100.00 | 251,068 | 35,337 | 215,731 | (3,951) |
| Argos USA Corp. | 100.00 | 2,621,242 | 864,767 | 1,756,475 | (176,463) |
| Carbones del Caribe S.A.S. | 100.00 | 99,220 | 60,151 | 39,069 | (44,013) |
| C.I. del Mar Caribe BVI Inc. | 100.00 | 27,684 | 19,021 | 8,663 | 1,518 |
| Canteras de Colombia S.A.S. | 100.00 | 108,775 | 10,143 | 98,632 | 3,249 |
| Caribbean Construction and Development Ltd. | 100.00 | 7,700 | 1,701 | 5,999 | 202 |
| Caricement Antigua Limited | 100.00 | 6,841 | 2,125 | 4,716 | (68) |
| Caricement Antilles NV | 100.00 | 25,699 | 4,163 | 21,536 | (612) |
| Caricement Saint Maarten NV | 100.00 | 11,993 | 8,020 | 3,973 | (285) |
| Caricement USVI Corp. | 100.00 | 2,658 | 8,689 | (6,031) | (1,097) |
| Cement and Mining Engineering Inc. | 100.00 | 10,901 | 25,356 | (14,455) | (437) |
| Cemento Panamá S.A. | 98.40 | 443,307 | 175,757 | 267,550 | 62,581 |
| Cementos Argos S.A. | | 15,760,939 | 4,094,504 | 11,666,435 | 369,974 |
| Cementos Colón, S.A. | 80.00 | 51,387 | 6,739 | 44,648 | 16,383 |
| Central Aggregates LLC | 100.00 | 24,911 | 3,281 | 21,630 | (85) |
| Cimenterie Nationale S.E.M. | 65.00 | 61,359 | 17,589 | 43,770 | 6,166 |
| Colcaribe Holdings S.A. | 100.00 | 198,745 | 41,106 | 157,639 | (1,241) |
| Comercial Arvenco C.A. | 100.00 | 2,027 | 1,937 | 90 | - |
| Concretos Argos S.A. | 100.00 | 734,344 | 293,104 | 441,240 | (11,578) |
| Consort Livestock Inc. | 100.00 | - | - | - | - |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | 100.00 | 161,502 | 78,211 | 83,291 | (82,979) |
| Dorset Shipping Co. Ltd. | 100.00 | 1,262 | 9 | 1,253 | 17 |
| Ganadería Río Grande S.A.S. | 100.00 | 12,997 | 10,447 | 2,550 | (571) |
| Gulf Coast Cement LLC | 100.00 | - | - | - | - |
| Haiti Cement Holding S.A. | 100.00 | 30,296 | - | 30,296 | 407 |
| International Cement Company S.A. | 100.00 | 6,562 | 170 | 6,392 | (3,694) |
| Logística de Transporte S.A. | 100.00 | 49,505 | 19,090 | 30,415 | 12,752 |
| Marítima de Graneles S.A. | 100.00 | 39,513 | 7,123 | 32,390 | (331) |
| Piazza Acquisition Corp. | 100.00 | 364,443 | 21,705 | 342,738 | (91,049) |
| Point Corp. | 80.85 | 180,692 | 14,667 | 166,025 | 943 |
| Port Royal Cement Company LLC | 100.00 | 13,326 | 2,137 | 11,189 | (1,150) |
| Reforestadora del Caribe S.A.S. | 100.00 | 44,555 | 8,309 | 36,246 | 3,775 |
| RMCC Group Inc. | 100.00 | 139,022 | - | 139,022 | (57,173) |
| Savannah Cement Company LLC | 100.00 | 11,970 | 3,982 | 7,988 | (2,435) |
| Sociedad Portuaria de Cementeras Asociadas S.A. | 100.00 | 16,471 | 11,673 | 4,798 | 1,043 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | 100.00 | 21,672 | 9,282 | 12,390 | 854 |
| Sociedad Portuaria La Inmaculada S.A. | 100.00 | 49 | 6 | 43 | - |
| Sociedad Portuaria Las Flores S.A. | 100.00 | 53 | 3 | 50 | - |
| Somerset Shipping Co. Ltd. | 100.00 | 20,200 | 14,442 | 5,758 | 2,296 |
| South Central Cement Ltd. | 100.00 | 76,510 | 28,200 | 48,310 | (1,351) |
| Southern Equipment Company Inc. | 100.00 | 719,429 | 580,407 | 139,022 | (57,173) |
| Southern Star Concrete Inc | 100.00 | 642,413 | 278,149 | 364,264 | (84,424) |
| Southern Star Leasing, LLC | 100.00 | - | - | - | - |
| Trans Atlantic Shipmanagement Ltd. | 50.00 | 29,904 | 1,387 | 28,517 | 4,845 |
| Transatlantic Cement Carriers Inc. | 100.00 | 59,556 | 9,309 | 50,247 | (686) |
| Urbanizadora Villa Santos S.A.S. | 100.00 | 61,816 | 48,228 | 13,588 | 6,024 |
| Valle Cement Investments Ltd. | 100.00 | 500,710 | 284,836 | 215,874 | 4,965 |
| Venezuela Ports Company S.A. | 100.00 | 3,425 | 9 | 3,416 | (1,358) |
| Vensur N.V. | 84.40 | 18,759 | 9,315 | 9,444 | 1,049 |
| Winterset Shipping Co. Ltd. | 100.00 | 21,909 | 17,265 | 4,644 | 1,479 |
| Zona Franca Argos S.A.S. | 100.00 | 1,393,966 | 99,787 | 1,294,179 | 7,882 |
| | | 26,490,776 | 7,354,925 | 19,135,851 | |

2010

| Companies | Participation % | Assets | Liabilities | Shareholders' equity | Period results |
|---|-----------------|-------------------|------------------|----------------------|----------------|
| Alexios N.V. | 50.00 | 10,659 | 1,641 | 9,018 | (60) |
| American Cement Terminals LLC | 100.00 | 12,185 | - | 12,185 | 22 |
| Argos USA Corp. | 100.00 | 1,280,992 | 835,740 | 445,252 | (145,968) |
| Belsford Ltd. | 100.00 | 55,254 | 96 | 55,158 | (276) |
| C.I. Carbones del Caribe S.A.S. | 100.00 | 189,717 | 79,595 | 110,122 | (24,963) |
| C.I. del Mar Caribe BVI Inc. | 100.00 | 14,991 | 7,998 | 6,993 | (602) |
| Canteras de Colombia S.A.S. | 100.00 | 83,529 | 14,081 | 69,448 | (2,336) |
| Caribbean Construction and Development Ltd. | 100.00 | 7,183 | 1,493 | 5,690 | (256) |
| Caricement Antigua Limited | 100.00 | 6,528 | 2,400 | 4,128 | (881) |
| Caricement Antilles NV | 100.00 | 18,622 | 3,925 | 14,697 | (10,717) |
| Caricement Saint Maarten NV | 100.00 | 11,263 | 9,752 | 1,511 | (126) |
| Caricement USVI Corp. | 100.00 | 2,131 | 10,298 | (8,167) | (1,715) |
| Cement and Mining Engineering Inc. | 100.00 | 10,740 | 24,503 | (13,763) | (2,310) |
| Cemento Panamá S.A. | 98.40 | 423,954 | 184,442 | 239,512 | 43,683 |
| Cementos Argos S.A. | | 14,732,805 | 3,475,900 | 11,256,905 | 288,878 |
| Cementos Colón, S.A. | 70.00 | 78,197 | 7,907 | 70,290 | 17,986 |
| Central Aggregates LLC | 100.00 | 24,543 | 3,146 | 21,397 | (97) |
| Cimenterie Nationale S.E.M. | 65.00 | 56,194 | 13,734 | 42,460 | 5,601 |
| Climsford Investments Ltd. | 100.00 | 65,880 | 10,720 | 55,160 | (276) |
| Colcaribe Holdings S.A. | 100.00 | 181,296 | 27,315 | 153,981 | 3,000 |
| Comercial Arvenco C.A. | 100.00 | 1,412 | 1,323 | 89 | - |
| Concretos Argos S.A. | 100.00 | 658,915 | 284,425 | 374,490 | (28,144) |
| Consort Livestock Inc. | 100.00 | - | - | - | - |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | 100.00 | 210,962 | 66,116 | 144,846 | (6,690) |
| Dorset Shipping Co. Ltd. | 100.00 | 1,259 | 36 | 1,223 | (22) |
| Fortecol Investments Ltd. | 100.00 | 24,820 | 4 | 24,816 | (1,865) |
| Ganadería Río Grande S.A.S. | 100.00 | 6,474 | 3,430 | 3,044 | (1,421) |
| Godiva Investments Ltd. | 100.00 | 24,864 | - | 24,864 | (2,098) |
| Gulf Coast Cement LLC | 100.00 | - | - | - | - |
| Haití Cement Holding S.A. | 100.00 | 29,420 | - | 29,420 | 860 |
| International Cement Company S.A. | 100.00 | 437 | - | 437 | (1) |
| Logística de Transporte S.A. | 100.00 | 42,401 | 22,504 | 19,897 | 545 |
| Marítima de Graneles S.A. | 100.00 | 20,900 | 7,411 | 13,489 | (855) |
| Piazza Acquisition Corp. | 100.00 | 445,065 | 14,673 | 430,392 | (68,990) |
| Point Corp. | 80.85 | 177,057 | 14,450 | 162,607 | 610 |
| Port Royal Cement Company LLC | 100.00 | 13,561 | 1,376 | 12,185 | 22 |
| Reforestadora del Caribe S.A.S. | 100.00 | 29,389 | 10,057 | 19,332 | 2,779 |
| RMCC Group Inc. | 100.00 | 197,331 | - | 197,331 | (73,142) |
| Savannah Cement Company LLC | 100.00 | 16,340 | 5,976 | 10,364 | (383) |
| Sociedad Portuaria de Cementeras Asociadas S.A. | 100.00 | 15,804 | 13,398 | 2,406 | 565 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | 100.00 | 16,911 | 8,498 | 8,413 | (2,541) |
| Somerset Shipping Co. Ltd. | 100.00 | 20,446 | 17,299 | 3,147 | 2,124 |
| South Caribbean Trading & Shipping S.A. | 100.00 | 189,301 | 42,577 | 146,724 | 5,245 |
| South Central Cement Ltd. | 100.00 | 61,418 | 12,669 | 48,749 | (2,697) |
| Southern Equipment Company Inc. | 100.00 | 803,138 | 605,807 | 197,331 | (73,142) |
| Southern Star Concrete Inc | 100.00 | 684,922 | 239,878 | 445,044 | (63,335) |
| Southern Star Leasing, LLC | 100.00 | - | - | - | - |
| Trans Atlantic Shipmanagement Ltd. | 50.00 | 23,485 | 493 | 22,992 | 1,832 |
| Transatlantic Cement Carriers Inc. | 100.00 | 39,785 | 8,282 | 31,503 | (37) |
| Urbanizadora Villa Santos S.A.S. | 100.00 | 57,685 | 55,615 | 2,070 | 381 |
| Valle Cement Investments Ltd. | 100.00 | 470,649 | 270,883 | 199,766 | (91,884) |
| Venezuela Ports Company S.A. | 100.00 | 3,361 | 9 | 3,352 | - |
| Vensur N.V. | 84.40 | 15,984 | 6,049 | 9,935 | (66) |
| Winterset Shipping Co. Ltd. | 100.00 | 22,143 | 19,048 | 3,095 | (752) |
| Zona Franca Argos S.A.S. | 100.00 | 1,050,714 | 252,657 | 798,057 | (36,689) |
| | | 22,643,016 | 6,699,629 | 15,943,387 | |

The following changes were recorded by subsidiaries during 2011:

- New consolidated companies: Argos Cement LLC, Argos Ready Mix LLC, Sociedad Portuaria La Inmaculada S.A. and Sociedad Portuaria Las Flores S.A.
- South Caribbean Trading & Shipping S.A. merged with Colcaribe Holdings S.A.
- Profesionales a su Servicio Ltda. en Liquidación, Asesorías y Servicios Ltda. en Liquidación and Caribe Trading Corporation are under liquidation proceedings

- Belsford Ltd., Climsford Investments Ltd., Godiva Investments Ltd., Fortecol Investments Ltd. and Emcarbon S.A. were liquidated.
- Given that no control is exerted over them, the following companies are excluded from consolidation: Corporación de Cemento Andino C.A. and its subsidiaries Andino Trading Corporation, Comercializadora Dicemento C.A. and Depoan S.A. Intership Agency Venezuela C.A. and Surandina de Puertos C.A. are also excluded.

As compared to non-consolidated financial statements of Cementos Argos S.A., consolidation resulted in an increase in total assets in amount of \$1,020,127 (2010 -\$748,062), liabilities in amount of \$1,069,163 (2010 - \$828,890), a decrease in shareholders' equity in amount of \$49,036 (2010 - \$80,828) and no variance in net income for 2011 (2010 - \$0).

The following is the effect of the consolidation of the financial statements of the Company and its subsidiaries:

| | Balance before eliminations | Eliminations | Consolidated balance |
|-----------------------------------|-----------------------------|--------------|----------------------|
| Assets | 26,490,776 | (9,709,710) | 16,781,066 |
| Liabilities and minority interest | 7,354,925 | (2,191,258) | 5,163,667 |
| Shareholders' equity | 19,135,851 | (7,518,452) | 11,617,399 |

The following is the reconciliation of Cementos Argos S.A.'s income to the consolidated income:

| | 2011 | 2010 |
|----------------------------|----------------|----------------|
| Non-consolidated income | 369,974 | 288,878 |
| Consolidated income | 369,974 | 288,878 |

The following is the reconciliation of Cementos Argos S.A.'s shareholders equity to the consolidated shareholders' equity:

| | 2011 | 2010 |
|---|-------------------|-------------------|
| Individual shareholders' equity | 11,666,435 | 11,256,905 |
| Non-realized gains from the sale of property, plant and equipment | (1,807) | (1,807) |
| Non-realized gains from the sale of investments | (15,147) | (48,621) |
| Non-realized gains from the sale of lands | (32,082) | (30,400) |
| Consolidated shareholders' equity | 11,617,399 | 11,176,077 |

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

To prepare its consolidated financial statements, the Parent Company by legal mandate must follow accounting principles generally accepted in Colombia, the standards of the Financial Superintendence and other legal regulations. Main accounting policies and practices implemented by the Company in accordance with the above are described as follows:

SUBSTANCE ABOVE LEGAL FORMS

The consolidated companies recognize and disclose the economic resources and facts according to their substance or economic reality and not only on the grounds of their legal forms, reason why they apply those accounting principles that allow for the proper recognition of the economic facts in each of the countries where the operations are carried out.

TRANSLATION OF FINANCIAL STATEMENTS

Colombian standards do not foresee a technical framework setting accepted translation methods, but they do foresee that facing the absence of such, it is proper to refer to a higher application standard. Consequently the IFRS (International Financial Reporting Standards), particularly the International Accounting Standard (IAS) 21 “Effects of Changes in Foreign Exchange Rates” have been applied to the translation process.

In that perspective, the financial statements of foreign companies which currency is other than the Dollar of the United States of America or which are on a par with it, are translated from the currency of the country of origin into Dollars of the United States of America pursuant to IAS 21 methodology, as follows:

- Assets and liabilities are translated at the exchange rate in force on the closing date.
- Equity accounts are translated at the exchange rates in force on each of the dates on which the transactions occurred. For companies regarding which no historic information is available, equities were translated at the closing exchange rate of December 2005.
- Income accounts are translated at the exchange rates in force on each of the dates on which the transactions occurred; should this be impossible, the average exchange rate for each of the months shall be used.
- Translation differences are taken to shareholders' equity through the accumulated conversion adjustments account, which represent the differences between the translation of items in the statement of income at average exchange rates and the translation of balance sheet items at closing rates.

In turn, the amounts in Dollars of the United States of America are translated into Colombian pesos at the market representative exchange rate as certified by the Central Bank.

INFLATION ADJUSTMENTS

Decree 1536 of May 7, 2007 amended Decrees 2649 and 2650 deleting the application of comprehensive inflation adjustments. The rule states that inflation adjustments recorded from January 1, 1992 until December 31, 2006 shall become part of the balance of the respective accounts

The balance in the Equity Revaluation account may not be distributed until Company liquidation or until it is capitalized. Should it be capitalized, it may be used to offset losses if the Company would fall into grounds for dissolution; in no event may it be used to reimburse invested capital. Should it show a debit balance, it may be decreased against the current period results or the results from prior periods, upon compliance of the rules regarding income pursuant to the Code of Commerce.

Law 1111 of 2006 allowed offsetting the equity tax against this account without affecting the results, option that was taken by the companies of the Argos Group with enough balance under this item.

NEGOTIABLE AND PERMANENT INVESTMENTS

Finance Superintendence rules require that investments are classified and accounted for as follows:

- a) Investments regarding which the Parent Company or its subordinated companies have the serious purpose of keeping them until their maturity or redemption, as the case may be, or keeping them at

least during three years wherever their term is longer or they lack a certain maturity date are classified as permanent investments. These investments are accounted for and valued prospectively as follows:

- Debt investments or investments embodying fixed-rate or variable-rate debt rights (non-participative securities) are originally carried at their acquisition cost and valued monthly on the basis of each security's return on investment rate, estimated at the time of purchase; the resulting adjustment is taken to income for the period.
 - Variable-rate investments in stock or capital participations (participative securities) in non-controlled entities are carried at the cost adjusted for inflation and adjusted monthly to their realization value. The resulting adjustment, either positive or negative, is taken to the revaluation account with debit or credit to the revaluation surplus in shareholders' equity, as the case may be. The realization value of securities classified as high or medium marketability by the Finance Superintendence is determined on the grounds of average Stock Market value during the last 10 to 90 days pursuant to certain parameters set by that Entity. The realization value of securities classified as low or minimum marketability or which are not listed is established by its intrinsic value calculated on the basis of the latest financial statements disclosed by the security issuer.
- b) Investments represented in easily marketable securities, as regards which the Company has the serious purpose of transferring them to a third party which is not a part of the Entrepreneurial Group in a term not to exceed three years, are classified as negotiable investments. These investments are originally carried at cost and adjusted monthly to their realization value with debit or credit to income, as the case may be. The realization value is determined as mentioned under the preceding subparagraph a) for each type of investment.

PROVISION FOR THE PROTECTION OF DOUBTFUL ACCOUNTS

The provision for the protection of debtors is reviewed and brought up to date at the end of each period on the grounds of the analysis of the age of balances and the assessment of collectability of individual accounts performed by Management. Those amounts considered uncollectable are charged to the provision on an ongoing basis.

INVENTORIES

Inventories are carried at cost and at the closing of the period are reduced to their market value, should this be lower. Cost is determined based on the average cost method. The obsolescence analysis for the inventories of materials and spare parts is reviewed and brought up to date at the closing of each period, and the provision is recognized in the financial statements. As from 2009 inventories include urban development works and lands to be developed. All costs incurred in the adaptation of lands until they are brought to sale condition are recorded.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost, which as appropriate includes financing expenses and exchange differences on foreign currency liabilities, incurred for their acquisition until they are brought to operating conditions.

Sales and disposition of such assets are discharged at the relevant net adjusted cost, and the differences between the sales price and the net adjusted cost are taken to income.

Depreciation is calculated by applying the straight line method on the cost adjusted for inflation, based on the probable useful life of assets, as follows: between 20 and 40 years for constructions and buildings, plants and networks; between 3 and 10 years for machinery, industrial equipment and office equipment; between 5 and 10 years for vehicles and transportation equipment, computers and communications equipment; and between 6 and 8 years for ships.

Repairs and maintenance of assets are charged to income, while improvements and additions are added to the cost thereof.

DEFERRED CHARGES

This account includes prepaid expenses and deferred charges. Prepaid expenses mainly include insurance premiums, which are amortized using the straight line method over a 12-month period.

Deferred charges mainly include computer software, deferred income tax, organization and preoperational expenses, improvements to third party property and automation projects, which are amortized using the straight line method over a period between 3 and 5 years

INTANGIBLE ASSETS

Intangible assets are carried at acquisition cost and represent the value of certain rights such as trademarks, goodwill, exploitation rights (concessions and franchises), among others. They are amortized using the straight line method.

The amortization period for trademarks is 20 years; for exploitation rights is the lower between the validity of the license and the time during which the reserves are expected to be exploited, which is estimated between 3 and 30 years.

The accounting policy to account for and amortize the goodwill is detailed below:

ACQUIRED GOODWILL

In Colombia, the additional amount paid over the intrinsic value certified by the relevant company upon the purchase of sales, quotas or shares of social interest in an active economic entity is recorded under acquired goodwill when one has or acquires control over it, as set forth by sections 260 and 261 of the Code of Commerce, amended by sections 26 and 27 of Law 222 of 1995 and other regulations that modify, add to or supersede it.

Pursuant to joint circular letters 007 of 1997 and 011 of 2005 issued by the Colombian Finance Superintendence, the amortization of goodwill arising from the merger of businesses in Colombia is estimated using the straight line method based on the exploitation time estimated for the intangible asset, which in no event shall be more than 20 years.

At the closing of each accounting period or the closing of the month that is being taken as the base to prepare the extraordinary financial statements, the Parent Company in Colombia assesses the goodwill originated from each investment, in order to verify its adequacy as part of the balance sheet. In other countries where related companies have operations, the goodwill is estimated based on the accounting regulations applicable where the subordinated company operates, in the frame of a higher standard pursuant to accounting principles generally accepted in Colombia and the guidelines of the Colombian Financial Superintendence, in accordance with that set forth in section 11 of Decree 2649 of 1996 as regards substance above legal forms.

ASSET APPRAISAL

It relates to:

- a) Excess commercial or intrinsic value of the investment in shares and quotas of interest at the end of the period over its net cost.
- b) Excess technical appraisals of property, plant and equipment over the respective net costs adjusted for inflation. Such appraisals were carried out in 2011 by individuals related and non-related to the companies under labor agreements based on replacement values and depreciation. These appraisals are to be updated at least every three years.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company has an exposure to various financial market risks arising from its ordinary businesses, which are managed by means of derivative financial instruments. Such risks may be summarized as follows:

Strategic risk: a deviation between the benefits expected from a strategy and the results obtained.

Market risk: a change in the reasonable value of the derivative instrument due to changes in the market price.

Liquidity risk: losses arising from: I) Failure to comply with payments due to the difficulty of obtaining liquidity; II) Impossibility of taking or dumping a derivative position due to lack of market.

Credit risk: a loss that may become real due to the breach of the other party.

Operations risk: a loss to which the Company is faced arising from mistakes in the record systems and/or valuation systems. Also from the faulty design of a proper limit system, an inappropriate review of contracts or an inadequate management information system.

The Company values its derivative instruments at market prices on a periodical basis for administrative control purposes.

The Company manages the mentioned risks by means of the following transactions:

SWAP ARRANGEMENTS

They relate to financial transactions wherein the Company, by means of an agreement with a bank, exchanges money flows in order to decrease illiquidity, exchange rate, term or issuer risks, as well as to reorganize assets and liabilities.

In the case of interest rate swaps there is no exchange of capitals; the Company is liable for its credits with defined amounts and terms, and its accounting recording is independent from the swap arrangement. As regards the recording of swaps, only payments net of interests between the parties thereto are recorded; consequently the record shall be limited to the recognition of the positive or negative difference between the interest flows that the parties agree on exchanging. Profits or losses arising from the arrangements are recognized directly in the period results.

In the case of currency swaps, the existence of this arrangement does not have an impact on the valuation of the underlying debt (original). During the term of the agreement, the parties pay a differential for the interests and the exchange difference which are directly taken to the period results.

FORWARD ARRANGEMENTS

They are used to cover the exchange rate risk in debt and investment transactions in foreign currency, as well as to cover future cash flows, with high probability of occurrence such as the monthly exports of the Company. At the end of each period, they are valued discounting the forward future rate at the market devaluation rate, comparing such present value to the market representative exchange rate at the closing of the assessed period and recording the positive or negative difference in the statement of income.

OPTION ARRANGEMENTS

They are used to cover the exchange rate risk mainly arising from monthly exports and the future flows resulting from the later. They are carried out through structured hedges, such as export collars that allow having a market monetization range and protecting from exchange rate extreme changes. They are valued by applying the Black-Scholes model

LABOR OBLIGATIONS AND RETIREMENT PENSIONS

Labor liabilities are adjusted at the closing of each period pursuant to outstanding legal regulations and legal agreements.

The liability for retirement pensions represents the present value of all future expenditures that the Company shall have to pay to its retired personnel or to their beneficiaries, which mainly relates to senior employees. The relevant charges to annual results are made based on actuarial studies in compliance with outstanding legal regulations, prepared under methods such as the actual equivalence system for revenues in arrears, immediate due fractioned annuities and prospective revenues.

On December 7, 2010, the Ministry of Finance and Public Credit issued Decree 4565 by means of which the content of section 77 of Decree 2649 of 1993 was amended. This section contains the instructions of how entities bearing this obligation should estimate and disclose the retirement pension liabilities. In preparing the actuarial calculation as of December 31, 2010, such entities must use the Life Tables for Male and Female Annuitants, as updated by the Colombian Finance Superintendence by means of Resolution number 1555 dated July 30, 2010. The percentage of amortization established as compared with that reached at December 2009 and the amount pending provision, shall be amortized based on the financial statements as of December 31, 2010 until 2029, on a straight line basis, without affecting the possibility of completing such amortization earlier than 2029.

The payment of retirement pensions during the period is directly charged to period results.

For employees under the new social security regime (Law 100 of 1993), the Company complies with its obligation by contributing payments to the Institute for Social Security (ISS) and/or to the retirement pension private funds in the terms and conditions set forth by the above-mentioned law.

For consolidation purposes, the Company carries the labor liabilities as estimated for every country pursuant to the accounting technique and with the subsidiaries' implicit legal obligations. In that sense, the Company does not deem necessary to prepare again the accounting estimates resulting from recording the consolidated social benefits and other benefits due to employees on a basis other than those in force in the countries where the relevant liabilities arose.

TAXES, CONTRIBUTIONS AND LEVIES

They represent the value of general mandatory taxes payable to the Government by the Company, estimated on the basis of private assessments prepared during the relevant taxable period. They include, among others, the income and supplementary tax, the tax on equity and the industry and trade tax.

The Company determines the income tax provision either on the grounds of taxable income estimated at the rates provided for in the tax law or on the grounds of the presumptive income system. The tax effects of revenues, costs and expenses corresponding to the temporary differences between accounting and the figures for tax purposes are carried as deferred taxes. However, in the case of debit deferred taxes they are only carried as revenues when related to temporary differences that entail payment of a higher tax during the current year, provided there is a reasonable expectation of generating enough taxable income in the periods during which the tax benefit is to be obtained.

Pursuant to Decree 514 of 2010, in 2011 Inversiones Argos and its subordinated companies adopted as accounting practice for the recognition of the tax on equity the recording of total taxes payable against the shareholders' equity revaluation account. When the revaluation account becomes exhausted and there is no balance in it to cover the tax, the relevant amount payable is taken to the statement of income.

MEMORANDUM ACCOUNTS

Commitments pending formalization and contingent rights and obligations, such as the value of assets and securities delivered as collateral, endorsements granted, unused letters of credit, assets and securities received in custody or as collateral, fully depreciated assets and the difference between tax and accounting equity values, are taken to memorandum accounts.

RECOGNITION OF REVENUES, COSTS AND EXPENSES

Revenues from sales are recognized upon dispatch of the product; upon granting the public deed as regards the land or development works; those arising from rental agreements are recognized during the month they accrue and those arising from services upon their rendering. Revenues from dividends are recognized when the issuer declares such dividends.

All revenues, costs and expenses are recorded under an accrual basis.

OPERATING INCOME BEFORE IMPAIRMENT OF ASSETS

This account shows the operating income of consolidated companies, which excludes extraordinary expenses recorded for the operations of Argos USA Corp in the United States of America, e.g. the recording of the appraisal of long-term asset impairment, considered as an unusual event or a non-recurring event under business operations.

ASSET IMPAIRMENT

It relates to the expense arising from the appraisal of the long-term asset impairment carried out by experts, recognized by the operation of Argos USA Corp. in accordance with accounting principles generally accepted in the United States of America (USGAAP). This expense arises from events not related with the Company's main business purpose.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currency are carried at the applicable exchange rates in force on the respective dates. At the closing of each period, the balances receivable or payable and investments in foreign currency are adjusted at the market representative exchange rate certified by the Central Bank. As regards accounts receivable or payable in foreign currency, exchange differences are recorded against income provided the exchange differences are not triggered by the cost of acquisition of assets. Exchange differences arising while assets are under construction or installation progress and until they are ready for use can be attributed to the cost of acquisition of assets.

As from 2007, pursuant to Decree 4918 of the same year, the exchange difference of variable income investments in foreign subordinated companies is carried as a higher or lower value of equity in the equity method surplus

STATEMENTS OF CASH FLOWS

The accompanying statements of cash flows were prepared using the indirect method, which includes a reconciliation of the net income for the year to the net cash provided by operating activities.

CASH AND CASH EQUIVALENTS

Cash available on hand and cash in banks, savings deposits and all high-liquidity investments are deemed cash and cash equivalents.

MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

Preparing the financial statements pursuant to accounting principles generally accepted in Colombia requires Management to make estimates and assumptions that have an impact on the amounts of assets and liabilities reported on the closing date of financial statements and the amounts of revenues and expenses reported during the relevant period. Generally the recognition and presentation of economic events are made in accordance with their relative importance or materiality. For the 2011 financial statements, the materiality applied was determined as 5% of the consolidated EBITDA.

CONSOLIDATED NET INCOME PER SHARE

The consolidated net income per share is estimated on the annual weighted average of subscribed and outstanding shares during each year. Re-acquired own shares are excluded for the effects of this calculation.

CONTINGENCIES

There may be certain contingent conditions on the date of issuance of the financial statements, which may result in a loss for the Company but shall only evolve in future upon the occurrence or potential occurrence of one or more events. Such loss contingencies are estimated by Management and its legal counsels. The estimation of loss contingencies necessarily implies a judgment and is a matter of opinion. In estimating the loss contingencies in legal proceedings against the Company, the legal counsels assess, among others, the merits of the claims, the jurisprudence of the courts on the subject matter and the current status of the legal proceedings.

Should the contingency assessment indicate the probability of a material loss and the liability can be estimated, it is recorded in the financial statements. Should the assessment indicate that a potential loss is not probable or is probable to occur but the result is uncertain or the amount of the loss cannot be estimated, the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies estimated as remote generally are not disclosed.

NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCY

Basic standards in force in Colombia allow freely negotiating foreign currencies through banks and other financial institutions at free exchange rates. Nevertheless, most of foreign currency transactions still require that certain legal requirements be met.

Transactions and balances in foreign currency are translated at the market representative exchange rate certified by the Central Bank, which was used to prepare the financial statements as of December 31, 2011 and 2010. Market representative exchange rate as of December 31, 2011 in Colombian pesos was COP \$1,942.70 (2010 COP \$1,913.98) to US\$1.

At December 31st, the Company had the following net position in foreign currency, mainly in dollars, recorded at their equivalent in millions of Colombian pesos.

| | 2011 | | 2010 | |
|---------------------------|--------------------|-----------------------------|--------------------|-----------------------------|
| | Dollars | Millions of Colombian pesos | Dollars | Millions of Colombian pesos |
| Current assets | 1,017,384,070 | 1,976,472 | 540,475,248 | 1,034,459 |
| Non-current assets | 1,075,792,825 | 2,089,943 | 1,227,887,588 | 2,350,152 |
| | 2,093,176,895 | 4,066,415 | 1,768,362,836 | 3,384,611 |
| Current liabilities | (922,317,986) | (1,791,787) | (494,393,829) | (946,260) |
| Non-current liabilities | (835,376,734) | (1,622,886) | (849,518,434) | (1,625,961) |
| | (1,757,694,720) | (3,414,673) | (1,343,912,263) | (2,572,221) |
| Net asset position | 335,482,175 | 651,742 | 424,450,573 | 812,390 |

In order to minimize the risk arising from transactions in foreign currency, the Argos Group carries out hedging transactions as detailed in notes 6 and 13.

NOTE 5 – NEGOTIABLE INVESTMENTS

Negotiable investments as of December 31st were comprised of:

| | Annual average Rate in 2011 | 2011 | 2010 |
|-------------------------------|-----------------------------|---------------|----------------|
| Term deposit certificates (1) | 5.7% | 15,155 | 216,912 |
| Savings deposits certificates | | 9,801 | - |
| Rights under trust agreements | 4.5% | 1,935 | 17,980 |
| Titles and acceptances | 11.4% | 1,083 | 180 |
| Bonds and other | | 9 | 248 |
| | | 27,983 | 235,320 |
| Less - Provisions | | - | (248) |
| | | 27,983 | 235,072 |

- (1) It mainly relates to TDCs in amount of US\$ 5,092,867 (2010 - US\$110,000,000) and overnight transactions in amount of US\$1,350,000. The lower value is mainly explained by the use of resources to capitalize the subordinated company Argos USA for the purchase of cement and concrete assets from Lafarge.

No restriction has been imposed on these investments that limit its availability to be used

NOTE 6 – ACCOUNTS RECEIVABLE

As of December 31st the receivables account was comprised of:

| | 2011 | 2010 |
|---|----------------|----------------|
| Domestic customers (1) | 527,166 | 383,492 |
| Foreign customers | 9,627 | 10,208 |
| Receivables from related parties (2) (see note 26) | 25,294 | 21,837 |
| Advance payments to contractors and other | 31,165 | 37,414 |
| Deposits (3) | 12,368 | 145 |
| Promises to enter into purchase-sale agreements (4) | 1,679 | 48,711 |
| Loans to third parties | 675 | 420 |
| Sundries debtors (5) | 113,384 | 40,034 |
| Accounts receivable from employees | 35,597 | 32,678 |
| Revenues receivable | 37,141 | 33,306 |
| Tax advances | 121,687 | 138,501 |
| Trade current accounts | 229 | 442 |
| Other | 3,571 | 6,420 |
| | 919,583 | 753,608 |
| Less – Provision for the protection of receivables | (28,501) | (27,505) |
| Long-term portion (6) | (53,815) | (38,230) |
| | 837,267 | 687,873 |

- (1) The balance is mainly related to receivables arising from sales on credit to customers of Cementos Argos S.A. and the entrance of new Argos Cement LLC and Argos Ready Mix LLC.
- (2) Includes \$15,979 (2010 - \$19,513) from non-consolidated related parties (see note 26).
- (3) Increase resulting from the import deposits at Cementos Colón S.A.
- (4) The decrease relates to the legalization of advance payments for the purchase of the Hacienda El Centenario plots of land for the forest project at Carmen de Bolívar, and purchase of offices to house administration staff, located at Ciudad Empresarial Sarmiento Angulo in Bogotá.
- (5) Increase is mainly due to accounts receivable arising from Cementos Argos financial derivative transactions.
- (6) The increase is mainly related with Cementos Colón S.A. and Valle Cement Investments Limited.

The debit to the statement of income on account of provision for the protection of receivables was \$5,243 (2010 - \$4,165).

