

ANNUAL REPORT 2010

CEMENTOS ARGOS S.A.





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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
Vice President of New Business Development, Tomás Restrepo
CFO, Ricardo Andrés Sierra
Vice President of Human Resources, Jorge Ignacio Acevedo
Vice President of Forestry Assets, Andrés Zuluaga
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

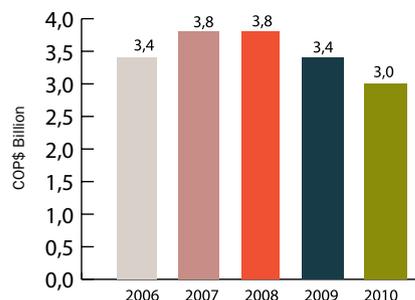
STATUTORY AUDITOR

Deloitte & Touche Ltda.

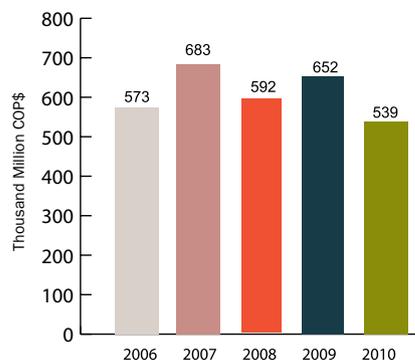
MAIN INDICATORS

FINANCIALS

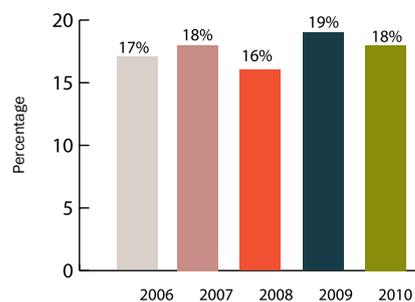
CONSOLIDATED OPERATING REVENUES



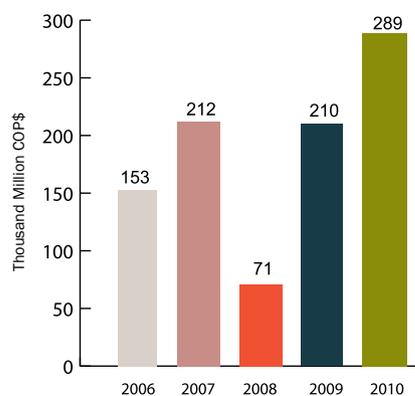
CONSOLIDATED EBITDA



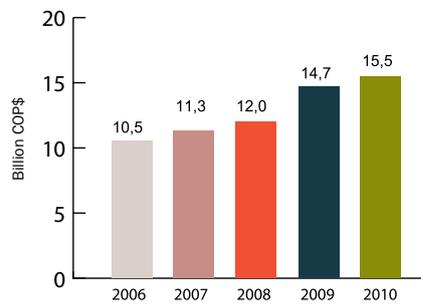
EBITDA MARGIN



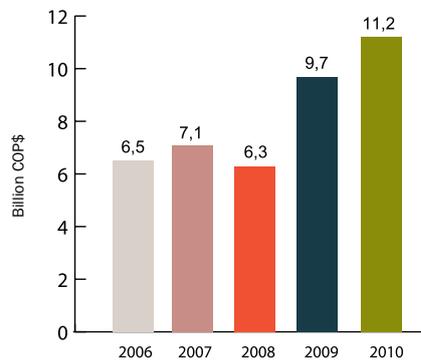
NET INCOME



CONSOLIDATED ASSETS

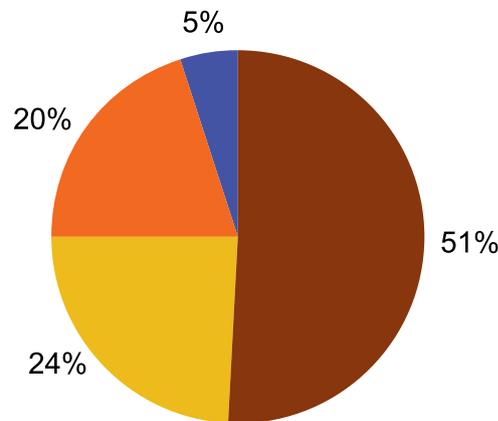


CONSOLIDATED SHAREHOLDERS' EQUITY



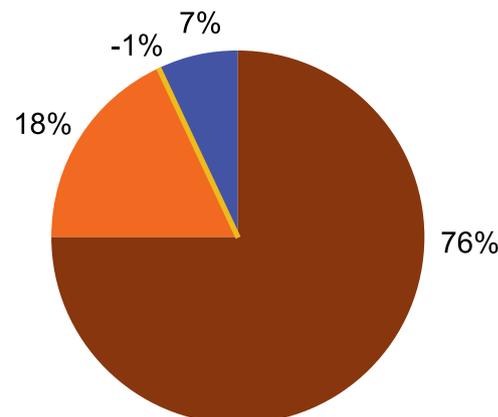
CONSOLIDATED REVENUES 2010 BREAKDOWN

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



CONSOLIDATED EBITDA 2010 BREAKDOWN

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



BUSINESS INDICATORS

CEMENT PRODUCTION FACILITIES **11**

CLINKER GRINDING FACILITIES **4**

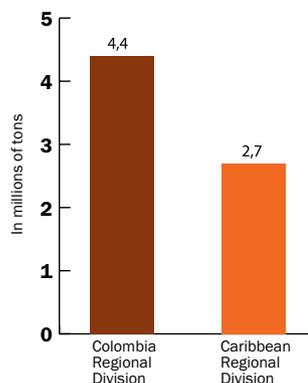
CEMENT BAGGING AND RECEPTION TERMINALS **4**

READY MIX CONCRETE FACILITIES **221**

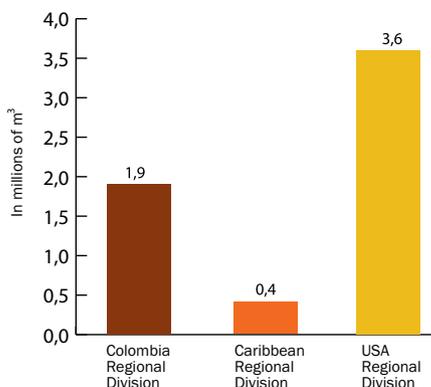
MIXERS **1.627**

COUNTRIES WHERE EXPORTS OF CEMENT AND CLINKER WERE MADE IN 2010 **39**

CEMENT PRODUCTION IN 2010



READY MIX CONCRETE PRODUCTION IN 2010



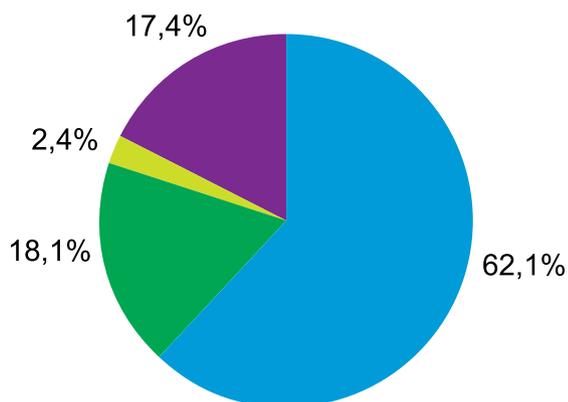
STOCK INDICATORS

NUMBER OF
SHAREHOLDERS
AT DEC. 2010

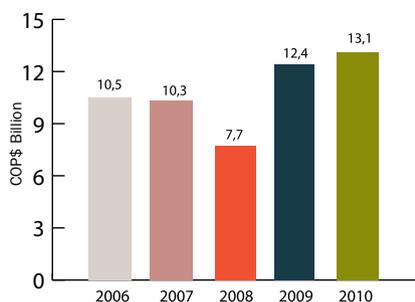
7.976*

COMPANY'S
SHAREHOLDERS

- Inversiones Argos
- Pension Funds
- Foreign Investors
- Others



MARKET CAP
AT DEC. 31ST



STOCK APPRAISAL
IN 2010

5,6%

AVERAGE STOCK ANNUAL
APPRAISAL OF LAST
TWO YEARS

35%

* Excludes Repos



**MANAGEMENT
REPORT**



MANAGEMENT REPORT - 2010

In 2010, Cementos Argos remained a firm leader in its respective markets and became an important ally with the different infrastructure projects being carried out in all those parts of the world where it is present, that is to say Colombia, the Caribbean and the US. Megaprojects such as the widening of the Panama Canal, building the “Competitiveness” Highways and the “Sunshine Route” as well as expanding the Cartagena oil refinery, amongst others, were able to count on the hallmark Argos brand, symbol of quality, commitment and sustainability.

The Company got off to a good start to 2010 in taking full advantage of the growth potential of its local markets. Indeed in February it invested in a joint venture with the Kertsten & Co. Group, Surinam’s main economic conglomerate, this consisting of managing and operating the Company’s port as well as its grinding and packing facilities in the capital of this country, Paramaribo. Also in the middle of last year, we made another investment in conjunction with the Dutch Group Janssen de Jong in Curacao to adapt the packing and silo facilities that this Company has on the island for importing and distributing cement. These investments are in keeping with our strategy of strengthening our cement production and distribution network in the Caribbean basin, this being one of our strategic regions.

Also in the middle of last year, Cementos Argos’ subsidiary Cemento Panama, signed a contract with the consortium, Grupo Unidos por el Canal, to supply cement, pozzuolana and other cementing products for the widening of the Panamá Canal. The value of this contract comes to UDS 65 million and shipments began satisfactorily on schedule.

It is important to note how important our Cartagena Plant is in this regard, since it is located less than a day by ship from Panama and allows us to guarantee a supply of clinker for our grinding facilities in this part of the world. It also would serve as a back-up, if required, for supplying greater quantities for this project. At the end of last year, our new production line in the Cartagena Plant was running at 85% of its nominal installed capacity of 1.8 million de tons of cement per year. Furthermore tests have been run at 100% of its capacity with very gratifying results in terms of efficiency, production costs and the quality of the clinker and cement produced.

We are also very happy to announce that this new project was awarded the Prize for Excellence by the Colombian Association of Concrete Producers (ASOCRETO) at its Concrete Convention, this the most important forum held for construction firms in Colombia. This is yet another acknowledgement of the Organization’s tireless efforts over the last four years, in conjunction with the construction consortium, resulting in a modern and efficient cement plant that complies with the highest environmental standards.

On the other hand, after several years of positioning our brand and continuously emphasizing our value-added proposal, we were ranked in No. 1 position in the Cement category as part of the Top of Mind survey

conducted by the firm, Invamer Gallup. With a 41% brand awareness, we are firmly positioned in the mindset of our Colombian consumers, which besides being a very gratifying result, has only made us more committed to providing excellent levels of service and enhancing our customer relations.

Also, our logistics subsidiary, Logitrans was awarded the LOGyCa prize for its value chain innovations for foreign customers, in recognition of the business model which has allowed us to transform the logistics of bulk cement sales, thereby providing added value to the sales distribution process. This is in keeping with the broad focus of our Company where logistics is considered a strategic resource in enhancing the efficiency and profitability of the cement business as well as being an important means of contact with our customers.

So as to convert innovation in a strategic capability for our Organization, in the middle of 2009 we set up a new Business Development Department. Thanks to the enterprising efforts of this area, in April 2010, we completed the product development phase and began to produce and ship Type G Oil Well Cement at our plant in San Gil located in the Department of Santander, Colombia. This plant is used exclusively to produce this type of specialized cement for the oil industry, allowing us to position ourselves in an important market niche which has a huge growth potential; this with an excellent value proposition in terms of product quality, stability and availability. Following through with this achievement, in November the American Petroleum Institute (API) audited the quality of our oil well cement and issued us with the API certification showing that our product complies with the highest international standards in this regard.

Our Product Research and Development area is composed of 22 professionals dedicated to different branches of science from all those countries where we are present. Supported by this team, we set up our own Research and Development Center in Colombia with the most modern equipment available with regard to cement technology. We have also made important progress with our research into new cementing products, as well as with capturing carbon dioxide, developing leading-edge technology for urban real estate as well as launching a new book titled "Architectural Concrete Finishings" amongst others, all this in conjunction with various Colombian universities, particularly Universidad del Norte in Barranquilla, and Universidad EAFIT in Medellín. We are convinced that in order to secure a sustainable future for both our Company and the environment, an enterprising attitude and a gift for innovation are qualities that all our employees must strive towards on a daily basis.

However, we admit that we were not immune to the current challenges still facing the construction sector in the US, where our results were lower than those previously forecast. Nevertheless we continue to uphold our long-term strategy for this economy, which we hope shall be returning to its former dynamics, just as it has done after other difficult times in its history.

As far as our non-cement business, it is important to note the satisfactory results obtained by our real estate business, which is specifically dedicated to the horizontal development of certain plots of land in Colombia, that is to say transforming the raw land to pad-ready sites. With an experience spanning more than ten years, we have developed more than 330 hectares in the north of Barranquilla, building roadway, water, sewage and street lighting infrastructure as well as parks and recreation areas providing these with important urban advantages.

We are also carrying out a large-scale project in the north of Barranquilla called Riomar, this part of a master plan covering more than 760 hectares based on the highest urban planning and design standards so that the city may enjoy new spaces for housing, education and shopping, amongst others. Its generous design with respect to roads, parks, green zones and connectivity shall allow the city to continue to grow and progress which is something we are all committed to.

Also the first stage of our master plan for 1,300 hectares that our Company owns in Barú was handed over to us. This project has an interesting potential for developing the tourist industry in this part of the world, and for this purpose we are working in conjunction with EDSA, an international consultancy firm for real estate development.

As for our efforts to optimize our financial situation, we took out a loan totaling COP 350 thousand million pesos for a term of 10 years carrying a bullet repayment at maturity. The purpose of this was to prepay a syndicated loan that Argos had obtained in 2006 with 18 financial institutions and, in so doing, smooth its corporate debt profile for 2011, a year in which we maintain conservative projections for the recovery of the US market. This loan, besides optimizing our capital structure and extending the overall term to 5 years, shall ensure a sufficiently sound financial structure with which to respond to the challenges being posed in some of our markets.

SUSTAINABILITY

Cementos Argos continues to espouse sustainability as the source of true progress and growth. In this respect we have continued to reinforce our best practices on the economic, social and environmental fronts by faithfully complying with international standards and closely adhering to our Sustainability Policy.

In 2010, the Company was invited to form part of the World Business Council for Sustainable Development (WBCSD) and their Sustainable Cement Initiative. The WBCSD is a group of 200 international companies firmly committed to sustainable development and the latter initiative is being spearheaded by a select group of 24 companies from the global cement industry. Cementos Argos is the only Colombian company taking part in this initiative.

Also and for the third year running, we were selected by the Dow Jones Sustainability Index to take part in their annual survey in which they assess the most successful companies from the sustainable development standpoint. Last year, our score was upgraded by 9 points compared to that of the previous year, thereby placing us at above the industry average.

We also were able to enhance our sustainability indicators for our cement and concrete plants in Colombia, the Caribbean and the United States, through the Global Reporting Initiative (GRI), providing a much more thorough level of reporting and responding to the latest economic, social and environmental strategies and initiatives.

From the social perspective, we would like to mention the role our employees have played in coming up with new sustainable ideas to be implemented with the different processes carried out by the Company. Thus sustainability has become the driver for new ideas and a management model that has incorporated greater innovation in the different processes carried out by the Company.

In 2010, the Great Place to Work Institute evaluated our Organization's work environment as well as our continued efforts and commitment to Occupational Health and Industrial Safety.

As for our community service work and good neighborliness policy, we have been carrying out important social initiatives with 672 communities close to our plants in Colombia, Haiti, the Dominican Republic and Panama. In 2010 we invested more 7 million dollars in community programs, including infrastructure, education, housing and income-generation projects. We were present just after the earthquake in Haiti with a specialized team of people from Corporación Antioquia Presente, providing medicine, food and later support programs for the town of Cabaret principally medical attention, water supply networks, technical assistance and the initial reconstruction of housing for both our employees and contractors in this part of the world.

On the environmental front, we have begun to measure our corporate carbon footprint which shall allow us to implement measures designed to reduce stack emissions at our cement plants. Another important achievement has been the new forestry initiatives in Colombia, where we now have a total of 12.000 hectares that are ideal for planting teak and other tree species. 2.750 hectares of this land are slated to receive the United Nation's Clean Development Mechanisms certification.

We have also been furthering the development of all those communities living in proximity to these reforestation projects in Colombia, especially in Sucre, Cordoba and Bolivar, by means of job creation, schools and community projects. This has provided mutual benefits for both the beneficiary communities as

well as for our Company. We shall continue with these social and environmental initiatives and in so doing provide greater job opportunities, better education and more comprehensive development in these parts of the country.

Finally, thanks to our continuous improvement initiatives and firm commitment with sustainability, our Organization received many awards, the most important of which are as follows: the Camacol prize for the Top Companies with the Best Social Responsibility programs; the Green Star seal of quality for environmental practices at our concrete plants in the US; the Orchid award for Technological Merit from the Medellin City Council for having set up a Research and Development Center for the benefit of the Colombian cement industry as well as for strengthening ties between universities and the business community; the Progress prize from the Corporación Autónoma Regional de los Ríos Negro y Nare, for our environmental initiatives, the Embarking on Peace prize for community development from the GTX German Cooperation Agency with regard to our Social Reinsertion and Community Development programs in Sucre and Antioquia.

CORPORATE RESULTS

Consolidated operating revenues came to more than COP 3 billion (USD 1,6 billion), showing a YoY decline of 12% in pesos or 1% in dollars. 51% of this figure was obtained by our Colombia Division, 24% by the US Division, 20% the Caribbean Division and the remaining 5% corresponded to our other business. EBITDA came to COP 539 thousand million (USD 284 million), showing a decline of 17% in pesos or 7% in dollars. Our EBITDA margin went from 19% in 2009 to 18% in 2010.

Consolidated operating earnings came to COP 219 thousand million (USD 115 million) showing a drop of 27% in pesos or 18% in dollars. As a result of the slow recovery and sluggish sales for the US construction sector as well as in some parts of the Caribbean, an asset impairment was recorded, this based on applicable accounting standards in these parts of the world, totaling COP 88 thousand million pesos (USD 48 million). The overall effect is of a strictly book-keeping nature and in no way does it affect the Company's cash flow. Consolidated operating earnings, including this asset impairment came to COP 130 thousand million (USD 67 million).

Net consolidated profits for 2010 came to COP 289 thousand million (USD 156 million) showing an increase of 38% in pesos or 119% in dollars. It is important to note that this figure is not comparable with that recorded for 2009, given the extraordinary profits obtained from the divestiture of the Company's coal export business in that year. Also, in 2010 and in keeping with the Company's strategic focus of consolidating its portfolio investments in the name of its parent company, Inversiones Argos, this in order to be able to concentrate on its own cement business, Cementos Argos sold a little more than 16 million shares, corresponding to a 3.5% stake in Grupo de Inversiones Suramericana, to its parent company.

On its individual statement of income the Company shows operating revenues of more than COP 1.3 billion, and EBITDA of COP 379 thousand million, operating profits of COP 232 thousand million and net profits of COP 289 thousand million.

Assets, on a consolidated basis came to COP 15 billion (USD 8 billion) showing an increase of 5% in pesos or 12% in dollars compared to year-end 2009. During this same period, liabilities dropped by 13% in pesos or 8% in dollars, for a total of COP 4 billion (USD 2 billion). Shareholders' Equity came to COP 11 billion (USD 6 billion) showing an increase of 15% in pesos or 23% in dollars.

IN COLOMBIA

2010 was a positive year for Cementos Argos in Colombia. Factors such as multiple infrastructure projects, as well as the country's favorable macroeconomic fundamentals and a stable political outlook have pushed up the demand for our products. Nevertheless, late last year adverse weather conditions wreaked havoc in Colombia, and had a significant impact on our own production plants and internal logistics. Nevertheless, our operations throughout Colombia returned to normal by the end of the year, and now we have the

opportunity to continue contributing to the growth of our country, once the Government begins reconstruction work after the extensive damage caused by flooding and landslides.

For us 2010 was a crucial year, since not only were we able to consolidate our concrete operations, and maintain our leadership position with a much greater share of the market than our competitors, but also we made important investments in new concrete distribution equipment, along with new infrastructure to attend projects both within and outside urban areas. In this order of ideas, we started up multiple mobile concrete plants that have allowed our Company to attend a number of projects, as mentioned at the beginning of this report.

Also, in the middle of last year, we purchased an aggregate mine (aggregate being the main raw material for producing concrete) located in the town of Guamo, in the Department of Tolima, which has increased the supply of this material for our concrete plants in the center of the country by almost 90.000 tons. The processing plant installed in this same site, has sufficient capacity to produce more than one million tons of aggregate per year, which is an important volume for this part of the country. The geological and other intrinsic characteristics of this material makes this mine a source of top-quality aggregate which shall not only allow us to maintain a firm position in this highly-competed region where the demand is quite substantial, but also we shall be able to comply with all environmental legislation applicable to mining aggregate.

Last year our Colombia Division sold 4,3 million tons of grey cement, showing a YoY increase of 7%. Sales of concrete came to 1,9 million cubic meters, showing a huge YoY increase of 40%, this being the highest amount ever shipped in our entire history.

We also sold 126 thousand tons of white cement, 49 thousand tons of lime, 696 thousand tons of aggregate and 10 thousand tons on oil well cement.

The Colombia Division's total revenues came to COP 1.5 billion, which is similar to that obtained in 2009. On the other hand EBITDA came to more than COP 474 thousand million, showing a decline of 2%. The Division's EBITDA margin remained stable at 31%.