The provision for the protection of receivables changed as follows:

| | 2011 | 2010 |
|------------------------|---------------|---------------|
| Opening balance | 27,505 | 52,573 |
| Provision for the year | 5,243 | 4,165 |
| Accounts written off | (4,247) | (29,233) |
| Closing balance | 28,501 | 27,505 |

At December 31, 2011 Southern Star Concrete's accounts receivable and inventories have been granted as collateral to Wells Fargo Facility to guarantee each of the Company's revolving credit lines. The credit line approved is US\$30,000,000, of which US\$65,327 have been disbursed as of December.

Long term debtor maturities as of December 31, 2011 are as follows:

| | Amount |
|--------------------|---------------|
| 2013 | 10,150 |
| 2014 | 21,441 |
| 2015 | 2,664 |
| 2016 | 1,613 |
| 2017 and following | 17,947 |
| | 53,815 |

Interest rates applicable on long term accounts receivable are: for employee loans, between 0% and 10% A.E; 3.47% A.E. for loans to related parties.

Overdue accounts receivable from customers at December 31, 2011 amount to \$169,090 (2010 - \$150,765). Uncollectible accounts overdue more than one year amounts to \$874 (2010 - \$860).

Transactions with financial derivatives that gave rise to a Company's positive valuation at year end were as follows:

| Swap Arrangement | Underlying | Underlying amount COP\$ o US\$ | Underlying rate | Swap amount COP\$ o US\$ | Swap rate | Maturity |
|------------------|-----------------|-----------------------------------|-----------------|-----------------------------|-------------|-----------|
| Currency Swap | Account payable | US\$ 71,500,000 | 4.90% PV | 136,558 | CPI + 5.35% | 08-Aug-16 |
| Currency Swap | Bonds 2017 | \$ 343,520 | CPI + 3.17% | US\$190,000,000 | Libor+1.75% | 23-Nov-17 |
| Currency Swap | Bonds 2017 | \$ 89,800 | CPI + 3.17% | US\$ 50,000,000 | Libor+1.92% | 23-Nov-17 |

| Forward Arrangements | Underlying | Underlying amount | Forward amount (US\$) | Forward rate | Maturity |
|----------------------|--|-------------------|--------------------------|--------------|-----------|
| Fwd buying | Financial liability principal and interest | US\$ 40,000,000 | US\$ 40,582,446 | \$ 1,781.98 | 27-Apr-12 |
| Fwd buying | Financial liability principal | US\$ 40,000,000 | US\$ 40,000,000 | \$ 1,789.88 | 18-Apr-12 |
| Fwd buying | Financial liability principal | US\$ 30,000,000 | US\$ 30,000,000 | \$ 1,787.93 | 18-Apr-12 |
| Fwd buying | Financial liability interest | US\$ 459,422 | US\$ 459,422 | \$ 1,785.97 | 06-Feb-12 |
| Fwd buying | Financial liability interest | US\$ 369,535 | US\$ 369,535 | \$ 1,789.94 | 19-Apr-12 |
| Fwd buying | Financial liability principal and interest | US\$ 10,000,000 | US\$ 10,065,261 | \$ 1,805.30 | 02-Feb-12 |
| Fwd buying | Financial liability principal and interest | US\$ 19,000,000 | US\$ 10,061,380 | \$ 1,815.28 | 02-Feb-12 |
| Fwd buying | Financial liability principal and interest | US\$ 29,000,000 | US\$ 20,035,473 | \$ 1,817.49 | 07-Mar-12 |
| Fwd buying | Financial liability interest | US\$ 135,981 | US\$ 135,981 | \$ 1,816.13 | 10-Feb-12 |
| Fwd buying | Financial liability principal and interest | US\$ 25,000,000 | US\$ 25,242,917 | \$ 1,829.32 | 07-Mar-12 |
| Fwd buying | Financial liability principal and interest | US\$ 47,000,000 | US\$ 47,500,924 | \$ 1,805.10 | 07-Jun-12 |
| Fwd buying | Financial liability interest | US\$ 121,581 | US\$ 121,581 | \$ 1,773.19 | 20-Jan-12 |
| Fwd buying | Financial liability interest | US\$ 120,259 | US\$ 120,259 | \$ 1,780.96 | 20-Apr-12 |
| Fwd buying | Financial liability principal and interest | US\$ 25,000,000 | US\$ 25,108,365 | \$ 1,787.17 | 12-Jul-12 |
| Fwd buying | Financial liability interest | US\$ 97,424 | US\$ 97,424 | \$ 1,780.22 | 26-Jan-12 |
| Fwd buying | Financial liability interest | US\$ 96,365 | US\$ 96,365 | \$ 1,788.59 | 26-Apr-12 |
| Fwd buying | Financial liability principal and interest | US\$ 21,000,000 | US\$ 21,087,893 | \$ 1,795.75 | 18-Jul-12 |

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| Forward Arrangements | | | | | | |
|----------------------|--|-------------------|-----------------------|--------------|-----------|--|
| Type | Underlying | Underlying amount | Forward amount (US\$) | Forward rate | Maturity | |
| Fwd buying | Financial liability principal | US\$ 20,000,000 | US\$ 20,000,000 | \$ 1,794.94 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,832.55 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,833.40 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,827.32 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,829.86 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,829.36 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,824.64 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,826.35 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,822.96 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,824.32 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 10,000,000 | US\$ 10,000,000 | \$ 1,816.55 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 10,000,000 | US\$ 10,000,000 | \$ 1,807.50 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,808.48 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 1,500,000 | US\$ 1,500,000 | \$ 1,808.30 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 3,500,000 | US\$ 3,500,000 | \$ 1,808.42 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,798.02 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,793.32 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,783.81 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,783.50 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,812.56 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,811.25 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,820.46 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,818.13 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,795.85 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,796.28 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,815.18 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,814.47 | 27-Jul-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,793.50 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,792.90 | 27-Jan-12 | |
| Fwd buying | Financial liability principal | US\$ 5,000,000 | US\$ 5,000,000 | \$ 1,792.50 | 27-Jan-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 16,000,000 | US\$ 16,265,782 | \$ 1,842.87 | 12-Mar-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 13,000,000 | US\$ 13,124,573 | \$ 1,906.91 | 22-Mar-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 17,000,000 | US\$ 17,155,354 | \$ 1,907.39 | 26-Mar-12 | |
| Fwd buying | Financial liability interest | US\$ 186,155 | US\$ 186,155 | \$ 1,788.95 | 29-Mar-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 25,184,109 | US\$ 25,184,109 | \$ 1,798.74 | 27-Jun-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 3,860,037 | US\$ 3,860,037 | \$ 1,785.73 | 13-Feb-12 | |
| Fwd buying | Financial liability interest | US\$ 36,725 | US\$ 36,725 | \$ 1,794.41 | 17-Feb-12 | |
| Fwd buying | Financial liability interest | US\$ 35,927 | US\$ 35,927 | \$ 1,804.28 | 17-May-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 3,533,532 | US\$ 3,533,532 | \$ 1,813.54 | 09-Aug-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 4,976,684 | US\$ 4,976,684 | \$ 1,814.40 | 21-Feb-12 | |
| Fwd buying | Financial liability interest | US\$ 65,225 | US\$ 65,225 | \$ 1,908.25 | 11-Jan-12 | |
| Fwd buying | Financial liability interest | US\$ 62,462 | US\$ 62,462 | \$ 1,919.57 | 11-Apr-12 | |
| Fwd buying | Financial liability interest | US\$ 62,462 | US\$ 62,462 | \$ 1,930.95 | 11-Jul-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 4,039,628 | US\$ 4,039,628 | \$ 1,875.58 | 23-Apr-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 10,095,173 | US\$ 10,095,173 | \$ 1,938.67 | 10-Jan-12 | |
| Fwd buying | Financial liability principal and interest | US\$ 3,815,028 | US\$ 3,815,028 | \$ 1,938.67 | 10-Jan-12 | |

| OPTION ARRANGEMENTS | | | | | | |
|---------------------|------------------|-----------------------|--------------------|-------------|-------------|-----------|
| Type | Underlying | Underlying US\$ value | US\$ collar amount | STRIKE PUT | STRIKE CALL | Maturity |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 20-Jan-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 21-Feb-12 |

Currency swap arrangements are made with two purposes:

- Balancing the exchange exposure of the Company
- Taking advantage of carry trade offered by the derivative market as opposite to the funding market in dollars.

Forward and option arrangements are made to cover the risk of fluctuation in exchange rates applicable to liabilities in dollars, temporary investments and export / import transactions. These instruments are valued at its fair value, taking into consideration current market curves on the valuation date (see policy on derivative financial instruments).

The fair value of hedging which underlying is a future cash flow is recorded against shareholders' equity, given that the underlying has not been recorded to the balance sheet (in this case, to accounts receivable arising from future exports with a high probability of occurrence). The fair value of the derivative is taken to the statement of income upon receiving of the underlying. This strategy allows covering future assets in dollars, as is the case of exports, at times where the exchange rate is optimum for budget purposes.

NOTE 7 – INVENTORIES - NET

Inventories at December 31st were comprised of:

| | 2011 | 2010 |
|--|----------|----------|
| Finished products | 61,705 | 56,418 |
| Production in progress | 33,405 | 21,801 |
| Raw materials and direct materials (1) | 143,617 | 78,835 |
| Materials, spare parts and appliances | 94,552 | 97,930 |
| Inventories in transit | 11,596 | 9,462 |
| Assets for sale | 11,042 | 13,482 |
| Lands | 9,681 | 9,594 |
| Goods not manufactured by the Company | 10,924 | 13,017 |
| Town planning works (2) | 30,472 | 20,466 |
| Other | 14,893 | 14,735 |
| | 421,887 | 335,740 |
| Less – provision for the protection of inventories | (7,024) | (6,853) |
| Long-term portion (3) | (38,237) | (39,412) |
| | 376,626 | 289,475 |

- (1) The increase is mainly due to the entering of the new Argos Cement LLC and Argos Ready Mix LLC in the United States of America.
- (2) Mainly relate to the following projects: Portal de Genovés \$8,747, Miramar IV stage \$9,484, C.I.C. \$6,601 and Clúster Institucional \$5,841 among others.
- (3) It relates to land intended for residential purposes.

The following was the change in the provision for the protection of inventories:

| | 2011 | 2010 |
|-------------------------|--------------|--------------|
| Opening balance | 6,853 | 5,574 |
| Provision for the year | 2,138 | 7,798 |
| Inventories written off | (1,967) | (6,519) |
| Closing balance | 7,024 | 6,853 |

NOTE 8 – PERMANENT INVESTMENTS - NET

Permanent investments as of December 31st included:

2011

| Company | Main place of business | Economic Activity | Valuation | Outstanding shares | No. of Shares | Interest held | Share Class | Adjusted Cost | Commercial Value | Provision | Valuation (loss of value) |
|--|------------------------|--|-----------|--------------------|---------------|---------------|-------------|----------------|------------------|---------------|---------------------------|
| A. SHARES | | | | | | | | | | | |
| Aeropuerto de Barranquilla S.A. | Barranquilla | Air transportation | I | 338,000,000 | 16,000,000 | 4.73% | O | 40 | 177 | - | 137 |
| Bancolombia S.A. | Medellín | Financial intermediation | B | 509,704,584 | 39,916,932 | 7.83% | O | 119,950 | 1,136,834 | - | 1,016,884 |
| Cartón de Colombia S.A. | Cali | Cardboard manufacturing | B | 107,716,050 | 2,308,930 | 2.14% | O | 5,088 | 28,960 | - | 23,872 |
| Cementos de Caldas S.A. | Manizales | Cement manufacturing | I | 50,666,501 | 20,179,195 | 39.83% | O | 3,027 | 3,180 | - | 153 |
| Cera Tech Inc | EE.UU. | Ecological cement manufacturing | I | 1,069,519 | 100,000 | 9.35% | O | 299 | - | 299 | - |
| Compañía Colombiana de Empaques Bates S.A. | Palмира | Packaging manufacturing | I | 54,607 | 3,503 | 6.41% | O | 49 | 7,203 | - | 7,154 |
| Concesiones Urbanas S.A. | Bogotá | Civil works | I | 1,554,726 | 518,346 | 33.34% | O | 6,362 | 9,516 | - | 3,154 |
| Corporación de Cemento Andino C.A. | Venezuela | Cement manufacturing | I | 37,697,288 | 37,580,426 | 99.69% | O | 39,191 | - | 39,191 | - |
| Fondo Regional Garantías del Caribe Colombiano S.A. | Barranquilla | Financial intermediation | I | 68,359 | 2,730 | 3.99% | O | 40 | 207 | - | 167 |
| Fundiciones Colombia S.A. | Medellín | Forge manufacturing | I | 2,496,845,128 | 38,543,456 | 1.54% | O | 278 | 11 | 267 | - |
| Grupo de Inversiones Suramericana S.A. | Medellín | Investments | B | 469,037,260 | 97,183,662 | 20.72% | O | 120,659 | 3,007,265 | - | 2,886,606 |
| Grupo Nutresa S.A. | Medellín | Candy manufacturing | B | 460,123,458 | 24,940,650 | 5.42% | O | 15,444 | 543,706 | - | 528,262 |
| Hipódromo Los Comuneros S.A. | Guarne | Horse racing | I | 3,199,388 | 16,870 | 0.53% | O | 12 | - | 12 | - |
| Industrial Hullera S.A. | Medellín | Coal exploitation | I | 6,474,711 | 2,426,054 | 37.47% | O | 155 | - | 155 | - |
| Inmobiliaria Incem | Panamá | Real estate | I | 2,195,056 | 281,143 | 12.81% | O | 194 | 194 | - | - |
| Intership Agency Venezuela | Venezuela | Maritime representation | I | - | - | 100.00% | O | 19 | - | 19 | - |
| Occidental de Empaques S.A. | Medellín | Packaging | I | 2,160,000 | 4,500 | 0.21% | O | 10 | 85 | - | 75 |
| Omya Colombia S.A. | Guarne | Manufacturing of non-metallic minerals | I | 12,690,910 | 6,345,455 | 50.00% | O | 11,554 | 32,391 | - | 20,837 |
| Papeles y Cartones S.A. | Barbosa | Paper manufacturing | I | 11,426,975,914 | 1,112,158 | 0.01% | O | 1 | 13 | - | 12 |
| Propal S.A. | Cali | Paper manufacturing | I | 596,630,268 | 116,767 | 0.02% | O | 2 | 165 | - | 163 |
| Propuerto S.A. | Barranquilla | Port services | I | 1,144,907 | 128,965 | 11.26% | O | 1,150 | 1,339 | 4 | 193 |
| Sociedad Administradora Portuaria Puerto Berrío S.A. | Barranquilla | Port services | I | 16,760 | 2,625 | 15.66% | O | 70 | - | 70 | - |
| Sociedad de Transporte Férreo del Occidente S.A. | Cali | Railway services | I | 2,450,625 | 72,294 | 2.95% | O | 331 | - | 331 | - |
| Sociedad Portuaria Bocas de Ceniza S.A. | Barranquilla | Port services | I | 18,075,480 | 403,130 | 2.23% | O | 484 | 406 | 78 | - |
| Sociedad Portuaria de Barrancabermeja S.A. | Barranquilla | Port services | I | 52,714 | 1,000 | 1.90% | O | 17 | 23 | - | 6 |
| Sociedad Portuaria de Tamalameque S.A. | Barranquilla | Port services | I | 50 | 3 | 6.00% | O | 4 | - | 4 | - |
| Sociedad Portuaria Regional de Barranquilla S.A. | Barranquilla | Port services | I | 2,799,646 | 12,771 | 0.46% | O | 31 | 147 | - | 116 |
| Sociedad Portuaria Río Grande S.A. | Barranquilla | Port services | I | 2,799,646 | 12,771 | 0.46% | O | 31 | 266 | - | 235 |
| Sociedad Promotora Puerto Industrial Aguadulce S.A. | Buenaventura | Port services | I | 8,742,710 | 4,390 | 0.05% | O | 103 | 40 | 63 | - |
| Surandina de Puertos C.A. | Venezuela | Port services | I | 515 | 500 | 97.09% | O | 4,938 | 3,574 | 1,364 | - |
| Triple A S.A. E.S.P. | Barranquilla | Public Utilities services | I | 73,445,177 | 82,214 | 0.11% | O | 350 | 221 | 129 | - |
| Others | | | | | | | | 4,256 | (2,685) | 6,975 | 34 |
| B. CAPITAL QUOTAS | | | | | | | | | | | |
| Distribuidora Colombiana de Cementos Ltda. (1) | Barranquilla | Marketing | I | 200,000 | 200,000 | 100.00% | O | 3,674 | 4,249 | - | 575 |
| Servigranel | Barranquilla | Marketing | I | - | - | - | O | 37 | - | 37 | - |
| Transmarítima del Caribe Ltda. (1) | Barranquilla | Shipping | I | 50 | 34 | 68.00% | O | 53 | - | 53 | - |
| Transportes Elman Ltda. (1) | Barranquilla | Land, river and sea transport | I | 800,000 | 389,437 | 48.68% | O | 1,594 | 3,472 | - | 1,878 |
| Others | | | | | | | | 35 | 35 | - | - |
| TOTAL SHARES AND QUOTAS | | | | | | | | 339,532 | 4,780,994 | 49,051 | 4,490,513 |
| C. BONDS AND SECURITIES | | | | | | | | 667 | 667 | | |
| D. OTHER INVESTMENTS | | | | | | | | 8,372 | 8,595 | 63 | 286 |
| Less - Provision for protection | | | | | | | | (49,114) | | | |
| | | | | | | | | 299,457 | 4,790,256 | 49,114 | 4,490,799 |

| Company | Main place of business | Economic Activity | Valuation | Outstanding shares | No. of Shares | Interest held | Share Class | Adjusted Cost | Commercial Value | Provision | Valuation (loss of value) |
|--|------------------------|---------------------------------------|-----------|--------------------|---------------|---------------|-------------|----------------|------------------|---------------|---------------------------|
| A. SHARES | | | | | | | | | | | |
| Aeropuerto de Barranquilla S.A. | Barranquilla | Air transportation | I | 338,000,000 | 16,000,000 | 4.73% | O | 40 | 203 | - | 163 |
| Bancolombia S.A. | Medellín | Financial intermediation | B | 509,704,584 | 37,979,964 | 7.45% | O | 114,340 | 1,120,409 | - | 1,006,069 |
| Cartón de Colombia S.A. | Cali | Cardboard manufacturing | B | 107,716,050 | 3,117,675 | 2.89% | O | 6,871 | 42,048 | - | 35,177 |
| Cementos de Caldas S.A. | Manizales | Cement manufacturing | I | 50,666,501 | 20,179,195 | 39.83% | O | 3,027 | 3,289 | - | 262 |
| Compañie de Distribution de Ciment S.A. | Haití | Freight | I | 200 | 200 | 100.00% | O | 181 | 181 | - | - |
| Compañía Colombiana de Empaques Bates S.A. | Palmira | Packaging manufacturing | I | 54,607 | 3,503 | 6.41% | O | 49 | 8,952 | - | 8,903 |
| Concesiones Urbanas S.A. | Bogotá | Civil works | I | 1,554,726 | 518,345 | 33.34% | O | 6,361 | 8,840 | - | 2,479 |
| Corporación de Cemento Andino C.A. | Venezuela | Cement manufacturing | I | 37,697,288 | 37,580,426 | 99.69% | O | 39,108 | - | 39,108 | - |
| Ercarbón S.A. | Medellín | Coal exploitation | I | 65,322 | 65,196 | 99.81% | O | 70,350 | 44,339 | 25,926 | (85) |
| Fondo Regional de Garantías de la Costa Atlántica | Barranquilla | Financial intermediation | I | 68,359 | 2,730 | 3.99% | O | 40 | 178 | - | 138 |
| Fundiciones Colombia S.A. | Medellín | Production of molding | I | 2,496,845,128 | 38,543,456 | 1.54% | O | 278 | 21 | 257 | - |
| Grupo de Inversiones Suramericana S.A. | Medellín | Investments | B | 469,037,260 | 114,590,115 | 24.43% | O | 111,511 | 4,246,219 | - | 4,134,708 |
| Grupo Nacional de Chocolates S.A. | Medellín | Candy manufacturing | B | 435,123,458 | 24,940,650 | 5.73% | O | 15,444 | 675,892 | - | 660,448 |
| Hipódromo Los Comuneros S.A. | Guarne | Horse racing | I | 3,199,388 | 16,870 | 0.53% | O | 12 | - | - | (12) |
| Industrial Hullera S.A. | Medellín | Coal exploitation | I | 6,474,711 | 2,426,054 | 37.47% | O | 155 | - | 155 | - |
| Inmobiliaria Incem | Panamá | Real Estate | I | 2,196,430 | 281,143 | 12.80% | O | 191 | 191 | - | - |
| Intership Agency Venezuela | Venezuela | Maritime representation | I | - | - | 100.00% | O | 19 | - | 19 | - |
| Occidental de Empaques S.A. | Medellín | Packaging manufacturing | I | 2,160,000 | 4,500 | 0.21% | O | 10 | 83 | - | 73 |
| Omya Andina S.A. | Guarne | Manufacturing of non-metalic minerals | I | 12,690,910 | 6,345,455 | 50.00% | O | 11,554 | 32,214 | - | 20,660 |
| 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 | 144 | - | 142 |
| Propuerto S.A. | Barranquilla | Port Services | I | 1,145,337 | 128,965 | 11.26% | O | 1,151 | - | 1,147 | (4) |
| Sociedad Administradora Portuaria Puerto Berrio S.A. | Barranquilla | Port Services | I | 16,667 | 2,625 | 15.75% | O | 70 | - | - | (70) |
| Sociedad Portuaria de Barrancabermeja S.A. | Barranquilla | Port Services | I | 52,714 | 1,000 | 1.90% | O | 15 | 11 | - | (4) |
| Sociedad Portuaria Bocas de Ceniza S.A. | Barranquilla | Port Services | I | 16,198,079 | 403,130 | 2.49% | O | 484 | 403 | - | (81) |
| Sociedad Portuaria La Inmaculada S.A. (2) | Barranquilla | Port Services | I | 40,000 | 40,000 | 100.00% | O | 56 | 38 | 2 | (16) |
| Sociedad Portuaria Las Flores S.A. (2) | Barranquilla | Port Services | I | 50,000 | 50,000 | 100.00% | O | 61 | 48 | 1 | (11) |
| Sociedad Portuaria Regional de Barranquilla S.A. | Barranquilla | Port Services | I | 2,799,646 | 12,771 | 0.46% | O | 63 | 370 | - | 307 |
| Sociedad Portuaria de Tamalameque S.A. | Barranquilla | Port Services | I | 50 | 3 | 6.00% | O | 4 | - | 4 | - |
| Sociedad Promotora Puerto Industrial Aguadulce S.A. | Buenaventura | Port Services | I | 8,742,710 | 4,390 | 0.05% | O | 103 | 47 | - | (56) |
| Surandina de Puertos C.A. | Venezuela | Port Services | I | 250,000 | 250,000 | 100.00% | O | 4,865 | 3,509 | - | (1,356) |
| Sociedad de Transporte Férreo del Occidente S.A. | Cali | Railway services | I | 2,450,625 | 72,294 | 2.95% | O | 331 | - | 331 | - |
| Triple A S.A. E.S.P. | Barranquilla | Public Utilities | I | 73,445,177 | 82,214 | 0.11% | O | 350 | 213 | - | (137) |
| Other | | | | | | | | 4,134 | - | 4,144 | 10 |
| B. CAPITAL QUOTAS | | | | | | | | | | | |
| Compañía de Navegación del Mar Caribe Ltda. (1) | Barranquilla | Freight and Shipping | 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 | 4,861 | - | 1,187 |
| Distribuidora de Cementos Ltda. (1) | Medellín | Marketing | I | 50,000 | 50,000 | 100.00% | O | 1,914 | 1,196 | 764 | 46 |
| Servigranel | Barranquilla | Marketing | I | - | - | - | O | 37 | - | 37 | - |
| Transportadora Sucre Ltda. (1) | Barranquilla | Cargo transport | I | 100 | 40 | 40.00% | O | 75 | 75 | - | - |
| Transportes Elman Ltda. (1) | Barranquilla | Land, river and sea transport | I | 800,000 | 389,148 | 48.64% | O | 1,592 | 3,899 | - | 2,306 |
| Transmarítima del Caribe Ltda. (1) | Barranquilla | Shipping | I | 50 | 34 | 68.00% | O | 53 | - | 53 | - |
| Other | | | | | | | | 34 | 34 | - | - |
| TOTAL SHARES AND QUOTAS | | | | | | | | 398,620 | 6,197,920 | 71,958 | 5,871,258 |
| C. BONDS AND SECURITIES | | | | | | | | 1,974 | 1,974 | | |
| D. OTHER INVESTMENTS | | | | | | | | 13,502 | 88,031 | 2,030 | 76,559 |
| Less - Provision for protection of investments | | | | | | | | (73,988) | | | |
| | | | | | | | | 340,108 | 6,287,925 | 73,988 | 5,947,817 |

Commercial values correspond to December 2011 and 2010

Valuation

I: Intrinsic B: Listed value

Class of shares

O: Ordinary P: Preferred

(1) Companies under liquidation

(2) Companies in preoperating stage

The following investments are pledged as collateral for credit lines with Bancolombia and HSBC New York:

| Company | No of shares | Bank | Amount |
|--|--------------|---------------|----------------|
| Carbones del Caribe S.A.S. | 50,000 | Bancolombia | 324 |
| Grupo Nutresa S.A. | 10,824,072 | Bancolombia | 235,964 |
| Grupo de Inversiones Suramericana S.A. | 16,800,000 | HSBC New York | 516,260 |
| Grupo de Inversiones Suramericana S.A. | 5,000,000 | Bancolombia | 161,720 |
| | | | 914,268 |

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

The balance of property, plant and equipment as of December 31st includes:

| 2011 | Adjusted cost | Accumulated depreciation | Net cost | Appraisal | Revaluation | Revaluation method |
|---|------------------|--------------------------|------------------|------------------|------------------|------------------------|
| Land | 906,183 | - | 906,183 | 4,265,633 | 3,359,450 | Comparative |
| Constructions in progress | 108,717 | - | 108,717 | 108,717 | - | Cost |
| Constructions and buildings | 766,518 | 240,598 | 525,920 | 701,390 | 175,470 | Comparative/cost |
| Machinery and production equipment | 3,858,139 | 1,651,574 | 2,206,565 | 3,082,376 | 875,811 | Revenue capitalization |
| Office furniture, computers and communication equipment | 57,294 | 42,399 | 14,895 | 22,872 | 7,977 | Cost |
| Mines, quarries and mineral deposits | 122,026 | 101,081 | 20,945 | 263,617 | 242,672 | Rental |
| Ground transportation equipment | 417,729 | 245,341 | 172,388 | 197,194 | 24,806 | Revenue capitalization |
| Inland water fleet | 81,324 | 29,830 | 51,494 | 52,576 | 1,082 | Revenue capitalization |
| Lines of communication | 155,201 | 14,545 | 140,656 | 143,894 | 3,238 | Comparative/cost |
| Farming operation | 10,394 | 1,516 | 8,878 | 9,735 | 857 | |
| Machinery and equipment being assembled | 34,589 | - | 34,589 | 34,589 | - | Revenue capitalization |
| Property plant and equipment in transit | 5,529 | - | 5,529 | 5,529 | - | Cost |
| Other assets | 6,202 | 1,123 | 5,079 | 7,659 | 2,580 | Cost |
| Subtotal | 6,529,845 | 2,328,007 | 4,201,838 | 8,895,781 | 4,693,943 | |
| Less provision to protect against impairment | - | - | (24,701) | - | - | |
| TOTAL | 6,529,845 | 2,328,007 | 4,177,137 | 8,895,781 | 4,693,943 | |

| 2010 | Adjusted cost | Accumulated depreciation | Net cost | Appraisal | Revaluation | Revaluation method |
|---|------------------|--------------------------|------------------|------------------|------------------|------------------------|
| Land | 399,730 | - | 399,730 | 1,660,875 | 1,261,145 | Comparative |
| Constructions in progress | 28,890 | - | 28,890 | 28,890 | - | Cost |
| Constructions and buildings | 531,219 | 214,247 | 316,972 | 508,792 | 191,820 | Comparative/cost |
| Machinery and production equipment | 3,137,066 | 1,588,818 | 1,548,248 | 2,402,211 | 853,963 | Revenue capitalization |
| Office furniture, computers and communication equipment | 51,582 | 35,215 | 16,367 | 19,292 | 2,925 | Cost |
| Mines, quarries and mineral deposits | 135,106 | 104,552 | 30,554 | 772,606 | 742,052 | Rental |
| Ground transportation equipment | 441,933 | 213,218 | 228,715 | 256,993 | 28,278 | Revenue capitalization |
| Inland water fleet I | 79,955 | 23,465 | 56,490 | 57,705 | 1,215 | Revenue capitalization |
| Lines of communication | 141,720 | 12,562 | 129,158 | 133,910 | 4,752 | Comparative/cost |
| Farming operation | 8,390 | 1,324 | 7,066 | 7,868 | 802 | |
| Machinery and equipment being assembled | 120,983 | - | 120,983 | 120,983 | - | Revenue capitalization |
| Property plant and equipment in transit o | 3,170 | - | 3,170 | 3,170 | - | Cost |
| Other assets | 3,223 | 1,500 | 1,723 | 3,493 | 1,770 | Cost |
| Subtotal | 5,082,967 | 2,194,901 | 2,888,066 | 5,976,788 | 3,088,722 | |
| Less provision to protect against impairment | - | - | (17,383) | - | - | |
| TOTAL | 5,082,967 | 2,194,901 | 2,870,683 | 5,976,788 | 3,088,722 | |

The increase in property, plant and equipment mainly relates to subordinated Argos Cement LLC's and Argos Ready Mix LLC's assets in amount of \$1,349,042, as part of the procurement process from Lafarge.

The Company carried out technical appraisals of property, plant and equipment in 2011. Appraisal methods applied are explained in note 19. Such appraisals are updated at least every three years.

Depreciation taken to income in 2011 amounted to \$269,813 (2010 - \$249,471).

Back in 1994 the cement plant in Sogamoso, along with the lands, was given as collateral to guarantee Acerías Paz del Río S.A.'s financial liabilities; such guarantees at December 31, 2010 were comprised of first ranking mortgages for US\$8,365,573; second ranking mortgage for \$659; second ranking pledge for US\$21,337,187. The Company is in the process of cancelling such liens since the liabilities guaranteed thereunder have been fully paid.

Additionally, the lands of Hacienda Casanare located in Puerto Nare, Antioquia, have been mortgaged for \$265 to Bancolombia as financial liability collateral.

NOTE 10 – DEFERRED CHARGES AND INTANGIBLE ASSETS

Deferred charges and intangible assets at December 31st were comprised of:

| | 2011 | 2010 |
|-------------------------------|------------------|------------------|
| Goodwill (1) | 948,021 | 993,294 |
| Trademarks (2) | 166,038 | 265,775 |
| Rights (3) | 134,297 | 111,368 |
| Franchising and licensing (4) | 288,263 | 262,008 |
| Deferred assets (5) | 170,999 | 160,229 |
| Provisions | (2,107) | (2,108) |
| Accumulated amortization | (239,124) | (156,085) |
| | 1,466,387 | 1,634,481 |

- (1) Goodwill arising from the acquisition of Southern Star and Ready Mixed Concrete Co in the United States of America, in 2005 and 2006, respectively. In 2011 goodwill was generated in amount of \$33,548 from the acquisition of Argos Ready Mix LLC's assets from Lafarge. Purchased goodwill corresponding to the difference between the value paid and the fair value of the American companies acquired was recorded. Such recognition was made in accordance with accounting principles generally accepted in the United States of America, which accounting standards are considered of higher hierarchy facing the Colombian conceptual framework since they relate to accounting principles applicable by developed economies. Pursuant to these principles, the goodwill is not subject to amortization but impairment valuation should sign of it exist. At the closing of 2011 and 2010 accounting periods, the goodwill was appraised by experts and impairment thereof was identified.

American accounting standards (USGAAP) and International Financial Reporting Standards (IFRS) include the concept of impairment which calls for the value of assets not to exceed the recovery value thereof. In other words, wherever situations arise, whether due to adverse situations, changes in the operating environment, changes in the anticipated use of the assets or a decrease in the operating results in the estimation of future discounted flows generated by a productive unit, which generate book value, exceed the fair value at which they might be recovered, either through use or sale, the assets are considered impaired, and such loss must be recognized in the Company's financial statements. Colombian accounting standards, as set forth in Decree 2649 of 1993, do not contain specific regulations to estimate the impairment of assets.

The effect of asset impairment is shown in the consolidated statement of income as "Asset Impairment" under the "Operating Income before Asset Impairment" and results from unusual or non-recurring events not related with the main business purpose of Argos USA Corp. and Caricement Antilles NV. The most significant item included in this entry relates to the goodwill and acquired customer databases, resulting in \$319,280 accumulated impairment for these assets, which for 2011 amounted to \$74,460 for Argos USA Corp. (2010 - \$79,292) and Caricement Antilles NV (2010 - \$9,051)

The goodwill also relates to the higher amounts paid over the book value of the stock of:

- Cemento Panamá S.A. in amount of \$22,688; the intrinsic value in pesos was \$218,190 per share to be amortized over 5 years using the straight line method.
 - The goodwill arising from the acquisition of interests in Carbones del Caribe S.A.S., Caricement Antilles NV and Domar Ltd. in amount of \$ 84,302 was fully amortized during 2011.
 - Haití Cement Holding S.A. in amount of \$975; the intrinsic value in pesos was \$195,340 per share to be amortized over 12 months using the straight line method. The investment was acquired on August 13, 2009 and was fully amortized by September 2010.
 - Alexios N.V. in amount of \$1,802; the intrinsic value in pesos was \$88,198,366 per share at the time of acquisition. It is amortized over 4 years using the straight line method. The investment was acquired on February 16, 2010.
- (2) It relates to the valuation of acquired trademarks. The methodology applied for the valuation was based on the Discounted Cash Flow analysis: the Company value is the result of the operating cash that the company is capable of generating in a given period of time, discounted at a rate reflecting the risk arising from such flows. This methodology is supported on the return on the ownership of the trademark as regards said flows (contribution of the trademark to the business, both current and future):
- Argos Trademark purchased from Inversiones Argos S.A.; the trademark valuation was carried out by Corporación Financiera Colcorp. The trademark was acquired in December 2005 and is amortized over 20 years. Its acquisition cost was \$115,389 and it was adjusted for inflation by \$5,274.
 - As part of the periodical review of assets, a decision was made during the period not to continue using UNO A and La Fortaleza trademarks. Consequently, these trademarks were 100% amortized during 2011 in amount of \$ 96,799
- (3) It includes the contributions made by the Company to Real Estate Trust Agreement 732-1359 managed by Fiduciaria Fiducorp S.A. for the forest reestablishment project in Carmen de Bolívar, for \$26,130 (2010 - \$8,895). Contributions made during 2011 amounted to \$17,235. Additionally, it includes an availability right acquired from Acerías Paz del Río in December 2008 for US\$41,256,757, regarding at least 150,000 tons per year of slag produced by them during 15 years, agreement capable of being extended for a like period.