Beyond that already mentioned with regard to infrastructure, our outlook for the Colombian market in terms of a sustained demand for concrete and cement continues positive. In addition to the megaprojects mentioned at the beginning of this report, over the last few months of last year, cement volumes to smaller-scale housing and other building projects increased. In this respect is worthwhile noting the increase in the amount of land for which construction permits were given last year. According to the latest figures from the Colombian Statistics Bureau (DANE) at November 2010, the amount of area for which building permits had been awarded increased by 27% versus the same period the previous year.

OUR BUSINESS IN THE UNITED STATES.

2010 was a sluggish year for the different players within the US construction sector. Although for the last few months of last year, concrete volumes for our total markets rose above those for 2009, for a total increase in 2010, the effects of the worst crisis to hit the US in the last 70 years, drove down the price per cubic meter of concrete and thus our results were lower than those initially projected.

We are well aware of the uncertainty prevailing with cement consumption returning to the same levels as recorded for 2006, that is to say around 120 million tons per year. This is mainly due to the drop in residential construction given the prevailing high inventory levels of existing homes and the low housing prices after the mortgage crisis.

Nevertheless, it is also worthwhile mentioning that early in September, President Barack Obama announced a new stimulus plan for US infrastructure projects, in the amount of USD 50 billion. The purpose of this plan is to extend the country's highway network by another 150.000 miles (240.000 km) as well as build and

maintain 4,000 miles (6,400 km) of railway lines and extend the country's runways by a total of 150 miles (240 km), this scheduled over the next 6 years. These are all concrete intensive infrastructure projects.

Besides the market challenges we are currently dealing with, our team of employees have worked tirelessly to find new ways of leveraging our operations so as to maximize synergies once the market returns to normal in terms of volume and prices. At year-end 2010, we were the fifth largest producer of concrete in the US and the seventh largest in North America, including Canada.

It is also worthwhile noting that the National Ready Mix Association gave prizes to three of our concrete operations in North Carolina, Texas and Arkansas as part of its Quality Excellence Awards in 2010. The criteria for awarding this important recognition included the ability to produce concrete according to the highest quality standards in the US. With this we are now the second concrete company with the most Green Star certified plants in all of North America.

The US Division recorded sales of USD 382 million for 2010, showing a 13% decrease compared to 2009. As for the Division's EBITDA, this came to – USD 4 million as a result of the prevailing low prices as well as adverse weather conditions late last year.

We sold 2.7 million cubic meters of concrete in the US Gulf States last year (Texas and Arkansas) showing a YoY increase of 5%. On the other hand we sold almost a million cubic meters of concrete in the south-east of the country (Georgia, the North and South Carolinas and Virginia) showing a growth of 2%.

Finally, in spite of the unsatisfying results overall we are firmly convinced of the long-term advantages of this market, even though we understand that performance shall be sluggish over the next few months. Fortunately, the Company's financial situation is such that it can afford to wait for the current difficulties to play out while the US economy gets back on its feet, after all the US is the largest economy in the world.

OUR BUSINESS IN THE CARIBBEAN

In 2010, our Caribbean Division showed a stable level of results compared to 2009. Nevertheless, export volumes were negatively affected by the slow recovery and prevailing low prices on the US market.

Consolidated revenues for this Division came to USD 320 million, showing a drop of 13% compared to 2009. This was mainly due to a deficit of almost 300,000 tons of cement that could not be exported from Colombia to our terminal in Houston, Texas given the negative price situation in the Gulf of Mexico as well as the drop in the USDCOP rate throughout 2010.

EBITDA for the Caribbean Division went from USD 67 million in 2009 to USD 59 million in 2010, showing a YoY decline of 11%. On the other hand, its EBITDA margin for 2010 rose to 19% compared to the 18% recorded for 2009.

In Panamá, cement sales for the year came to 600 thousand tons, showing a YoY drop of 6%. In spite of this EBITDA in the case of Panama rose by 10% to USD 46 million.

On the other hand, we sold 329 thousand and 468 thousand tons in the Dominican Republic and Haiti, respectively. This meant that volumes remained stable in the case of the Dominican Republic and increased by 7% in Haiti. EBITDA in the case of the Dominican Republic came to USD 11 million, showing a YoY increase of 13%. Haiti, on the other hand, recorded an EBITDA of USD 7 million for a drop of 24%.

At our terminals in St. Thomas, St. Marteen, Dominica and Antigua, our volumes were affected by the intense competition throughout the region as well as the declining US market. We therefore ended the year with sales of 108 thousand tons of cement, which was 44% lower than the previous year. Our new grinding facilities in Surinam posted sales of 45 thousand tons of cement, 2 thousand less than for 2009.

With regard to the outlook for this Division, besides the projected widening of the Panama Canal, the effects of which shall begin to be reflected in our financial statements for Q1 2011, according to the Panamanian Government's Development Plan, there are a significant number of infrastructure projects due to be carried out over the next few years. Also there is a series of infrastructure projects due to be carried out in the Dominican Republic, the most important being various hydroelectric projects, and highways connecting Santo Domingo to the eastern part of the country.

As for Haiti's reconstruction efforts, to which we are firmly committed, a total of USD 50 billion dollars have been pledged over the next 25 years, out of which 20% shall be allocated to reconstruction and infrastructure projects and 10% to electricity-generating plants, both types of projects being very concrete- and cement-intensive.

LEGAL MATTERS

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

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

In March 2010, we filed motion to vacate and to reinstate our rights before the Administrative-Contentious Tribunal of Cundinamarca against Resolutions 51694 of 2008 and 0091 of 2010, by means of which sanctions were imposed on both the Company and its Chief Executive Officer.

In 2010, the Secretary for Finance of the Department of Atlántico, filed administrative suits against Cementos Argos S. A. and other of its related companies regarding the collection of the Pro University Hospital CARI E.S.P stamp tax. After our legal counsel thoroughly analyzed this claim, they concluded that there were no grounds for such stamp tax in view of the fact that this has been declared null and void on a number of occasions and have thus proceeded in the Company's defense.

There has also been a suit filed in the people's interest against Colombia's Comptroller General, the Ministry of Finance and certain cement producers, including Cementos Argos, claiming protection against Government moral conduct for the price of cement between 2004 and 2006. This suit is being defended by our legal counsel who consider the risk of a ruling against the Company as remote.

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

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

The controls implemented to ensure full compliance with all intellectual property legislation are as follows:

- Carrying out a physical inventory of each individual computer to see what software is installed, which is then cross-referenced with the software licenses purchased by the Company.
- An inventory is taken using a software detection tool, which automatically lists the software installed on each computer and the results are then cross-referenced with the purchased software licenses.

- With regard to software that is installed on our servers, first an inventory is taken and then the results are cross-referenced with the number of licenses purchased. Here we have invited suppliers such as Oracle to conduct a licensing status as part of their License Management Services (LMS)
- As for Microsoft Office tools, we have an Enterprise Agreement in full force and effect which covers all the licensing requirements and extensions to such for the entire year.

The Company has not been informed of any important event occurring after the end of the last fiscal year that could jeopardize its progress and affect its Shareholders' Equity.

CORPORATE INTERNAL CONTROL SYSTEM

We have adopted two models, the COSO (Committee of Sponsoring Organizations of the Treadway Commission) and the COBIT (Control Objectives for Information and related Technology), which are internationally considered as being good practices, this in order to reasonably ensure our ongoing operating efficiency and effectiveness, reliable financial reporting information and due compliance with applicable legislation in all of the Company's dealings.

On a quarterly basis, the Board of Directors' Auditing Committee performs follow-ups and provides guidance with regard to the Company's internal control system and its corresponding components, tools and performance. The main features monitored by this Committee include: the work plans of both the Statutory Auditing Firm and the Company's own internal auditors, any significant variances with the financial statements, the methodology used to evaluate the internal control system, the risk management methodology, the results of the audits performed by both the Statutory Auditing Firm and the internal auditors, the implementation of action plans, the information provided to the Ethics HelpLine and the solutions given to the cases reported via this same channel.

Based on the above, we duly report that in 2010 there were no significant weaknesses detected that could have jeopardized the effectiveness of the Company's internal control system, and therefore we can give reasonable assurance to our shareholders of our ongoing operating efficiency and effectiveness, the reliability of our financial reporting information as well as the Company's due compliance with all applicable legislation.

ACKNOWLEDGMENTS

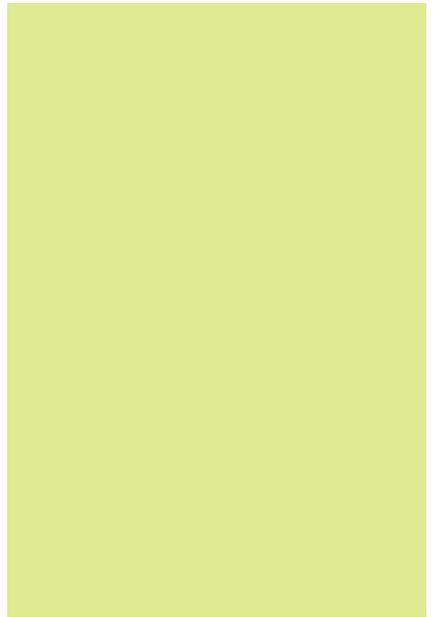
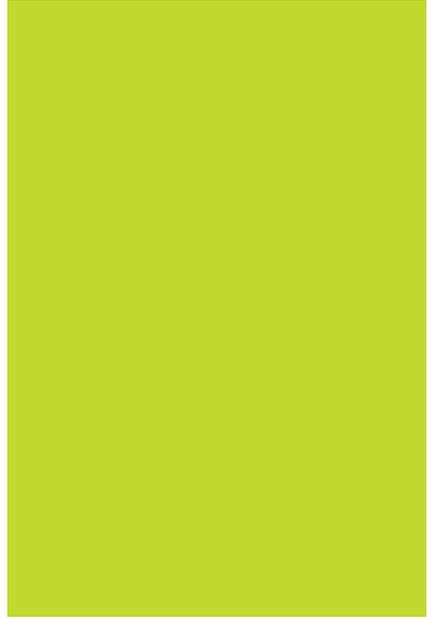
We would like to take advantage of this opportunity to express our immense gratitude to Mr. Carlos Raul Yepes, who was our Vice-President of Corporate Affairs as well as Company Secretary for the space of seven years, and who has contributed enormously to the growth of Cementos Argos. He shall leave an indelible mark on us not only because of his talent but also his immense kindness. We are extremely proud of all that Mr. Yepes has achieved and we wish him much success as he faces new professional challenges as Chief Executive Officer of Bancolombia.