It also includes the following assets acquired through financial leasing agreements under a monthly payment model:

| Agreement number | Original Amount | Balance as of Dec-11 | Termination | Term (months) | Outstanding installments | Asset |
|------------------|-----------------|----------------------|-------------|---------------|--------------------------|----------|
| 109521 | 79 | 3 | 16-apr-12 | 24 | 4 | Vehicles |
| 124541 | 36 | 16 | 16-may-12 | 12 | 5 | Vehicles |
| 120828 | 28 | 17 | 16-nov-12 | 21 | 11 | Vehicles |
| 134692 | 42 | 42 | 16-feb-13 | 14 | 14 | Vehicles |

- (4) It includes the port concession agreement No. 40 on public property located in Barranquilla, Atlántico, entered into by and between Cormagdalena and Cementos Argos S.A. in amount of \$6,311, which includes shores, lands, main dock and the infrastructure detailed in the agreement. The agreement authorizes the operation of a one-operator private dock with capacity to operate from 1,000,000 metric tons in the first year to 2,800,000 metric tons in year 20. Under the concession agreement, the Company commits to a port-related investment plan in amount of US\$809,923, to comply with the maintenance program for all assets associated with the concession and generally to comply with all standards and procedures implemented for port operation. The term of the concession granted is 20 years from the date of consummation of the contract (February 27, 2009) and no automatic extension is allowed. It also includes mining concessions among which there are the mining titles acquired from Villasanta S.A. for \$1,500.

Main mining concessions in force at year end are as follows:

| Contract number | Type of title | Main mineral | Municipality | Department | Value | Status | Start date | Term (years) |
|-----------------|-----------------------------------|--------------------|--|------------|---------------|------------------------|------------|--------------|
| 2952 | Mining Concession Decree-Law 1275 | Limestone and sand | Barranquilla and Puerto Colombia | Atlántico | Indefinite | Extension procedure | 7/03/1980 | 30 |
| 3632 | Mining concession Law 2655 | Limestone and sand | Toluviejo Barranquilla and Puerto Colombia | Sucre | Indefinite | Exploitation | 6/10/1992 | 30 |
| 9334 | Mining concession Law 2655 | Calcareous | Turbaco | Atlántico | Indefinite | Exploitation | 4/02/1993 | 30 |
| 18610 | Mining concession Law 2655 | Limestone | Turbaco | Bolívar | Indefinite | Exploitation | 4/02/1997 | 30 |
| 7609 | Mining concession Law 2655 | Limestone | Curiti | Santander | Indefinite | Exploitation | 23/08/2004 | 30 |
| 8420 | Mining concession Law 2655 | Limestone | Yumbo | Valle | Indefinite | Extension and changing | 11/10/1991 | 30 |
| 8421 | Mining concession Law 685 | Limestone | Puerto Nare and Caracolí | Antioquia | Indefinite | Exploitation | 9/05/2007 | 30 |
| 14335 | Mining concession Law 685 | Limestone | Puerto Nare | Antioquia | Indefinite | Exploitation | 10/08/2007 | 30 |
| 14665 | Mining concession Law 685 | Limestone | Duitama and Santa Rosa de Viterbo | Boyacá | Indefinite | Exploitation | 28/08/2007 | 21 |
| 40 | Port concession | | Barranquilla | Atlántico | 6,311,000,000 | Exploitation | 27/02/2009 | 20 |

- (5) Deferred charges at December 31st were mainly comprised of:

| | 2011 | 2010 |
|---|---------------|---------------|
| Software | 9,681 | 16,941 |
| Research surveys | 236 | 294 |
| Debit deferred income tax(a) | 87,325 | 45,490 |
| Organization and pre-operating expenses | 1,867 | 2,693 |
| Mining development (b) | - | 18,455 |
| Improvements to third party's properties | 3,864 | 1,013 |
| Licenses | 26 | 45 |
| Projects | - | 1,621 |
| Technology projects and other deferred charges (c) | 67,922 | 57,298 |

- a) Mainly arising from swaps payable, estimated contingent liabilities and deferred depreciation.
- b) The Trinidad and Bijao deferred charges were fully amortized during 2011.
- c) Includes the costs associated with the placement of 2007 and 2009 bonds for \$13,826 and ongoing technology projects amounting to \$23,487; the increase is mainly due to costs incurred in the Synergy project (software and adaptations) in amount of \$18,497, Corporate ERP Phase I for \$2,156, Las Cuevas coal reserve for \$978 and the Tulane project for \$514. Some projects were closed, particularly those of Panamá Stages I and II for \$7,512.

NOTE 11 – FINANCIAL OBLIGATIONS

Financial liabilities as of December 31st were comprised of:

| | 2011 | 2010 |
|--|------------------|------------------|
| Loans from domestic banks and financial corporations | 1,160,323 | 867,532 |
| Loans from foreign banks and other entities | 800,826 | 426,908 |
| Letters of credit and loans from trade financing companies | 125 | 251 |
| Other loans from third parties (1) | 23,204 | 28,899 |
| Other domestic liabilities | 4,662 | 58,759 |
| | 1,989,140 | 1,382,349 |
| Less: non-current portion | (719,717) | (700,167) |
| | 1,269,423 | 682,182 |

(1) Contains ship rentals in amount of \$23,204 (2010 - \$28,899), which under International Financial Reporting Standards (IFRS) are carried as Financial Leasing. Should these transactions have been originated within Colombia, they had been carried as rental expenses not showing a financial liability at all.

Main financial liabilities are:

LIABILITIES TO DOMESTIC AND FOREIGN BANKS AND ENTITIES

| Entity | Description | CURRENCY | 2011 | | 2010 | | MATURITY |
|--------------------------------------|------------------|----------|----------------------|---------------------------------------|----------------------|---------------------------------------|-----------|
| | | | Amount in US dollars | Amount in millions of Colombian pesos | Amount in US dollars | Amount in millions of Colombian pesos | |
| Bancolombia | LT Loan | Peso | - | 300,000 | - | 300,000 | 16-sep-20 |
| Banco Popular | LT Loan | Peso | - | 60,000 | - | 60,000 | 14-may-13 |
| Davivienda | ST Loan | Dollar | - | - | 15,000,000 | 28,709 | 05-apr-11 |
| Banco de Bogotá | ST Loan | Dollar | - | - | 20,000,000 | 38,279 | 13-apr-11 |
| Davivienda | ST Loan | Dollar | - | - | 39,000,000 | 74,646 | 27-apr-11 |
| Bancolombia | ST Loan | Dollar | - | - | 20,000,000 | 38,280 | 09-feb-11 |
| BBVA | ST Loan | Dollar | - | - | 50,000,000 | 95,699 | 04-feb-11 |
| Santander | ST Loan | Dollar | - | - | 30,000,000 | 57,420 | 19-jan-11 |
| Davivienda | ST Loan | Dollar | 25,000,000 | 48,568 | - | - | 08-mar-12 |
| BBVA | ST Loan | Dollar | 47,000,000 | 91,307 | - | - | 08-jun-12 |
| Banco de Bogotá | ST Loan | Dollar | 10,000,000 | 19,427 | - | - | 03-feb-12 |
| Banco de Bogotá | ST Loan | Dollar | 20,000,000 | 38,854 | - | - | 08-mar-12 |
| Bancolombia | ST Loan | Dollar | 13,000,000 | 25,255 | - | - | 25-mar-12 |
| Banco de Bogotá | ST Loan | Dollar | 17,000,000 | 33,026 | - | - | 27-mar-12 |
| Banco de Bogotá | ST Loan | Dollar | 10,000,000 | 19,427 | - | - | 03-feb-12 |
| Davivienda | ST Loan | Dollar | 40,000,000 | 77,708 | - | - | 27-apr-12 |
| Bancolombia | ST Loan | Dollar | 70,000,000 | 135,989 | - | - | 19-apr-12 |
| Bancolombia | ST Loan | Dollar | 25,000,000 | 48,568 | - | - | 13-jul-12 |
| BBVA | ST Loan | Dollar | 16,000,000 | 31,083 | - | - | 13-mar-12 |
| Davivienda | ST Loan | Dollar | 20,000,000 | 38,853 | - | - | 21-mar-12 |
| Citibank PLC London (1) | ECA Loan | Dollar | 114,729,586 | 222,885 | 130,026,960 | 248,869 | 26-jun-19 |
| Bancafé Panamá | ST Loan | Dollar | - | - | 15,000,000 | 28,710 | 05-apr-11 |
| Citibank NA | ST Loan | Dollar | 21,000,000 | 40,797 | - | - | 19-jul-12 |
| HSBC USA NA (1) | ST Loan | Dollar | 186,000,000 | 361,342 | - | - | 30-jul-12 |
| Davivienda | ST Loan | Peso | - | 7,000 | - | 60,000 | 18-dec-12 |
| Bancolombia | LT Loan | Peso | - | 50,000 | - | 50,000 | 27-dec-20 |
| Citibank | ST Loan | Dollar | - | - | 25,500,000 | 48,807 | 13-apr-11 |
| AV Villas | LT Loan | Peso | - | 25,000 | - | - | 10-oct-13 |
| Bancolombia | ST Loan | Dollar | 3,500,000 | 6,799 | - | - | 10-aug-12 |
| BBVA | ST Loan | Dollar | 3,800,000 | 7,383 | - | - | 13-feb-12 |
| Davivienda | ST Loan | Dollar | 4,900,000 | 9,519 | - | - | 13-feb-12 |
| Bco De Bogotá | ST Loan | Dollar | 25,000,000 | 48,568 | - | - | 28-jun-12 |
| Citibank NA | ST Loan | Dollar | 13,000,000 | 25,255 | - | - | 07-nov-12 |
| Citibank NA | ST Loan | Dollar | 4,000,000 | 7,771 | - | - | 24-apr-12 |
| Citibank PLC London (1) | ECA Loan | Dollar | 4,697,165 | 9,125 | 5,323,454 | 10,189 | 26-jun-19 |
| Bancolombia | ST Loan | Dollar | - | - | 16,800,000 | 32,155 | 12-jan-11 |
| Citibank NA | ST Loan | Dollar | 10,000,000 | 19,427 | - | - | 11-jan-12 |
| Citibank NA | ST Loan | Dollar | 3,800,000 | 7,382 | - | - | 11-jan-12 |
| Helm Bank | ST Loan | Dollar | 4,000,000 | 7,771 | - | - | 27-feb-12 |
| Bancolombia | ST Loan | Peso | - | 500 | - | 500 | 19-dec-12 |
| Bancolombia | Leasing | Peso | - | 4,491 | - | - | 01-dec-16 |
| UBS (3) | Treasury loan | Dollar | 4,493,782 | 8,730 | 4,493,782 | 8,601 | 08-mar-12 |
| Andino Trading (3) | LT Loan | Dollar | 9,564,831 | 18,582 | 9,564,831 | 18,307 | 01-jan-15 |
| Suntrust Bank (3) | LT Capital Lease | Dollar | 2,154,338 | 4,185 | 3,419,667 | 6,545 | 28-jul-13 |
| Citibank NA Administration Agent (2) | Syndicated loan | Dollar | 35,000,000 | 67,995 | 45,000,000 | 86,129 | 18-may-15 |
| Banco General | Treasury loan | Dollar | 15,000,000 | 29,141 | - | - | 19-apr-12 |
| Other | | Peso | - | - | - | 45 | |

(1) As regards the loan endorsed by EKF (ECA from Denmark) which administrative agent is Citibank with original value of US\$159,235,669 and which debtors are Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., and the loan with HSBC USA New York with original value of US\$200,000,000 are subject to the following financial covenants:

- a) Net Debt / EBITDA ratio + 12-month dividends:
- Less than 4 times by September 30, 2011
 - Less than 4.75 times for the period between October 1, 2011 and December 31, 2011
 - Less than 4.25 times for the period between January 1, 2012 and March 31, 2012
 - Less than 4 times as from June 30, 2012.
- b) EBITDA / Financial expense ratio.
- Higher than 1.5 times.

The loan endorsed by EKF has a term of 11.5 years, with semi-annual payments to principal as from December 2009 and matures June 2019. The loan with HSBC USA New York matures July 2012.

(2) The syndicated loan with Citibank Panamá branch as administrative agent sets forth, among other, the following covenants as regards the financial statements Cemento Panamá S.A and its subsidiaries:

- A net debt / EBITDA ratio of less than 2.5 is to be maintained.
- Coverage of debt service not less than 4.0.
- Total debt / shareholders' equity ratio less than 1.3.
- The interest rate of Cemento Panamá's syndicated loan is Libor + 1.5%.

At the closing of 2011 currency forward buying transactions were in place to translate dollar liabilities into pesos in a synthetic manner. The detail of these transactions is given in notes 6 and 13.

Interests were accrued in amount of \$184,914 (2010 - \$177,917) on financial liabilities, bonds, securities and accounts payable.

Bancolombia and HSBC USA New York credit facilities are guaranteed with permanent investments in amount of \$914,268 (2010 - \$279,411) as collateral, as mentioned in note 8.

Long term financial liabilities outstanding at December 31, 2011 mature as follows:

| Year | Amount at maturity |
|--------------------|--------------------|
| 2013 | 137,043 |
| 2014 | 76,218 |
| 2015 | 48,185 |
| 2016 | 30,935 |
| 2017 and following | 427,336 |
| TOTAL | 719,717 |

NOTE 12 - OUTSTANDING BONDS AND SECURITIES

Outstanding bonds issued on November 23, 2005 were comprised of the following as of December 31, 2011:

| Term | Amounts issued | 2011 | | 2010 | |
|----------|------------------|---------------------|------------------------|---------------------|------------------------|
| | | Effective int. rate | Interest payment terms | Effective int. rate | Interest payment terms |
| 7 years | \$80,000 | CPI+2.40% | Half-yearly in arrears | | |
| 10 years | 80,000 | CPI+2.88% | Half-yearly in arrears | | |
| 12 years | 290,000 | CPI+3.17% | Half-yearly in arrears | | |
| 12 years | 150,000 | CPI+5.25% | Half-yearly in arrears | | |
| | \$600,000 | | | | |

Outstanding bonds issued on April 28, 2009 were comprised of the following as of December 31, 2011:

| Term | Amounts issued | Effective int. rate | Interest payment terms |
|----------|------------------|---------------------|------------------------|
| 3 years | \$144,002 | 9.00% AE | Quarterly in arrears |
| 5 years | 81,175 | 9.70% AE | Annually in arrears |
| 7 years | 114,943 | CPI + 6.00% | Quarterly in arrears |
| 10 years | 70,350 | CPI + 6.30% | Quarterly in arrears |
| 15 years | 229,530 | CPI + 7.19% | Quarterly in arrears |
| | \$640,000 | | |

Both issues are rated AA+ by Fitch Ratings Colombia S.A. The bonds are payable-to-order securities negotiable in the secondary market.

Out of the issue maturing in 2017, securities (12-year term 2005 Argos bonds) amounting to \$440,000, \$433,320 were converted to US dollars (equivalent to US\$240,000,000) through a currency swap at an average rate of Libor + 1.78% half-yearly in arrears. See notes 6 and 13 hereunder.

The February 23, 2007 bond issue in amount of \$132,211 gave rise to a placement discount of \$17,788 which is amortized over 12 years using the straight line method. At December 31st it shows the following balances:

| | 2011 | 2010 |
|-------------------------|------------------|------------------|
| Total outstanding bonds | 1,240,000 | 1,240,000 |
| Discounted value | 17,788 | 17,788 |
| Amortization | (7,936) | (6,294) |
| Balance to be amortized | (9,852) | (11,494) |
| | 1,230,148 | 1,228,506 |
| Short term | 224,002 | - |
| Long term | 1,006,146 | 1,228,506 |

An Argos 2010 securities program has been approved for up to \$300,000, of which \$199,030 have been placed. They are payable-to-order securities, negotiable in the secondary market comprised of the following tranches at December 31st:

| Term | Amounts issued | Interest rate | Payment terms |
|----------|------------------|---------------|--------------------|
| 360 days | 53,660 | 4.88% | Period in arrears |
| 337 days | 145,370 | IBR + 0.96% | Monthly in arrears |
| | \$199,030 | | |

The resources obtained from the placement of this issue were devoted 100% to finance working capital. The issue obtained the top short-term rating F1+ from the risk rating firm Fitch Ratings Colombia S.A.

Interests in amount of \$105,005 were accrued on securities and ordinary bonds during 2011 (2010 \$102,177).

Total cost of financial liabilities, including Argos' bonds, securities, financial derivatives and loans during 2011 was as follows:

- Average cost of financial liabilities in Colombian pesos: 6.68% A.E (2010 6.60% A.E)
- Average cost of financial liabilities in US dollars: 1.99% A.E (2010 1.90% A.E.)

NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

Suppliers and accounts payable at December 31st were comprised of:

| | 2011 | 2010 |
|---------------------------------------|----------------|----------------|
| Costs and expenses payable | 167,443 | 137,799 |
| Domestic suppliers | 172,731 | 108,103 |
| Foreign suppliers | 18,963 | 10,904 |
| Dividends payable | 46,321 | 47,778 |
| Trade current accounts (1) | 14,713 | 70,009 |
| Accounts payable to contractors | 5,136 | 6,468 |
| Sundries creditors (2) | 247,098 | 224,951 |
| Tax withholdings payable | 25,520 | 22,627 |
| Installments payable | 1,370 | 4,728 |
| Other accounts payable | 30,174 | 4,232 |
| | 729,469 | 637,599 |
| Less - Sundries creditors – long term | (111,122) | (136,850) |
| | 618,347 | 500,749 |

- 1) Mainly include accounts with related parties in amount of \$9,993 (2010 - \$63,171). See note 26.
- 2) It mainly reflects the balance payable arising from the acquisition of Cementos La Unión S.A. and Cementos Apolo S.A. under the following conditions:

Balance at December 31, 2011: US\$71,500,000 (2010 US\$85,800,000)

Maturity: August 2016

Interest rate: 5% A.E. to be paid quarterly in arrears

Amortization: 10 annual installments

Interests amounting to US\$3,932,917 were accrued during 2011 (2010 US\$4,636,914). US\$14,300,000 was repaid as principal during 2011. A currency swap was arranged on this account payable, which at year end showed the following balance:

| Currency swap arrangement | | | | | |
|---------------------------|---------------------------|--------------------------|------------------------------|--------------------|-----------|
| Underlying | Underlying amount US\$ | Underlying interest rate | Swap amount COP\$ or US\$ | Swap interest rate | Maturity |
| Account payable | US\$ 71,500,000 | 4.90% P in arrears | \$136,558 | CPI + 5.35% | 08-aug-16 |

Arrangements with financial derivatives that gave rise to a positive valuation to the counterparty (Bank) at year end were as follows:

| Currency swap arrangements | | | | | |
|----------------------------|------------------------------------|--------------------------|------------------------------|--------------------|-----------|
| Underlying | Underlying amount COP\$ or US\$ | Underlying interest rate | Swap amount COP\$ or US\$ | Swap interest rate | Maturity |
| Account payable | US\$ 71,500,000 | 4.90% P in arrears | \$ 136,558 | CPI + 5.35% | 08-aug-16 |
| Bonds 2017 | \$ 343,520 | CPI + 3.17% | US\$ 190,000,000 | Labor+1.75% | 23-nov-17 |
| Bonds 2017 | \$ 89,800 | CPI + 3.17% | US\$ 50,000,000 | Labor+1.92% | 23-nov-17 |

| Underlying | Underlying amount | Forward amount | Forward exchange rate | Maturity |
|--|-------------------|-----------------|-----------------------|-----------|
| Financial liability principal and interest | US\$ 20,000,000 | US\$ 20,428,956 | \$ 1,928.71 | 20-mar-12 |
| Peso investment principal and interest | US\$ 4,000,000 | US\$ 4,028,846 | \$ 1,929.44 | 02-feb-12 |
| Financial liability interests | US\$ 63,149 | US\$ 63,149 | \$ 1,942.53 | 11-oct-12 |
| Financial liability principal and interest | US\$ 13,017,846 | US\$ 13,017,846 | \$ 1,946.83 | 06-nov-12 |

| Option arrangements | | | | | | |
|---------------------|------------------|------------------------|--------------------|-------------|-------------|-----------|
| Type | Underlying | Underlying US\$ amount | Collar US\$ amount | Strike put | Strike call | Maturity |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 20-mar-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 20-apr-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 22-may-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 20-jun-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 23-jul-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 21-aug-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 20-sep-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 22-oct-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 20-nov-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,900.00 | \$ 2,020.00 | 20-dec-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,860.00 | \$ 2,025.00 | 19-jul-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,860.00 | \$ 2,025.00 | 21-aug-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,860.00 | \$ 2,025.00 | 20-sep-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,860.00 | \$ 2,025.00 | 19-oct-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,860.00 | \$ 2,025.00 | 20-nov-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,860.00 | \$ 2,025.00 | 20-dec-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,840.00 | \$ 2,065.00 | 19-jul-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,840.00 | \$ 2,065.00 | 21-aug-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,840.00 | \$ 2,065.00 | 20-sep-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,840.00 | \$ 2,065.00 | 19-oct-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,840.00 | \$ 2,065.00 | 20-nov-12 |
| Export collar | Future cash flow | US\$ 250,000 | US\$ 250,000 | \$ 1,840.00 | \$ 2,065.00 | 20-dec-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,820.00 | \$ 1,900.00 | 20-jan-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,820.00 | \$ 1,900.00 | 21-feb-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,820.00 | \$ 1,900.00 | 20-mar-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,820.00 | \$ 1,900.00 | 20-apr-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,820.00 | \$ 1,900.00 | 22-may-12 |
| Export collar | Future cash flow | US\$ 500,000 | US\$ 500,000 | \$ 1,820.00 | \$ 1,900.00 | 20-jun-12 |

Currency swaps are arranged with two purposes in mind:

- Balancing the Company's exchange exposure.
- Taking advantage of carry trade offered by the derivative market as opposite to the funding market in dollars

Forward and option arrangements are carried out to cover the risk of fluctuation in exchange rates applicable to liabilities in dollars, temporary investments and export / import transactions. These instruments are valued at its fair value, taking into consideration current market curves on the valuation date (see policy on derivative financial instruments).

The fair value of hedging which underlying is a future cash flow is recorded against shareholders' equity, given that the underlying has not been recorded to the balance sheet (in this case, to accounts receivable arising from future exports with a high probability of occurrence). The fair value of the derivative is taken to the statement of income upon receiving of the underlying. This strategy allows covering future assets in dollars, as is the case of exports, at times where the exchange rate is optimum for budget purposes.

NOTE 14 – TAXES, CONTRIBUTIONS AND LEVIES

The balance of taxes, contributions and levies as of December 31st was comprised of:

| | 2011 | 2010 |
|------------------------------|----------------|---------------|
| Income tax | 43,771 | 12,307 |
| Sales tax | 42,029 | 30,905 |
| Industry and trade tax | 2,700 | 1,123 |
| Other (tax on equity) | 96,480 | 2,110 |
| | 184,980 | 46,445 |
| Less – Long term portion (1) | (63,481) | - |
| | 121,499 | 46,445 |

- 1) It relates to the tax on equity, which is due in 2013 and 2014.

Tax provisions applicable to the Company state that:

- a) Taxable income is taxed at a rate of 33%. As from 2007 with Law 1111 of 2006 the occasional gains system is restated for those who were under the obligation to adjust for inflation, particularly as regards the sale of investments and fixed assets held in possession for more than 2 years.
- b) The base to determine the income tax cannot be less than to 3% of net equity on the last day of the immediately preceding taxable period.
- c) As from 2010 the taxpayers who are users of the free trade industrial zone and contribute income tax at 15%, will not be entitled to apply the special deduction upon acquisition of productive fixed assets set forth by section 158-3 of the Tax Code.
- d) Losses obtained from year 2007, adjusted by the inflation rate, may be offset against the ordinary net income obtained during the subsequent taxable periods, with no time limitations as regards the values to be offset without affecting the period's presumptive income.

Tax losses arising from the special deduction for investment in productive fixed assets also may be offset against the taxpayer's net income.

Tax losses incurred as from taxable 2003 may be offset against the ordinary net income obtained by the Company during the subsequent eight years, not to exceed 25% p.a. thereon, without affecting the period's presumptive income. Up to 2006 losses for tax purposes were adjusted for inflation; as from 2007 they are adjusted under tax standards.

The tax losses of Cementos Argos S.A. and its subsidiaries as of December 31, 2011 amount to \$397,127 (2010 - \$416,996).

- e) Excess presumptive income over ordinary income generated as from 2003 may only be offset against ordinary net income during the five subsequent years.

In all cases the excess presumptive income over ordinary income was adjusted for inflation until 2006. As from 2007 excess presumptive income over ordinary income is adjusted under tax standards.

Excess presumptive income of Cementos Argos S.A. and its subsidiaries for taxable years 2006 and 2009 at December 31, 2011 amounts to \$152,667 (2010 - \$143,546).

- f) For tax and supplementary purposes as from 2004 income taxpayers who carry out transactions with foreign related parties must calculate their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, applying the prices and profit margins they would have applied arm's length with or among non-related parties. The Company conducted a technical survey on transactions carried out during 2010 and reached conclusion that there is no need to adjust the income tax return for that taxable period.

The following is the detail of the estimation of the income tax for the years ended December 31st:

| | 2011 | 2010 |
|---|---------------|---------------|
| Domestic companies' taxable income | 129,712 | 117,915 |
| | 33% | 33% |
| Current tax | 42,805 | 38,912 |
| Credit deferred income tax | 7,117 | 1,783 |
| Domestic companies' income tax provision | 49,922 | 40,695 |
| Foreign companies' income tax | (24,898) | (8,748) |
| Total income tax provision charged to income | 25,024 | 31,947 |

Cementos Argos S.A.'s and its subsidiaries' income tax returns for taxable 2008, 2009 and 2010 are subject to the review and acceptance of tax authorities.

Company Management and its tax advisors are of the opinion that the amount carried as liability for taxes payable is enough to cover any liability that may be assessed as regards such years.

TAX ON EQUITY

The Company assessed the tax at \$139,427 on the basis of the net shareholders' equity at January 1, 2011 at a rate of 4.8% plus a surtax of 25%. The tax return was filed in May 2011 and payment thereof shall be made in eight equal installments in the months of May and September during 2011, 2012, 2013 and 2014. For 2011 the Company accrued and charged the tax on equity and the surtax to the equity revaluation account in amount of \$127,347 and to income in amount of \$12,080.

The tax on equity recorded during 2010 amounted to \$19,870, equivalent to 1.2% of the net shareholders' equity at December 31, 2009, of which \$9,935 was paid on May 25, 2010 and \$9,935 on September 21, 2010. These amounts were accrued against the equity revaluation account.

NOTE 15 – DEFERRED LIABILITIES

| | 2011 | 2010 |
|------------------------------|---------------|----------------|
| Deferred taxes (1) | 79,434 | 153,201 |
| Deferred monetary correction | 7,640 | 7,668 |
| | 87,074 | 160,869 |

(1) Relate to the effects of deferred depreciation.

NOTE 16 – LABOR LIABILITIES

| | 2011 | 2010 |
|-----------------------------|----------------|----------------|
| Retirement pensions payable | 253,759 | 225,371 |
| Accrued severance pay | 7,919 | 7,941 |
| Accrued vacation | 12,176 | 11,894 |
| Non-mandatory benefits | 65,418 | 14,294 |
| Salaries payable | 230 | 969 |
| Other | 936 | 940 |
| | 340,438 | 261,409 |
| Less – Long term portion | (253,366) | (224,990) |
| | 87,072 | 36,419 |

The estimation of the actuarial reserve was made on the following technical basis:

- Life table:** Colombian annuitants life table RV08 both for men and women (Financial Superintendence's Resolution 1555 of 2010).
- Pension and salary adjustments:** the formula applied explicitly incorporates future salary and pension adjustments at a growth rate of 3.53% for 2011 (Decree 2783 of December 20, 2001).
- Technical interest rate:** 4.8% actual p.a. for 2011 and 2010.
- Reserves:** Reserves are estimated using the fractional annuities in arrears model (section 112 of the Tax Code).

The actuarial method used to estimate the liability is that set forth by Decree 2783 of 2001 issued by the National Government.

Main factors used in the actuarial estimations for the years ended December 31st were:

| | 2011 | 2010 |
|-------------------------|-------|-------|
| Headcount | 1,607 | 1,648 |
| Interest rate | 4.80% | 4.80% |
| Future pension increase | 3.53% | 4.51% |

Charges to income on account of retirement pensions were:

| | 2011 | 2010 |
|---------------------|--------|--------|
| Retirement pensions | 58,890 | 29,985 |

Pension titles and bonds have been fully amortized.

The following is the detail of the employees of the Company and its subsidiaries, management staff expenses and other employee expenses.

| COMPANY | MANAGEMENT HEADCOUNT | MANAGEMENT STAFF EXPENSES | OTHER EMPLOYEES | EXPENSES OTHER EMPLOYEES |
|---|----------------------|---------------------------|-----------------|--------------------------|
| Alexios N.V. | - | - | - | - |
| American Cement Terminals LLC | - | - | - | - |
| Argos Cement LLC | 41 | 2,228 | 357 | 10,142 |
| Argos Ready Mix LLC | 65 | 2,258 | 335 | 5,903 |
| Argos USA Corp. | - | - | - | - |
| C.I. del Mar Caribe BVI Inc. | - | - | - | - |
| Canteras de Colombia S.A.S. | - | - | 16 | 520 |
| Carbones del Caribe S.A.S. | 1 | 136 | 696 | 18,616 |
| Caribbean Construction and Development Ltd. | 1 | 27 | 8 | 48 |
| Caricement Antigua Limited | 1 | 108 | 7 | 118 |
| Caricement Antilles NV | - | - | - | - |
| Caricement Saint Maarten NV | - | - | 9 | 667 |
| Caricement USVI Corp | 1 | 137 | 7 | 589 |
| Cement and Mining Engineering Inc. | - | - | - | - |
| Cemento Panamá S.A. | 19 | 4,535 | 471 | 15,513 |
| Cementos Argos S.A. | 200 | 50,650 | 2,529 | 137,672 |
| Cementos Colón, S.A. | 6 | 872 | 91 | 2,034 |
| Central Aggregates LLC | - | - | - | - |
| Cimenterie Nationale S.E.M. | 5 | 876 | 213 | 3,444 |
| Colcaribe Holdings S.A. | - | - | - | - |
| Comercial Arvenco C.A. | - | - | - | - |
| Concretos Argos S.A. | 12 | 2,279 | 1071 | 42,615 |
| Consort Livestock Inc. | - | - | - | - |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | - | - | - | - |
| Dorset Shipping Co. Ltd. | - | - | - | - |
| Ganadería Río Grande S.A.S. | 1 | 98 | 94 | 1,265 |
| Gulf Coast Cement LLC | - | - | - | - |
| Haití Cement Holding S.A. | - | - | - | - |
| International Cement Company S.A. | - | - | - | - |
| Logística de Transporte S.A. | 2 | 479 | 109 | 3,844 |
| Marítima de Graneles S.A. | - | - | - | - |
| Piazza Acquisition Corp. | 16 | 6,531 | - | - |
| Point Corp. | - | - | - | - |
| Port Royal Cement Company LLC | - | - | - | - |
| Reforestadora del Caribe S.A.S. | 2 | 315 | 13 | 618 |
| RMCC Group Inc. | - | - | - | - |
| Savannah Cement Company LLC | - | - | 6 | 813 |
| Sociedad Portuaria de Cementeras Asociadas S.A. | 1 | 111 | 2 | 141 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | 1 | 122 | 19 | 1,195 |
| Somerset Shipping Co. Ltd. | - | - | - | - |
| South Central Cement Ltd. | - | - | 3 | 550 |
| Southern Equipment Company Inc. | 6 | 1,605 | 691 | 57,775 |
| Southern Star Concrete Inc | 42 | 19,622 | 700 | 80,117 |
| Southern Star Leasing, LLC | - | - | - | - |
| Trans Atlantic Shipmanagement Ltd. | - | - | - | - |
| Transatlantic Cement Carriers Inc. | - | - | - | - |
| Urbanizadora Villa Santos S.A.S. | 2 | 149 | 23 | 981 |
| Valle Cement Investments Ltd. | - | - | - | - |
| Venezuela Ports Company S.A. | - | - | - | - |
| Vensur N.V. | - | - | - | - |
| Winterset Shipping Co. Ltd. | - | - | - | - |
| Zona Franca Argos S.A.S. | 8 | 1,802 | 333 | 16,404 |

NOTE 17 – OTHER LIABILITIES

At December 31st were comprised of:

| | 2011 | 2010 |
|---|----------------|----------------|
| Accrued liabilities and provisions | | |
| For costs and expenses (1) | 125,631 | 62,937 |
| For labor liabilities | 5,403 | 3,749 |
| For tax liabilities | 39,954 | 41,092 |
| For maintenance and repairs | 1,330 | 1,028 |
| For contingencies (2) | 30,835 | 33,542 |
| Sundries provisions (3) | 44,897 | 29,721 |
| Deferred liabilities | | |
| Revenues received in advance | 6,188 | 1,789 |
| Other liabilities | | |
| Advance payments received (4) | 66,757 | 74,013 |
| Revenues received for third parties | 177 | 266 |
| Withholdings on third parties' contracts | 485 | 585 |
| For surety liabilities | 426 | 423 |
| | 322,083 | 249,145 |

- (1) It mainly relates to provisions on account of goods and/or services received by Cementos Argos S.A. and not billed by suppliers in amount of \$13,408 (2010 - \$19,818); provision in amount of \$10,420 as cost of the Portal de Alejandría I and II town planning operation project, and other liabilities on account of costs and expenses of Argos Cement LLC and Argos Ready Mix LLC amounting to \$43,391.
- (2) Mainly comprised of provisions for contingencies, as follows: labor contingencies in amount of \$16,846 (2010 - \$18,552), administrative contingencies in amount of \$4,601 (2010 - \$3,626) and other contingencies in amount of \$1,742 (2010 - \$1,770).
- (3) It mainly covers the outstanding balance arising from the availability right purchased from Acerías Paz del Río S.A. in amount of \$5,828. In Carbones del Caribe S.A.S. \$33,308 (Take or Pay Fenoco \$7,264; provision for environmental liabilities \$3,665; contingencies to cover the winding up of Emcarbón S.A. \$14,267 and other provisions \$8,112).
- (4) Mainly advances received from customers amounting to \$55,887 (2010 - \$56,607) and advance payments on contracts for \$10,128 (2010 - \$16,959).

The cost method was applied to assess accrued liabilities on costs and expenses, labor liabilities, tax liabilities, contingencies and sundries provisions.

NOTE 18 - SHAREHOLDERS' EQUITY

CORPORATE CAPITAL

Authorized capital is made of 1,500,000,000 shares with par value of \$6 Colombian pesos each, and subscribed and paid-in capital is made of 1,215,247,885 shares. Re-acquired own shares are 63,575,575 and, consequently, the outstanding shares at December 31, 2011 are 1,151,672,310.

| | 2011 | 2010 |
|--|-------|-------|
| Authorized capital – 1,500,000,000 common shares with par value of \$6 | 9,000 | 9,000 |
| Subscribed and paid-in capital – 1,215,247,885 common shares | 7,291 | 7,291 |

LEGAL RESERVE

Domestic companies are required to appropriate to a legal reserve at least 10% of their net annual profits, until the balance of this reserve is equivalent to 50% of subscribed capital. Currently said reserve is above legal requirements by \$19,518. The legal reserve is not distributable prior to Company's winding up but may be used to absorb or reduce losses. Appropriations in excess of the mentioned 50% are freely available to the General Meeting of Shareholders.

RESERVE FOR REACQUISITION OF SHARES

Pursuant to the Code of Commerce this reserve on reacquired own shares is only distributable to shareholders upon a new sale thereof. As long as the shares are owned by the Company the rights attached to them remain suspended.

| | 2011 | 2010 |
|-------------------------------------|-----------|-----------|
| Reserve for reacquisition of shares | 113,797 | 113,797 |
| Less – reacquired own shares | (113,797) | (113,797) |

OTHER RESERVES

On March 19, 2011 the General Meeting of Shareholders authorized the release of the non- taxable reserve for future expansion in amount of \$6,134. It also decided to appropriate \$142,991 to the reserve for future expansion and investments. All other reserves are freely available to the shareholders.

SHAREHOLDERS' EQUITY REVALUATION

Pursuant to legal regulations in force until 2006, equity revaluation reflects the effect that the loss of purchasing power has on equity.

With the elimination of inflation adjustments provided for in Decree 1536 of 2007, the balance in the shareholders' equity revaluation account may only be distributed upon Company's winding-up or upon capitalization thereof; nevertheless, once capitalized it may be used to absorb losses wherever the Company falls under grounds for dissolution and shall not be used to reimburse the contributions of shareholders. Should the balance in this account be of a debit nature, such balance may be reduced with the period or prior period results provided that regulations set forth in the Code of Commerce as regards income have been complied with.

Law 1370 of 30th December 2009 maintains the option to charge the tax on equity against the shareholders' equity revaluation account without affecting period results. The Company recorded the tax on equity for the periods 2011 to 2014 in amount of \$139,427 accordingly.

NOTE 19 – APPRAISAL AND ASSET APPRAISAL SURPLUS

Appraisal and asset appraisal surplus at December 31st were comprised of:

| | 2011 | 2010 |
|--|------------------|------------------|
| Appraisal of: | | |
| Permanent investments (1) | 4,490,799 | 5,947,817 |
| Property, plant and equipment and other assets (2) | 4,693,943 | 3,088,722 |
| Appraisal | 9,184,742 | 9,036,539 |
| Transfer minority interest | 112,373 | (34,879) |
| Appraisal surplus | 9,297,115 | 9,001,660 |

- (1) The decrease was mainly due to the sale of Grupo de Inversiones Suramericana S.A. shares.
- (2) During 2011 the firm Activos e Inventarios y Cia Ltda. conducted an inventory of the fixed assets of the Companies associated with Argos Group at the various industrial, commercial and administrative units located all over the national territory. Activos e Inventarios y Cia Ltda. applied a methodology based on the criteria to appraise an ongoing concern using the comparative method, the revenue capitalization method and/or the cost method, as was the case. In summary their appraisal was based on the application of the fair value principle when comparing against ongoing concern international standards, the elements used and in operation, the installed and productive capacities valued in US Dollars and measured by the production capacity in operations of exploitation, crushing, calcination, grinding and packing for cement manufacturing.

This methodology further requires that the value of equipment include civil works for assembly, engineering thereof, electric, mechanical and electronic connections, pre-operating testing and start up in accordance with section 64 of Decree 2649 of 1993 supplemented with internationally accepted accounting standards (IRSF, USGAAP).

For Colliers International Colombia, the target market of a property is made of all parties who may obtain a benefit from an improved use of the property and are willing to pay a competitive price for it. In most cases, for a given property the target market is represented by an identifiable group of individuals or financial entities. As regards property, a potential buyer's profile would be that of a developer / investor. The appraisal contained in the report shows the analysis likely to be performed by such buyer.

NOTE 20 – MEMORANDUM ACCOUNTS

Memorandum accounts at December 31st were comprised of:

| | 2011 | 2010 |
|--|--------------------|--------------------|
| Assets and securities delivered as collateral (1) | 1,585,988 | 925,904 |
| Fully depreciated assets (2) | 781,425 | 1,005,019 |
| Shareholders' equity revaluation capitalization | 55,391 | 55,391 |
| Tax debit accounts (3) | 10,704,952 | 9,302,736 |
| Lawsuits and/or legal claims (4) | 8,915 | 72,514 |
| Unused credits receivable (5) | 11,715 | 11,127 |
| Other debit control accounts | 47,003 | 51,258 |
| Other | 210,368 | 209,169 |
| | 13,405,757 | 11,633,118 |
| Contingent liabilities | | |
| Assets and securities received | (40,710) | (40,355) |
| Other contingent liabilities (6) | (86,060) | (50,948) |
| Other (7) | (33,560) | (93,097) |
| | (160,330) | (184,400) |
| Credit memorandum accounts Tax credit accounts (8) | (9,727,654) | (8,063,951) |
| Credit control accounts | (660) | (26,650) |
| | (9,728,314) | (8,090,601) |
| | 3,517,113 | 3,358,117 |

- 1) It mainly relates to the Grupo de Inversiones Suramericana S.A. and Grupo Nutresa S.A. shares delivered as collateral for financial liabilities. The increase results from standing surety for new financial liabilities in 2011 with 16,600,000 shares of the Grupo de Inversiones Suramericana S.A. and 8,118,054 shares of the Grupo Nutresa S.A.
- 2) The decrease is mainly due to the updating of the Company assets commercial value.
- 3) It relates to the difference of assets, liabilities and revenues for tax purposes and for accounting purposes, it being the most important that of shareholders' equity in amount of 8,965,160 (2010 \$ 7,410,324) in Cementos Argos S.A.
- 4) The decrease relates to the updating of the value of legal claims.
- 5) It relates to credit facilities available with Citibank N.A. valid until August 2012.
- 6) Contingent liabilities on mining rights, which represent a future delivery commitment, amounted to \$40,117 (2010 - \$39,524) in Cementos Argos S.A.; such increase relates to the effects of exchange rate differences. It relates to a fine imposed by the Atlántico Departmental Secretary's Office on Carbones del Caribe S.A.S. in amount of \$ 16,601 upon failure to file the Pro Hospital Universitario stamp tax return for the by-monthly periods III and IV and \$314 upon failure to deliver external information for taxable years 2007 and 2008 to Ciénaga Municipality; labor lawsuits amounting to \$912 and third parties' assets received under rental agreements in amount of \$ 22,961.
- 7) The decrease is mainly due to the updating of labor and administrative lawsuits.
- 8) It mainly relates to the difference of the revaluations for tax purposes and for accounting purposes, which in Cementos Argos S.A. amounts to \$8,744,320.

NOTE 21 – ADMINISTRATION EXPENSES

At December 31st administration expenses were comprised of:

| | 2011 | 2010 |
|---|----------------|----------------|
| Personnel expenses | 116,246 | 104,906 |
| Fees | 24,029 | 25,954 |
| Taxes | 2,124 | 2,762 |
| Rental expenses | 7,695 | 10,895 |
| Contributions and affiliations | 4,325 | 3,317 |
| Insurance | 8,626 | 10,477 |
| Services (1) | 40,629 | 30,074 |
| Legal expenses | 4,249 | 1,712 |
| Maintenance and repairs | 9,485 | 8,898 |
| Adaptation and assembly | 327 | 129 |
| Travel expenses | 8,283 | 7,650 |
| Depreciation of property, plant and equipment | 8,790 | 9,329 |
| Amortization of deferred charges | 13,979 | 24,725 |
| Entertainment and public relation expenses | 936 | 733 |
| Stationery | 512 | 597 |
| Ground transportation | 499 | 342 |
| Employees' restaurant | 1,463 | 1,268 |
| Provisions (2) | 440 | 3,075 |
| Sundries (3) | 29,593 | 6,866 |
| | 282,230 | 253,709 |

- (1) Variance mainly relates to the increase in the value of technical advisory services amounting to \$5,847 and cargo transportation and freight for \$2,145.

- (2) It mainly relates to provision for the protection of receivables in amount of \$429. In 2011, provision for the protection of property, plant and equipment for \$2,620 and protection of receivables for \$421.
- (3) Increase due to expenses related with the acquisition of new companies in the United States of America, recorded by Argos USA Corp in amount of \$20,346 and by Cementos Panamá S.A. in amount of \$7,551 mainly related with the ERP change project.

NOTE 22 – SALES EXPENSES

At December 31st, sales expenses were comprised of:

| | 2011 | 2010 |
|---|----------------|----------------|
| Personnel expenses | 40,646 | 37,720 |
| Fees | 3,252 | 2,876 |
| Taxes | 19,337 | 15,141 |
| Rental expenses | 3,080 | 3,698 |
| Contributions and affiliations | 793 | 744 |
| Insurance | 2,291 | 1,882 |
| Services | 19,380 | 22,526 |
| Legal expenses | 103 | 67 |
| Maintenance and repairs | 1,872 | 1,946 |
| Adaptations and assembly | 3 | 1 |
| Travel expenses | 2,674 | 2,336 |
| Depreciation of property, plant and equipment | 5,282 | 5,048 |
| Amortization of deferred charges | 25,651 | 23,725 |
| Provisions | 4,814 | 7,190 |
| Commissions | 412 | 329 |
| Fuels and lubricants | 57 | 212 |
| Stationery | 84 | 83 |
| Public relations | 365 | 304 |
| Sundries | 4,626 | 1,499 |
| | 134,722 | 127,327 |

NOTE 23 – EXCHANGE DIFFERENCE

| | 2011 | 2010 |
|--------------------------------|-----------------|------------|
| Exchange gain | 1,199 | 3,703 |
| Exchange loss | (17,047) | (2,945) |
| Net exchange difference | (15,848) | 758 |

In Cementos Argos the average net position of dollar assets to liabilities was US\$25,624,447 (short). This was the result of the financing model used in the acquisition of assets from Lafarge through subsidiary Argos USA Corp., which gave rise to a temporary unbalance in the exchange exposure structure while hedges were obtained to cover the transaction. This situation, along with the revaluation at market prices of a forward portfolio in amount of US\$512,088,738 with a strong revaluation trend of the peso against the US dollar, particularly during the second half of the year, resulted in the change in the exchange difference account. Such revaluation situation should be reverted as forward operations mature. The exchange exposure is mainly managed with a balancing natural position and the remaining gap with financial derivative transactions.

NOTE 24 – OTHER REVENUES

Other revenues at 31st December were comprised of:

| | 2011 | 2010 |
|---|----------------|----------------|
| Recoveries (1) | 29,892 | 54,438 |
| Gain from sale of permanent investments (2) | 641,370 | 510,618 |
| Gain from sale of property, plant and equipment | 13,490 | 2,277 |
| Gain from sale of other assets | 856 | 681 |
| Other sales | 6,727 | 5,021 |
| Services | 2,485 | 2,014 |
| Fees | 4,809 | 14 |
| Rental Revenue | 3,301 | 3,814 |
| Revenues from prior periods | 605 | 610 |
| Exploitation of assets | 2,499 | 4,206 |
| Subsidies | 75 | 28 |
| Indemnifications | 5,142 | 2,964 |
| Other (3) | 34,772 | 5,583 |
| | 746,023 | 592,268 |

- (1) It mainly relates to the recovery of provisions for the protection of investments for \$11,780 and recovery of costs and expenses in amount of \$18,010.
- (2) Mainly relates to the gain from the sale of shares as follows: Cartón Colombia S.A. \$3,961 and Grupo de Inversiones Suramericana S.A. \$607,290; arising from company reorganization \$6,351, Fundicom (\$199), Bancolombia \$23,752.
- (3) Gain from the liquidation of Fortecol Investments Limited, Godiva Investments Ltd., Climsford Investments Limited and Belford Ltd.

NOTE 25 – OTHER EXPENSES

At December 31st , other expenses were comprised of:

| | 2011 | 2010 |
|--|----------------|----------------|
| Costs and expenses from prior periods | 9,943 | 34,557 |
| Fines, penalties, legal claims and lawsuits (1) | 12,303 | 8,130 |
| Loss from the sale and disposal of property, plant and equipment | 2,067 | 404 |
| Disposal of property, plant and equipment (2) | 13,321 | 73,833 |
| Third party taxes taken on (3) | 28,895 | 7,578 |
| Grants and contributions | 10,210 | 12,331 |
| Cost of other sales | 7,304 | 3,461 |
| Cost of sale of materials and spare parts | 4,743 | 5,159 |
| Retirement pensions and pension certificates (4) | 52,890 | 29,985 |
| Indemnifications | 5,873 | 4,747 |
| Provision for the protection of permanent investments (5) | 59,446 | 34,915 |
| Loss from sale of investments | 215 | 1,398 |
| Loss from sale and disposal of other assets | 2,581 | 13,536 |
| Loss from accidents | 555 | 338 |
| Litigation costs | 653 | 148 |
| Related parties' expenses | 249 | 1,376 |
| Labor lawsuits | 9,758 | 11,224 |
| Amortization of deferred charges | 484 | 497 |
| Other amortization (6) | 195,995 | 12,731 |
| Other (7) | 75,850 | 39,143 |
| | 493,335 | 295,491 |

- (1) A provision for contingencies associated with the payment of the Pro Hospital Universitario stamp tax III and IV by-monthly periods was recorded in Carbones del Caribe S.A.S. in amount of \$8,280.
- (2) For 2011 it includes recovery of provisions for labor lawsuits in amount of \$10,961. The decrease is mainly due to higher recoveries recorded in 2010, among which there is the recovery of provisions for the protection of the assets of Betania plant amounting to \$12,021 and recovery of provisions for the protection of investments for \$4,195.
- (3) It relates to the Zona Franca Argos S.A.S. tax on equity for \$12,080; tax on financial transactions in Cementos Argos S.A. for \$11,007, Logística de Transporte S.A. for \$1,617, Concretos Argos S.A. for \$1,044.
- (4) It includes amortization of 100% of the balance of retirement pension liabilities pending amortization as of December 31, 2010.
- (5) It relates to provisions for the protection of investments, as follows: Cementos Argos S.A. in Argos USA Corp. for \$35,323, Carbones del Caribe S.A.S. for \$12,922, Point Corp for \$312, Cemento Panamá S.A. for \$3,305. Corporaciones e Inversiones del Mar Caribe S.A.S. in Alexios NV for \$620 and Valle Cement Investments Limited in Cemex for \$422.
- (6) It mainly relates to the amortization in full of Fortaleza and Uno A trademarks in amount of \$96,799, resulting from the review of the use assessment carried out during the year and the amortization of goodwill of Caricement and Domar for \$84,302, in Cementos Panamá S.A. for \$2,270 and Carbones del Caribe S.A.S. for \$2,656.
- (7) It mainly relates to Cementos Argos S.A., sundries expenses \$3,031; Zona Franca Argos S.A.S. cost of other sales to Cementos Argos S.A. \$3,782; Haiti Cement Holding S.A. for \$3,631 arising from dividends assigned to Cementos Argos S.A. and Corporaciones e Inversiones del Mar Caribe S.A.S., Carbones del Caribe S.A.S. for \$9,114 relate to amortization in full of deferred charges associated with pre-operating expenses of Trinidad mine; \$14,500 provision for contingencies, Colcaribe Holdings S.A. \$7,219.

NOTE 26 – TRANSACTIONS WITH RELATED PARTIES

The following is a summary of assets and liabilities at December 31, 2011 – 2010, and of the revenues and expenses of the Parent company arising from transactions carried out during the years then ended with shareholders holding more than 10% of the Parent capital, with directors and with Company legal representatives and managers.

| 2011 | Shareholders | Directors | Representatives and Managers |
|---------------------|--------------|-----------|------------------------------|
| At year end | | | |
| Assets | | | |
| Accounts receivable | 8,640 | - | 9,480 |
| Total assets | 8,640 | - | 9,480 |
| Revenues | | | |
| Interests | 67 | - | - |
| | 67 | - | - |
| Disbursements | | | |
| Salaries | - | - | 5,896 |
| Fees | 4,652 | - | - |
| Insurance | 141 | - | - |
| Interests | 21 | - | - |
| | 4,814 | - | 5,896 |

Accounts with legal representatives and managers are related with labor policies approved by the Board of Directors and with policies equally granted to all employees not entitled to the benefits of the collective agreements in force; they are represented in housing loans, house remodeling loans, loans for the purchase of vehicles and loans to attend difficult family situations, in each case under duly implemented policies and with the required guarantees.

At December 31, transactions with related parties are:

| COMPAÑÍES | ACCOUNTS RECEIVABLE | DETAIL | ACCOUNTS PAYABLE | DETAIL |
|--|---------------------|--|------------------|---|
| Inversiones Argos S.A. | 8,640 | Services | 125 | Services |
| Andino Trading Corporation | - | | 974 | Loan |
| Asesorías y Servicios Ltda. en Liquidación | 208 | Capitalization | - | |
| Carbones del Caribe Ltda. en liquidación | | | 8 | Interest on loan |
| Cementos de Caldas S.A. | | | 5,891 | Purchase of 326,876 shares of Metroconcreto S.A., 1,066,625 shares of Logitrans S.A., rental of offices and warehouses and interest on loans. |
| Compañía Colombiana de Inversiones S.A. E.S.P. | 19 | | | |
| Concesiones Urbanas S.A. | | | 41 | Interest on loan |
| Corporación de Cemento Andino C.A. | 12,721 | Technical support and loans | 2,275 | Sale of materials |
| Distribuidora de Cementos Ltda. en Liquidación | 19 | Payment of income tax, disbursed by Cementos Argos S.A. | 445 | Reimbursement automatic debit corresponding to Dimentos S.A. telephone lines, acquisition of 3,600 shares Sociedad Portuaria La Inmaculada S.A., 4,000 shares of Sociedad Portuaria Las Flores S.A., 50,000 shares of Sociedad Portuaria Río Córdoba S.A. |
| Fundiciones Colombia S.A. | 3 | | - | |
| Fundacion para el Beneficio Social de los Empleados de Carbones del Caribe | 21 | Loan | - | Electric power bills covering the grant of FBSECC to the army and which the electricity company bills to Carbones del Caribe S.A.S. |
| Flota Fluvial Carbonera S.A.S | - | | 4 | Tub boat rental |
| Promosur S.A. en Liquidación | - | | 1 | |
| Proservi Ltda. en Liquidación | 20 | Capitalization | 8 | Liquidation Vigilancia Privada del Litoral Ltda. |
| Reforestadora El Guásimo S.A. | 23 | Insurance participation on account of third party liability and services | - | |
| Surandina de Puertos C.A. | - | | 159 | Loan |
| Tempo Ltda. | - | | 61 | Sale of 200,000 shares of Corporaciones e Inversiones del Mar Caribe S.A.S. |
| Transmarítima del Caribe Ltda. en Liquidación | 284 | Loan (liquidation) and interests | - | |
| Transportadora Alfa Ltda. en liquidación | 1 | Loan to pay for 2009 income tax. | - | |
| Other | 3,335 | | 1 | |
| Total | 25,294 | | 9,993 | |

| 2010 | Shareholders | Directors | Representatives and Managers |
|---------------------|--------------|-----------|------------------------------|
| At year end | | | |
| Assets | | | |
| Accounts receivable | 3,079 | - | 9,443 |
| Total assets | 3,079 | - | 9,443 |
| Revenues | | | |
| Interests | 117 | - | - |
| | 117 | - | - |
| Disbursements | | | |
| Salaries | - | - | 6,942 |
| Insurance | 136 | - | - |
| Interests | 71 | - | - |
| | 207 | - | 6,942 |

Transactions with related parties at December 31, 2010 refer to:

| COMPAÑÍAS | ACCOUNTS RECEIVABLE | DETAIL | ACCOUNTS PAYABLE | DETAIL |
|---|---------------------|--|------------------|---|
| Inversiones Argos S.A. | 3,079 | Services | - | |
| Andino Trading Corporation | - | | 960 | Loan |
| Asesorías y Servicios Ltda. en Liquidación | 208 | Capitalization | - | |
| Cementos de Caldas S.A. | - | | 6,175 | Acquisition of 326,876 loans of Metroconcreto S.A., 1,066,625 shares of Logitrans S.A., rental of offices and warehouses. |
| Compañía de Navegación del Mar Caribe | 174 | Loan (liquidation) | - | |
| Corporación de Cemento Andino C.A. | 12,533 | Technical support and loans | 1,904 | Sale of materials |
| Distribuidora de Cementos Ltda. en Liquidación | 23 | Reimbursement income tax paid by Cementos Argos S.A. | 60 | Reimbursement automatic debit corresponding to Dicementos S.A. telephone lines, acquisition of 3,600 shares Sociedad Portuaria La Inmaculada S.A., 4,000 shares of Sociedad Portuaria Las Flores S.A., 50,000 shares of Sociedad Portuaria Río Córdoba S.A. |
| Distribuidora Colombiana de Cementos Ltda. en Liquidación | 4 | Reimbursement income tax paid by Cementos Argos S.A. | 1,196 | Acquisition of 225,000 shares of Corporaciones e Inversiones del Mar Caribe S.A.S., 247,745 shares of Flota Fluvial Carbonera S.A.S., 10,000 shares of Sociedad Portuaria Golfo de Morrosquillo S.A. |
| Emcarbon S.A. | 4,154 | Loan | 51,965 | Intercompany loans arising from Diamante operation. |
| Flota Fluvial Carbonera S.A.S | 213 | Loan to pay liabilities when this company was sold to Mercuria S.A. | - | |
| Promosur S.A. en Liquidación | 470 | Account receivable liquidation Dicente, pursuant to Minutes No. 90. | - | |
| Proservi Ltda. en Liquidación | 20 | Capitalization | 9 | Liquidation Vigilancia Privada del Litoral Ltda. |
| Reforestadora El Guásimo S.A. | 53 | Insurance participation on account of third party liability and services | - | |
| Sociedad Portuaria La Inmaculada S.A. | - | | 4 | Reimbursement of capital contributions to the shareholders of Sociedad Portuaria la Inmaculada S.A., deposited with Cementos Argos S.A. |
| Sociedad Portuaria Las Flores S.A. | - | | 8 | Reimbursement of capital contributions to the shareholders of Sociedad Portuaria Las Flores S.A., deposited with Cementos Argos S.A. |
| Surandina de Puertos C.A. | - | | 157 | Loan |
| Tempo Ltda. | - | | 61 | Transfer headcount / purchase of fixed assets (data processing equipment) |
| Transmarítima del Caribe Ltda. en Liquidación | 284 | Loan (liquidation) and interests | - | |
| Transportadora Alfa | 1 | Loan to pay for 2009 income tax. | - | |
| Transportadora Sucre Ltda. en Liquidación | - | | 79 | Sale of shares of Asoservicios |
| Other | 621 | | 593 | |
| Total | 21,837 | | 63,171 | |

Above transactions were carried out at regular market prices.

During 2011 and 2010 no transactions with shareholders, directors and legal representatives were carried out meeting the following description:

- a) Services for consideration or for no consideration.
- b) Loans imposing on borrower an obligation not corresponding with the essence or nature of the loan agreement.
- c) Loans at interest rates other than those which are ordinarily paid to or charged to third parties under similar conditions as regards term, risk, etc.

NOTE 27 – CONTINGENCIES AND SUBSEQUENT EVENTS

CEMENTOS ARGOS S.A. AND SUBSIDIARY COMPANIES

During 2011 there were not:

- 1. Inspection visits by controlling agencies that resulted in warnings or sanction.
- 2. Administrative, contentious or civil final and binding sanctions imposed by the relevant national, departmental or municipal authorities.
- 3. Judgment against Company officers for events occurred in the performance of their duties in office under criminal prosecution proceedings.

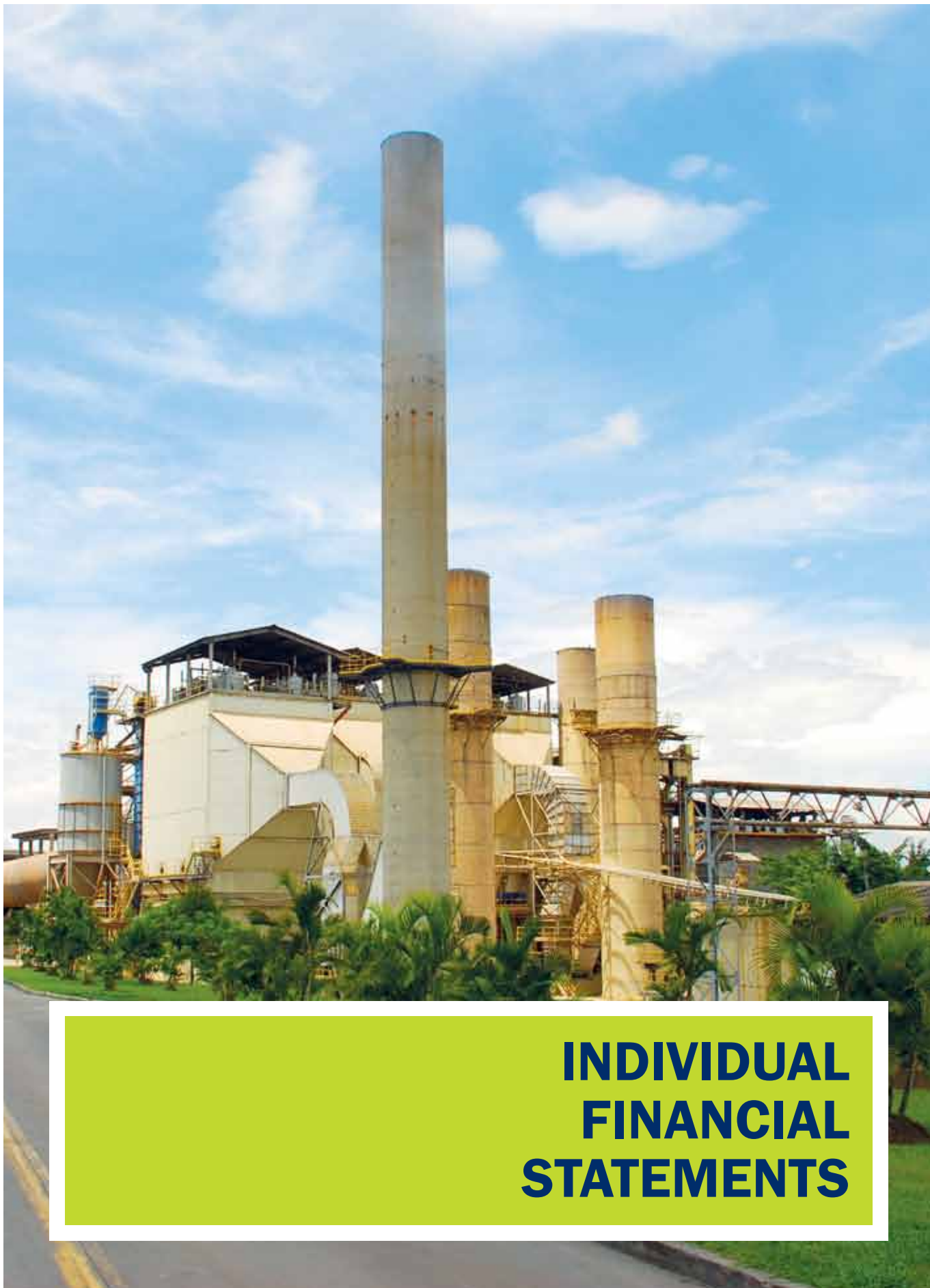
NOTE 28 – RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain figures shown in the financial statements as of December 31, 2010 were reclassified for presentation purposes.

FINANCIAL RATIOS

| | 2011 | 2010 |
|---|---------|---------|
| Current ratio - times (current assets / current liabilities) | 0.54 | 0.84 |
| Total indebtedness (total liabilities / total assets) | 30.29% | 27.24% |
| Asset turnover - times (operating revenues / total assets) | 0.22 | 0.20 |
| Profitability: | | |
| Net margin (net income / operating revenues) | 10.08% | 9.56% |
| Return on shareholders' equity (net income / shareholders' equity) | 3.18% | 2.58% |
| Return on total assets (net income / total assets) | 2.20% | 1.87% |
| EBITDA | 681.544 | 539.182 |
| EBITDA Margin | 18.58% | 17.84% |
| EBITDA on total shareholders' equity | 5.87% | 4.82% |

| Ratio | Formula | Description |
|--------------------------------|--|--|
| Liquidity | | |
| Current ratio (times) | Current assets / Current liabilities | Measures the Company's ability to meet short-term debt obligations, involving its current assets. |
| Indebtedness | | |
| Total indebtedness | Total liabilities / Total assets * 100 | Shows leverage relevant to the participation of creditors in Company assets. |
| Profitability | | |
| Asset turnover (times) | Operating income / Total assets | The amount in pesos generated by every peso of assets; it measures how efficiently the assets have been used to generate operating revenues. |
| Net profit margin | Net income / Operating income * 100 | Out of every peso of revenues, how many pesos of income are generated regardless if they are related or not with the Company's corporate purpose. |
| Return on shareholders' equity | Net income / Shareholders' equity * 100 | Percentage of net income on shareholders' equity. Shows the profitability of shareholders' investment. |
| Total return on assets | Net income / Total assets * 100 | Net income generated by each peso invested in total assets, regardless of how it was financed. |
| EBITDA | Operating income + depreciation + amortization | Cash flows generated by the Company's operation. |
| EBITDA margin | Ebitda / Operating revenues * 100 | The amount that becomes cash out of each peso of revenue in order to pay taxes, support investments, repay debt and distribute profits. |
| EBITDA | Ebitda / Shareholders' equity * 100 | The amount that becomes cash out of each peso in shareholders' equity in order to pay taxes, support investments, repay debt and distribute profits. |



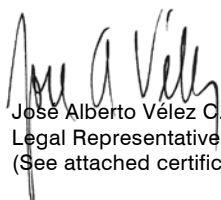
**INDIVIDUAL
FINANCIAL
STATEMENTS**

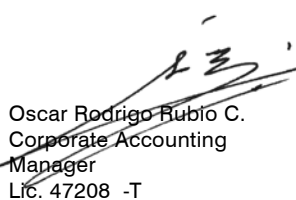
CEMENTOS ARGOS S.A. BALANCE SHEET

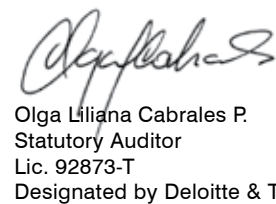
At December 31st
(Millions of COP)

| ASSETS | Notes | 2011 | 2010 |
|---|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash | | 151,286 | 130,623 |
| Negotiable investments | 4 | 13,135 | 213,462 |
| Receivables, net | 5 | 555,135 | 841,753 |
| Inventories, net | 6 | 145,200 | 124,673 |
| Prepaid expenses | | 5,822 | 8,089 |
| TOTAL CURRENT ASSETS | | 870,578 | 1,318,600 |
| NON-CURRENT ASSETS | | | |
| Long term debtors | 5 | 744,269 | 731,446 |
| Inventories, net | 6 | - | 1,164 |
| Long term investments | 7 | 4,459,627 | 2,633,965 |
| Property, plant and equipment, net | 8 | 731,896 | 730,626 |
| Deferred charges and intangible assets | 9 | 470,934 | 558,812 |
| Other assets | | 12,886 | 13,235 |
| Asset appraisal | 10 | 8,470,749 | 8,744,957 |
| TOTAL NON-CURRENT ASSETS | | 14,890,361 | 13,414,205 |
| TOTAL ASSETS | | 15,760,939 | 14,732,805 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Financial obligations | 11 | 1,042,663 | 445,651 |
| Outstanding bonds | 12 | 224,002 | - |
| Securities | 12 | 199,030 | 250,000 |
| Suppliers and accounts payable | 13 | 409,439 | 422,841 |
| Taxes, levies and contributions | 14 | 72,658 | 30,562 |
| Labor obligations | 15 | 18,168 | 18,230 |
| Accrued liabilities | 16 | 71,370 | 62,396 |
| Advanced payments | | 53,104 | 63,468 |
| TOTAL CURRENT LIABILITIES | | 2,090,434 | 1,293,148 |
| LONG TERM LIABILITIES | | | |
| Financial obligations | 11 | 553,263 | 579,777 |
| Outstanding bonds | 12 | 1,006,146 | 1,228,506 |
| Labor obligations | 15 | 253,365 | 224,990 |
| Suppliers and accounts payable | 13 | 111,122 | 136,850 |
| Taxes, levies and contributions | 14 | 51,940 | - |
| Deferred charges | | 28,234 | 12,629 |
| TOTAL NON-CURRENT LIABILITIES | | 2,004,070 | 2,182,752 |
| TOTAL LIABILITIES | | 4,094,504 | 3,475,900 |
| SHAREHOLDERS' EQUITY | | | |
| See attached Statement | 17 | 11,666,435 | 11,256,905 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 15,760,939 | 14,732,805 |
| Memorandum accounts | 18 | 2,465,697 | 2,699,925 |

The accompanying notes are an integral part of the financial statements


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


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


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

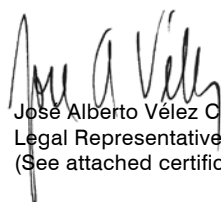
CEMENTOS ARGOS S.A. STATEMENT OF INCOME

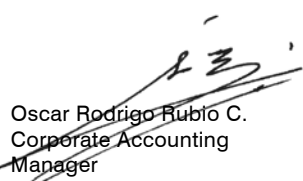
Years ended December 31st


(Millions of Colombian pesos, except net profit per share)

| | Notes | 2011 | 2010 |
|--|-------|----------------|----------------|
| OPERATING REVENUES | 19 | 1,602,470 | 1,378,250 |
| Costs of sales | | 1,086,715 | 928,540 |
| GROSS INCOME | | 515,755 | 449,710 |
| OPERATING EXPENSES | | | |
| Administration expenses | 20 | 167,778 | 161,076 |
| Sales expenses | 21 | 60,275 | 56,837 |
| Total operating expenses | | 228,053 | 217,913 |
| OPERATING INCOME | | 287,702 | 231,797 |
| OTHER REVENUES (EXPENSES) | | | |
| Financial revenues | | 36,161 | 25,356 |
| Financial expenses | | (174,291) | (156,315) |
| Exchange difference, net | | (15,330) | 29 |
| Net profit sharing in subordinated companies | | (196,101) | (194,251) |
| Other revenues | 23 | 767,079 | 643,890 |
| Other expenses | 24 | (308,990) | (231,333) |
| Income before income tax provision | | 396,230 | 319,173 |
| Income tax provision | 14 | 26,256 | 30,295 |
| Net income | | 369,974 | 288,878 |
| Net income per share (expressed in Colombian pesos) | | 321.25 | 250.83 |

The accompanying notes are an integral part of the financial statements

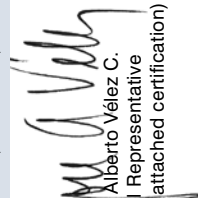

José Alberto Vélez C.
Legal Representative
(See attached certification)

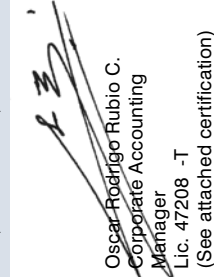

Oscar Rodrigo Rubio C.
Corporate Accounting
Manager
Lic. 47208 -T
(See attached certification)