BOARD OF DIRECTORS

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

Chairman

José Alberto Vélez



**CONSOLIDATED
BALANCE
SHEET**

CEMENTOS ARGOS S.A.
CONSOLIDATED BALANCE SHEETS
For years ended December 31, 2010 and 2009
(In millions of Colombian pesos)

ASSETS	Notes	2010	2009
CURRENT ASSETS			
Cash and banks		241.058	155.816
Negotiable investments	5	235.072	489.291
Accounts receivable, net	6	687.873	752.349
Inventories, net	7	289.475	361.135
Prepaid expense		23.617	39.550
TOTAL CURRENT ASSETS		1.477.095	1.798.141
NON-CURRENT ASSETS			
Long-term accounts receivable	6	38.230	57.522
Inventories	7	39.412	-
Permanent investments	8	340.108	334.677
Property, plant and equipment, net	9	2.870.683	2.880.021
Deferred charges and intangibles	10	1.634.481	1.908.881
Other assets		44.319	76.995
Asset valuations	19	9.036.539	7.641.378
TOTAL NON-CURRENT ASSETS		14.003.772	12.899.474
TOTAL ASSETS		15.480.867	14.697.615
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial obligations	11	682.182	758.099
Commercial Paper	12	250.000	300.000
Suppliers and accounts payable	13	500.749	606.263
Taxes payable	14	46.445	194.225
Labor obligations	16	36.419	28.520
Other liabilities	17	249.145	266.636
TOTAL CURRENT LIABILITIES		1.764.940	2.153.743
LONG-TERM LIABILITIES			
Financial obligations	11	700.167	959.660
Labor obligations	16	224.990	222.826
Deferred liabilities	15	160.869	131.623
Accounts payable	13	136.850	175.395
Bonds payable	12	1.228.506	1.226.864
TOTAL NON-CURRENT LIABILITIES		2.451.382	2.716.368
TOTAL LIABILITIES		4.216.322	4.870.111
Minority interest		88.468	87.124
SHAREHOLDERS' EQUITY (Please refer to attached Statement) 18		11.176.077	9.740.380
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15.480.867	14.697.615
Memoranda Accounts	20	3.358.117	1.935.832

The accompanying notes form an integral part of these consolidated financial statements

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

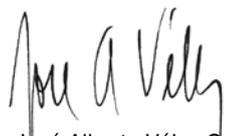
Oscar Rodrigo Rubio C.
Corporate Accounting Manager
Lic #. 47208 -T
(See attached certification)

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

CEMENTOS ARGOS S.A.
CONSOLIDATED STATEMENTS OF INCOME
For years ending December 31, 2010 and 2009
(In millions of Colombian pesos except for net earnings per share)

	Notes	2010	2009
Operating revenues		3.023.069	3.449.768
Cost of sales		2.423.433	2.693.035
GROSS INCOME		599.636	756.733
Operating expense			
Administrative	21	253.709	322.030
Sales	22	127.327	133.896
TOTAL OPERATING EXPENSE		381.036	455.926
OPERATING INCOME BEFORE ASSET IMPAIRMENT		218.600	300.807
Asset impairment	10	88.343	81.691
OPERATING INCOME AFTER ASSET IMPAIRMENT		130.257	219.116
Other non-operating income (expense)			
Financial income		12.981	38.773
Dividends and equity participations received		81.374	69.957
Financial expense		(192.208)	(279.662)
Foreign exchange difference	23	758	(51.360)
Other income	24	592.268	697.010
Other expense	25	(295.491)	(389.284)
Income before provision for income tax		329.939	304.550
Income tax expense	14	31.947	61.738
INCOME BEFORE MINORITY INTEREST		297.992	242.812
Minority interest share in subsidiary income		(9.114)	(32.985)
NET CONSOLIDATED INCOME		288.878	209.827
Net earnings per share		250,8	182,2

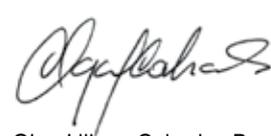
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Osear Rodrigo Rubio C.
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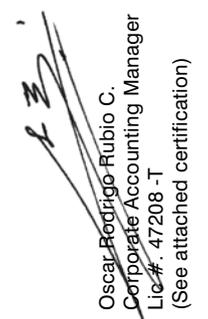
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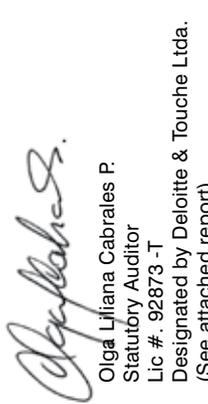
CEMENTOS ARGOS S.A.
STATEMENTS OF CHANGES TO CONSOLIDATED SHAREHOLDERS' EQUITY
For years ending December 31, 2010 and 2009
(In millions of Colombian pesos)

Notes	Capital Stock	Additional Paid-in Capital	Legal Reserve	Reserve for Future Expansion and Investments	Other Reserves	Total Reserves	Equity Revaluation	Profits from Prior Years	Profits for the Year	Asset Valuation Surplus	Total Shareholders' Equity
BALANCES AS OF DECEMBER 31, 2008	7.291	210.819	23.163	656.602	12.469	692.234	1.021.479	-	70.637	4.294.980	6.297.440
Transferred amounts to profits from prior years	-	-	-	-	-	-	-	70.637	(70.637)	-	-
Equity tax	-	-	-	-	-	-	(19.870)	-	-	-	(19.870)
Appropriations approved by the Shareholders	-	-	-	-	-	-	-	-	-	-	-
Dividends issued at a rate of COP 121 per share per year payable in four equal installments as of April 2009	-	-	-	(68.715)	-	(68.715)	-	(70.637)	-	-	(139.352)
Other movements recorded in reserves	-	-	-	(2.556)	-	(2.556)	-	-	-	-	(2.556)
Valuation adjustment	-	-	-	-	-	-	-	-	-	3.394.891	3.394.891
Profits for the year	-	-	-	-	-	-	-	-	209.827	-	209.827
BALANCES AS OF DECEMBER 31, 2009	7.291	210.819	23.163	585.331	12.469	620.963	1.001.609	-	209.827	7.689.871	9.740.360
Transferred amounts to profits from prior years	-	-	-	-	-	-	-	209.827	(209.827)	-	-
Freed amounts from non-taxable reserve for future expansion	-	-	-	(1.328)	-	(1.328)	-	1.328	-	-	-
Dividends issued at a rate of COP 126 per share per year payable in four equal installments as of 2010	-	-	-	-	-	-	-	(145.111)	-	-	(145.111)
Other movements recorded in reserves	-	-	-	-	11	11	-	(6)	-	-	5
Realized gains for the year	-	-	-	-	6	6	-	-	-	-	6
Appropriations for reserve for future expansion	-	-	-	62.630	-	62.630	-	(62.630)	-	-	-
Appropriations for tax provision reserve	-	-	-	-	3.408	3.408	-	(3.408)	-	-	-
Equity tax	-	-	-	-	-	-	(19.870)	-	-	-	(19.870)
Valuation adjustment	-	-	-	-	-	-	-	-	-	1.311.789	1.311.789
Profits for the year	-	-	-	-	-	-	-	-	288.878	-	288.878
BALANCES AS OF 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

The accompanying notes form an integral part of these financial statements


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(See attached certification)


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(See attached report)

CEMENTOS ARGOS S.A.
CONSOLIDATED STATEMENTS OF CHANGES TO FINANCIAL POSITION
For years ending December 31, 2010 and 2009
(In millions of Colombian pesos)

	2010	2009
FUNDS PROVIDED BY:		
Net consolidated income	288.878	209.827
Add (less) debits (credits) to the income accounts that do not affect working capital:		
Depreciation on property, plant and equipment	249.471	264.082
Amortization of deferred charges and others	71.111	86.829
Other amortizations expense	1.642	1.642
Recovered amounts of provisions for property, plant and equipment, net	2.620	-
Provisions for investments, net	6.295	-
Exchange differences on financial obligations and long term payables	2.321	(64.545)
(Profit) loss on sales of property, plant and equipment, net	(1.885)	56.212
Losses on disposal of property, plant and equipment	74.237	16.058
Profits from sales of permanent investments	(509.220)	(157.512)
Amortization of retirement pensions	4.697	5.389
Minority interest	9.114	32.985
Asset impairment	88.343	81.691
WORKING CAPITAL PROVIDED BY OPERATING ACTIVITIES	287.624	532.658
FUNDS PROVIDED BY OTHER SOURCES		
Sales of property, plant and equipment	176.872	65.256
Sales of permanent investments	547.856	323.302
Increase in long-term labor liabilities	-	1.261
Increase in long-term bonds	-	640.000
Portfolio investments transferred to controlled investments	-	17.077
Increase in deferred charges and other long-term liabilities	29.246	-
Decrease in long-term accounts receivable	19.292	-
Decrease in deferred assets and intangibles	114.946	-
Decrease in other long-term assets	32.676	-
Increase in minority interest	1.344	-
TOTAL FINANCIAL RESOURCES PROVIDED	1.209.856	1.579.554
FUNDS USED FOR:		
Increase in long-term inventories	39.412	-
Purchases of property, plant and equipment	491.977	505.568
Purchases of permanent investments	3.333	72.027
Dividends declared	145.111	139.352
Decrease in long-term financial obligations	255.949	248.010
Decrease in long-term accounts payable	44.410	28.557
Decrease in deferred long-term liabilities	-	31.986
Decrease in labor liabilities	2.533	-
Increase in long-term receivables	-	16.700
Increase in other assets	-	4.145
Increase in deferred assets and intangibles	-	78.183
Decrease in minority interest	-	136.232
Decrease in equity due to other changes in equity	92.475	184.138
Equity tax	19.870	19.870
Controlled permanent investments transferred to non-controlled permanent investments	47.029	-
TOTAL FINANCIAL RESOURCES USED	1.142.099	1.464.768
INCREASE IN WORKING CAPITAL	67.757	114.786
CHANGES IN COMPONENTS OF WORKING CAPITAL		
Cash and banks plus temporary investments	(168.977)	(340.528)
Accounts receivable, net	(64.476)	(240.457)
Inventories, net	(71.660)	(41.161)
Property, plant and equipment, net	-	(57.507)
Deferred charges and intangibles	-	(106.777)
Prepaid expense	(15.933)	6.622
Financial obligations	75.917	618.357
Commercial paper	50.000	-
Suppliers and accounts payable	105.514	242.429
Taxes payable	147.780	32.883
Labor liabilities	(7.899)	1.601
Other liabilities	17.491	(676)
INCREASE IN WORKING CAPITAL	67.757	114.786

The accompanying notes form an integral part of these consolidated financial statements

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Oscar Rodrigo Rubio C.
Corporate Accounting Manager
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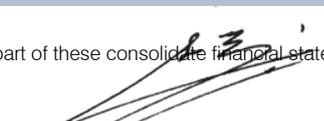
Olga Lilliana Cabrales P.
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(See attached report)