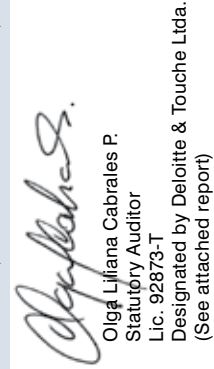

Olga Liliana Cabrales P.
Statutory Auditor
Lic. 92873-T
Designated by Deloitte & Touche Ltda.
(See attached report)

CEMENTOS ARGOS S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 Years ended December 31, 2011 y 2010
 (Millions of Colombian pesos)

| | Capital | Premium of placement of shares | Equity method surplus | Statutory reserve | Reserve for future expansion and investments | Other reserves | Total Reserves | Revaluation of equity | Earnings from previous periods | Earnings of the period | Asset Appraisal Surplus | Total equity |
|--|---------|--------------------------------|-----------------------|-------------------|--|----------------|----------------|-----------------------|--------------------------------|------------------------|-------------------------|--------------|
| BALANCES AT DECEMBER 31, 2009 | 7,291 | 210,819 | 339,331 | 23,163 | 641,926 | 12,469 | 677,558 | 1,025,860 | 0 | 209,821 | 7,350,541 | 9,821,221 |
| Transfer to income from previous periods | - | - | - | - | - | - | - | - | 209,821 | (209,821) | - | - |
| Release of untaxed reserves for future expansions | - | - | - | - | (1,328) | - | (1,328) | - | 1,328 | - | - | - |
| Dividends issued in cash at \$126 per year per share payable in four installments as from April 2010 | - | - | - | - | - | - | - | - | (145,111) | - | - | (145,111) |
| Appropriation of the reserve for future expansions | - | - | - | - | 62,630 | - | 62,630 | - | (62,630) | - | - | - |
| Appropriation of the reserve for tax requirements | - | - | - | - | - | 3,408 | 3,408 | (19,870) | (3,408) | - | - | (19,870) |
| Tax on equity | - | - | - | - | - | - | - | - | - | - | - | - |
| Net year variance | - | - | (82,629) | - | - | - | - | - | - | - | - | (82,629) |
| Appraisal surplus | - | - | - | - | - | - | - | - | - | - | (115,436) | (115,436) |
| Adjustment revaluation of investments by intrinsic, listed value | - | - | - | - | - | - | - | - | - | - | 1,509,852 | 1,509,852 |
| Period income | - | - | - | - | - | - | - | - | - | 288,878 | - | 288,878 |
| BALANCES AT DECEMBER 31, 2010 | 7,291 | 210,819 | 256,702 | 23,163 | 703,228 | 15,877 | 742,268 | 1,005,990 | 0 | 288,878 | 8,744,957 | 11,256,905 |
| Transfer to income from previous periods | - | - | - | - | - | - | - | - | 288,878 | (288,878) | - | - |
| Release of untaxed reserves for future expansions | - | - | - | - | (6,134) | - | (6,134) | - | 6,134 | - | - | - |
| Dividends issued in cash at \$126 per year per share payable in four installments as of April 2010 | - | - | - | - | - | - | - | - | (152,021) | - | - | (152,021) |
| Appropriation of the reserve for future expansions | - | - | - | - | 142,991 | - | 142,991 | - | (142,991) | - | - | - |
| Appropriation of the reserve for tax requirements | - | - | - | - | - | - | - | - | - | - | - | - |
| Tax on equity | - | - | - | - | - | - | - | (103,879) | - | - | - | (103,879) |
| Net variation of the year | - | - | 569,664 | - | - | - | - | - | - | - | - | 569,664 |
| Appraisal surplus | - | - | - | - | - | - | - | - | - | - | (1,461,961) | (1,461,961) |
| Adjustment revaluation of investments by intrinsic, listed value | - | - | - | - | - | - | - | - | - | - | 1,187,753 | 1,187,753 |
| Period income | - | - | - | - | - | - | - | - | - | 369,974 | - | 369,974 |
| BALANCES AT DECEMBER 31, 2011 | 7,291 | 210,819 | 826,366 | 23,163 | 840,085 | 15,877 | 879,125 | 902,111 | 0 | 369,974 | 8,470,749 | 11,666,435 |


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

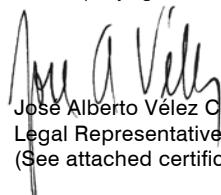

 Oscar Rodrigo Rubio C.
 Corporate Accounting
 Manager
 Lic. 47208 -T
 (See attached certification)

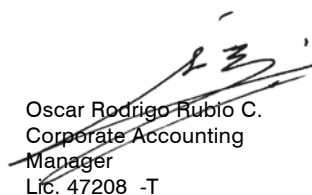

 Olga Liliana Cabrales P.
 Statutory Auditor
 Lic. 92873-T
 Designated by Deloitte & Touche Ltda.
 (See attached report)


CEMENTOS ARGOS S.A.
STATEMENT OF CHANGES IN FINANCIAL SITUATION
Years ended December 31st
(Millions of Colombian Pesos)

| | 2011 | 2010 |
|--|--------------------|------------------|
| Financial resources were provided by: | | |
| Net income | 369,974 | 288,878 |
| Plus (minus) - debit (credit) to income statements that does not affect working capital: | | |
| Profit sharing of subordinate companies | 196,101 | 194,251 |
| Depreciation and amortization of property, plant and equipment | 94,561 | 103,473 |
| Amortization of deferred charges and intangible assets | 40,079 | 44,016 |
| Gain from the sale of property, plant and equipment | (7,178) | (1,210) |
| Gain from sale of long term investments | (638,387) | (505,501) |
| Loss (gain) from the sale of other assets | 266 | (1) |
| Loss from the sale or disposal of assets | 119,142 | 97,934 |
| Amortization of retirement pensions | 26,794 | 4,697 |
| Long term liability exchange difference | 15,478 | (14,555) |
| Permanent investments and other exchange differences | (10,448) | 8,262 |
| Amortization of deferred taxes and others | 8,759 | 3,425 |
| Provisions recovery | (2,286) | (14,461) |
| Reserve for the protection of aAssets | 56,421 | 26,201 |
| Working capital provided by year's operations | 269,276 | 235,409 |
| FINANCIAL RESOURCES GENERATED BY OTHER SOURCES | | |
| Dividends received from long term investments | 43,015 | 106,680 |
| Proceeds from the sale of property, plant and equipment | 9,517 | 159,112 |
| Proceeds from the sale of long term investments | 667,615 | 539,968 |
| Proceeds from the sale of other assets | 1,079 | 147 |
| Decrease in long term inventories | 1,164 | - |
| Decrease in deferred charges and intangible assests | - | 5,829 |
| Increase in long term financial obligations | - | 112,712 |
| Increase in long term creditors | 18,565 | - |
| TOTAL FINANCIAL RESOURCES PROVIDED | 1,010,231 | 1,159,857 |
| FINANCIAL RESOURCES WERE USED FOR: | | |
| Dividends declared | 152,020 | 145,111 |
| Acquisition of property, plant and equipment | 120,665 | 249,767 |
| Increase in long term investments | 1,573,904 | 66,048 |
| Decrease in long term financial obligations | 32,764 | - |
| Decrease in long term creditors | - | 35,214 |
| Increase in deferred charges and intangible assests | 45,929 | - |
| Increase in long term inventories | - | 1,164 |
| Increase in long term receivables | 2,375 | 370,260 |
| Payments of tax on equity | 103,880 | 19,870 |
| Increase in other assets | - | 579 |
| Decrease in long term bonds | 224,002 | - |
| TOTAL FINANCIAL RESOURCES USED | 2,255,539 | 888,013 |
| (DECREASE) INCREASE IN WORKING CAPITAL | (1,245,308) | 271,844 |
| CHANGES IN THE COMPONENTS OF WORKING CAPITAL | | |
| Cash | 20,663 | 94,681 |
| Negotiable Investments | (200,327) | (21,091) |
| Debtors, net | (286,618) | 184,309 |
| Inventories, net | 20,527 | (43,586) |
| Prepaid expenses | (2,267) | (1,039) |
| Financial liabilities | (597,012) | (75,022) |
| Bonds and securities | (173,032) | 50,000 |
| Suppliers and accounts payable | 13,402 | 83,660 |
| Taxes, contributions and levies | (42,096) | 13,648 |
| Labor obligations | 62 | (870) |
| Other liabilities and accrued liabilities | 1,390 | (12,846) |
| (DECREASE) INCREASE IN WORKING CAPITAL | (1,245,308) | 271,844 |

The accompanying notes are an integral part of the Financial Statements,


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

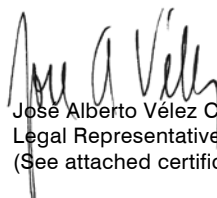

 Oscar Rodrigo Rubio C.
 Corporate Accounting
 Manager
 Lic. 47208 -T
 (See attached certification)

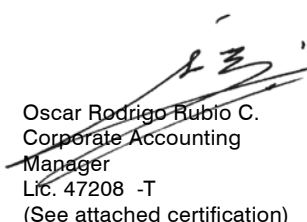

 Olga Liliana Cabrales P.
 Statutory Auditor
 Lic. 92873-T
 Designated by Deloitte & Touche Ltda.
 (See attached report)

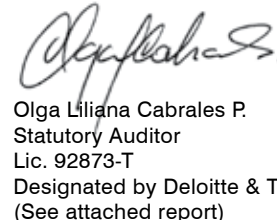
CEMENTOS ARGOS S.A.
STATEMENT OF CASH FLOWS
Years ended December 31st
(Millions of Colombian Pesos)

| | 2011 | 2010 |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income | 369,974 | 288,878 |
| Ajustment to reconcile net income for the year to net cash provided by operating activities: | | |
| Profit sharing of subordinated companies | 196,101 | 194,251 |
| Depreciation and amortization of property, plant and equipment | 94,561 | 103,473 |
| Amortization of deferred charges and intangible assets | 40,079 | 44,016 |
| Gain from the sale of property, plant and equipment | (7,178) | (1,210) |
| Gain from the sale of long term investments | (634,804) | (505,501) |
| Gain (loss) from the sale of other assets | 266 | (1) |
| Loss from sale or disposal of assets | 120,381 | 109,600 |
| Amortization of bonds | 1,642 | 1,642 |
| Amortization of retirement pensions | 26,794 | 4,697 |
| Long term liability exchange difference | 15,507 | (16,249) |
| Long term permanent investments exchange difference and others | (10,448) | 8,262 |
| Amortization of deferred tax and others | 7,117 | 1,783 |
| Provisions recovery | (1,265) | (18,092) |
| Provision for the protection of assets | 63,266 | 31,492 |
| Valuation of derivative transactions | (49,234) | 38,264 |
| | 232,759 | 285,305 |
| CHANGES IN OPERATING ASSETS AND LIABILITIES: | | |
| Debtors | 207,750 | (219,237) |
| Inventories | (21,200) | 28,134 |
| Prepaid expenses | 2,267 | 1,039 |
| Suppliers and accounts payable | (63,824) | (151,449) |
| Labor liabilities | (62) | 870 |
| Other liabilities and accrued liabilities | (1,445) | 17,126 |
| Taxes, contributions and levies | 42,096 | (13,648) |
| | 398,341 | (51,860) |
| CASH FLOWS FROM INVESTMENT ACTIVITIES : | | |
| Proceeds from the sale of property, plant and equipment | 9,517 | 159,112 |
| Proceeds from the sale of long term investments | 667,615 | 539,968 |
| Proceeds from the sale of other assets | 1,079 | 147 |
| Dividends received in cash | 167,124 | 127,835 |
| Acquisition of long term investments | (1,573,904) | (66,048) |
| Acquisition of property, plant and equipment | (120,665) | (249,767) |
| Increase in deferred charges and intangible assets | (45,929) | 5,829 |
| Increase in other assets | - | (579) |
| | (895,164) | 516,497 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Dividends paid in cash | (108,430) | (103,437) |
| Increase in long term debtors | (2,375) | (370,260) |
| Net increase in financial liabilities | 564,248 | 187,734 |
| Increase in long term creditors | 18,565 | (35,214) |
| Decrease in outstanding bonds and securities | (50,970) | (50,000) |
| Tax on equity | (103,880) | (19,870) |
| | 317,158 | (391,047) |
| Net (decrease) increase in cash and cash equivalents | (179,664) | 73,590 |
| Cash and cash equivalents at beginning of year | 344,085 | 270,495 |
| CASH AND CASH EQUIVALENT AT YEAR'S END | 164,421 | 344,085 |
| CASH EQUIVALENTS | | |
| Cash available | 151,286 | 130,623 |
| Negotiable investments | 13,135 | 213,462 |
| | 164,421 | 344,085 |

The accompanying notes are an integral part of the Financial Statements,


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


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

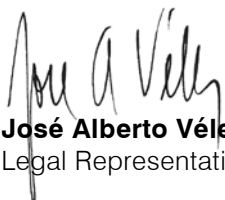

 Olga Liliana Cabrales P.
 Statutory Auditor
 Lic. 92873-T
 Designated by Deloitte & Touche Ltda.
 (See attached report)

CERTIFICATION BY THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 22, 2012

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

In my capacity as Legal Representative I certify that the individual financial statements as of December 31, 2011 that have been made available to the public are free from inaccuracy, misstatement or material error that prevent from knowing the true economic position or the operations carried out by Cementos Argos S.A. during the relevant period.



José Alberto Vélez C.
Legal Representative

CERTIFICATION BY THE COMPANY'S LEGAL REPRESENTATIVE AND THE CORPORATE ACCOUNTING MANAGER

Barranquilla, February 22, 2012

To the shareholders of Cementos Argos S.A.:

The undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. do hereby certify that the financial statements of the Company as of December 31, 2011 and 2010 have been fairly taken from the books and that prior to be made available to you and to third parties we have verified the following statements therein contained:

- a) All assets and liabilities included in the Company's financial statements as of December 31, 2011 and 2010 exist, and all transactions included in such statements have been carried out during the years ended on such dates.
- b) All economic activities undergone by the Company during the fiscal years ended December 31, 2011 and 2010 have been recognized in the financial statements
- c) Assets represent potential future economic benefits (rights) and liabilities represent potential future economic commitments (liabilities), obtained or due by the Company as of December 31, 2011 and 2010.
- d) All items have been recognized by their proper values pursuant to accounting principles generally accepted in Colombia.
- e) All economic events affecting the Company have been duly classified, described and disclosed in the financial statements.



José Alberto Vélez C.
Legal Representative



Oscar Rodrigo Rubio C.
Corporate 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, 2011 and 2010 and the corresponding statements of income, changes in equity, changes in financial position and 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. I obtained the information necessary to comply with my duties and carry out the audits 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 a reasonable basis to express my opinion.

In my opinion, based on my audits and on those from other statutory auditors, the 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, 2011 and 2010, and the results of its operations, changes in its equity, changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia, applied uniformly.

Furthermore, based on the scope of my audits, I report that the Company has maintained 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 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 been 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 PINTO
Statutory Auditor
Professional Card 92873-T
Designated by Deloitte & Touche Ltda.

February 22, 2012.



**NOTES TO THE
INDIVIDUAL
FINANCIAL STATEMENTS**

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

AT DECEMBER 31, 2011 Y 2010
(Millions of Colombian pesos, except as otherwise stated)

NOTE 1 – REPORTING ENTITY

Cementos Argos S.A. is a commercial company incorporated under the laws of Colombia on August 14, 1944. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and other products or articles made of cement, lime or clay; the acquisition and disposal of minerals or mineral deposits usable in the cement industry and the like, rights to explore and exploit the mentioned minerals, either by concession, privilege, leasing or otherwise; the provision of port services; acting as contractor, constructor, consultant, technical auditor, designer or planner of civil works or other works, before any and all public and private entities. Its main place of business is in the city of Barranquilla and the life span of the Company expires on August 14, 2060.

The Company owns plants in the following country regions:

Central Region: Sogamoso and San Gil
Northern Region: Barranquilla, Toluviejo and Sabanagrande
North-western Region: Nare, Cairo and Rioclaro
South-western Region: Yumbo

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

To prepare its financial statements, the Company by legal mandate must follow accounting principles generally accepted in Colombia, the standards of the Financial Superintendence and other legal regulations. Main accounting policies and practices implemented by the Company in accordance with the above are described as follows:

CONSOLIDATION OF FINANCIAL STATEMENTS

Cementos Argos S.A. is part of the Argos Entrepreneurial Group which Parent company is Inversiones Argos S.A.

The accompanying financial statements do not consolidate the assets, liabilities, shareholders' equity or results of subordinated companies. These financial statements are submitted to the General Meeting of Shareholders and are taken as the basis to declare dividends and make other appropriations. Pursuant to legal requirements, the Company must additionally submit consolidated financial statements for the

consideration of the General Meeting of Shareholders. Investment in subordinated companies is carried using the equity method, as explained below.

Pursuant to the guidelines of the Financial Superintendence, consolidated financial statements include the accounts of companies as regards which any of the following conditions is met:

- a) If more than 50% of the capital belongs to Cementos Argos S.A., either directly or through or with the help of its subsidiaries or the subsidiaries of the latter. Shares with preferred dividend and without voting rights are not computed for such purpose.
- b) If Cementos Argos S.A. and its subsidiaries hold, either jointly or severally, the right to issue the votes that make the minimum deciding majority in the Board of Directors or in the General Meeting, or have the number of votes required to elect the majority of the members of the Board.
- c) If Cementos Argos S.A., either directly or through or with the help of its subsidiaries, exerts dominant influence on the decision of the company's administration bodies by virtue of act or contract entered into with the controlled company or its shareholders

Consolidated financial statements are prepared in accordance with accounting principles generally accepted in Colombia. Company's management must make estimations and assumptions that might affect the amounts reported of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements, and the amounts reported of revenues and expenses during the period being reported. Actual results might defer from such estimations.

Pursuant to standards on consolidation, balances and transactions among related companies are eliminated when preparing the consolidated financial statements.

The financial information relevant to the subsidiaries consolidated by Cementos Argos S.A. is prepared, as far as possible, based on even criteria and accounting method; such information is taken at the close of December 31st, date set by the Parent to close its operations and submit its financial statements pursuant to its Bylaws and as set forth in section 9 of Decree 2649 of 1993.

Taking into consideration that foreign related companies prepare their financial statements under the International Reporting Financial Standards (IFRS) and accounting principles generally accepted in the United States of America, using a top-quality consistent set of accounting standards, and given that such structure of principles is deemed appropriate as a source of accounting technical reference in Colombia, such subsidiaries should not substantially adjust their financial statements, except for differences not meeting the substance above legal forms principle.

SUBSTANCE ABOVE LEGAL FORMS

Companies recognize and disclose the economic resources and facts according to their substance or economic reality and not only on the grounds of their legal forms, reason why they apply those accounting principles that allow for the proper recognition of the economic facts in each of the countries where the operations are carried out.

TRANSLATION OF FINANCIAL STATEMENTS

Colombian standards do not foresee a technical framework setting accepted translation methods, but they do foresee that facing the absence of such, it is proper to refer to a higher application standard. Consequently the IFRS (International Financial Reporting Standards), particularly the International Accounting Standard (IAS) 21 "Effects of Changes in Foreign Exchange Rates" have been applied to the translation process.

In that perspective, the financial statements of foreign companies which currency is other than the Dollar of the United States of America or which are on a par with it, are translated from the currency of the country of origin into Dollars of the United States of America pursuant to IAS 21 methodology, as follows:

- Assets and liabilities are translated at the exchange rate in force on the closing date.
- Equity accounts are translated at the exchange rates in force on each of the dates on which the transactions occurred. For companies regarding which no historic information is available, equities were translated at the closing exchange rate of December 2005.
- Income accounts are translated at the exchange rates in force on each of the dates on which the transactions occurred; should this be impossible, the average exchange rate for each of the months shall be used.
- Translation differences are taken to shareholders' equity through the accumulated conversion adjustments account, which represent the differences between the translation of items in the statement of income at average exchange rates and the translation of balance sheet items at closing rates.

In turn, the amounts in Dollars of the United States of America are translated into Colombian pesos at the market representative exchange rate as certified by the Central Bank.

INFLATION ADJUSTMENTS

Decree 1536 of May 7, 2007 amended Decrees 2649 and 2650 deleting the application of comprehensive inflation adjustments. The rule states that inflation adjustments recorded from January 1992 until December 31, 2006 shall become part of the balance of the respective accounts

The balance in the Equity Revaluation account may not be distributed until Company liquidation or until it is capitalized. Should it be capitalized, it may be used to offset losses if the Company would fall into grounds for dissolution; in no event may it be used to reimburse invested capital. Should it show a debit balance, it may be decreased against the current period results or the results from prior periods, upon compliance of the rules regarding income pursuant to the Code of Commerce.

Decree 514 of February 2010 allowed applying annually as they become due in the relevant period the value of the installments of the tax on equity established by Law 1370 of 2009 against the shareholders' equity revaluation account.

MATERIALITY IN THE PREPARATION OF FINANCIAL STATEMENTS

Preparing the financial statements pursuant to accounting principles generally accepted in Colombia requires Management to make estimates and assumptions that have an impact on the amounts of assets and liabilities reported on the closing date of financial statements and the amounts of revenues and expenses reported during the relevant period. Generally the recognition and presentation of economic events are made in accordance with their relative importance or materiality. For the 2011 financial statements, the materiality applied was determined as 5% of the EBITDA.

CASH AND CASH EQUIVALENTS

Cash available on hand and cash in banks, savings deposits and all high-liquidity investments are deemed cash and cash equivalents.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currency are carried at the applicable exchange rates in force on the respective dates. At the closing of each period, the balances receivable or payable and investments in foreign currency are adjusted at the market representative exchange rate certified by the Central Bank. As regards accounts receivable or payable in foreign currency, exchange differences are recorded against income provided the exchange differences are not triggered by the cost of acquisition of assets. Exchange differences arising while assets are under construction or installation progress and until they are ready for use can be attributed to the cost of acquisition of assets.

As from 2007, pursuant to Decree 4918 of the same year, the exchange difference of variable income investments in foreign subordinated companies is carried as a higher or lower value of equity in the equity method surplus.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company has an exposure to various financial market risks arising from its ordinary businesses, which are managed by means of derivative financial instruments. Such risks may be summarized as follows:

Strategic risk: a deviation between the benefits expected from a strategy and the results obtained.

Market risk: a change in the reasonable value of the derivative instrument due to changes in the market price.

Liquidity risk: losses arising from: I) Failure to comply with payments due to the difficulty of obtaining liquidity; II) Impossibility of taking or dumping a derivative position due to lack of market.

Credit risk: a loss that may become real due to the breach of the other party.

Operations risk: a loss to which the Company is faced arising from mistakes in the record systems and/or valuation systems. Also from the faulty design of a proper limit system, an inappropriate review of contracts or an inadequate management information system.

The Company values its derivative instruments at market prices on a periodical basis for administrative control purposes.

The Company manages the mentioned risks by means of the following transactions:

SWAP ARRANGEMENTS

They relate to financial transactions wherein the Company, by means of an agreement with a bank, exchanges money flows in order to decrease illiquidity, exchange rate, term or issuer risks, as well as to reorganize assets and liabilities.

In the case of interest rate swaps there is no exchange of capitals; the Company is liable for its credits with defined amounts and terms, and its accounting recording is independent from the swap arrangement. As regards the recording of swaps, only payments net of interests between the parties thereto are recorded; consequently the record shall be limited to the recognition of the positive or negative difference between the interest flows that the parties agree on exchanging. Profits or losses arising from the arrangements are recognized directly in the period results.

In the case of currency swaps, the existence of this arrangement does not have an impact on the valuation of the underlying debt (original). During the term of the agreement, the parties pay a differential for the interests and the exchange difference which are directly taken to the period results.

FORWARD ARRANGEMENTS

They are used to cover the exchange rate risk in debt and investment transactions in foreign currency, as well as to cover future cash flows, with high probability of occurrence such as the monthly exports of the Company. At the end of each period, they are valued discounting the forward future rate at the market devaluation rate, comparing such present value to the market representative exchange rate at the closing of the assessed period and recording the positive or negative difference in the statement of income.

OPTION ARRANGEMENTS

They are used to cover the exchange rate risk mainly arising from monthly exports and the future flows resulting from the later. They are carried out through structured hedges, such as export collars that allow having a market monetization range and protecting from exchange rate extreme changes. They are valued by applying the Black-Scholes model.

NEGOTIABLE AND PERMANENT INVESTMENTS

Finance Superintendence rules require that investments are classified and accounted for as follows:

- a) Investments regarding which the Company has the serious purpose of keeping them until their maturity or redemption, as the case may be, or keeping them indefinitely if not subject to term. In this latter event, for an investment to be classified as permanent it must be kept by the Company for at least three calendar years, as from the date of acquisition without affecting the possibility of classifying it as such from that very date. These investments are accounted for and valued prospectively as follows:
 - Debt investments or investments embodying fixed-rate or variable-rate debt rights (non-participative securities) are originally carried at their acquisition cost and valued monthly on the basis of each security's return on investment rate, estimated at the time of purchase; the resulting adjustment is taken to income accounts.
 - Variable-rate investments in stock or capital participations (participative securities) in non-controlled entities are carried at the cost adjusted for inflation and adjusted monthly to their realization value. The resulting adjustment, either positive or negative, is taken to the revaluation account with debit or credit to the revaluation surplus in shareholders' equity, as the case may be. The realization value of securities classified as high or medium marketability by the Finance Superintendence is determined on the grounds of average Stock Market value during the last 10 to 90 days pursuant to certain parameters set by that Entity. The realization value of securities classified as low or minimum marketability or which are not listed is established by its intrinsic value calculated on the basis of the latest financial statements disclosed by the security issuer.
- b) Investments represented in easily marketable securities, as regards which the Company has the serious purpose of realizing them in a term not to exceed three years, are classified as negotiable investments. These investments are originally carried at cost and adjusted monthly to their realization value with debit or credit to income, as the case may be. The realization value is determined as mentioned under the preceding subparagraph a) for each type of investment.

PROVISION FOR THE PROTECTION OF DOUBTFUL ACCOUNTS

The provision for the protection of debtors is reviewed and brought up to date at the end of each period on the grounds of the analysis of the age of balances and the assessment of collectability of individual accounts performed by Management. Those amounts considered uncollectable are charged to the provision on an ongoing basis.

INVENTORIES

Inventories are carried at cost and at the closing of the period are reduced to their market value, should this be lower. Cost is determined based on the average cost method. The obsolescence analysis for the inventories of materials and spare parts is reviewed and brought up to date at the closing of each period, and the provision is recognized in the financial statements.

As from 2009 inventories include urban development works and lands to be developed. All costs incurred in the adaptation of lands until they are brought to sale condition are recorded.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost, which as appropriate includes financing expenses and exchange differences on foreign currency liabilities, incurred for their acquisition until they are brought to operating conditions.

Sales and disposition of such assets are discharged at the relevant net adjusted cost, and the differences between the sales price and the net adjusted cost are taken to income.

Depreciation is calculated by applying the straight line method, based on the probable useful life of assets, as follows: between 20 and 40 years for constructions and buildings, plants and networks; between 3 and 10 years for machinery, industrial equipment and office equipment; between 5 and 10 years for vehicles and transportation equipment, computers and communications equipment.

Depreciable property and equipment which acquisition cost is equal to or lower than three mini-mum wages are depreciated in the same year of acquisition without regard to their useful lives.

Repairs and maintenance of assets are charged to income, while improvements and additions are added to the cost thereof.

DEFERRED ASSETS

This account includes prepaid expenses and deferred charges. Prepaid expenses mainly include insurance premiums, which are amortized using the straight line method over a 12-month period.

Deferred charges mainly include computer software which is amortized using the straight line method over maximum 3 years; improvements to third party property; deferred income tax; and other projects such as network integration and improvement of the document management platform, which are amortized using the straight line method over a period between 3 and 5 years.

INTANGIBLE ASSETS

Intangible assets are carried at acquisition cost and represent the value of certain rights such as trademarks, goodwill, exploitation rights (concessions and franchises), among others. They are amortized using the straight line method. The amortization period for trademarks is 20 years; for exploitation rights is the lower between the validity of the license and the time during which the reserves are expected to be exploited, which is estimated between 3 and 30 years.

The accounting policy to account for and amortize the goodwill is detailed below:

ACQUIRED GOODWILL

In Colombia, the additional amount paid over the intrinsic value certified by the relevant company upon the purchase of sales, quotas or shares of social interest in an active economic entity is recorded under acquired goodwill when one has or acquires control over it, as set forth by sections 260 and 261 of the Code of Commerce, amended by sections 26 and 27 of Law 222 of 1995 and other regulations that modify, add to or supersede it.

Pursuant to joint circular letters 007 of 1997 and 011 of 2005 issued by the Colombian Finance Superintendence, the amortization of goodwill arising from the merger of businesses is estimated using the straight line method based on the exploitation time estimated for the intangible asset, which in no event shall be more than 20 years.

At the closing of each accounting period or the closing of the month that is being taken as the base to prepare the extraordinary financial statements, the Company assesses the goodwill originated from each investment, in order to verify its adequacy as part of the balance sheet.

In other countries where the Company has operations, the goodwill is estimated based on the accounting regulations applicable where the subordinated company operates, in the frame of a higher standard pursuant to accounting principles generally accepted in Colombia and the guidelines of the Colombian Financial Superintendence, in accordance with that set forth in section 11 of Decree 2649 of 1996 as regards substance above legal forms.

ASSET APPRAISAL

It relates to:

- a) Excess commercial or intrinsic value of the investment in shares and quotas of interest at the end of the period over its net cost.
- b) Excess technical appraisals of property, plant and equipment over the respective net costs. Such appraisals were carried out in 2011 by independent experts based on replacement values and depreciation. These appraisals are to be updated at least every three years.

LABOR LIABILITIES AND RETIREMENT PENSIONS

Labor liabilities are adjusted at the closing of each period pursuant to outstanding legal regulations and labor agreements.

The liability for retirement pensions represents the present value of all future expenditures that the Company shall have to pay to its retired personnel or to their beneficiaries, which mainly relates to senior employees. The relevant charges to annual results are made based on actuarial studies in compliance with outstanding legal regulations, prepared under methods such as the actual equivalence system for revenues in arrears, immediate due fractioned annuities and prospective revenues.

On December 7, 2010, the Ministry of Finance and Public Credit issued Decree 4565 by means of which the content of section 77 of Decree 2649 of 1993 was amended. This section contains the instructions of how entities bearing this obligation should estimate and disclose the retirement pension liabilities. In preparing the actuarial calculation as of December 31, 2010, such entities must use the Life Tables for Male and Female Annuitants, as updated by the Colombian Finance Superintendence by means of Resolution number 1555 dated July 30, 2010. The percentage of amortization established as compared with that reached at December 2009 and the amount pending provision, shall be amortized based on the financial statements as of December 31, 2010 until 2029, on a straight line basis, without affecting the possibility of completing such amortization earlier than 2029. The Company decided to amortize 100% of the balance in 2011.

The payment of retirement pensions during the period is directly charged to period results.

For employees under the new social security regime (Law 100 of 1993), the Company complies with its obligation by contributing payments to the Institute for Social Security (ISS) and/or to the retirement pension private funds in the terms and conditions set forth by the above-mentioned law.

For consolidation purposes, the Company carries the labor liabilities as estimated for every country pursuant to the accounting technique and with the subsidiaries' implicit legal obligations. In that sense, the Company does not deem necessary to prepare again the accounting estimates resulting from recording the consolidated social benefits and other benefits due to employees on a basis other than those in force in the countries where the relevant liabilities arose.

INCOME TAX

The Company determines the income tax provision either on the grounds of taxable income estimated at the rates provided for in the tax law or on the grounds of the presumptive income system. The tax effects of revenues, costs and expenses corresponding to the temporary differences between accounting and the figures for tax purposes are carried as deferred taxes provided there is a reasonable expectation to revert such differences.

TAX ON EQUITY

Pursuant to Decree 514 of 2010 which rules accounting principles generally accepted in Colombia and the options it offers for accounting purposes, the Company decided to record the tax on equity created by means of Decree 4825 of 2010 against the shareholders' equity revaluation account.

MEMORANDUM ACCOUNTS

Commitments pending formalization and contingent rights and obligations, such as the value of assets and securities delivered as collateral, endorsements granted, unused letters of credit, assets and securities received in custody or as collateral, fully depreciated assets and the difference between tax and accounting equity values, are taken to memorandum accounts.

RECOGNITION OF REVENUES, COSTS AND EXPENSES

Revenues from sales are recognized upon dispatch of the product; upon granting the public deed as regards the land or development works; those arising from rental agreements are recognized during the month they accrue and those arising from services upon their rendering. Revenues from dividends are recognized when the issuer declares such dividends.

All revenues, costs and expenses are recorded under an accrual basis.

STATEMENTS OF CASH FLOWS

The accompanying statements of cash flows were prepared using the indirect method, which includes a reconciliation of the net income for the year to the net cash provided by operating activities.

NET INCOME PER SHARE

The net income per share is estimated on the annual weighted average of subscribed and outstanding shares during each year. Re-acquired own shares are excluded for the effects of this calculation.

CONTINGENCIES

There may be certain contingent conditions on the date of issuance of the financial statements, which may result in a loss for the Company but shall only evolve in future upon the occurrence or potential occurrence of one or more events. Such loss contingencies are estimated by Management and its legal counsels. The estimation of loss contingencies necessarily implies a judgment and is a matter of opinion. In estimating the loss contingencies in legal proceedings against the Company, the legal counsels assess, among others, the merits of the claims, the jurisprudence of the courts on the subject matter and the current status of the legal proceedings.

Should the contingency assessment indicate the probability of a material loss and the liability can be estimated, it is recorded in the financial statements. Should the assessment indicate that a potential loss is not probable or is probable to occur but the result is uncertain or the amount of the loss cannot be estimated, the nature of the contingency is disclosed in a note to the financial statements. Loss contingencies estimated as remote generally are not disclosed.

RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain figures shown in the financial statements as of December 31, 2010 were reclassified for presentation purposes.

NOTE 3 - TRANSACTIONS IN FOREIGN CURRENCY

Basic standards in force in Colombia allow freely negotiating foreign currencies through banks and other financial institutions at free exchange rates. Nevertheless, most of foreign currency transactions still require that certain legal requirements be met.

Transactions and balances in foreign currency are translated at the market representative exchange rate certified by the Central Bank, which was used to prepare the financial statements as of December 31, 2011 and 2010. Market representative exchange rate as of December 31, 2011 in Colombian pesos was COP \$1,942.70 (2010 COP \$1,913.98) to US\$1.

At December 31st, the Company had the following assets and liabilities in foreign currency, mainly in dollars, recorded at their equivalent in millions of Colombian pesos.

| | 2011 | | 2010 | |
|--|----------------------|-----------------------------|----------------------|-----------------------------|
| | Dollars | Millions of Colombian pesos | Dollars | Millions of Colombian pesos |
| Current assets | 556,423,899 | 1,080,964 | 243,175,163 | 465,432 |
| Non-current assets | 1,488,651,683 | 2,892,004 | 721,617,570 | 1,381,162 |
| Total Assets | 2,045,075,582 | 3,972,968 | 964,792,733 | 1,846,594 |
| Current liabilities | (566,067,445) | (1,099,699) | (252,935,219) | (484,113) |
| Non-current liabilities | (398,132,308) | (773,452) | (426,229,841) | (815,795) |
| Total Liabilities | (964,199,753) | (1,873,151) | (679,165,060) | (1,299,908) |
| Net position including permanent investments in related companies | 1,080,875,829 | 2,099,817 | 285,627,673 | 546,686 |
| Permanent investments in related companies | (1,077,540,102) | (2,093,337) | (296,858,906) | (568,182) |
| Net debit (credit) position | 3,335,727 | 6,480 | (11,231,233) | (21,496) |

The net position is reviewed on a monthly basis. Notes 5 and 13 include detail information as regards outstanding financial derivatives.

Pursuant to Decree 4918 of 2007, as from such year the exchange difference arising from variable income investments in foreign subsidiaries must be recorded as a higher or lower value of shareholders' equity in the equity method surplus. Consequently for purposes of measuring the net position affecting Company results they are excluded from the calculation.

NOTE 4 – NEGOTIABLE INVESTMENTS

Negotiable investments as of December 31st were comprised of:

| | Annual average Rate in 2011 | 2011 | 2010 |
|--|-----------------------------|---------------|----------------|
| Term deposit certificates (1) | 4.00% | 12,517 | 198,484 |
| Local currency trust agreements | 3.50% | 275 | 14,798 |
| Bonds, securities and bank acceptances | 11.36% | 337 | 180 |
| Tax reimbursement certificate | | 6 | - |
| | | 13,135 | 213,462 |

(1) It mainly relates to securities in amount of US\$5,092,867 (2010 US\$102,983,231) and overnight transactions in amount of US\$1,350,000.

The decrease resulted from the acquisition of cement and concrete assets from Lafarge through subsidiary Argos USA Corp.

No restriction has been imposed on these investments that limit its availability to be used.

NOTE 5 – ACCOUNTS RECEIVABLE - NET

As of December 31st the receivables account was comprised of:

| | 2011 | 2010 |
|--|------------------|------------------|
| Domestic customers (1) | 265,136 | 240,937 |
| Foreign customers US\$1,589,485 (2010 US\$1,793,551) | 3,088 | 3,433 |
| Related companies (See note 25) | 850,994 | 1,048,661 |
| Advance payments | 9,717 | 10,063 |
| Promises to enter into purchase-sale agreements (2) | 1,679 | 48,711 |
| Revenues receivable (3) | 23,812 | 94,653 |
| Tax and contributions advance payments (4) | 54,755 | 93,768 |
| Accounts receivable from employees | 31,564 | 29,753 |
| Loans to third parties | 388 | 220 |
| Swap receivables (5) | 4,317 | 1,756 |
| Forward receivables (5) | 59,352 | 5,847 |
| Sundries debtors | 2,685 | 3,205 |
| | 1,307,487 | 1,581,007 |
| Less – provision for the protection of receivables | (8,083) | (7,808) |
| Total accounts receivable | 1,299,404 | 1,573,199 |
| Less – long term portion (6) | 744,269 | 731,446 |
| Accounts receivable – short term | 555,135 | 841,753 |

- (1) The balance mainly relates to receivables from sales on credit to customers of Cementos Argos amounting to \$134,807; Concretos Argos S.A. mandate receivables for \$93,514; and domestic sales of Zona Franca Argos S.A.S. amounting to \$15,962
- (2) The decrease relates to the legalization of advance payments for the purchase of the Hacienda El Centenario plots of land for the forest project at Carmen de Bolívar, and purchase of offices to house administration staff, located at Ciudad Empresarial Sarmiento Angulo in Bogotá.
- (3) Includes dividends receivable in amount of \$15,851 (2010 -\$74,348) and other revenues receivable \$7,956 (2010- \$20,305). The decrease mainly relates to lower dividends declared by subordinated companies and collection of \$9,356 from the sale of Reforestadora El Guásimo S.A.'s shares to Fundación para el Beneficio Social.
- (4) The decrease relates to reimbursement of income tax recoverable balances for taxable years 2009 in amount of \$29,860 and 2010 in amount of \$30,870.
- (5) Transactions with financial derivatives that gave rise to a Company's positive valuation at year end were as follows:

| Swap Arrangements | | | | | | |
|-------------------|-----------------|-------------------|-----------------|-------------------|---------------|-----------|
| Type | Underlying | Underlying amount | Underlying rate | Swap Amount | Swap Rate | Maturity |
| Currency swap | Account payable | US\$71,500,000 | 4.90% PV | \$136,557,850,000 | CPI + 5.35% | 08-aug-16 |
| Currency swap | Bond 2017 | \$343,520,000,000 | CPI + 3.17% | US\$190,000,000 | Libor + 1.75% | 23-nov-17 |
| Currency swap | Bond 2017 | \$89,800,000,000 | CPI + 3.17% | US\$50,000,000 | Libor + 1.92% | 23-nov-17 |

Forward Arrangements

| Type | Underlying | Underlying amount | Forward amount | Forward rate | Maturity |
|------------|--|-------------------|----------------|--------------|-----------|
| Fwd buying | Financial liability principal and interest | US\$40,000,000 | US\$40,582,446 | \$ 1,781.98 | 27-apr-12 |
| Fwd buying | Financial liability principal | US\$40,000,000 | US\$40,000,000 | \$ 1,789.88 | 18-apr-12 |
| Fwd buying | Financial liability principal | US\$30,000,000 | US\$30,000,000 | \$ 1,787.93 | 18-apr-12 |
| Fwd buying | Financial liability interest | US\$459,422 | US\$459,422 | \$ 1,785.97 | 06-feb-12 |
| Fwd buying | Financial liability interest | US\$369,535 | US\$369,535 | \$ 1,789.94 | 19-apr-12 |
| Fwd buying | Financial liability principal and interest | US\$10,000,000 | US\$10,065,261 | \$ 1,805.30 | 02-feb-12 |
| Fwd buying | Financial liability principal and interest | US\$19,000,000 | US\$10,061,380 | \$ 1,815.28 | 02-feb-12 |
| Fwd buying | Financial liability principal and interest | US\$29,000,000 | US\$20,035,473 | \$ 1,817.49 | 07-mar-12 |
| Fwd buying | Financial liability interest | US\$135,981 | US\$135,981 | \$ 1,816.13 | 10-feb-12 |
| Fwd buying | Financial liability principal and interest | US\$25,000,000 | US\$25,242,917 | \$ 1,829.32 | 07-mar-12 |
| Fwd buying | Financial liability principal and interest | US\$47,000,000 | US\$47,500,924 | \$ 1,805.10 | 07-jun-12 |
| Fwd buying | Financial liability interest | US\$121,581 | US\$121,581 | \$ 1,773.19 | 20-jan-12 |
| Fwd buying | Financial liability interest | US\$120,259 | US\$120,259 | \$ 1,780.96 | 20-apr-12 |
| Fwd buying | Financial liability principal and interest | US\$25,000,000 | US\$25,108,365 | \$ 1,787.17 | 12-jul-12 |
| Fwd buying | Financial liability interest | US\$97,424 | US\$97,424 | \$ 1,780.22 | 26-jan-12 |
| Fwd buying | Financial liability interest | US\$96,365 | US\$96,365 | \$ 1,788.59 | 26-apr-12 |
| Fwd buying | Financial liability principal and interest | US\$21,000,000 | US\$21,087,893 | \$ 1,795.75 | 18-jul-12 |
| Fwd buying | Financial liability principal | US\$20,000,000 | US\$20,000,000 | \$ 1,794.94 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,832.55 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,833.40 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,827.32 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,829.86 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,829.36 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,824.64 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,826.35 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,822.96 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,824.32 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$10,000,000 | US\$10,000,000 | \$ 1,816.55 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$10,000,000 | US\$10,000,000 | \$ 1,807.50 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,808.48 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$1,500,000 | US\$1,500,000 | \$ 1,808.30 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$3,500,000 | US\$3,500,000 | \$ 1,808.42 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,798.02 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,783.32 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,783.81 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,783.50 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,812.56 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,811.25 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,820.46 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,818.13 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,795.85 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,796.28 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,815.18 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,814.47 | 27-jul-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,793.50 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,792.90 | 27-jan-12 |
| Fwd buying | Financial liability principal | US\$5,000,000 | US\$5,000,000 | \$ 1,792.50 | 27-jan-12 |
| Fwd buying | Financial liability principal and interest | US\$16,000,000 | US\$16,265,782 | \$ 1,842.87 | 12-mar-12 |
| Fwd buying | Financial liability principal and interest | US\$13,000,000 | US\$13,124,573 | \$ 1,906.91 | 22-mar-12 |
| Fwd buying | Financial liability principal and interest | US\$17,000,000 | US\$17,155,354 | \$ 1,907.39 | 26-mar-12 |

The balance of accounts receivable at year end arising from the valuation of these hedges is \$63,668 (2010 \$7,603).

Currency swap arrangements are made with two purposes:

- Balancing the exchange exposure of the Company
- Taking advantage of carry trade offered by the derivative market as opposite to the funding market in dollars.

Forward and option arrangements are made to cover the risk of fluctuation in exchange rates applicable to liabilities in dollars and temporary investments

- (6) It mainly includes loans to Argos USA Corp. in amount of \$686,276 for early payment of the syndicated credit facility (Citibank PLC, endorsed by EKF Denmark) and Ganadería Rio Grande S.A.S. in amount of \$4,806.

The provision for the protection of receivables changed as follows:

| | 2011 | 2010 |
|------------------------|--------------|--------------|
| Opening balance | 7,808 | 23,556 |
| Provision for the year | 4,917 | 2,976 |
| Recoveries | (863) | (1,045) |
| Accounts written off | (3,779) | (17,679) |
| Closing balance | 8,083 | 7,808 |

Overdue customer receivables at December 31st amount to:

| | 2011 | 2010 |
|--------------------|---------|---------|
| Less than 30 days | 69,978 | 59,500 |
| 31 to 360 days | 53,251 | 48,530 |
| More than 360 days | 8,975 | 7,306 |
| | 132,204 | 115,336 |

Uncollectible accounts over one year rest on 32 customers and amount to \$583 (2010 \$627), of which recovery is expected in the short term.

No lien has been imposed on accounts receivable at December 31, 2011.

Long-term receivable maturities at December 31, 2011 are as follows:

| | |
|--------------------|----------------|
| 2013 | 5.080 |
| 2014 | 41.044 |
| 2015 | 100.011 |
| 2016 | 186.792 |
| 2017 and following | 411.342 |
| | 744.269 |

Interest rates applicable on long term accounts receivable are: for employee loans, between 0% and 10% A.E; 3.47% A.E. for loans to related parties (see note 25).

NOTE 6 – INVENTORIES – NET

Inventories at December 31st were comprised of:

| | 2011 | 2010 |
|--|----------------|----------------|
| Raw materials and direct materials | 23,800 | 24,868 |
| Production in progress (1) | 13,897 | 8,726 |
| Town planning works (2) | 30,953 | 20,947 |
| Finished products (1) | 22,827 | 15,030 |
| Materials, spare parts and appliances | 44,184 | 49,367 |
| Inventories in transit | 6,873 | 6,330 |
| Other (3) | 6,372 | 4,393 |
| | 148,906 | 129,661 |
| Less – provision for the protection of inventories | (3,706) | (3,824) |
| Total inventories | 145,200 | 125,837 |
| Less – long term portion | - | 1,164 |
| Total short term inventories | 145,200 | 124,673 |

- (1) Inventory levels of production in progress and finished products increased at year end in order to supply a high demand of cement during the first months of 2012
- (2) Mainly relate to the following projects: Portal de Genovés \$8,747, Miramar IV stage \$9,484, C.I.C. \$6,601 and Clúster Institucional \$5,841 among others.
- (3) The increase mainly relates to the purchase of a developed land for construction from Constructora Colpatria S.A. in amount of \$2,944.

The following was the change in the provision for the protection of inventories:

| | 2011 | 2010 |
|------------------------|--------------|--------------|
| Opening balance | 3,824 | 1,384 |
| Provision for the year | 1,819 | 4,529 |
| Accounts written off | (1,937) | (2,089) |
| Closing balance | 3,706 | 3,824 |

No liens or restrictions have been imposed on inventories.

NOTE 7 – PERMANENT INVESTMENTS – NET

Permanent investments at December 31st were comprised of:

| | 2011 | 2010 |
|--|------------------|------------------|
| Controlled variable income permanent investments | | |
| Shares | 4,076,875 | 2,181,855 |
| Participations | 206,627 | 192,167 |
| Non-controlled variable income permanent investments | | |
| Shares | 292,815 | 313,378 |
| Non-controlled fixed income permanent investments | | |
| Bonds and other | 535 | 10,268 |
| | 4,576,852 | 2,697,668 |
| Less – Provision for the protection of investments | (117,225) | (63,703) |
| | 4,459,627 | 2,633,965 |

The following investments are pledged as collateral for credit lines with Bancolombia and HSBC New York:

| Company | No. of shares | Amount |
|--|---------------|----------------|
| Grupo de Inversiones Suramericana S.A. | 21,800,000 | 677,980 |
| Grupo Nutresa S.A. | 10,824,072 | 235,964 |
| Carbones del Caribe S.A.S. | 50,000 | 324 |
| | | 914,268 |

PERMANENT INVESTMENTS 2011

| Company | Main place of business | Economic Activity | Valuation | Outstanding shares | No. of Shares | Interest held | Share Class | Adjusted Cost | Commercial Value | Provision | Valuation (loss of value) |
|---|---------------------------|-------------------------------|-----------|--------------------|---------------|------------------|------------------|----------------|------------------|------------------|---------------------------|
| CONTROLLED PERMANENT INVESTMENTS | | | | | | | | | | | |
| Stock corporations | | | | | | | | | | | |
| Argos USA Corp. | USA | Investments | I | 28,951 | O | 1,497,373 | 1,458,615 | 83.04 | 38,758 | (146,539) | - |
| Carbones del Caribe S.A.S. | Barranquilla | Exploitation coal mines | I | 6,404,888 | O | 63,416 | 37,537 | 96.08 | 25,879 | (42,287) | - |
| C.I. del Mar Caribe BVI Inc. | Islas Vírgenes Británicas | Agency services | I | 18,400 | O | 7,183 | 8,132 | 93.88 | - | 1,425 | 949 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | Barranquilla | Investments | I | 13,659,132 | O | 83,290 | 83,290 | 100.00 | - | (82,979) | - |
| Canteras de Colombia S.A.S. | Medellín | Exploitation gravel and clay | I | 27,670 | O | 5,739 | 5,883 | 5.97 | - | 194 | 144 |
| Colcaribe Holding S. A. | Panamá | Investments | I | 117,860 | O | 150,180 | 157,639 | 100.00 | - | (1,241) | 7,459 |
| Concretos Argos S.A. | Bogotá | Concrete production | I | 8,936,623 | O | 402,519 | 411,994 | 93.37 | - | (10,810) | 9,475 |
| Ganadería Río Grande S.A.S. | Medellín | Agriculture and livestock | I | 10,000,000 | O | 2,641 | 2,551 | 100.00 | 90 | (571) | - |
| Haiti Cement Holding S.A. | Haiti | Investments | I | 78,000 | O | 18,559 | 15,148 | 50.00 | 3,411 | 203 | - |
| International Cement Company S.A. | Panamá | Investments | I | 10,000 | O | 6,525 | 6,392 | 100.00 | 133 | (3,694) | - |
| Logística de Transporte S.A. | Medellín | Freight transportation | I | 22,425,181 | O | 27,581 | 28,862 | 94.89 | - | 12,101 | 1,281 |
| Cemento Panamá S.A. | Panamá | Investments | I | 1,298,122 | O | 258,145 | 229,053 | 85.61 | 29,092 | 53,576 | - |
| Point Corp. | Islas Vírgenes Británicas | Investments | I | 38,000 | O | 147,378 | 134,233 | 80.85 | 13,145 | 762 | - |
| Reforestadora del Caribe S.A.S. | Cartagena | Reforestation | I | 1,337,500 | O | 33,405 | 36,247 | 100.00 | - | 3,775 | 2,842 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | Sincelejo | Port services | I | 3,100,550 | O | 16,491 | 11,758 | 94.90 | 4,733 | 810 | - |
| Sociedad Portuaria de Cementeras Asociadas S.A. | Buenaventura | Port services | I | 28,470 | O | 5,024 | 4,553 | 94.90 | 471 | 990 | - |
| Sociedad Portuaria la Inmaculada S.A. | Barranquilla | Port services | I | 37,960 | O | 47 | 41 | 94.90 | 6 | - | - |
| Sociedad Portuaria las Flores S.A. | Barranquilla | Port services | I | 47,450 | O | 54 | 47 | 94.90 | 7 | (1) | - |
| Transatlantic Cement Carrier Inc. | Panamá | Sea freight | I | 33,500 | O | 44,423 | 50,247 | 100.00 | - | (686) | 5,824 |
| Urbanizadora Villa Santos S.A.S. | Barranquilla | Construction | I | 560,000 | O | 13,943 | 13,588 | 100.00 | 355 | 6,024 | - |
| Zona Franca Argos S.A.S. | Cartagena | Cement Production | I | 64,550,000 | O | 1,292,959 | 1,294,178 | 100.00 | - | 7,882 | 1,219 |
| SUBTOTAL STOCK CORPORATIONS | | | | | | 4,076,875 | 3,989,988 | | 116,080 | (201,066) | 29,193 |
| Limited Liability partnerships | | | | | | | | | | | |
| Valle Cement Investments Ltd. | British Virgin Islands | Investments | I | 1 | O | 202,828 | 215,875 | 100.00 | - | 4,965 | 13,047 |
| Carbones del Caribe Ltda. en Liquidación | Barranquilla | Exploitation coal mines | I | 833 | O | - | 1 | 0.53 | - | - | 1 |
| Distrib. Colombiana de Cementos Ltda. en Liquidación | Barranquilla | Marketing | I | 200,000 | O | 3,674 | 4,248 | 100.00 | - | - | 574 |
| Transportes el Man Ltda. en Liquidación | Barranquilla | Land, river & sea transport | I | 8,637 | O | 95 | 81 | 1.08 | 14 | - | - |
| Profesionales a su Servicio Ltda. en Liquidación | Barranquilla | Consulting and staffing | I | 194,900 | O | 10 | - | 50.00 | 10 | - | - |
| Asesorías y Servicios Ltda en Liquidación | Barranquilla | Consulting and staffing | I | 316,500 | O | 20 | - | 50.00 | 20 | - | - |
| SUBTOTAL PUBLIC LIMITED LIABILITY PARTNERSHIPS | | | | | | | 206,627 | 220,205 | | 44 | 4,965 13,622 |
| NON-CONTROLLED PERMANENT INVESTMENTS | | | | | | | | | | | |
| Bancolombia S.A. | Medellín | Financial intermediation | B | 39,916,932 | O | 119,950 | 1,136,834 | 7.83 | - | - | 1,016,884 |
| Cementos de Caldas S.A. | Manizales | Cement production | I | 20,179,195 | O | 3,027 | 3,180 | 39.83 | - | - | 153 |
| Cartón Colombia S.A. | Cali | Cardboard production | I | 2,308,930 | O | 5,088 | 28,960 | 2.14 | - | - | 23,872 |
| Grupo de Inversiones Suramericana S.A. | Medellín | Financial intermediation | B | 97,183,662 | O | 135,806 | 3,022,412 | 20.72 | - | - | 2,886,606 |
| Fundiciones Colombia S.A. | Medellín | Metalurgy | I | 38,543,456 | O | 278 | 11 | 1.54 | 267 | - | - |
| Grupo Nutresa S.A. | Medellín | Candy production | B | 24,940,650 | O | 15,444 | 543,706 | 5.42 | - | - | 528,262 |
| Industrial Hullera S.A. | Medellín | Coal exploitation | I | 2,426,054 | O | 155 | - | 37.47 | 155 | - | - |
| Ormya Colombia S.A. | Guame | Non metallic mineral products | I | 6,345,425 | O | 11,554 | 32,391 | 50.00 | - | - | 20,837 |
| Sociedad de Transporte Férreo S.A. | Cali | Railway services | I | 72,294 | O | 331 | - | 2.95 | 331 | - | - |
| Sociedad Portuaria Bocas de Ceniza S.A. | Barranquilla | Port services | I | 403,130 | O | 484 | 406 | 2.23 | 78 | - | - |
| Sociedad Puerto Industrial Aguadulce S.A. | Buenaventura | Port services | I | 4,390 | O | 103 | 40 | 0.05 | 63 | - | - |
| Triple A Barranquilla S.A. E.S.P. | Barranquilla | Public utilities | I | 68,514 | O | 289 | 185 | 0.09 | 104 | - | - |
| Other under \$100 | | | | | | 306 | 8,285 | | 85 | - | 8,064 |
| SUBTOTAL NON-CONTROLLED | | | | | | 292,815 | 4,776,410 | | 1,083 | - | 4,484,678 |
| | | | | | | 4,576,317 | 8,986,603 | | 117,207 | (196,101) | 4,527,493 |
| Provision | | | | | | | | | | | |
| | | | | | | | (117,225) | | | | |
| LONG TERM FIXED INCOME PERMANENT INVESTMENTS | | | | | | | | | | | |
| Bonds and other | | | | | | 535 | 804 | | 18 | - | 287 |
| TOTAL LONG TERM INVESTMENTS | | | | | | 4,459,627 | 8,987,407 | | 117,225 | (196,101) | 4,527,780 |

| Company | Main place of business | Economic Activity | Valuation | Outstanding shares | No. of Shares | Interest held | Share Class | Adjusted Cost | Commercial Value | Provision | Valuation (loss of value) |
|---|---------------------------|------------------------------------|-----------|--------------------|---------------|------------------|------------------|---------------|------------------|------------------|---------------------------|
| CONTROLLED PERMANENT INVESTMENTS | | | | | | | | | | | |
| Stock Corporations | | | | | | | | | | | |
| Argos USA Corp. | USA | Investments | I | 3,186 | O | 155,921 | 155,921 | 35.02 | - | (51,116) | - |
| C.I. Carbones del Caribe S.A.S. | Medellin | Exploitation coal mines | I | 6,404,888 | O | 118,761 | 105,803 | 96.08 | 12,958 | (23,984) | - |
| C.I. del Mar Caribe BVI Inc. | Islas Virgenes Británicas | Agency services | I | 18,400 | O | 5,616 | 6,566 | 93.88 | - | (565) | 950 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | Medellin | Investments | I | 13,659,132 | O | 144,846 | 144,846 | 100.00 | - | (6,690) | - |
| Canteras de Colombia S.A.S. | Medellin | Exploitation gravel and clay | I | 27,670 | O | 3,998 | 4,142 | 5.97 | - | (139) | 144 |
| Colcaribe Holding S.A. | Panamá | Investments | I | 117,860 | O | 146,183 | 153,981 | 100.00 | - | 3,000 | 7,798 |
| Concretos Argos S.A. | Bogotá | Concrete production | O | 8,936,623 | O | 340,193 | 349,668 | 93.37 | - | (26,279) | 9,475 |
| Ganadería Río Grande S.A.S. | Medellin | Agriculture and livestock | I | 10,000,000 | O | 3,135 | 3,045 | 100.00 | 90 | (1,421) | - |
| Haiti Cement Holding S.A. | Haití | Investments | I | 78,000 | O | 18,098 | 14,709 | 50.00 | 3,389 | 430 | - |
| International Cement Company S.A. | Panamá | Investments | I | 10,000 | O | 505 | 437 | 100.00 | 68 | (1) | - |
| Logística de Transporte S.A. | Medellin | Freight transportation | I | 13,094,331 | O | 17,611 | 18,882 | 94.90 | - | 517 | 1,271 |
| Cemento Panamá S.A. (1) | Panamá | Investments | I | 1,298,122 | O | 230,835 | 205,048 | 85.61 | 25,787 | 43,069 | - |
| Point Corp. | Islas Virgenes Británicas | Investments | I | 38,000 | O | 144,302 | 131,469 | 80.85 | 12,833 | 493 | - |
| Reforestadora del Caribe S.A.S. | Medellin | Reforestation | I | 1,080,000 | O | 16,490 | 19,332 | 100.00 | - | 2,779 | 2,842 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | Sinclair | Port Services | I | 1,077,066 | O | 8,908 | 2,774 | 32.97 | 6,134 | (838) | - |
| Sociedad Portuaria de Cementeras Asociadas S.A. | Buenaventura | Port Services | I | 20,998 | O | 2,219 | 1,684 | 69.99 | 535 | 395 | - |
| Transatlantic Cement Carrier Inc. | Panamá | Shipping | I | 33,500 | O | 24,977 | 31,504 | 100.00 | - | (37) | 6,527 |
| Urbanizadora Villa Santos S.A.S. | Barranquilla | Construction | I | 10,000 | O | 2,419 | 2,070 | 100.00 | 349 | 380 | - |
| Zona Franca Argos S.A.S. | Cartagena | Cement production | I | 56,200,000 | O | 796,838 | 798,058 | 100.00 | - | (36,689) | 1,220 |
| SUBTOTAL Stock Corporations | | | | | | 2,181,855 | 2,149,939 | | 62,143 | (96,696) | 30,227 |
| Limited Liability Partnerships | | | | | | | | | | | |
| Valle Cement Investments Ltd. | Islas Virgenes Británicas | Investments | I | 1 | O | 186,471 | 199,766 | 100.00 | - | (91,884) | 13,295 |
| Carbones del Caribe Ltda. en Liquidación | Barranquilla | Exploitation coal mines | I | 833 | O | - | 1 | 0.53 | - | - | 1 |
| Distribuidora Col de Cementos Ltda. en Liquidación | Barranquilla | Marketing | I | 200,000 | O | 3,674 | 4,861 | 100.00 | - | - | 1,187 |
| Distribuidora de Cementos Ltda. en Liquidación | Medellin | Marketing | I | 47,500 | O | 1,900 | 1,136 | 95.00 | 764 | - | - |
| Transportes el Man Ltda. en Liquidación | Barranquilla | Land, river and sea transportation | O | 8,348 | O | 92 | 87 | 1.04 | 5 | - | - |
| Profesionales a su Servicio Ltda. en Liquidación | Barranquilla | Consulting and hiring services | I | 194,900 | O | 10 | - | 50.00 | 10 | - | - |
| Asesorías y Servicios Ltda. en Liquidación | Barranquilla | Consulting and hiring services | I | 316,500 | O | 20 | - | 50.00 | 20 | - | - |
| SUBTOTAL LIMITED LIABILITY PARTNERSHIPS | | | | | | 192,167 | 205,851 | | 799 | (91,884) | 14,483 |
| NON-CONTROLLED PERMANENT INVESTMENTS | | | | | | | | | | | |
| Bancolombia S.A. | Medellin | Financial intermediation | B | 37,979,964 | O | 114,340 | 1,120,409 | 7.45 | - | 25,979 | 1,006,069 |
| Cementos de Caldas S.A. | Manizales | Cement Production | I | 20,179,195 | O | 3,027 | 3,289 | 39.83 | - | - | 262 |
| Cartón Colombia S.A. | Cali | Cardboard Production | I | 3,117,675 | O | 6,871 | 42,048 | 2.89 | - | 791 | 35,177 |
| Grupo de Inversiones Suramericana S.A. | Medellin | Financial intermediation | B | 114,590,115 | O | 160,130 | 4,294,838 | 24.43 | - | 35,169 | 4,134,708 |
| Fundiciones Colombia S.A. | Medellin | Metalurgy | I | 38,543,456 | O | 278 | 21 | 1.54 | 257 | - | - |
| Grupo Nacional de Chocolates S.A. | Medellin | Candy Production | B | 24,940,650 | O | 15,444 | 675,892 | 5.73 | - | 8,081 | 660,448 |
| Industrial Hullera S.A. | Medellin | Coal exploitation | I | 2,426,054 | O | 155 | - | 37.47 | 155 | - | - |
| Omya Colombia S.A. | Guarne | Production Non metallic minerals | I | 6,345,425 | O | 11,554 | 32,214 | 50.00 | - | 1,947 | 20,660 |
| Sociedad de Transporte Férreo S.A. | Cali | Railway services | I | 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 | I | 4,390 | O | 103 | 47 | 0.05 | - | - | (56) |
| Triple A Barranquilla S.A. E.S.P. | Barranquilla | Public utilities | I | 68,514 | O | 288 | 178 | 0.09 | - | - | (110) |
| Otras menores de \$100 | | | | | | 373 | 9,975 | - | - | 748 | 9,602 |
| SUBTOTAL NON-CONTROLLED | | | | | | 313,378 | 6,179,314 | | 743 | 72,715 | 5,866,679 |
| | | | | | | 2,687,400 | 8,535,104 | | 63,685 | (115,865) | 5,911,389 |
| Provision | | | | | | (63,703) | | | | | |
| LONG TERM FIXED INCOME PERMANENT INVESTMENTS | | | | | | | | | | | |
| Bonds and other | | | | | | | | | | | |
| | | | | | | 10,268 | 86,812 | | 18 | - | 76,562 |
| TOTAL LONG TERM INVESTMENTS | | | | | | 2,633,965 | 8,621,916 | | 63,703 | (115,865) | 5,987,951 |

Valuation:

- I Intrinsic
- B Listing value
- C Cost

Class of shares

- O Ordinary

In 2011 Cementos Panamá S.A. declared dividends for \$43,015.

The following is the value of assets, liabilities, shareholders' equity and period results of investments appraised using the equity method:

| Company | 2011 | | | | 2010 | | | |
|---|-----------|-------------|----------------------|-------------|-----------|-------------|----------------------|-------------|
| | Assets | Liabilities | Shareholders' equity | Gain (loss) | Assets | Liabilities | Shareholders' equity | Gain (loss) |
| Argos USA Corp. (1) | 2,621,242 | 864,767 | 1,756,475 | (176,463) | 1,280,992 | 835,740 | 445,252 | (145,968) |
| Carbones del Caribe S.A.S. | 99,220 | 60,151 | 39,069 | (44,013) | 189,717 | 79,595 | 110,122 | (24,963) |
| C.I. del Mar Caribe BVI Inc. | 27,684 | 19,021 | 8,663 | 1,518 | 14,991 | 7,998 | 6,993 | (602) |
| Canteras de Colombia S.A.S. | 108,776 | 10,144 | 98,632 | 3,249 | 83,529 | 14,081 | 69,448 | (2,336) |
| Cemento Panamá S.A. | 443,307 | 175,757 | 267,550 | 62,581 | 423,954 | 184,442 | 239,512 | 43,683 |
| Cimenterie Nationale S.E.M. (CINA) | 61,359 | 17,589 | 43,770 | 6,166 | 56,194 | 13,734 | 42,460 | 5,601 |
| Colcaribe Holdings S.A. | 198,745 | 41,106 | 157,639 | (1,241) | 181,296 | 27,316 | 153,980 | 3,000 |
| Concretos Argos S.A. | 734,344 | 293,104 | 441,240 | (11,578) | 658,915 | 284,425 | 374,490 | (28,144) |
| Corp. e Inversiones del Mar Caribe S.A.S. | 161,502 | 78,211 | 83,291 | (82,979) | 210,962 | 66,116 | 144,846 | (6,690) |
| Ganadería Rio Grande S.A.S. | 12,997 | 10,447 | 2,550 | (571) | 6,473 | 3,429 | 3,044 | (1,421) |
| Haití Cement Holdings S.A. | 30,296 | - | 30,296 | 407 | 29,420 | - | 29,420 | 860 |
| International Cement Company S.A.(2) | 6,562 | 170 | 6,392 | (3,694) | 437 | - | 437 | (1) |
| Logística de Transporte S.A.(2) | 49,505 | 19,090 | 30,415 | 12,752 | 42,401 | 22,504 | 19,897 | 545 |
| Point Corp. | 180,693 | 14,668 | 166,025 | 943 | 177,057 | 14,450 | 162,607 | 610 |
| Reforestadora del Caribe S.A.S. (2) | 44,555 | 8,309 | 36,246 | 3,775 | 29,389 | 10,057 | 19,332 | 2,779 |
| Soc. Portuaria de Cementeras Asociadas S.A. (2) | 16,471 | 11,673 | 4,798 | 1,043 | 15,804 | 13,398 | 2,406 | 565 |
| Soc. Portuaria Golfo de Morrosquillo S.A.(2) | 21,672 | 9,282 | 12,390 | 854 | 16,911 | 8,498 | 8,413 | (2,541) |
| Transatlantic Cement Carriers Inc (2) | 59,556 | 9,309 | 50,247 | (686) | 39,785 | 8,282 | 31,503 | (37) |
| Urbanizadora Villa Santos S.A.S. (2) | 61,816 | 48,228 | 13,588 | 6,024 | 57,685 | 55,616 | 2,069 | 381 |
| Valle Cement Investments Ltd. | 500,710 | 284,836 | 215,874 | 4,965 | 470,649 | 270,883 | 199,766 | (91,884) |
| Zona Franca Argos S.A.S. (2) | 1,393,966 | 99,787 | 1,294,179 | 7,882 | 1,050,714 | 252,657 | 798,057 | (36,689) |
| Soc. Portuaria las Flores S.A. | 53 | 3 | 50 | - | - | - | - | - |
| Soc. Portuaria La Inmaculada S.A. | 49 | 6 | 43 | - | - | - | - | - |

(1) The company was capitalized in 2011 with US\$765,881,196. The effect of recording this investment using the equity method was a decrease of period results in amount of \$146,539 (2010 \$51,116) at December 31, 2011. This adverse impact mainly resulted from the application of accounting principles generally accepted in the United States of America on the impairment of assets in amount of US\$40,300,000 (2010 US\$43,042,000) and expenses related with the acquisition of new operations that make the Tulane project in amount of US\$10,700,000.

(2) The following companies were capitalized: Zona Franca Argos S.A.S. with \$167,000, Transatlantic Cement Carriers Inc. with \$18,534 (US\$9,800,000), International Cement Company S.A. with \$9,027 (US\$5,000,000), Logística de Transportes S.A. with \$5,599, Urbanizadora Villa Santos S.A.S. with \$5,500, Reforestadora del Caribe S.A.S. with \$5,150, Sociedad Portuaria Golfo de Morrosquillo S.A. with \$3,816 and Sociedad Portuaria de Cementeras Asociadas S.A. with \$535.

As a result of the Group's corporate restructuring, the following transactions were carried out during 2011:

- Colcaribe Holdings S.A. took over South Caribbean Trading & Shipping.
- Distribuidora de Cementos Ltda. En Liquidación was liquidated.