CEMENTOS ARGOS S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For years ending December 31, 2010 and 2009
(In millions of Colombian pesos)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net consolidated income	288.878	209.827
Adjustments made to reconcile net income with net cash provided by operating activities		
Depreciation on property, plant and equipment	249.471	264.082
Amortization of deferred charges and others	71.111	86.829
Other amortization expenses	1.642	1.642
Recovered amounts of provisions for property, plant and equipment, net	2.620	-
Provisions for investments, net	6.295	-
(Profits) losses on sale of property, plant and equipment, net	(1.885)	65.576
Losses on disposal of property, plant and equipment	74.237	16.058
Profits from sale of negotiable and permanent investments	(509.220)	(481.868)
Amortization of retirement pensions	4.697	5.389
Income receivable	(8.532)	(16.644)
Provision for accounts receivable	4.165	7.757
Provision for inventories	7.798	5.298
Exchange differences on financial obligations and long term payables	2.321	(64.545)
Minority interest	9.114	32.985
Asset impairment	88.343	81.691
OPERATING CASH FLOWS SUBTOTAL	291.055	214.077
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Accounts receivable	88.135	232.644
Inventories	24.450	35.863
Prepaid expense	15.933	(6.622)
Other assets	-	(4.145)
Suppliers and accounts payable	(105.514)	(242.429)
Labor obligations	5.366	(340)
Taxes payable	(147.780)	(32.883)
Other liabilities	11.755	676
Decrease in deferred long-term liabilities	-	(31.986)
Transfers of portfolio investments to subsidiaries	-	17.077
NET CASH PROVIDED BY OPERATING ACTIVITIES	183.400	181.932
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of property, plant and equipment	176.872	220.176
Sales of investments	547.856	1.066.465
Purchases of property, plant and equipment	(491.977)	(505.568)
Purchases of investments	(3.333)	(490.834)
Increase in deferred assets and intangibles	-	(78.183)
Decrease in equity due to other changes in equity	(92.475)	(184.138)
Controlled permanent investments transferred to non-controlled permanent investments	(47.029)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	89.914	27.918
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends declared	(145.111)	(139.352)
Decrease in financial obligations	(331.866)	(866.367)
Decrease in commercial paper	(50.000)	-
Decrease in long-term accounts payable	(44.410)	(28.557)
Increase in bonds	-	640.000
Decrease in deferred assets and long-term intangibles	114.946	-
Decrease in other long-term assets	32.676	-
Increase (decrease) in minority interest	1.344	(136.232)
Equity tax payments	(19.870)	(19.870)
NET CASH USED IN FINANCING ACTIVITIES	(442.291)	(550.378)
Net decrease in cash and cash equivalents	(168.977)	(340.528)
Cash and cash equivalents at beginning of year	645.107	985.635
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	476.130	645.107
CASH EQUIVALENTS		
Cash and banks	241.058	155.816
Negotiable investments	235.072	489.291
CASH AND CASH EQUIVALENTS	476.130	645.107

The accompanying notes form an integral part of these consolidated 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)

CERTIFICATION FROM THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 23, 2011

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

As Legal Representative, I hereby certify that the Consolidated Financial Statements at December 31, 2010 that have been placed in the public domain, do not contain any errors, inaccuracies or flaws that could prevent the public from knowing the financial position of Cementos Argos S.A. or the operations it carried out during said period



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

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

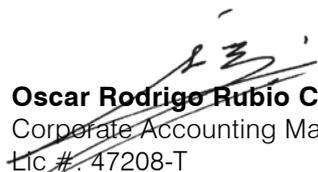
Barranquilla, February 23, 2011

To the Shareholders of Cementos Argos S.A.

We, as the undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S.A. duly certify that the figures included in the Company's consolidated financial statements for the fiscal years ended December 31, 2010 and 2009 were faithfully taken from the Company's books. In addition before being made available to both of you, our Shareholders, as well as third parties, we duly checked the following disclosures made therein, including the following:

- a) All assets and liabilities included in the Company's consolidated financial statements for the years ended December 31, 2010 and 2009 duly exist and all transactions therein included were carried out during these same periods ending on said dates.
- b) All economic events on the part of both the Company and its subsidiaries during the fiscal years ending December 31, 2010 and 2009 have been duly acknowledged in the financial statements.
- c) Assets represent probable future earnings (rights) and liabilities represent probable future outlays (obligations) either obtained by or for the benefit of the Company at December 31, 2010 and 2009.
- d) All items have been posted at their appropriate values according to generally-accepted accounting principles in Colombia.
- e) All economic events affecting the Company and its subsidiaries have been correctly classified, described and revealed in these financial statements.


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


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 consolidated balance sheets of CEMENTOS ARGOS S.A. and its subordinates mentioned in note 1 to the financial statements, as of December 31, 2010 and 2009 and the corresponding 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 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 my audit in accordance with auditing standards generally accepted in Colombia. Such standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including his assessment of the risk of material misstatements in the financial statements. In making that risk assessment, the auditor considers the Company's internal control relevant to the preparation and reasonable presentation of the 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, 2010 and 2009, CEMENTOS ARGOS S.A. has direct and indirect investments in companies not audited by Deloitte & Touche that represent 5% and 11% of the assets and 10% and 21% of the total consolidated income, respectively, consolidated under the global integration method, according to the financial statements of these companies, as of that date. Those financial statements were audited by other auditors, who issued an opinion without qualification on same.

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

In my opinion, based on my audits and on that of other 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 subordinates as of December 31, 2010 and 2009, and the results of its operations, the changes in its equity, the 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.



OLGA LILIANA CABRALES PINTO

Statutory Auditor

Professional Card No.92.873-T

Designated by Deloitte & Touche Ltda.

February 23, 2011.



**NOTES TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CEMENTOS ARGOS S.A.

FOR YEARS ENDING DECEMBER 31, 2010 AND 2009

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

NOTE 1 – REPORTING ENTITY

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

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

ALEXIOS N.V.

Incorporated according to Surinamese legislation on March 1, 2006, it has an indefinite term of duration and is domiciled in Paramaribo, Surinam. Its business purpose is to invest. This company is consolidated with Vensur N.V.

AMERICAN CEMENT TERMINALS LLC

Incorporated according to the laws of the state of Delaware, United States on September 20, 2007, it has an indefinite term of duration. Its business purpose is to make investments

ARGOS U.S.A. CORP.

This company was incorporated according to the laws of the state of Delaware, United States on December 19, 2006, and is domiciled in Houston, Texas. Its business purpose is to carry out all lawful investment activities in the cement, concrete and related sectors. It has a perpetual term of duration. This Company is included in the consolidation in conjunction with 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 y Consort Livestock Inc.

C.I. CARBONES DEL CARIBE S.A.S.

Incorporated according to Colombian legislation on October 28, 1981, this company is domiciled in Medellin and has an indefinite term of duration. Its business purpose is to promote Colombian exports abroad, especially international sales of coal and other coal-related minerals, as well as prospecting for, exploring, mining, producing, processing, transforming, acquiring, selling, marketing and transporting coal together with any other type of hydrocarbon, and

carrying out any other lawful business activity both at home and abroad. Through a merger than took place in 2010, the Company took over Carbones Nechí S.A.S. whereupon it changed its place of domicile from Barranquilla to Medellín.

C.I. DEL MAR CARIBE BVI INC.

Incorporated according to the laws of the British Virgin Islands on June 02, 2004 and domiciled in Tortola, its business purpose is to sell cement, clinker and lime. It has an indefinite duration, in accordance with to the laws of this country.

CANTERAS DE COLOMBIA S.A.S.

Incorporated according to Colombian legislation on November 9, 1979, and domiciled in Medellín this company has an indefinite term of duration. Its business purpose is to mine, explore, process, transform, transport, use, market and sell quarry and shore materials and generally speaking rock aggregates, such as sand, gravel and any other materials and elements inherent to such that are used in the construction industry and generally speaking carry out all those activities relating to mining and marketing and selling renewable and non-renewable natural resources and carry out any lawful business activity both at home and abroad.

CARBONES NECHÍ S.A.S.

Incorporated according to Colombian legislation on September 11, 1965, its registered place of business was in Medellín. Its business purpose was to mine, explore, process, transform, transport, use, exploit, market and sell quarry and shore materials and generally speaking rock aggregates, such as sand, gravel and any other materials and elements inherent to such that are used in the construction industry and generally speaking carry out all those activities relating to mining and marketing and selling renewable and non-renewable natural resources as well as any other lawful economic activity both at home and abroad. In 2010, this company was taken over by Canteras de Colombia S.A.S., and duly dissolved without being liquidated thereby terminating its legal status.

CARICEMENT ANTILLES NV

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

CEMENT AND MINING ENGINEERING INC.

Incorporated according to Panamanian legislation on February 4, 1997 and domiciled in Panamá City, its business purpose is to build, provide technical assistance, install and assemble equipment, buy, sell and manage real estate and movable property, investments, financing, stakes in companies, purchase or obtain patents, trademarks, copyright, licenses and formulas, carry out transactions with banks and other financial institutions, It may also purchase and sell shares, securities or bonds, financing and stakes held in companies as well as mining and shipping concerns as well as any other lawful business permitted by the laws of the Republic of Panama. It has a indefinite term of duration.

CEMENTO PANAMÁ S.A.

This joint stock company was incorporated according to the laws of Panamá on June 25, 1943. Its business purpose consists of producing, selling, importing and exporting cement and its byproducts, as well as importing any type of raw material, machinery, equipment and spare parts for producing and selling cement. It is domiciled in Panamá City, Panamá and has a perpetual term of duration. This company is included in the consolidation along 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 Tucumen S.A., Arenas del Golfo S.A., Canteras Nacionales Centrales S.A. and Canteras Nacionales Chiriquí S.A.

CEMENTOS COLÓN S.A.

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

COLCARIBE HOLDINGS S.A.

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

COMERCIAL ARVENCO C.A.

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

CONCRETOS ARGOS S.A.

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

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

Incorporated according to Colombian legislation on December 14, 1982, domiciled in Medellín and with an indefinite term of duration, this Company's business purpose is to carry out any lawful business activity both at home and abroad. In 2010 it merged with Colcaribe Holdings Dos S.A and was given authorization to register as a foreign company in Panamá.

DOMAR LTD.

This limited liability company was incorporated according to the laws of the Bermudas under Company Registration No. EC 21125 on September 12, 1995. Its business purpose was to make investments. It was domiciled in Hamilton, Bermuda. This company was included in the consolidation along with Dominicana Cement Holdings S.A. It was taken over by Colcaribe Holdings Dos in 2010.

EMPRESA DE CARBONES DEL CESAR Y LA GUAJIRA S.A. EN LIQUIDACIÓN

Incorporated according to Colombian legislation on February 2, 1994 and domiciled in Medellín, its business purpose consisted of carrying out development projects of a social and economic nature as well as marketing activities in the coal-mining region of Colombia, particularly in the Departments of Cesar and Guajira. In carrying out its business purpose, it maintained a preference for all those large-scale mining projects relating to prospecting for, mining, transforming and selling coal. It has now been dissolved and is subject to liquidation proceedings according to that decided by its shareholders in 2010. Also in 2010, the company changed its place of domicile from Valledupar to Medellín. This company was only included in the consolidation until 2009.

FLOTA FLUVIAL CARBONERA S.A.S.

Incorporated according to Colombian legislation on December 30, 1982, this company is domiciled in Barranquilla and has an indefinite term of duration. Its business purpose is to conduct business within the river transport industry as well as any other lawful business activity both at home and abroad. In 2010 Argos sold its entire stake in this company to a third-party firm, MERCURIA S.A.S. This Company was only included in the consolidation until 2009.

GANADERÍA RÍO GRANDE S.A.S.

Incorporated according to Colombian legislation on September 8, 2006 this company is domiciled in Medellín and has an indefinite term of duration. Its business purpose is to carry out any activity relating to the agricultural and livestock industries. The Company may also carry out any lawful business activity both at home and abroad.

HAITI CEMENT HOLDING S.A.

This company was incorporated in Panamá City, Panamá, on October 7, 1997, where it has its registered place of business. Its business purpose is to acquire, purchase and invest in securities, bonds, shares and equity stakes in other companies, as well as conduct any other lawful activity permitted by Panamanian legislation. It has a perpetual term of duration. This company is included in the consolidation in conjunction with Cimenterie Nationale S.E.M. (CINA).

INTERNATIONAL CEMENT COMPANY S.A.

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

LOGÍSTICA DE TRANSPORTE S.A.

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

MARÍTIMA DE GRANELES S.A.

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

POINT CORP.

Incorporated according to the laws of the British Virgin Islands on February 20, 2001 this company is domiciled in Road Town Tortola, the British Virgin Islands. Its business purpose is to purchase, sell and transfer shares, purchase, borrow, lend, hire and rent property and all those activities which it is permitted to carry out and that lead to the Company achieving its goals It has an indefinite term of duration.

PORT ROYAL CEMENT COMPANY, LLC

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

REFORESTADORA DEL CARIBE S.A.S.

Incorporated according to Colombian legislation on February 14, 1983, this company is domiciled in Medellín and has an indefinite term of duration. Its business purpose is to carry out any lawful business activity both at home and abroad. In 2010, this company changed its place of domicile from Cartagena to Medellín.

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

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

SOCIEDAD PORTUARIA GOLFO DE MORROSQUILLO S.A.

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

SOUTH CARIBBEAN TRADING & SHIPPING S.A.

Incorporated according to Panamanian legislation on March 8, 1999, and registered with the Panamanian Public Registry on March 17, 1999, this company is domiciled in Panama City. Its business purpose is to invest in any type of negotiable instrument. It has a perpetual term of duration, according to the laws of this country.

TRANSATLANTIC CEMENT CARRIERS, INC.

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

TRANS ATLANTIC SHIP MANAGEMENT LTD.

Incorporated in the British Virgin Islands on June 3, 2004, it is domiciled in Road Town, Tortola, in the British Virgin Islands. Its business purpose relates to the international shipping business, and to this end may lease, charter or own ships and transport cargo belonging to third parties in third party ships as well as carry out any other lawful activity permitted by the laws of the British Virgin Islands. This company is included in the consolidation in conjunction with Somerset Shipping Co. Ltd., Winterset Shipping Co. Ltd. and Dorset Shipping Co. Ltd.

URBANIZADORA VILLA SANTOS S.A.S.

Incorporated according to Colombian legislation on June 18, 1974, this company is domiciled in Barranquilla and has an indefinite term of duration. Its business purpose is to carry out any lawful business activity both at home and abroad.

VALLE CEMENT INVESTMENTS LTD.

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

VENEZUELA PORTS COMPANY S.A.

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

ZONA FRANCA ARGOS S.A.S.

Incorporated according to Colombian legislation on July 5, 2007, this company is domiciled in Cartagena and has an indefinite term of duration. Its business purpose is to conduct business within the cement industry, produce concrete mixes, or any other materials or articles made of cement, lime or clay; purchase and sell minerals or mineral deposits to be used by the cement and similar industries, as well as acquire rights to explore or mine the aforementioned minerals, whether through concessions or chartering, leasing or other types or arrangements, manage, run, supervise, market and develop a free trade zone, and carry out all those activities inherent to its capacity as exclusive user of a special free trade zone and that should be considered convenient, relevant or necessary to perform the following activities as a port operator: loading and unloading, storing in port warehouses, importing and exporting goods and services, handling container cargos and cargos in general. The company may also carry out any lawful business activity both at home and abroad.

NOTE 2 - BASIS OF PRESENTATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATION

Our companies in Colombia must prepare their own individual general-purpose financial statements which are presented to the shareholders at their annual meetings and which serve as a basis for the distribution of dividends and other appropriations. Also, the Colombian Code of Commerce requires general-purpose consolidated financial statements to

be drawn up, which are also presented to the shareholders at their annual meetings for subsequent approval, but said statements do not serve as a basis for distributing dividends and appropriating profits.

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

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

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

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

The elimination of balances and transactions between the parent company and its subsidiaries, as well as those between subsidiaries, together with calculations regarding minority interest, the proportional value of the corresponding equity and amortizations of surpluses and/or deficits between the cost of the investment and its book value, have been duly carried out in compliance with that provided by the Colombian Superintendency of Finance in Circular No. 002 of 1998, subsequently amended by Circular No. 011 issued in 1998.

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

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

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

2010

NAME	TOTAL % STAKE	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	RESULTS FOR THE YEAR
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 Holdings 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	

NAME	TOTAL % STAKE	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	RESULTS FOR THE YEAR
American Cement Terminals LLC	100.00	13.013	-	13.013	(22)
Argos USA Corp.	100.00	1.517.797	883.131	634.666	(126.674)
Belsford Ltd.	100.00	56.108	102	56.006	(1.323)
C.I. Carbones del Caribe S.A.S.	100.00	243.628	50.183	193.445	(70.236)
C.I. del Mar Caribe BVI Inc.	100.00	22.483	14.354	8.129	4.169
Canteras de Colombia S.A.S.	100.00	84.057	12.143	71.914	(1.996)
Carbones Nechí S.A.S.	100.00	8.795	10.784	(1.989)	(5.047)
Caribbean Construction and Development Ltd.	100.00	8.257	1.683	6.574	161
Caricement Antigua Limited	100.00	7.766	2.244	5.522	911
Caricement Antilles NV	100.00	32.199	4.051	28.148	(3.640)
Caricement Saint Maarten NV	100.00	9.536	7.576	1.960	646
Caricement USVI Corp.	100.00	3.156	9.967	(6.811)	(1.931)
Cement and Mining Engineering Inc.	100.00	11.471	23.732	(12.261)	(3.016)
Cemento Panamá S.A.	98.40	478.417	207.773	270.644	53.722
Cementos Argos S.A.		13.284.562	3.463.341	9.821.221	209.821
Cementos Colón, S.A.	70.00	68.429	10.252	58.177	15.605
Central Aggregates LLC	100.00	26.213	3.253	22.960	(2)
Cimenterie Nationale S.E.M.	65.00	58.269	15.646	42.623	11.604
Climsford Investments Ltd.	100.00	71.777	15.769	56.008	(1.321)
Colcaribe Holdings S.A.	100.00	217.522	26.680	190.842	16.648
Comercial Arvenco C.A.	100.00	752	571	181	(12)
Concretos Argos S.A.	100.00	614.134	200.755	413.379	(5.437)
Consort Livestock Inc.	100.00	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	99.60	208.555	75.884	132.671	(5.072)
Domar Ltd.	100.00	40.680	14.342	26.338	27.743
Dominicana Cement Holding, S.A.	87.00	40.722	-	40.722	10.865
Dorset Shipping Co. Ltd.	100.00	1.475	146	1.329	2.268
Empresa de Carbones del Cesar y La Guajira S.A.	99.90	76.148	29.602	46.546	40.467
Flota Fluvial Carbonera S.A.S.	100.00	12.872	4.947	7.925	2.008
Fortecol Investments Ltd.	100.00	27.397	4	27.393	(366)
Ganadería Río Grande S.A.S.	100.00	10.233	5.843	4.390	(768)
Godiva Investments Ltd.	100.00	27.698	-	27.698	(1.714)
Gulf Coast Cement LLC	100.00	-	-	-	-
Haití Cement Holding S.A.	100.00	32.641	2	32.639	7.094
International Cement Company S.A.	100.00	468	-	468	(2)
Logística de Transporte S.A.	100.00	46.218	18.327	27.891	(160)
Marítima de Graneles S.A.	100.00	24.519	22.148	2.371	(192)
Piazza Acquisition Corp.	100.00	543.781	9.587	534.194	(23.506)
Point Corp.	80.85	173.013	-	173.013	13.786
Port Royal Cement Company LLC	100.00	16.514	3.501	13.013	24
Reforestadora del Caribe S.A.S.	100.00	37.079	10.806	26.273	(1.570)
RMCC Group Inc.	100.00	291.752	-	291.752	(101.956)
Savannah Cement Company LLC	100.00	19.658	8.142	11.516	(452)
Sociedad Portuaria de Cementeras Asociadas S.A.	100.00	16.350	14.509	1.841	(310)
Sociedad Portuaria Golfo de Morrosquillo S.A.	100.00	18.765	7.811	10.954	(2.142)
Somerset Shipping Co. Ltd.	100.00	22.131	21.027	1.104	1.181
South Caribbean Trading & Shipping S.A.	100.00	204.078	45.475	158.603	24.844
South Central Cement Ltd.	100.00	74.274	19.299	54.975	1.097
Southern Equipment Company Inc.	100.00	932.217	640.465	291.752	(103.516)
Southern Star Concrete Inc	100.00	767.681	223.923	543.758	(19.003)
Southern Star Leasing, LLC	100.00	-	-	-	-
Trans Atlantic Shipmanagement Ltd.	50.00	22.567	(111)	22.678	(1.620)
Transatlantic Cement Carriers Inc.	100.00	45.231	20.858	24.373	(1.422)
Urbanizadora Villa Santos S.A.S.	100.00	61.035	53.179	7.856	1.623
Valle Cement Investments Ltd.	100.00	624.282	311.307	312.975	243.896
Venezuela Ports Company S.A.	100.00	5.176	10	5.166	1.118
Winterset Shipping Co. Ltd.	100.00	24.065	19.885	4.180	(669)
Zona Franca Argos S.A.S.	100.00	985.665	150.847	834.818	17.019
		22.273.281	6.695.755	15.577.526	

In 2010, our group of subsidiaries underwent the following changes:

- The consolidation was extended to: Alexios N.V. and Vensur N.V.
- The following Companies were merged: Carbones Nechí S.A.S. with C.I. Carbones del Caribe S.A.S.; Dominicana Cement Holding S.A. with Domar Ltd.; Colcaribe Holdings S.A. was split off to form Colcaribe Holdings Dos S.A.; Domar Ltd. was merged with Colcaribe Holdings Dos S.A. as was Colcaribe Holdings Dos S.A. with Corporaciones e Inversiones del Mar Caribe S.A.S.