The following is the composition of shareholders' equity in controlled investments:

| 2011 | | | | | | | | |
|---|-------------------|-----------------|----------|----------------------------------|----------------|----------------------------|---------------------|----------------------|
| Company | Corporate capital | Capital Surplus | Reserves | Shareholders' equity revaluation | Period results | Results from prior periods | Revaluation surplus | Shareholders' equity |
| Argos USA Corp. | 2,269,420 | - | - | 30,442 | (176,463) | (373,085) | 6,161 | 1,756,475 |
| Carbones del Caribe S.A.S. | 7,500 | 16,740 | - | 86,702 | (44,013) | (48,960) | 21,100 | 39,069 |
| C.I. del Mar Caribe BVI Inc. | 54 | - | - | (2,927) | 1,518 | 10,018 | - | 8,663 |
| Canteras de Colombia S.A.S. | 464 | 11,902 | - | 3,489 | 3,249 | (11,410) | 90,938 | 98,632 |
| Cemento Panamá S.A. | 265,739 | - | - | (30,975) | 62,581 | (29,795) | - | 267,550 |
| Cimenterie Nationale S.E.M. (CINA) | 26,092 | - | 14,582 | (3,070) | 6,166 | - | - | 43,770 |
| Colcaribe Holdings S.A. | 20,357 | 2,579 | - | 13,417 | (1,241) | 109,522 | 13,005 | 157,639 |
| Concretos Argos S.A. | 9,589 | 130,019 | 16,466 | 39,327 | (11,578) | - | 257,417 | 441,240 |
| Corp. e Inversiones del Mar Caribe S.A.S. | 13,659 | 101,798 | 390 | 577 | (82,979) | (9,117) | 58,963 | 83,291 |
| Ganadería Río Grande S.A.S. | 5,000 | 3,297 | - | - | (571) | (5,329) | 153 | 2,550 |
| Haití Cement Holding S.A. | 31,430 | 367 | - | (885) | 407 | (1,023) | - | 30,296 |
| International Cement Company S.A. | 13 | 8,847 | - | 724 | (3,694) | 502 | - | 6,392 |
| Logística de Transporte S.A. | 142 | 13,633 | 632 | 2,824 | 12,752 | - | 432 | 30,415 |
| Point Corp. | 101 | - | - | (19,751) | 943 | 184,732 | - | 166,025 |
| Reforestadora del Caribe S.A.S. | 1,338 | 11,622 | 951 | 2,540 | 3,775 | 1,208 | 14,812 | 36,246 |
| Soc. Portuaria Cementeras Asociadas S.A. | 30 | 2,136 | 108 | - | 1,043 | 255 | 1,226 | 4,798 |
| Soc. Portuaria Golfo de Morrosquillo S.A. | 3,267 | 9,582 | - | 162 | 854 | (6,382) | 4,907 | 12,390 |
| Transatlantic Cement Carriers Inc. | 6,133 | 39,594 | - | 83 | (686) | 1,760 | 3,363 | 50,247 |
| Urbanizadora Villa Santos S.A.S. | 56 | 5,445 | 404 | 1,550 | 6,024 | - | 109 | 13,588 |
| Valle Cement Investments Ltd. | 13,716 | 14,213 | - | (67,180) | 4,965 | 191,052 | 59,108 | 215,874 |
| Zona Franca Argos S.A.S. | 64,550 | 903,043 | - | (445) | 7,882 | (2,464) | 321,613 | 1,294,179 |
| Soc. Portuaria las Flores S.A. | 50 | - | 1 | 10 | - | (14) | 3 | 50 |
| Soc. Portuaria La Inmaculada S.A. | 40 | - | - | 15 | - | (17) | 5 | 43 |

| 2010 | | | | | | | | |
|---|-------------------|-----------------|----------|----------------------------------|----------------|----------------------------|---------------------|----------------------|
| Company | Corporate capital | Capital Surplus | Reserves | Shareholders' equity revaluation | Period results | Results from prior periods | Revaluation surplus | Shareholders' equity |
| Argos USA Corp. | 817,095 | - | - | (9,411) | (145,968) | (216,529) | 65 | 445,252 |
| C.I. Carbones del Caribe S.A.S. | 7,500 | 16,740 | 51,590 | 90,145 | (24,963) | (75,587) | 44,697 | 110,122 |
| C.I. del Mar Caribe BVI Inc. | 54 | - | - | (3,289) | (602) | 10,830 | - | 6,993 |
| Canteras de Colombia S.A.S. | 464 | 11,902 | 1,230 | 3,960 | (2,336) | (10,304) | 64,532 | 69,448 |
| Cemento Panamá S.A. | 265,660 | - | - | (39,438) | 43,683 | (30,393) | - | 239,512 |
| Cimenterie Nationale S.E.M. (CINA) | 26,091 | - | 13,619 | (2,851) | 5,601 | - | - | 42,460 |
| Colcaribe Holdings S.A. | 20,357 | - | - | (9,049) | 3,000 | 125,987 | 13,685 | 153,980 |
| Concretos Argos S.A. | 9,589 | 106,647 | 44,610 | 48,422 | (28,144) | - | 193,366 | 374,490 |
| Corp. e Inversiones del Mar Caribe S.A.S. | 13,659 | 104,610 | 390 | 8,254 | (6,690) | (2,427) | 27,050 | 144,846 |
| Ganadería Río Grande S.A.S. | 5,000 | 3,298 | - | - | (1,421) | (3,908) | 75 | 3,044 |
| Haití Cement Holding S.A. | 31,430 | 185 | - | (804) | 860 | (2,251) | - | 29,420 |
| International Cement Company S.A. | 13 | - | - | (78) | (1) | 503 | - | 437 |
| Logística de Transporte S.A. | 83 | 14,450 | 87 | 3,790 | 545 | - | 942 | 19,897 |
| Point Corp. | 101 | - | - | (25,678) | 610 | 187,574 | - | 162,607 |
| Reforestadora del Caribe S.A.S. | 1,080 | 6,730 | 951 | 3,443 | 2,779 | (1,570) | 5,919 | 19,332 |
| Soc. Portuaria de Cementeras Asociadas S.A. | 30 | 1,980 | 108 | 33 | 565 | (310) | - | 2,406 |
| Soc. Portuaria Golfo de Morrosquillo S.A. | 3,267 | 9,515 | - | 636 | (2,541) | (3,841) | 1,377 | 8,413 |
| Transatlantic Cement Carriers Inc. | 6,133 | 20,905 | - | (1,130) | (37) | 2,318 | 3,314 | 31,503 |
| Urbanizadora Villa Santos S.A.S. | 1 | - | 23 | 1,579 | 381 | - | 85 | 2,069 |
| Valle Cement Investments Ltd. | 13,716 | 67,226 | - | (28,077) | (91,884) | 238,783 | 2 | 199,766 |
| Zona Franca Argos S.A.S. | 56,200 | 744,392 | 34,225 | (71) | (36,689) | - | - | 798,057 |

No dividends were declared as shares during 2011 and 2010.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT – NET

Property, plant and equipment at December 31st were comprised of:

| | 2011 | | | | | 2010 | | | | |
|--|------------------|--------------------------|----------------|----------------------|------------------|------------------|--------------------------|----------------|----------------------|------------------|
| | Cost | Accumulated depreciation | Net book value | Commercial appraisal | Revaluation | Cost | Accumulated depreciation | Net book value | Commercial appraisal | Revaluation |
| Land | 134.780 | - | 134.780 | 2.950.618 | 2.815.838 | 99.961 | - | 99.961 | 1.186.418 | 1.086.457 |
| Mineral deposits, mines and quarries | 119.574 | 119.485 | 89 | 207.661 | 207.572 | 122.316 | 121.521 | 795 | 704.222 | 703.427 |
| Constructions and buildings | 425.218 | 264.134 | 161.084 | 343.757 | 182.673 | 387.856 | 247.636 | 140.220 | 345.393 | 205.173 |
| Vehicles | 17.650 | 10.501 | 7.149 | 11.840 | 4.691 | 22.088 | 14.025 | 8.063 | 14.947 | 6.884 |
| Machinery and equipment | 1.607.695 | 1.205.677 | 402.018 | 1.126.766 | 724.748 | 1.648.935 | 1.187.679 | 461.256 | 1.213.876 | 752.620 |
| Furniture and fixtures computers | 31.221 | 14.581 | 16.640 | 22.012 | 5.372 | 23.758 | 10.415 | 13.343 | 15.152 | 1.809 |
| Construction in progress, machinery being assembled | 26.590 | - | 26.590 | 26.590 | - | 21.803 | - | 21.803 | 21.803 | - |
| Property, plant and equipment in transit | 5.411 | - | 5.411 | 5.411 | - | 2.477 | - | 2.477 | 2.477 | - |
| | 2.368.139 | 1.614.378 | 753.761 | 4.694.655 | 3.940.894 | 2.329.194 | 1.581.276 | 747.918 | 3.504.288 | 2.756.370 |
| Provision for the protection of assets against loss of value | | | (21.865) | | | | | (17.292) | | |
| | 2.368.139 | 1.614.378 | 731.896 | 4.694.655 | 3.940.894 | 2.329.194 | 1.581.276 | 730.626 | 3.504.288 | 2.756.370 |

Increase in lands is mainly due to the acquisition of El Arenal plot of land in amount of \$15,548, land for forest reestablishment projects \$6,460 and El Centenario farm for \$4,250.

The increase in constructions and buildings is mainly due to the purchase of administration premises in Bogotá for \$31,339.

The decrease in machinery and equipment was mainly due to the disposal of the Betania plant in amount of \$9,000.

Depreciation and amortization taken to income in 2011 amounted to \$94,561 (2010 \$103,473).

The Company carried out technical appraisals of property and equipment in 2011. Appraisal methods applied are explained in note 10. Such appraisals are updated at least every three years.

Back in 1994 the cement plant in Sogamoso, along with the lands, was given as collateral to guarantee Acerías Paz del Río S.A.'s financial liabilities; such guarantees at December 31, 2010 were comprised of first ranking mortgages for US\$8,365,573; second ranking mortgage for \$659; second ranking pledge for US\$21,337,187. The Company is in the process of cancelling such liens since the liabilities guaranteed thereunder have been fully paid.

Additionally, the lands of Hacienda Casanare located in Puerto Nare, Antioquia, have been mortgaged for \$265 to Bancolombia as financial liability collateral.

NOTE 9 – DEFERRED CHARGES AND INTANGIBLE ASSETS

Deferred charges and intangible assets at December 31st were comprised of:

| | 2011 | 2010 |
|--------------------------------|----------------|----------------|
| Concessions and franchises (1) | 242.753 | 234.942 |
| Brands (2) | 120.662 | 247.613 |
| Rights (3) | 115.567 | 99.908 |
| Goodwill (4) | 22.688 | 28.711 |
| Deffered Items (5) | 85.853 | 71.616 |
| Less accumulated amortization | (116.589) | (123.978) |
| | 470.934 | 558.812 |

- (1) It includes the port concession agreement No. 40 on public property located in Barranquilla, Atlántico, entered into by and between Cormagdalena and Cementos Argos S.A. in amount of \$6,311, which includes shores, lands, main dock and the infrastructure detailed in the agreement. The agreement authorizes the operation of a one-operator private dock with capacity to operate from 1,000,000 metric tons in the first year to 2,800,000 metric tons in year 20. Under the concession agreement, the Company commits to a port-related investment plan in amount of US\$809,923, to comply with the maintenance program for all assets associated with the concession and generally to comply with all standards and procedures implemented for port operation. The term of the concession granted is 20 years from the date of consummation of the contract (February 27, 2009) and no automatic extension is allowed.

It also includes mining concessions among which there are the mining titles acquired from Villasanta S.A. for \$1,500. Below is the detail of the main mining concessions in force at year end:

| Contract number | Type of title | Main mineral | City | Department | Value | Status | Start date | Term (years) |
|-----------------|-------------------------------------|--------------------|---------------------------------|------------|--------------|--------------------------|------------|--------------|
| 2952 | Concession Contract Decree Law 1275 | Limestone and sand | Barranquilla y Puerto Colombia | Atlántico | undetermined | Step extensión | 07/03/1980 | 30 |
| 3632 | Concession Contract Law 2655 | Limestone and clay | Tolúviejo | Sucre | undetermined | exploitation | 06/10/1992 | 30 |
| 9334 | Concession Contract Law 2655 | Calcareous | Barranquilla y Puerto Colombia | Atlántico | undetermined | exploitation | 04/02/1993 | 30 |
| 18610 | Concession Contract Law 2655 | Limestone | Turbaco | Bolívar | undetermined | exploitation | 04/02/1997 | 30 |
| 7609 | Concession Contract Law 2655 | Limestone | Curiti | Santander | undetermined | exploitation | 23/08/2004 | 30 |
| 8420 | Concession Contract Law 2655 | Limestone | Yumbo | Valle | undetermined | Extension and conversión | 11/10/1991 | 30 |
| 8421 | Concession Contract Law 685 | Limestone | Puerto Nare y Caracolí | Antioquia | undetermined | exploitation | 09/05/2007 | 30 |
| 14335 | Concession Contract Law 685 | Limestone | Puerto Nare | Antioquia | undetermined | exploitation | 10/08/2007 | 30 |
| 14665 | Concession Contract Law 685 | Limestone | Duitama y Santa Rosa de Viterbo | Boyaca | undetermined | exploitation | 28/08/2007 | 21 |

- (2) It relates to the valuation of acquired trademarks. The methodology applied for the valuation was based on the discounted cash flow analysis: the value of the intangible asset is the result of the operating cash that it is capable of generating in a given period of time, discounted at a rate reflecting the risk arising from such flows. This methodology is supported on the return on the ownership of the trademark as regards said flows (contribution of the trademark to the business, both current and future):

Argos trademark purchased from Inversiones Argos S.A. in December 2005 for \$115,389. The trademark was appraised by Corporación Financiera Colcorp. It is amortized over 20 years and was adjusted for inflation by \$5,274.

Fortaleza and Uno A trademarks were received from the liquidation of Cementos Apolo S.A. and Cementos La Union S.A., companies acquired from Cemento Andino S.A. and Concrecem S.A., respectively. The trademarks were appraised at \$52,137 (Fortaleza) and \$73,854 (Uno A) by Sumatoria S.A in March 2007. As part of the periodical review of assets, a decision was made during the period not to continue using them. Consequently, these trademarks were 100% amortized during 2011

- (3) It includes the contributions made by the Company to Real Estate Trust Agreement 732-1359 managed by Fiduciaria Fiducorp S.A. for the forest reestablishment project in Carmen de Bolívar, for \$26,130 (2010 - \$8,895). Contributions made during 2011 amounted to \$17,235. Additionally, it includes an availability right acquired from Acerías Paz del Río in December 2008 for US\$41,256,757, regarding at least 150,000 tons per year of slag produced by them during 15 years, agreement capable of being extended for a like period.

It also includes the following assets acquired through financial leasing agreements under a monthly payment model:

| Agreement number | Original amount | Balance as of Dec-11 | Termination | Term (months) | Outstanding installments | Asset |
|------------------|-----------------|----------------------|-------------|---------------|--------------------------|----------|
| 109521 | 79 | 3 | 16-apr-12 | 24 | 4 | Vehicles |
| 124541 | 36 | 16 | 16-may-12 | 12 | 5 | Vehicles |
| 120828 | 28 | 17 | 16-nov-12 | 21 | 11 | Vehicles |
| 134692 | 42 | 42 | 16-feb-13 | 14 | 14 | Vehicles |

- (4) Goodwill relates to the higher value paid over book value of Cementos Panamá S.A.'s shares for \$22,688; the intrinsic value in pesos per share was \$218,190 and is amortized using the straight line method over 5 years. Goodwill arising from the purchase of participations in Carbones del Caribe S.A.S, was fully amortized during 2011.
- (5) At December 31st deferred charges were comprised of:

| | 2011 | 2010 |
|--|---------------|---------------|
| Technology projects and other deferred charges (1) | 47,349 | 36,131 |
| Debit deferred income tax (2) | 29,015 | 20,527 |
| Software | 9,253 | 14,664 |
| Research surveys | 236 | 294 |
| | 85,853 | 71,616 |

- (1) Includes the costs associated with the placement of 2007 and 2009 bonds for \$13,826 and ongoing technology projects amounting to \$23,487. The increase is mainly due to costs incurred in the Synergy project (software and adaptations) in amount of \$18,497, Corporate ERP Phase I for \$2,156, Las Cuevas coal reserve for \$978 and the Tulane project for \$514. Some projects were closed, particularly those of Panamá Stages I and II for \$7,512.
- (2) It relates to the deferred tax arising from temporary differences, mainly from accounts payable under swap and forward arrangements and the contingency liabilities accrued.

Deferred charges are amortized using the straight line method over 3 to 5 years. Amortization taken to income in 2010 amounted to \$40,079 (2010 \$44,016).

NOTE 10 – ASSET APPRAISAL

At December 31st the asset revaluation account was made of:

| | 2011 | 2010 |
|--|------------------|------------------|
| Excess of commercial or intrinsic value of investments over its net book value. (See note 7) | 4,527,780 | 5,987,951 |
| Excess of technical appraisal of property, plant and equipment over its net book value. (See note 8) | 3,940,894 | 2,756,370 |
| Other assets – works of art | 2,075 | 636 |
| | 8,470,749 | 8,744,957 |

During 2011 the firm Activos e Inventarios y Cia Ltda. conducted an inventory of the fixed assets of the Companies associated with Argos Group at the various industrial, commercial and administrative units located all over the national territory. Activos e Inventarios y Cia Ltda. applied a methodology based on the criteria to appraise an ongoing concern using the comparative method, the revenue capitalization method and/or the cost method, as was the case. In summary their appraisal was based on the application of the fair value principle when comparing against ongoing concern international standards, the elements used and in operation, the installed and productive capacities valued in US Dollars and measured by the production capacity in operations of exploitation, crushing, calcination, grinding and packing for cement manufacturing.

This methodology further requires that the value of equipment include civil works for assembly, engineering thereof, electric, mechanical and electronic connections, pre-operating testing and start up in accordance with section 64 of Decree 2649 of 1993 supplemented with internationally accepted accounting standards (IRSF, USGAAP).

Appraisal of certain particular property was made by Colliers International Colombia. For this company, the target market of a property is made of all parties who may obtain a benefit from an improved use of the property and are willing to pay a competitive price for it. In most cases, for a given property the target market is represented by an identifiable group of individuals or financial entities. As regards property, a potential buyer's profile would be that of a developer / investor. The appraisal contained in the report shows the analysis likely to be performed by such buyer. Finally, the resulting value is compared against market value of properties to ensure it is appropriate.

NOTE 11 – FINANCIAL LIABILITIES

Financial liabilities as of December 31st were comprised of:

| | Annual average interest rate in 2011 | 2011 | 2010 |
|---------------------------------------|--------------------------------------|------------------|------------------|
| Bank overdrafts | 12.6% | 2,741 | 421 |
| Domestic bank-related liabilities (1) | * | 968,065 | 693,078 |
| Foreign bank-related liabilities (2) | ** | 625,024 | 277,579 |
| Other liabilities | | 96 | 54,350 |
| Total financial liabilities | | 1,595,926 | 1,025,428 |
| Less – long term portion | | 553,263 | 579,777 |
| Short term liabilities | | 1,042,663 | 445,651 |

* Financial liabilities to domestic banks have interest rates tied to FTD and PCI, and dollar interest rates tied to Libor. See average cost per currency at the end of note 12.

** Financial liabilities to foreign banks have interest rates tied to Libor. See average cost per currency at the end of note 12.

1) Liabilities to domestic banks are detailed as follows:

| Entity | Description | Amount | | Currency | Maturity |
|-----------------|----------------------|----------------|----------------|----------|-----------|
| | | 2011 | 2010 | | |
| Bancolombia | Long term loan | 300,000 | 300,000 | Peso | 16-sep-20 |
| Banco Popular | Long term loan | 60,000 | 60,000 | Peso | 14-may-13 |
| Banco de Bogotá | Working capital loan | 19,427 | - | Dollar | 03-feb-12 |
| Banco de Bogotá | Working capital loan | 19,427 | - | Dollar | 03-feb-12 |
| Davivienda | Working capital loan | 48,568 | - | Dollar | 08-mar-12 |
| Banco de Bogotá | Working capital loan | 38,854 | - | Dollar | 08-mar-12 |
| BBVA | Working capital loan | 31,083 | - | Dollar | 13-mar-12 |
| Davivienda | Working capital loan | 38,853 | - | Dollar | 21-mar-12 |
| Bancolombia | Working capital loan | 25,255 | - | Dollar | 25-mar-12 |
| Banco de Bogotá | Working capital loan | 33,026 | - | Dollar | 27-mar-12 |
| Bancolombia | Working capital loan | 135,989 | - | Dollar | 19-apr-12 |
| Davivienda | Working capital loan | 77,708 | - | Dollar | 27-apr-12 |
| BBVA | Working capital loan | 91,307 | - | Dollar | 08-jun-12 |
| Bancolombia | Working capital loan | 48,568 | - | Dollar | 13-jul-12 |
| Davivienda | Working capital loan | - | 28,709 | Dollar | 05-apr-11 |
| Banco de Bogotá | Working capital loan | - | 38,279 | Dollar | 13-apr-11 |
| Davivienda | Working capital loan | - | 74,646 | Dollar | 27-apr-11 |
| Bancolombia | Working capital loan | - | 38,280 | Dollar | 09-feb-11 |
| BBVA | Working capital loan | - | 95,699 | Dollar | 04-feb-11 |
| Santander | Working capital loan | - | 57,420 | Dollar | 19-jan-11 |
| Other | | - | 45 | Peso | |
| | | 968,065 | 693,078 | | |

2) Liabilities to foreign banks are detailed as follows:

| Entity | Description | Amount | | Currency | Maturity |
|---------------------|---------------------|----------------|----------------|----------|-----------|
| | | 2011 | 2010 | | |
| Citibank PLC London | ECA Credit facility | 222,885 | 248,869 | Dollar | 26-jun-19 |
| Citibank NA | Short term | 40,797 | - | Dollar | 19-jul-12 |
| HSBC USA NA | Short term | 361,342 | - | Dollar | 30-jul-12 |
| Bancafé Panamá | Short term | - | 28,710 | Dollar | 05-apr-11 |
| Total | | 625,024 | 277,579 | | |

Interests on financial liabilities at December 31, 2011 amounted to \$48,005 (2010 \$26,190).

At the closing of 2011 currency forward buying transactions were in place to translate dollar liabilities into pesos in a synthetic manner. The detail of these transactions is given in notes 5 and 13.

Long term loan with Citibank PLC, endorsed by EKF Denmark with original value of US\$159,235,669 and which debtors are Cementos Argos S.A., Zona Franca Argos S.A.S. and Argos USA Corp., and the loan with HSBC USA New York with original value of US\$200,000,000 are subject to the following financial covenants:

- a) Net Debt / EBITDA ratio + 12-month dividends:
 - Less than 4 times by September 30, 2011
 - Less than 4.75 times for the period between October 1, 2011 and December 31, 2011
 - Less than 4.25 times for the period between January 1, 2012 ad March 31, 2012
 - Less than 4 times as from June 30, 2012.

- b) EBITDA / Financial expense ratio.
 - Higher than 1.5 times

Long term financial liabilities outstanding at December 31, 2011 mature as follows:

| Year | Amount at maturity |
|---------------------|--------------------|
| 2013 | 89,814 |
| 2014 | 29,718 |
| 2015 | 29,718 |
| 2016 | 29,718 |
| 2017 and subsequent | 374,295 |
| | 553,263 |

NOTE 12 – OUTSTANDING BONDS AND SECURITIES

Outstanding bonds issued on November 23, 2005 were comprised of the following as of December 31, 2011:

| Term | Amounts issued | Effective int. rate | Interest payment terms |
|----------|------------------|---------------------|------------------------|
| 7 years | \$80,000 | CPI+2.40% | Half-yearly in arrears |
| 10 years | 80,000 | CPI+2.88% | Half-yearly in arrears |
| 12 years | 290,000 | CPI+3.17% | Half-yearly in arrears |
| 12 years | 150,000 | CPI+5.25% | Half-yearly in arrears |
| | \$600,000 | | |

Outstanding bonds issued on April 28, 2009 were comprised of the following as of December 31, 2011:

| Term | Amounts issued | Effective int. rate | Interest payment terms |
|---------|----------------|---------------------|------------------------|
| 3 años | 144,002 | 9,00% AE | Quarterly in arrears |
| 5 años | 81,175 | 9,70% AE | Yearly in arrears |
| 7 años | 114,943 | CPI + 6,00% | Quarterly in arrears |
| 10 años | 70,350 | CPI + 6,30% | Quarterly in arrears |
| 15 años | 229,530 | CPI + 7,19% | Quarterly in arrears |
| | 640,000 | | |

Both issues are rated AA+ by Fitch Ratings Colombia S.A. The bonds are payable-to-order securities negotiable in the secondary market.

Out of the issue maturing in 2017, securities (12-year term 2005 Argos bonds) amounting to \$440,000, \$433,320 were converted to US dollars (equivalent to US\$240,000,000) through a currency swap at an average rate of Libor + 1.78% half-yearly in arrears. See notes 5 and 13 hereunder.

The February 23, 2007 bond issue in amount of \$132,211 gave rise to a placement discount of \$17,788 which is amortized over 12 years using the straight line method. At December 31st it shows the following balances:

| | 2011 | 2010 |
|-------------------------|------------------|------------------|
| Total outstanding bonds | 1,240,000 | 1,240,000 |
| Discounted value | 17,788 | 17,788 |
| Amortization | (7,936) | (6,294) |
| Balance to be amortized | (9,852) | (11,494) |
| | 1,230,148 | 1,228,506 |
| Short term | 224,002 | - |
| Long term | 1,006,146 | 1,228,506 |

An Argos 2010 securities program has been approved for up to \$300,000, of which \$199,030 have been placed. They are payable-to-order securities, negotiable in the secondary market comprised of the following tranches at December 31st:

| Term | Amounts issued | Effective int. rate | Interest payment terms |
|----------|------------------|---------------------|------------------------|
| 360 days | 53,660 | 4.88% | Period in arrears |
| 337 days | 145,370 | IBR + 0.96% | Monthly in arrears |
| | \$199,030 | | |

The resources obtained from the placement of this issue were devoted 100% to finance working capital. The issue obtained the top short-term rating F1+ from the risk rating firm Fitch Ratings Colombia S.A.

Interests in amount of \$105,005 were accrued on securities and ordinary bonds during 2011 (2010 \$102,177).

Total cost of financial liabilities, including Argos' bonds, securities, financial derivatives and loans during 2011 was as follows:

- Average cost of financial liabilities in Colombian pesos: 6.68% A.E (2010 6.60% A.E)
- Average cost of financial liabilities in US dollars: 1.99% A.E (2010 1.90% A.E.)

NOTE 13 – SUPPLIERS AND ACCOUNTS PAYABLE

Suppliers and accounts payable at December 31st were comprised of:

| | 2011 | 2010 |
|--|----------------|----------------|
| Domestic suppliers | 34,071 | 34,701 |
| Foreign suppliers US\$ 3,253,664 (2010 US\$2,391,221) | 6,321 | 4,577 |
| Sundries accounts payable (1) | 172,807 | 191,432 |
| Related parties (see note 25) | 165,609 | 196,489 |
| Costs and expenses payable | 70,885 | 68,110 |
| Dividends payable | 43,591 | 41,674 |
| Tax withholdings payable | 10,826 | 9,199 |
| Payroll withholdings and contributions | 5,291 | 6,212 |
| Accounts payable to contractors | 2,613 | 2,680 |
| Installments payable | - | 3,333 |
| Other (2) | 8,547 | 1,284 |
| Total suppliers and accounts payable | 520,561 | 559,691 |
| Less – long term portion | 111,122 | 136,850 |
| Suppliers and accounts payable – sort term | 409,439 | 422,841 |

- (1) It mainly reflects the balance payable arising from the acquisition of Cementos La Unión S.A. and Cementos Apolo S.A. under the following conditions:

Balance at December 31, 2011: US\$71,500,000 (2010 US\$85,800,000)

Maturity: August 2016

Interest rate: 5% A.E. to be paid quarterly in arrears

Amortization: 10 annual installments

Interests amounting to US\$3,932,917 were accrued during 2011 (2010 US\$4,636,914). US\$14,300,000 was repaid as principal during 2011. A currency swap was arranged on this account payable, which at year end showed the following balance:

| Swap Arrangement Type | Underlying | Underlying amount US\$ | Underlying interest rate | Swap amount \$ COP | Swap interest rate | Maturity |
|-----------------------|-----------------|------------------------|--------------------------|--------------------|--------------------|-----------|
| Currency swap | Account payable | US\$ 71,500,000 | 4.90% in arrears | \$136,557,850,000 | CPI + 5.35% | 08-aug-16 |

| Swap Arrangements Type | Underlying | Underlying amount \$ COP o US\$ | Underlying interest rate | Swap amount \$ COP o US\$ | Swap interest rate | Maturity |
|------------------------|-----------------|---------------------------------|--------------------------|---------------------------|--------------------|-----------|
| Currency swap | Account payable | US\$71,500,000 | 4.90% in arrears | \$136,557,850,000 | CPI + 5.35% | 08-aug-16 |
| Currency swap | Bonds 2017 | \$343,520,000,000 | CPI + 3.17% | US\$190,000,000 | Libor+1.75% | 23-nov-17 |
| Currency swap | Bonds 2017 | \$89,800,000,000 | CPI + 3.17% | US\$50,000,000 | Libor+1.92% | 23-nov-17 |

| Forward Arrangements | | | | | | |
|----------------------|--|-------------------|---------------------|-----------------------|-----------|--|
| Type | Underlying | Underlying amount | Forward amount US\$ | Forward exchange rate | Maturity | |
| Fwd buying | Financial liability principal and interest | US\$20,000,000 | US\$20,428,956 | \$ 1,928.71 | 20-mar-12 | |
| Fwd buying | Peso investment capital and interest | US\$4,000,000 | US\$4,028,846 | \$ 1,929.44 | 02-feb-12 | |

These hedges amount to \$33,902 (2010 \$27,070) at year end and are son under sundries accounts payable.

Currency purchase/sale forward arrangements are made to cover the risk of exchange rate fluctuation affecting liabilities in US dollars and temporary investments.

Currency swaps are arranged with two purposes in mind:

- Balancing the Company's exchange exposure.
- Taking advantage of carry trade offered by the derivative market as opposite to the funding market in dollars.

(2) The increase is mainly due to the account payable to Cormagdalena for \$3,565 and to Distrito Especial Industrial y Portuario de Barranquilla for \$2,501.

NOTE 14 – TAXES, CONTRIBUTIONS AND LEVIES

The balance of taxes, contributions and levies as of December 31st was comprised of:

| | 2011 | 2010 |
|-------------------------|----------------|---------------|
| Income tax | 14,512 | 4,601 |
| Sales tax | 31,449 | 25,234 |
| Industry and trade tax | 727 | 727 |
| Tax on equity | 77,910 | - |
| | 124,598 | 30,562 |
| Less short term portion | 72,658 | 30,562 |
| Long term portion (1) | 51,940 | - |

(1) It relates to the tax on equity, which is due in 2013 and 2014.

Income tax:

Tax regulations applicable to the Company state that;

- a) Taxable income is taxed at a rate of 33%. As from 2007 with Law 1111 of 2006 the occasional gains system is restated for those who were under the obligation to adjust for inflation, particularly as regards the sale of investments and fixed assets held in possession for more than 2 years.
- b) The base to determine the income tax cannot be less than to 3% of net equity on the last day of the immediately preceding taxable period.
- c) As from 2007 companies may offset their tax losses adjusted for tax purposes against the ordinary net income obtained during subsequent taxable periods with no time limitations without affecting the period's presumptive income.

Tax losses arising from the special deduction for investment in productive fixed assets also may be offset against the taxpayer's net income.

Tax losses incurred as from taxable 2003 may be offset against the ordinary net income obtained by the Company during the subsequent eight years, not to exceed 25% p.a. thereon, without affecting the period's presumptive income. Up to 2006 losses for tax purposes were adjusted for inflation; as from 2007 they are adjusted under tax standards.

The Company does not have tax losses to be offset (2010 \$177,695).

- d) Excess presumptive income over ordinary income generated as from 2003 may only be offset against ordinary net income during the five subsequent years.

In all cases excess presumptive income over ordinary income was adjusted for inflation until 2006. As from 2007 excess presumptive income over ordinary income is adjusted under tax standards.

At December 31, 2011 the Company has excess presumptive income in amount of \$66,862 (2010 \$100,323) originated in taxable 2009.

- e) For tax and supplementary purposes as from 2004 income taxpayers who carry out transactions with foreign related parties must calculate their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, applying the prices and profit margins they would have applied arm's length with or among non-related parties. The Company conducted a technical survey on transactions carried out during 2010 and reached conclusion that there is no need to adjust the income tax return for that taxable period.
- f) As of today the Company has not completed the survey as regards 2011 transactions. However, given that transactions carried out with foreign related parties during 2011 were similar to those carried out during 2010, Company Management is of the opinion that there will be no effect on the income tax return for the period.

Below is the reconciliation of income before income tax to taxable income, the estimation of taxes and the reconciliation of accounting shareholders' equity to tax shareholders' equity for the years ended December 31, 2011 and 2010:

a. Reconciliation of accounting income to net taxable income:

| | 2011 | 2010 |
|--|------------------|----------------|
| Net income | | |
| Income before income tax provision | 396,230 | 319,173 |
| Add: | | |
| Dividends received from subordinated companies | 117,073 | 45,166 |
| Gain from the sale of fixed assets and investments | - | 6,914 |
| Deferred depreciation recovered | 2,010 | 16,384 |
| Other revenues | 195,442 | 1,679 |
| Losses under the equity method | 279,853 | - |
| Other non-deductible expenses | 309,026 | 474,070 |
| | 1,299,634 | 863,386 |
| Less: | | |
| Gross income under the equity method | 92,708 | 45,392 |
| Non-taxable dividends and participations received | 78,765 | 73,837 |
| Fixed assets deduction | - | 14,698 |
| Gain from the sale of fixed assets and investments | 635,003 | 505,501 |
| Other non-taxable non-deductible | 162,823 | 128,171 |
| | 969,299 | 767,599 |
| Ordinary net income | 330,335 | 95,787 |
| Offsets | 325,317 | 48,199 |
| Ordinary net income | 5,018 | 47,588 |
| Presumptive income on shareholders' equity | 55,732 | 53,686 |
| Taxable net income (whichever is higher) | 55,732 | 53,686 |
| Income tax rate | 33% | 33% |
| Income tax | 18,392 | 17,716 |
| Occasional gains | | |
| Gain from the sale of fixed assets | 2,263 | 31,799 |
| Gain from the sale of investments | - | 872 |
| Taxable occasional gains | 2,263 | 32,671 |
| Income tax rate | 33% | 33% |
| Occasional gains tax | 747 | 10,781 |
| Tax provision | 19,139 | 28,498 |
| Excess provision current year | - | 14 |
| Add (less): deferred tax | 7,117 | 1,783 |
| Tax provision taken to income | 26,256 | 30,295 |

b. Reconciliation of accounting shareholders' equity to tax shareholders' equity:

| | 2011 | 2010 |
|---|-------------------|-------------------|
| Accounting shareholders' equity | 11,666,435 | 11,256,905 |
| Add: | | |
| Provision for the protection of inventories, fixed assets and investments | 139,347 | 91,722 |
| Property, plant and equipment tax differences | 369,893 | 365,341 |
| Permanent investments tax differences | (203,069) | (186,404) |
| Non-tax liabilities | 63,218 | 91,053 |
| Less: | | |
| Revaluation of investments and property, plant and equipment | 8,470,749 | 8,744,957 |
| Debit deferred tax | - | 20,527 |
| Tax shareholders' equity | 3,565,075 | 2,853,133 |

Income tax returns for taxable 2007, 2008, 2009 and 2010 are subject to the review and acceptance of tax authorities. Company Management and its tax advisors are of the opinion that the amount carried as liability for taxes payable is enough to cover any liability that may be assessed as regards such years.