- The following companies are in the process of being liquidated: Emcarbón S.A. en Liquidación, Profesionales a su Servicio Ltda. en Liquidación, Asesorías y Servicios Ltda. en Liquidación and Caribe Trading Corporation.
- The following was sold: Flota Fluvial Carbonera S.A.S.
- Corporación de Cemento Andino C.A. and its subsidiaries Andino Trading Corporation, Comercializadora Dicemento C.A. and Depoan S.A. as well as Intership Agency Venezuela C.A. and Surandina de Puertos C.A. were excluded from the consolidation since the Company does not possess a controlling stake in these same.

Compared to the Cementos Argos S.A. non-consolidated financial statements, the consolidation produced increases in Total Assets of COP 748.062 (2009 – COP 1.413.053), in Liabilities COP 828.890 (2009 – COP 1.493.894), but a drop in Shareholders' Equity of COP 80.828 (2009 – COP 80.841). There was no change in net profits for 2010 (2009 – COP 6).

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

	Balance before eliminations	Eliminations	Consolidated balance
Assets	22.643.016	(7.162.149)	15.480.867
Liabilities and minority interest	6.699.629	(2.394.839)	4.304.790
Shareholders' Equity	15.943.387	(4.767.310)	11.176.077

	2010	2009
Non-consolidated profits	288.878	209.821
Realized profits	-	6
Consolidated profits	288.878	209.827

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

	2010	2009
Individual Equity	11.256.905	9.821.221
Unrealized gains on sale of property plant and equipment	(1.807)	(1.808)
Unrealized gains on sale of investments	(48.621)	(48.621)
Unrealized gains on sale of land	(30.400)	(30.418)
Unrealized gains for the year	-	6
Consolidated equity	11.176.077	9.740.380

NOTE 3 - MAIN ACCOUNTING POLICIES AND PRACTICES

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

ESSENCE OVER FORM

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

CONVERTING THE FINANCIAL STATEMENTS

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

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

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

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

ADJUSTMENTS FOR INFLATION

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

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

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

NEGOTIABLE AND PERMANENT INVESTMENTS

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

- a) Investments that the Parent Company or its Subsidiaries intend to hold until maturity or until they expire or for at least a term of three years in the case of all those investments whose term is greater than three years or that simply do not have a maturity date are classified as permanent investments. These investments are appraised and posted on a prospective basis in the following manner:

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

PROVISION FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

DEFERRED CHARGES

This account consists of prepaid expense and deferred charges. Prepaid expense mainly includes insurance premiums which are amortized using the straight line method over a 12 month period.

Deferred charges mainly include software programs deferred income tax organizational and pre-operating expense, improvements to third party properties and automation projects which are amortized using the straight line method over a period of between 3 and 5 years.

INTANGIBLES

Intangibles are recorded at their purchase cost and represent the value of certain rights such as trademarks, goodwill and utilization rights (concessions and franchises), amongst others. These are amortized using the straight-line method.

The period for amortizing trademarks is 20 years, and in the case of all those other rights, depending on the length of the licensing term or the time estimated for using these reserves, which is estimated at between 3 and 30 years. Acquired goodwill is given the following treatment.

ACQUIRED GOODWILL

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

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

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

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

ASSET VALUATIONS

These correspond to:

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

DERIVATIVES

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

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

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

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

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

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

The Company also periodically appraises its derivatives based on market prices for the purpose of providing proper administrative control.

The Company effectively handles these risks by carrying out the following operations:

SWAPS

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

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

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

FORWARDS

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

OPTIONS

These are used to hedge exchange rate risk mainly with monthly exports and the corresponding future flows derived from such. These are carried out through structured hedging arrangements such as export collars which allow for a range of monetization at market prices thereby safeguarding risks against sharp exchange rate fluctuations. These are valued using the Black – Scholes model.

HEDGE ACCOUNTING

All these arrangements are posted using hedge accounting principles. In order to post a derivative using hedge accounting the instrument must comply with the following requirements:

- They must be formally documented by means of an agreement.
- They must be highly effective.
- In the case of all those transactions involving cash flow hedges, the underlying to be covered in the future must be highly probable.
- They must have all the necessary models in order to be able to measure the effectiveness of the hedge.
- The hedge shall have been evaluated against the entity's continued performance.

LABOR OBLIGATIONS AND RETIREMENT PENSIONS

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

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

On December 7, 2010, the Colombian Ministry of Finance and Public Credit issued Decree 4565 amending that provided in Article 77 of Decree 2649 of 1993, containing instructions as to how economic entities, must calculate and disclose their retirement pension liabilities, provided they are obliged to do so. In drawing up their actuarial calculations at December 31, 2010, the aforementioned entities must use the Mortality Tables for Male and Female Annuitants, duly updated by the Colombian Superintendency of Finance by means of Resolution No. 1555 issued on July 30, 2010. The percentage to be amortized compared to the retirement pension liability balance as of December 31, 2009, as well as the remaining amounts to be provisioned, must be amortized from the year ending December 31, 2010 until 2029 using the straight line method, with no exception to completing such amortization before 2029. The Company decided to amortize the unprovisioned balance within 8 years.

Pension payments made during the fiscal year are charged directly to the income accounts for the period. In the case of all those employees who are covered by the new social security system (Law 100 of 1993) the Company covers its pension obligations by paying contributions to the Colombian Social Security Institute and/or private pension funds according to the terms and conditions provided by such Law.

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

INCOME TAX

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

MEMORANDUM ACCOUNTS

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

RECOGNITION OF REVENUES, COSTS AND EXPENSE

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

OPERATING INCOME BEFORE ASSET IMPAIRMENT

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

ASSET IMPAIRMENT

Asset impairment corresponds to an expense originating from a long-term asset impairment study carried out by experts recorded as operating expense by Argos USA Corporation, who applies to US GAAP and Caricement Antilles NV who applies International Financial Reporting Standards (IFRS). This expense arose as a result of events that are entirely unrelated to the Company's main business activity.

CONVERTING TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

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

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

STATEMENTS OF CASH FLOWS

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

CASH AND CASH EQUIVALENTS

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

MATERIALITY

In preparing the financial statements according to generally-accepted accounting principles in Colombia, Company Management is required to make estimates and assumptions regarding the reported amounts of assets and liabilities on the closing date of said financial statements as well as the amounts of revenues and expense reported during the period in question. Generally speaking, economic events are recognized and presented based on their relative importance or materiality. In the case of the financial statements for 2010, materiality was determined on the basis of 5% of consolidated EBITDA.

CONSOLIDATED BASIC INCOME PER SHARE

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

CONTINGENCIES

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

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

RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain figures included in the financial statements at December 31, 2009 were reclassified for presentation purposes.

NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCY

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

Transactions and balances in foreign currency are converted using the market exchange rate as certified by the Central Bank, which was used to prepare the financial statements at December 31, 2010 and 2009. The market exchange rate at December 31, 2010 was COP 1,913.98 (2009 - COP 2,044.23) per US dollar.

The Company and its subsidiaries held the following net position in foreign currency, mainly in US dollars, posted at their equivalent values in millions of Colombian pesos at December 31, 2010 and 2009:

	2010		2009	
	DOLLARS	MILLIONS OF PESOS	DOLLARS	MILLIONS OF PESOS
Current Assets	540.475.248	1.034.459	431.392.061	881.865
Non-current assets	1.227.887.588	2.350.152	1.236.760.392	2.528.223
	1.768.362.836	3.384.611	1.668.152.453	3.410.088
Current liabilities	(494.393.829)	(946.260)	(566.289.579)	(1.157.626)
Non-current liabilities	(849.518.434)	(1.625.961)	(608.791.840)	(1.244.511)
	(1.343.912.263)	(2.572.221)	(1.175.081.419)	(2.402.137)
Net Long Position	424.450.573	812.390	493.071.034	1.007.951

In order to mitigate risk with transactions in foreign currency, Grupo Argos performs hedging operations as described in Notes 6 and 13.

NOTE 5 – NEGOTIABLE INVESTMENTS

Negotiable investments at December 31, 2010 and 2009 are broken down as follows:

	Average Annual Rate - 2010 (%)	2010	2009
CDs (1)	4,00%	216.912	261.977
Repos	-	-	165.191
Trust rights	2,72%	17.980	62.119
Securities and acceptances		180	-
Bonds and others		248	252
		235.320	489.539
Less - Provisions		(248)	(248)
		235.072	489.291

(1) Corresponds mainly to CDs totaling USD 110.000.000 (2009 – USD 116.000.000).

NOTE 6 – ACCOUNTS RECEIVABLE

At December 31, 2010 and 2009, the Accounts Receivable account included the following:

	2010	2009
Domestic customers (1)	383.492	282.914
Foreign customers	10.208	15.534
Receivables due from related companies (2) (See Note 26)	33.501	42.376
Advances to contractors and others (3)	25.750	95.389
Promissory bills of sale (4)	48.711	42.975
Loans to private individuals (5)	420	15.458
Miscellaneous receivables	40.034	61.847
Accounts receivable due from workers	32.678	24.407
Income receivable (6)	33.306	105.732
Advance tax payments	138.501	173.027
Current trade accounts	442	96
Others	6.565	2.689
	753.608	862.444
Provision for doubtful accounts.	(27.505)	(52.573)
Long-term portion	(38.230)	(57.522)
	687.873	752.349

- (1) This increase is due mainly to cement sales in the central part of the country as well as accounts receivable on urban construction projects (Portal Alejandría I and II, Portal de Genovés and Miramar Phase IV).
- (2) Includes COP 19.513 (2009 – COP 20.191) with related non-consolidated companies (See Note 26).
- (3) Decrease is mainly due to the start up of the Line 4 project and the certifying of advance payments for this project.
- (4) Corresponds mainly to advance payments made on purchases of land for the forestry project in Carmen de Bolívar, land belonging to the Hacienda Centenario estate as well as having acquired offices in Bogotá.
- (5) Corresponds mainly to having written off the account receivable due from Industrial Hullera S.A. The Company as part of the liquidation of this company did not receive the monies owed as stated by its legal counsel.
- (6) This decrease is mainly due to having collected COP 61.944 from the sale of shares in Reforestadora El Guásimo and land sold to Fundación Para el Beneficio Social de los Empleados de Cementos del Caribe S.A.

The amount charged to results for the accounts receivable allowance totaled COP 4.165 (2009 – COP 7.757).

The provision for accounts receivable is broken down as follows:

	2010	2009
Opening balance	52.573	37.909
Provision for the year	4.165	7.757
(Write-offs) amounts recovered	(29.233)	6.907
Ending balance	27.505	52.573

At December 31, 2010, the accounts receivable and inventories belonging to Southern Star Concrete were surrendered as collateral to Wells Fargo, for each of the Company's revolving credit lines, approved for up to USD 30.000.000, of which USD 76.343 had been used up at December 31, 2010.

Long-term accounts receivable at December 31, 2010 become due and payable as follows:

	VALUE
2012	6.903
2013	14.582
2014	1.812
2015	1.097
2016 onwards	13.836
	38.230

Interest rates on long-term receivables are as follows: between 1.98% and 14.41% in the case of employee loans, and between 4.11% for loans to related companies..