TAX ON EQUITY

The Company assessed the tax at \$103,879 on the basis of the net shareholders' equity at January 1, 2011 at a rate of 4.8% plus a surtax of 25%. The tax return was filed in May 2011 and payment thereof shall be made in eight equal installments in the months of May and September during 2011, 2012, 2013 and 2014.

For 2011 the Company accrued and charged 100% of tax on equity and the surtax to the equity revaluation account.

The tax on equity recorded during 2010 amounted to \$19,870, equivalent to 1.2% of the net shareholders' equity at January 1, 2007. This amount was accrued against the equity revaluation account.

NOTE 15 – LABOR LIABILITIES

Labor liabilities as of December 31st were made of:

| | 2011 | 2010 |
|-------------------------------------|----------------|----------------|
| Salaries payable | 574 | 550 |
| Accrued severance pay | 4,412 | 4,713 |
| Interests on accrued severance pay | 522 | 558 |
| Accrued vacation | 6,689 | 6,465 |
| Legal bonuses | 5,971 | 5,944 |
| Retirement pension | 253,365 | 224,990 |
| | 271,533 | 243,220 |
| Less – long term portion | 253,365 | 224,990 |
| Short term labor liabilities | 18,168 | 18,230 |

Pursuant to the Colombian Labor Code, employers must pay retirement pensions or issue retirement bonds to their employees who comply with certain requirements as regards age and time of service. The Social Security Institute (ISS) and private retirement pension funds have taken over most of these liabilities.

Main factors used in the actuarial estimations for the years ended December 31st were:

| | 2011 | 2010 |
|-------------------------|-------|-------|
| Headcount | 1,607 | 1,648 |
| Technical interest rate | 4.80% | 4.80% |
| Future pension increase | 3.53% | 4.51% |

The actuarial estimate was calculated using the fractional annuities in arrears model as set forth by section 112 of the Tax Code and the rules of Decree 2783 of December 20, 2011 as regards tax rules.

In 2011 \$58,890 (2010 \$29,985) were charged to income to amortize retirement pension liabilities and payments.

The following is the detail of retirement pension liabilities:

| | 2011 | 2010 |
|--------------------------------|----------------|----------------|
| Actuarial estimation | 216,005 | 222,090 |
| Balance to be amortized | - | (32,880) |
| Retirement pension liabilities | 216,005 | 189,210 |
| Add: Pension certificates | 33,985 | 32,663 |
| Pension bonds | 3,375 | 3,117 |
| | 253,365 | 224,990 |

Liability increase arises from the 100% amortization of the balance to be amortized at December 31, 2010.

NOTE 16 – ACCRUED LIABILITIES

Liabilities accrued as of December 31st are recognized at cost and were comprised of:

| | 2011 | 2010 |
|------------------------------|---------------|---------------|
| Costs and expenses (1) | 25,217 | 17,575 |
| Contingencies (2) | 23,189 | 23,783 |
| Tax obligations (3) | 11,814 | 9,412 |
| Miscellaneous provisions (4) | 11,150 | 11,626 |
| | 71,370 | 62,396 |

- (1) It mainly relates to goods and services received and not billed by suppliers in amount of \$13,408 and provisions for Portal de Alejandría I and II town planning projects in amount of \$10,420.
- (2) Includes labor claim contingencies for \$16,846, administrative contingencies for \$4,601 and other contingencies for \$1,742.
- (3) It mainly relates to the industry and trade tax provision for taxable 2011 to be paid during 2012 in amount of \$11,168 (2010 \$8,766).
- (4) It mainly covers the outstanding balance arising from the availability right purchased from Acerías Paz del Río S.A. in amount of \$5,828. US\$3,000,000 were adjusted for exchange difference with a net effect on results of \$29 (expense).

NOTE 17 – SHAREHOLDERS' EQUITY

Shareholders' equity at December 31st was comprised of:

CAPITAL STOCK

Authorized capital is made of 1,500,000,000 shares with par value of \$6 Colombian pesos each. Subscribed and paid-in capital is made of 1,215,247,885 shares. Re-acquired own shares are 63,575,575 and, consequently, the outstanding shares at December 31, 2011 are 1,151,672,310.

| | 2011 | 2010 |
|--|-------|-------|
| Authorized capital: 1,500,000,000 common shares with par value of \$6. | 9,000 | 9,000 |
| Subscribed and paid-in capital: 1,215,247,885 common shares with par value of \$6 | 7,291 | 7,291 |

DIVIDENDS DECLARED

The General Meeting of Shareholders held on March 19, 2011 declared dividends in cash of \$132.00 pesos p.a. per share, payable in four quarterly installments of \$33.00 pesos per share as from April 2011 and until January 2012. During 2010 such administration body declared dividends in cash of \$126.00 pesos p.a., payable in four quarterly installments of \$31.50 pesos per share as from April 2010 and until January 2011.

LEGAL RESERVE

The Company is required to appropriate to a legal reserve 10% of its net annual profits, until the balance of this reserve is equivalent to 50% of subscribed capital. At December 31st the legal reserve amounts to \$23,163.

Currently said reserve is above legal requirements by \$19,518. The legal reserve is not distributable prior to Company's winding up but may be used to absorb or reduce losses. Appropriations in excess of the mentioned 50% are freely available to the General Meeting of Shareholders.

RESERVE FOR REACQUISITION OF SHARES AND REACQUIRED OWN SHARES

| | 2011 | 2010 |
|-------------------------------------|-----------|-----------|
| Reserve for reacquisition of shares | 113,797 | 113,797 |
| Less - Reacquired own shares | (113,797) | (113,797) |
| | - | - |

Pursuant to the Code of Commerce reacquired own shares are only distributable to shareholders upon a new sale thereof. As long as the shares are owned by the Company the rights attached to them remain suspended.

OTHER RESERVES

On March 19, 2011 the General Meeting of Shareholders authorized the release of the non-taxable reserve for future expansion in amount of \$6,134. It also decided to appropriate \$142,991 to the reserve for future expansion and investments.

All other reserves are freely available to the shareholders.

SHAREHOLDERS' EQUITY REVALUATION

Pursuant to legal regulations in force until 2006, equity revaluation reflects the effect that the loss of purchasing power has on equity.

With the elimination of inflation adjustments provided for in Decree 1536 of 2007, the balance in the shareholders' equity revaluation account may only be distributed upon Company's winding-up or upon capitalization thereof; nevertheless, once capitalized it may be used to absorb losses wherever the Company falls under grounds for dissolution and shall not be used to reimburse the contributions of shareholders. Should the balance in this account be of a debit nature, such balance may be reduced with the period or prior period results provided that regulations set forth in the Code of Commerce as regards income have been complied with.

Law 1370 of 30th December 2009 maintains the option to charge the tax on equity against the shareholders' equity revaluation account without affecting period results. The Company recorded the tax on equity for the periods 2011 to 2014 in amount of \$103,879, accordingly.

NOTE 18 – MEMORANDUM ACCOUNTS

Memorandum accounts at December 31st were comprised of:

| | 2011 | 2010 |
|--|--------------------|--------------------|
| Debit memorandum accounts | | |
| Assets and securities delivered in custody (1) | 601,696 | 576,117 |
| Assets and securities delivered as collateral (2) | 984,149 | 349,291 |
| Assets and securities in possession of third parties | - | 3,395 |
| Lawsuits and/or legal claims (3) | 8,298 | 72,514 |
| Assets under financial leasing agreements (4) | 172,932 | 174,573 |
| Fully depreciated assets (5) | 702,271 | 971,142 |
| Unused credits receivable (6) | 3,941 | 11,127 |
| Shareholders' equity revaluation capitalization | 55,391 | 55,391 |
| Other debit control accounts | 32,692 | 40,061 |
| Tax debit accounts (7) | 9,716,557 | 8,703,208 |
| | 12,277,927 | 10,956,819 |
| Credit memorandum accounts | | |
| Assets and securities received in custody | - | (6,789) |
| Assets and securities received as collateral | (39,499) | (31,770) |
| Assets and securities received from third parties | (329) | (723) |
| Lawsuits and/or legal claims (8) | (10,008) | (72,010) |
| Promises to enter into purchase-sale agreements | (2,782) | - |
| Other contingent obligations | (43,853) | (49,522) |
| Tax credit accounts (9) | (9,715,759) | (8,069,489) |
| Other credit control accounts | - | (26,591) |
| | (9,812,230) | (8,256,894) |
| Total memorandum accounts | 2,465,697 | 2,699,925 |

- (1) It relates to the shares of Bancolombia S.A. for \$572,735 and Cartón de Colombia S.A. for \$28,961.
- (2) It mainly relates to the Grupo de Inversiones Suramericana S.A. and Grupo Nutresa shares delivered as collateral for financial liabilities. The increase results from standing surety for new financial liabilities in 2011 with 16,600,000 shares of the Grupo de Inversiones Suramericana S.A. and 8,118,054 shares of the Grupo Nutresa S.A.
- (3) The decrease relates to the updating of the value of legal claims.
- (4) It mainly relates to a 12-year infrastructure leasing agreement entered into with Leasing Bancolombia.
- (5) The decrease mainly relates to the updating of the commercial value of Company assets.
- (6) The decrease relates to the use of Standby available credit facilities with Citibank N.A.
- (7) It relates to the difference between assets, liabilities and revenues for tax purposes and for accounting purposes, being the most significant that of shareholders' equity which amounts to \$8,965,160 (2010 \$7,410,324).
- (8) The decrease is mainly due to the updating of labor and administrative lawsuits.
- (9) It relates to the difference in values for tax purposes and for accounting purposes of:

| | 2011 | 2010 |
|--------------|------------------|------------------|
| Revaluations | 8,744,320 | 7,349,905 |
| Other | 971,439 | 719,584 |
| | 9,715,759 | 8,069,489 |

NOTE 19 – OPERATING REVENUES

Operating revenues at December 31st were comprised of:

| | 2011 | 2010 |
|------------------------|------------------|------------------|
| Domestic sales | 1,467,983 | 1,246,401 |
| Export sales | 35,754 | 47,335 |
| Sale of developed land | 53,950 | 53,482 |
| Other operating sales | 44,783 | 31,032 |
| | 1,602,470 | 1,378,250 |

Company's operating revenues mainly arise from domestic and export sales of cement and clinker.

Other operating sales include sales of slag and limestone which are deemed byproducts.

NOTE 20 – ADMINISTRATION EXPENSES

At December 31st administration expenses were comprised of:

| | 2011 | 2010 |
|--------------------------------|----------------|----------------|
| Personnel expenses | 78,615 | 67,169 |
| Services (1) | 27,964 | 20,188 |
| Depreciation and amortization | 18,124 | 25,778 |
| Fees | 13,332 | 14,756 |
| Travel expenses | 6,977 | 5,938 |
| Maintenance and repairs | 6,236 | 5,293 |
| Rental expenses | 5,861 | 8,571 |
| Insurance | 4,732 | 5,851 |
| Legal expenses | 3,311 | 616 |
| Contributions and affiliations | 2,036 | 1,669 |
| Other | 590 | 5,247 |
| | 167,778 | 161,076 |

- (1) Variance mainly relates to the increase in the value of technical advisory services amounting to \$5,313 and cargo transportation and freight for \$2,118.

NOTE 21 – SALES EXPENSES

At December 31st sales expenses were comprised of:

| | 2011 | 2010 |
|--------------------------------|---------------|---------------|
| Personnel expenses | 19,163 | 18,088 |
| Services | 12,257 | 13,815 |
| Taxes | 11,426 | 9,798 |
| Depreciation and amortization | 8,414 | 7,868 |
| Travel expenses | 2,208 | 1,864 |
| Provisions | 2,024 | 762 |
| Rental expenses | 1,587 | 1,727 |
| Fees | 1,212 | 1,410 |
| Sundries | 843 | 941 |
| Insurance | 606 | 184 |
| Contributions and affiliations | 492 | 191 |
| Maintenance and repairs | 43 | 189 |
| | 60,275 | 56,837 |

NOTE 22 – EXCHANGE DIFFERENCE

the average net position of dollar assets to liabilities was US\$25,624,447 (short). This was the result of the financing model used in the acquisition of assets from Lafarge through subsidiary Argos USA Corp., which gave rise to a temporary unbalance in the exchange exposure structure while hedges were obtained to cover the transaction. This situation, along with the revaluation at market prices of a forward portfolio in amount of US\$512,088,738 with a strong revaluation trend of the peso against the US dollar, particularly during the second half of the year, resulted in the change in the exchange difference account. Such revaluation situation should be reverted as forward operations mature. The exchange exposure is mainly managed with a balancing natural position and the remaining gap with financial derivative transactions.

NOTE 23 – OTHER REVENUES

Other revenues at 31st December were comprised of:

| | 2011 | 2010 |
|---|----------------|----------------|
| Gain from the sale of investments (1) | 635,003 | 505,501 |
| Dividends and participations (2) | 70,224 | 78,387 |
| Recoveries (3) | 19,808 | 34,352 |
| Fees (4) | 11,020 | 8,051 |
| Gain from the sale of property, plant and equipment (5) | 6,812 | 1,210 |
| Indemnifications (6) | 4,296 | 1,911 |
| Sale of raw materials | 4,153 | 3,556 |
| Services | 1,647 | 3,258 |
| Rental payments | 1,370 | 1,642 |
| Other (7) | 12,746 | 6,022 |
| | 767,079 | 643,890 |

(1) It relates to the gain from the sale of shares as follows:

| | |
|--|----------------|
| Grupo de Inversiones Suramericana S.A. | 607,290 |
| Bancolombia S.A. | 23,752 |
| Cartón de Colombia S.A. | 3,961 |
| | 635,003 |

(2) Mainly relates to dividends received from investment in Suramericana S.A. for \$33,231, Bancolombia S.A. for \$27,316 and Grupo Nutresa S.A. for \$8,531. The decrease arises from the sale of Grupo Suramericana shares in 2010.

(3) In 2011, it includes a recovery of provision for labor claims in amount of \$10,961.

The decrease is mainly due to higher recoveries recorded in 2010, among them the re-recovery of provision for the protection of assets at the Betania plant in amount of \$12,021 and the recovery of provisions or the protection of investments in amount of \$4,195.

(4) It includes fees for technical support as follows: Inversiones Argos S.A. for \$4,652, Zona Franca Argos S.A.S. for \$1,839, Cementos Colón S.A. for \$1,848, Cementos Panamá S.A. for \$1,324 and Cimenterie Nationale S.E.M. (CINA) for \$1,233, among others.

(5) The increase is mainly due to the gain from the sale of vehicles for \$3,073, machinery and equipment for \$2,212, railway fleet and equipment for \$916.

(6) It includes claims on account of consequential damages for \$2,016, loss of profits for \$1,629 and accidents for \$423, among other.

(7) It mainly refers to the assignment of Colcaribe Holding S.A.'s dividends for \$6,413 y Haití Cement Holding S.A.'s for \$1,812, uses for \$2,024 and sale of sundries materials for \$1,864.

NOTE 24 – OTHER EXPENSES

At December 31st, other expenses were comprised of:

| | 2011 | 2010 |
|--|----------------|----------------|
| Amortization of non-operating assets (1) | 106,639 | 12,731 |
| Provision for the protection of permanent investments (2) | 55,760 | 26,201 |
| Retirement pensions paid and amortization of actuarial estimates (3) | 49,650 | 27,159 |
| Disposal of property, plant and equipment (4) | 16,803 | 83,815 |
| Cos of non-operating assets (5) | 14,356 | 19 |
| Taxes taken on (6) | 11,007 | 4,291 |
| Labor legal claims | 9,679 | 11,214 |
| Cost of other sales | 7,893 | 5,164 |
| Grants | 4,841 | 3,978 |
| Indemnifications | 4,737 | 2,893 |
| Cost of materials sold | 4,153 | 3,456 |
| Interests on retirement pension bonds and certificates | 3,240 | 2,826 |
| Costs and expenses from prior periods (7) | 3,196 | 27,320 |
| Provision Industrial Hullera | 3,001 | 1,920 |
| Fines, penalties and lawsuits | 1,033 | 1,028 |
| Related parties' expenses | 249 | 1,376 |
| Non-deductible expenses | 141 | 950 |
| Other expenses (8) | 12,612 | 14,992 |
| | 308,990 | 231,333 |

(1) It mainly relates to the amortization in full of Fortaleza and Uno A trademarks in amount of \$41,152 and \$58,293, respectively, resulting from the review of the use assessment carried out during the year and the amortization of goodwill of Cementos Panamá S.A. for \$4,538 and Carbones del Caribe S.A.S. for \$2,656.

- (2) It mainly relates to provisions for the protection of investments in Argos USA Corp. \$35,323, Carbones del Caribe S.A.S. \$12,922, Cementos Panamá S.A. \$3,305, Point Corp. \$312.
- (3) It includes amortization of 100% of the balance of retirement pension liabilities pending amortization as of December 31, 2010.
- (4) In 2011 it includes the disposal of fixed assets of Betania plant in amount of \$9,000, concession agreement 040 in amount of \$1,869, scrapping for \$1,405, sale of fixed assets to Concretos Argos S.A. for \$1,434. The decrease is mainly due to more significant disposals during 2010, among them the assets of the Betania plant in amount of \$59,267, Barranquilla plant in amount of \$7,779 and Nare plant in amount of \$1,117.
- (5) It includes expenses associated with the maintenance of non-productive assets, among them taxes for \$5,606 and services for \$6,749.
- (6) It mainly relates to the tax on financial transactions for \$9,779 (2010 \$729).
- (7) In 2010 it relates to the results of the homologation of accounting policies under international standards of the deferred charges account for \$5,489 and disposal of works in progress and machinery being assembled in amount of \$12,761.
- (8) It is mainly comprised of:
- Co-operation agreement entered into among Fundación Argos, Cementos Argos S.A. and Zona Franca Argos S.A.S. to undertake social projects for affected communities in order to mitigate or compensate the impact of business operations in amount of \$4,668.
 - Provision for the impairment of fixed assets for \$4,614.

NOTE 25 – TRANSACTIONS WITH RELATED PARTIES

1. The balances of asset and liability accounts with related parties at December 31, 2011 and 2010 are as follows:

| Company | ACCOUNTS RECEIVABLE 2011 | | |
|---|--------------------------|----------------|----------------|
| | Operating | Loans | Total |
| Argos Usa Corp. | - | 697,192 | 697,192 |
| C.I. del Mar Caribe BVI Inc. | 1,308 | - | 1,308 |
| Carbones del Caribe S.A.S. | 311 | - | 311 |
| Canteras de Colombia S.A.S. | 163 | - | 163 |
| Cement and Mining Engineering Inc. | - | 25,354 | 25,354 |
| Cementos Colón S.A. | 414 | - | 414 |
| Cemento Panamá S.A. | 5,914 | - | 5,914 |
| Cimenterie Nationale S.E.M. (CINA) | 173 | - | 173 |
| Concretos Argos S.A. | 30,585 | 2,010 | 32,595 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | 17,009 | - | 17,009 |
| Ganadería Rio Grande S.A.S. | 385 | 4,421 | 4,806 |
| Inversiones Argos S.A. | 8,640 | - | 8,640 |
| Logística de Transportes S.A. | 271 | - | 271 |
| Sociedad Portuaria de Cementeras Asociadas S.A. | 346 | 7,920 | 8,266 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | 1,451 | 5,749 | 7,200 |
| South Central Cement Ltd. | 2,695 | - | 2,695 |
| Urbanizadora Villa Santos S.A.S. | 33,767 | - | 33,767 |
| Zona Franca Argos S.A.S. | 4,850 | - | 4,850 |
| Other minor | 66 | - | 66 |
| | 108,348 | 742,646 | 850,994 |

| ACCOUNTS RECEIVABLE 2010 | | | |
|---|----------------|----------------|------------------|
| Company | Operating | Loans | Total |
| Argos Usa Corp. | - | 684,346 | 684,346 |
| C.I. del Mar Caribe BVI Inc. | 1,298 | - | 1,298 |
| Carbones del Caribe S.A.S. | 48 | - | 48 |
| Canteras de Colombia S.A.S. | 162 | - | 162 |
| Cement and Mining Engineering Inc. | 22,300 | 2,201 | 24,501 |
| Cementos Colón S.A. | 404 | - | 404 |
| Cemento Panamá S.A. | 626 | - | 626 |
| Cimenterie Nationale S.E.M. (CINA) | 24 | - | 24 |
| Concretos Argos S.A. | 23,112 | 35,597 | 58,709 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | - | 35,114 | 35,114 |
| Ganadería Rio Grande S.A.S. | 330 | 1,881 | 2,211 |
| Inversiones Argos S.A. | 3,079 | - | 3,079 |
| Logística de Transportes S.A. | 69 | - | 69 |
| Reforestadora del Caribe S.A.S. | 1,202 | - | 1,202 |
| Sociedad Portuaria de Cementeras Asociadas S.A. | - | 10,794 | 10,794 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | 2,360 | 4,712 | 7,072 |
| South Central Cement Ltd. | 1,579 | - | 1,579 |
| Urbanizadora Villa Santos S.A.S. | 36,425 | - | 36,425 |
| Zona Franca Argos S.A.S. | 14,439 | 166,266 | 180,705 |
| Other minor | 80 | 213 | 293 |
| | 107,537 | 941,124 | 1,048,661 |

| ACCOUNTS PAYABLE 2011 | | | |
|---|----------------|--------------|----------------|
| Company | Operating | Loans | Total |
| Argos USA Corp. | 199 | - | 199 |
| C.I. Del Mar Caribe BVI Inc. | 9 | - | 9 |
| Carbones del Caribe S.A.S. | 434 | - | 434 |
| Canteras de Colombia S.A.S. | 1 | - | 1 |
| Cementos de Caldas S.A. | 5,110 | 1,040 | 6,150 |
| Concretos Argos S.A. | 95,767 | - | 95,767 |
| Corporación de Cemento Andino C.A. | 1,931 | - | 1,931 |
| Distribuidora Col. de Cementos Ltda. en liquidación | 255 | - | 255 |
| Ganaderia Riogrande S.A.S. | 77 | - | 77 |
| Logística de Transportes S.A. | 24,230 | - | 24,230 |
| Profesionales a su Servicio Ltda. en liquidación | 8 | - | 8 |
| Reforestadora del Caribe S.A.S. | 18 | - | 18 |
| Savannah Cement Company LLC | 1 | - | 1 |
| Soc. Portuaria Golfo de Morrosquillo S.A. | 390 | - | 390 |
| Sociedad Portuaria La Inmaculada S.A. | - | 4 | 4 |
| Sociedad Portuaria Las Flores S.A. | - | 7 | 7 |
| Valle Cement Investment Ltd. | 561 | - | 561 |
| Transatlantic Cement Carriers Inc. | 1,719 | - | 1,719 |
| Urbanizadora Villa Santos S.A.S. | 1,693 | - | 1,693 |
| Zona Franca Argos S.A.S. | 32,077 | - | 32,077 |
| Other minor | 78 | - | 78 |
| | 164,558 | 1,051 | 165,609 |

| ACCOUNTS PAYABLE 2010 | | | |
|---|----------------|---------------|----------------|
| Company | Operating | Loans | Total |
| Argos Usa Corp. | 255 | - | 255 |
| Carbones del Caribe S.A.S. | 2,889 | 647 | 3,536 |
| Cementos de Caldas S.A. | 4,605 | 1,644 | 6,249 |
| Cementos Colón S.A. | 474 | - | 474 |
| Cemento Panamá Comercializadora S.A. | 45 | - | 45 |
| Concretos Argos S.A. | 99,263 | - | 99,263 |
| Corporación de Cemento Andino C.A. | 1,904 | - | 1,904 |
| Dicementos Ltda. en liquidación | 24 | - | 24 |
| Distribuidora Col. de Cementos Ltda. en liquidación | 1,005 | - | 1,005 |
| Emp Carbón Cesár y Guajira - EMCARBON S.A. en liquidación | - | 51,964 | 51,964 |
| Logística de Transportes S.A. | 8,779 | - | 8,779 |
| Profesionales a su Servicio Ltda. en liquidación | - | 9 | 9 |
| Savannah Cement Company LLC | 1 | - | 1 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | 89 | - | 89 |
| Transatlantic Cement Carriers Inc. | 765 | - | 765 |
| Urbanizadora Villa Santos S.A.S. | 2,838 | - | 2,838 |
| Valle Cement Investment Ltd. | 552 | - | 552 |
| Zona Franca Argos S.A.S. | 18,549 | - | 18,549 |
| Other minor | 188 | - | 188 |
| | 142,225 | 54,264 | 196,489 |

Interest rates for loans in dollars range from 0.46% to 3.28% A.E.

Interest rate for loans in pesos is 3.47% A.E.

2. Revenues during the period between January 1 and December 31, 2011 y 2010:

2011

| Company | Sales | Services | Fees | Sundries | Total revenues |
|---|---------|----------|-------|----------|----------------|
| Argos Usa Corp. | - | - | - | 18,094 | 18,094 |
| Canteras de Colombia S.A.S. | 5 | - | - | - | 5 |
| Carbones del Caribe S.A.S. | - | - | - | 130 | 130 |
| C.I. del mar Caribe BVI Inc. | 11,340 | - | - | - | 11,340 |
| Cement and Mining Engineering Inc. | - | - | - | 852 | 852 |
| Colcaribe Holding S.A. | - | - | - | 6,413 | 6,413 |
| Cementos Colón S.A. | 1,086 | - | 1,848 | - | 2,934 |
| Cemento Panamá S.A. | 1,151 | - | 1,324 | 15 | 2,490 |
| Cimenterie Nationale S.E.M. (CINA) | - | - | 1,233 | - | 1,233 |
| Concretos Argos S.A. | 206,122 | 60 | - | - | 206,182 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | - | - | - | 656 | 656 |
| Ganadería Rio Grande S.A.S. | - | - | - | 95 | 95 |
| Haití Cement Holding S.A. | - | - | - | 1,812 | 1,812 |
| Inversiones Argos S.A. | - | 21 | 4,652 | 141 | 4,814 |
| Logística de Transportes S.A. | 177 | - | - | 48 | 225 |
| Reforestadora del Caribe S.A.S. | - | 62 | - | 17 | 79 |
| Sociedad Portuaria de Cementeras Asociadas | - | - | - | 348 | 348 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | - | - | - | 405 | 405 |
| South Central Cement Ltd. | 1,012 | - | - | - | 1,012 |
| South Equipment CO | - | - | - | 105 | 105 |
| South Star Concrete | - | - | - | 168 | 168 |
| Urbanizadora Villa Santos S.A.S. | - | - | - | 30 | 30 |
| Vensur N.V. | 25 | - | - | - | 25 |
| Zona Franca Argos S.A.S. | 41,053 | - | 1,839 | 1,003 | 43,895 |

2010

| Company | Sales | Services | Fees | Sundries | Total revenues |
|--|---------|----------|-------|----------|----------------|
| Argos Usa Corp. | - | - | - | 10,874 | 10,874 |
| Carbones del Caribe S.A.S. | - | 91 | - | - | 91 |
| C.I. del Mar Caribe BVI Inc. | 7,722 | - | - | - | 7,722 |
| Cement and Mining Engineering Inc. | - | - | - | 772 | 772 |
| Cementos Colón S.A. | 1,004 | 12 | 1,323 | - | 2,339 |
| Cemento Panamá S.A. | 3,977 | - | 2,843 | - | 6,820 |
| Cimenterie Nationale S.E.M. (CINA) | - | 655 | 1,126 | - | 1,781 |
| Concretos Argos S.A. | 163,155 | 315 | - | 1,452 | 164,922 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | - | - | 158 | 564 | 722 |
| Ganadería Rio Grande S.A.S. | - | - | - | 42 | 42 |
| Inversiones Argos S.A. | - | 136 | - | 71 | 207 |
| Logística de Transportes S.A. | 129 | 24 | - | - | 153 |
| Prevencionistas en Ambiente Salud y Seguridad S.A.S. | 973 | - | - | 1,367 | 2,340 |
| Reforestadora del Caribe S.A.S. | - | 9 | - | 78 | 87 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | - | 281 | - | 165 | 446 |
| Sociedad Portuaria de Cementeras Asociadas S.A. | - | - | - | 446 | 446 |
| South Central Cement Ltd. | 2,330 | - | - | - | 2,330 |
| Transatlantic Cement Carriers Inc. | - | - | - | 35 | 35 |
| Urbanizadora Villa Santos S.A.S. | - | 7 | - | - | 7 |
| Valle Cement Investments Ltd. | - | - | - | 630 | 630 |
| Zona Franca Argos S.A.S. | 24,085 | 769 | 2,602 | 3,054 | 30,510 |

3. Disbursements during the period between January 1 and December 31, 2011 y 2010:

2011

| Company | Sales | Services | Fees | Sundries | Total disbursements |
|--|--------|----------|------|----------|---------------------|
| Carbones del Caribe S.A.S. | 33,924 | - | - | - | 33,924 |
| C.I. del Mar Caribe BVI Inc. | 2,207 | 14 | - | - | 2,221 |
| Concretos Argos S.A. | 1,077 | 18 | - | 23 | 1,118 |
| Compañía Colombiana de Inversiones S.A. E.S.P. | - | 791 | - | - | 791 |
| Inversiones Argos S.A. | - | - | - | 67 | 67 |
| Logística de Transportes S.A. | - | 12,158 | - | - | 12,158 |
| Reforestadora del Caribe S.A.S. | 697 | - | - | - | 697 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | - | 3,595 | - | - | 3,595 |
| Transatlantic Cement Carriers Inc. | - | 4,585 | - | - | 4,585 |
| Zona Franca Argos S.A.S. | 61,477 | - | 450 | 434 | 62,361 |

| Company | Sales | Services | Fees | Sundries | Total disbursements |
|--|--------|----------|------|----------|---------------------|
| Carbones del Caribe S.A.S. | 33,271 | 53 | - | 162 | 33,486 |
| C.I. del Mar Caribe BVI Inc. | 17 | - | - | - | 17 |
| Concretos Argos S.A. | 4,331 | - | - | - | 4,331 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | - | - | - | 310 | 310 |
| Inversiones Argos S.A. | - | - | - | 117 | 117 |
| Logística de Transportes S.A. | 8,800 | - | - | 44 | 8,844 |
| Prevencionistas en Ambiente Salud y Seguridad S.A.S. | 39 | - | - | - | 39 |
| Reforestadora del Caribe S.A.S. | 115 | - | - | - | 115 |
| Sociedad Portuaria Golfo de Morrosquillo S.A. | 2,293 | - | - | - | 2,293 |
| Transatlantic Cement Carriers Inc. | 6,822 | - | - | - | 6,822 |
| Zona Franca Argos S.A.S. | 34,283 | 368 | 435 | - | 35,086 |

4. The Company paid fees to members of the Board in amount of \$149 (2010 \$123). No other transactions were carried out with individual shareholders who are the beneficial owners of 10% or more of outstanding shares, members of the Board, legal representatives or companies wherein a shareholder, member of the Board or director of the issuer has an interest exceeding 10%. No decisions were made under the influence or acting on the interest of the parent company or any of its subsidiaries.

The following were the transactions carried out with shareholders, directors, legal representatives and managers:

| | Shareholders | DirectorsLegal | Representatives and Managers |
|-------------------------------|--------------|----------------|------------------------------|
| At the closing of 2011 | | | |
| ASSETS | | | |
| Accounts receivable | 8,640 | - | 9,480 |
| Total assets | 8,640 | - | 9,480 |
| REVENUES | | | |
| Fees | 4,652 | - | - |
| Services | 21 | - | - |
| Sundries | 141 | - | - |
| Total revenues | 4,814 | - | - |
| DISBURSEMENTS | | | |
| Salaries | - | - | 5,896 |
| Sundries | 67 | - | - |
| Total disbursements | 67 | - | 5,896 |

| | Shareholders | DirectorsLegal | Representatives and Managers |
|----------------------------|--------------|----------------|------------------------------|
| Al final de 2010 | | | |
| ASSETS | | | |
| Accounts receivable | 3,079 | - | 9,443 |
| Total assets | 3,079 | - | 9,443 |
| REVENUES | | | |
| Services | 136 | - | - |
| Sundries | 71 | - | - |
| Total revenues | 207 | - | - |
| DISBURSEMENTS | | | |
| Salaries | - | - | 6,942 |
| Sundries | 117 | - | - |
| Total disbursements | 117 | - | 6,942 |

Accounts with legal representatives and managers, in some cases, are related with labor policies approved by the Board of Directors and with policies equally granted to all employees not entitled to the benefits of the collective agreements in force; they are represented in housing loans, house remodeling loans, loans for the purchase of vehicles and loans to attend difficult family situations, in each case under duly implemented policies and with the required guarantees.

NOTE 26 – CONTINGENCIES – SUBSEQUENT EVENTS

During 2011 there were not:

1. Inspection visits by controlling agencies that resulted in warnings or sanction.
2. Administrative, contentious or civil final and binding sanctions imposed by the relevant national, departmental or municipal authorities.
3. Judgment against Company officers for events occurred in the performance of their duties in office under criminal prosecution proceedings.
4. Provisions had been recorded at December 31, 2011 for legal claims and lawsuits with potential and high probability of loss, being labor lawsuits the most significant (See note 24).

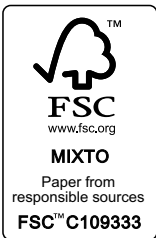
FINANCIAL RATIOS

INFORMATION SUMMARY

| | 2011 | 2010 |
|--|-----------|-----------|
| Liquidity | | |
| Current ratio | | |
| Current assets / current liabilities | 0.42 | 1.02 |
| Account receivable days | | |
| Period sales on credit / average accounts receivable | | |
| From domestic sales | 27 | 22 |
| From export sales | 48 | 32 |
| Finished products inventory days | 7 | 5 |
| Solvency | | |
| Indebtedness / total assets ratio | | |
| Including revaluations | 26% | 24% |
| Without revaluations | 56% | 58% |
| Profitability | | |
| EBITDA | \$417,201 | \$379,286 |
| EBITDA margin | 26.03% | 27.52% |
| Net income / revenues percentage | 23.09% | 20.96% |
| Operating income / operating revenues percentage | 17.95% | 16.82% |

INFORMATION SUMMARY

| | 2011 | 2010 |
|--|-------------|-----------|
| Par value | 6 | 6 |
| Equity-method value | 10,130.00 | 9,774.40 |
| Average listed price | 10,822 | 11,493 |
| Highest listed price | 10,860 | 11,640 |
| Lowest listed price | 10,620 | 11,400 |
| Employment | | |
| Headcount | 2,729 | 2,808 |
| Financial position | | |
| Operating assets (current assets + fixed assets) | 1,602,474 | 2,049,226 |
| Working capital | (1,219,856) | 25,452 |



This book was printed in Colombia. During the production process high-quality inks were used, there were optimization on the sizes in order to minimize waste and the raw materials were appropriately managed to be reprocessed adequately.

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