The value of past-due customer receivables at December 31, 2010, was COP 115.336 (2009- COP 84.296). Uncollectible accounts more than 12-months past due that corresponded to 41 customers totaled COP 627 (2009 – COP 357).

The following are financial derivatives transactions that generated a positive valuation for the Company at the end of the year.

Year-end gains from derivatives are as follows:

SWAPS Type	Underlying	Value of Underlying	Rate Applicable to Underlying	Amount of Swap	Swap Rate	Due Date
Currency Swap	Account payable	USD 85.800.000	4,90% in arrears	COP 163.869	CPI + 5.354%	Aug 08 2016
Currency Swap	Bond due in 2017	COP 432.922	CPI + 3.17%	USD 240.000.000	Libor + 1.78%	Nov 23 2017

FORWARDS Type	Underlying	Value of Underlying	Amount of Forward	Rate Applicable to Forward	Maturity Date
Forward purchase	Fin. Obligation	USD 30.000.000	USD 30.278.812	COP 1.792,74	April 05 2011
Forward purchase	Fin. Obligation	USD 20.000.000	USD 20.198.130	COP 1.835,64	April 13 2011
Forward purchase	Fin. Obligation	USD 39.000.000	USD 39.418.945	COP 1.836,99	April 27 2011
Forward purchase	Fin. Obligation	USD 20.000.000	USD 20.095.327	COP 1.854,57	Feb 8 2011
Forward sale	CD in dollars	USD 12.500.000	USD 12.500.000	COP 1.910,52	Jan 24-2011
Forward purchase	Fin. Obligation	USD 25.500.000	USD 25.737.666	COP 1.809,69	April 13 2011
Forward purchase	Fin. Obligation	USD 16.800.000	USD 16.857.747	COP 1.788,08	12-ene-11
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.926,28	Jan 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.926,48	Feb 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.907,12	25-feb-11
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.930,35	Mar 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.913,99	Mar 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.932,81	April 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.921,62	25-abr-11
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.935,14	May 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.927,58	May 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.937,17	25-jun-11
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.932,68	June 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.939,15	July 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.934,06	July 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.941,23	Aug 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.934,64	Aug 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.942,81	25-sept-11
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.935,23	Sept 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.944,03	Oct 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.935,47	Oct 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.945,42	Nov 25 2011
Forward purchase	Future cash flow	USD 500.000	USD 500.000	COP 1.939,39	Nov 25 2011

Currency swaps are carried out for a two-fold purpose:

- Balance out the Company's exposure to the exchange rate.
- Take full advantage of currency arbitrage on the derivative market compared to the dollar lending market.

Currency forwards are carried out to hedge the risk of fluctuations with the exchange rate on dollar-denominated debt and temporary investments. These forwards are appraised at their fair value, bearing in mind the market curves applicable on the date on which the appraisal is carried out (see derivatives accounting policy above).

NOTE 7 – INVENTORIES, NET

Inventories at December 31, 2010 and December 31, 2009 are broken down as follows:

	2010	2009
Finished goods	56.418	63.201
Goods in process	21.801	20.708
Raw and direct materials	78.835	92.706
Materials, spare parts and accessories	97.930	111.437
Inventories in transit	9.462	7.280
Assets for sale	13.482	13.622
Land	9.594	10.360
Goods not manufactured by the Company	13.017	16.923
Urban construction work (1) 15.452 -	20.466	14.957
Others	14.735	15.515
	335.740	366.709
Less - Provision for inventories	(6.853)	(5.574)
Long-term portion (2)	(39.412)	-
	289.475	361.135

(1) Increase due to additional investment in urban construction projects began in 2009 as well as new project development. At year-end 2010 the following urban construction projects were in progress:

- Portal de Genovés
- Institutional cluster
- Centro Internacional del Caribe
- Miramar Phase IV
- Portal de Alejandría
- Villa Carolina 7 E.T.
- San Juan de Dios
- Pajonal (This is a long-term project)

(2) Corresponds to construction-ready land.

The change in the allowance for inventories was as follows:

	2010	2009
Opening balance	5.574	7.305
Provision for the year	7.798	5.298
Charge-offs	(6.519)	(7.029)
Ending balance	6.853	5.574

NOTE 8 – PERMANENT INVESTMENTS, NET

Permanent investments at December 31, 2010 and 2009 are broken down as follows:

2010

Company	Place of Domicile	Business Activity	Valuation Basis	Shares Outstanding	No. Shares	% Stake	Type of Share	Adjusted Cost	Commercial Value	Provision	Increase (Decrease) in Value
A. SHARES											
Aeropuerto de Barranquilla S.A.	Barranquilla	Air Transport	I	338.000.000	16.000.000	4,73%	O	40	203	-	163
Bancolombia S.A.	Medellín	Financial Brokerage	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 production	I	50.666.501	20.179.195	39,83%	O	3.027	3.289	-	262
Compañie de Distribution de Ciment S.A.	Haití	Overland transport	I	200	200	100,00%	O	181	181	-	-
Compañía Colombiana de Packaging 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 construction	I	1.554.726	518.345	33,34%	O	6.361	8.840	-	2.479
Corporación de Cemento Andino C.A.	Venezuela	Cement production	I	37.697.288	37.580.426	99,69%	O	39.108	-	39.108	-
Emcarbón S.A.	Medellín	Coal-mining	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 Brokerage	I	68.359	2.730	3,99%	O	40	178	-	138
Fundiciones Colombia S.A.	Medellín	Metal-casting	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	Confectionery	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-mining	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	Shipping agency	I	-	-	100,00%	O	19	-	19	-
Occidental de Packaging S.A.	Medellín	Packaging	I	2.160.000	4.500	0,21%	O	10	83	-	73
Omya Andina S.A.	Guarne	Non-metallic mineral production	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)
Soc.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	-
Soc. 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 transport services	I	2.450.625	72.294	2,95%	O	331	-	331	-
Triple A S.A. E.S.P.	Barranquilla	Public utility services	I	73.445.177	82.214	0,11%	O	350	213	-	(137)
Others								4.134	-	4.144	10
TOTAL SHARES AND EQUITY 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								(73.988)			
								340.108	6.287.925	73.988	5.947.817

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

Market values at December 2010 and 2009

Gains:

I: Intrinsic B: Stock market price

Type of share:

O: Ordinary P: Preferred

- (1) Companies being wound up
- (2) Companies at pre-start-up stage

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

Company	No. Shares	Bank	Value
C.I. Carbones del Caribe S.A.S.	661.000	Bancolombia	11.182
Grupo de Inversiones Suramericana S.A.	5.200.000	Bancolombia	194.896
Grupo Nacional de Chocolates S.A.	2.706.018	Bancolombia	73.333
			279.411

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The balance of the Property, Plant and Equipment Account including depreciation at 2010 and December 31, 2009 includes the following:

2010	Net cost	Accumulated depreciation	Net cost	Appraised Value	Appraisal Gain	Method
Land	399.730	-	399.730	1.660.875	1.261.145	Comparative
Construction in progress	28.890	-	28.890	28.890	-	Cost
Buildings and construction	531.219	214.247	316.972	508.792	191.820	Comparative/cost
Production machinery and equipment	3.137.066	1.588.818	1.548.248	2.402.211	853.963	Revenue capitalization
Furniture, office, computer 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 income
Land transport equipment	441.933	213.218	228.715	256.993	28.278	Revenue capitalization
River transport fleet	79.955	23.465	56.490	57.705	1.215	Revenue capitalization
Roads	141.720	12.562	129.158	133.910	4.752	Comparative/cost
Crop plantations	8.390	1.324	7.066	7.868	802	
Machinery and equipment being installed	120.983	-	120.983	120.983	-	Revenue capitalization
Property, plant and equipment in transit	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 for asset devaluation	-	-	(17.383)	-	-	
TOTAL	5.082.967	2.194.901	2.870.683	5.976.788	3.088.722	

2009	Net cost	Accumulated depreciation	Net cost	Appraised Value	Appraisal Gain	Method
Land	370.711	-	370.711	1.630.224	1.259.513	Comparative
Construction in progress	144.231	-	144.231	144.231	-	Cost
Buildings and construction	519.791	291.507	228.284	424.718	196.434	Comparative/cost
Production machinery and equipment	2.297.207	1.391.392	905.815	1.864.145	958.330	Revenue capitalization
Furniture, office, computer and communication equipment	45.591	28.971	16.620	19.568	2.948	Cost
Mines, quarries and mineral deposits	134.488	123.738	10.750	757.205	746.455	Rental income
Land transport equipment	442.869	198.686	244.183	274.283	30.100	Revenue capitalization
River transport fleet	87.406	10.092	77.314	86.949	9.635	Revenue capitalization
Roads	102.690	3.285	99.405	104.157	4.752	Comparative/cost
Crop plantations	6.260	-	6.260	7.062	802	
Machinery and equipment being installed	778.130	-	778.130	778.130	-	Revenue capitalization
Property, plant and equipment in transit	25.654	-	25.654	25.654	-	Cost
Other assets	2.643	589	2.054	3.844	1.790	Cost
Subtotal	4.957.671	2.048.260	2.909.411	6.120.170	3.210.759	
Less provision for asset devaluation	-	-	(29.390)	-	-	
TOTAL	4.957.671	2.048.260	2.880.021	6.120.170	3.210.759	

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

Depreciation recorded in 2010 was COP 249.471 (2009 - COP 264.082).

In 1994, our cement plant in Sogamoso, including adjacent land, was pledged as collateral for financial obligations of Acerias Paz del Río S.A. This collateral at December 31, 2010 and 2009 consisted of senior mortgages totaling USD 8.365.573; a second mortgage for COP 659, and a chattel mortgage for USD 21.337.187. The Company is taking all the corresponding measures to have these liens lifted since all those obligations that gave rise to such liens have been duly paid-off.

In addition land belonging to the Hacienda Casanare, which is a ranch located in Puerto Nare, Antioquia is pledged as collateral to guarantee financial obligations with Bancolombia S.A. of COP 265.

NOTE 10 – DEFERRED CHARGES AND INTANGIBLES

The Deferred and Intangible Items account at December 31, 2010 and 2009 included the following:

	2010	2009
Goodwill (1)	993.294	1.174.344
Trademarks (2)	265.775	267.129
Rights (3)	111.368	105.841
Concessions, franchises and licenses (4)	262.008	241.741
Deferred items (5)	160.229	225.161
Provisions	(2.108)	(2.108)
Accumulated amortization	(156.085)	(103.227)
	1.634.481	1.908.881

- (1) Represents goodwill acquired in the purchase of concrete companies Southern Star and Ready Mixed Concrete Company in the United States in 2005 and 2006 respectively. Acquired goodwill correspond to the difference between the value paid and the fair value of the net assets of the acquired US companies. This value was recorded, according to generally-accepted accounting principles in the United States, whose accounting standards vis-à-vis the Colombian conceptual framework, are considered superior standards given the fact that they apply to more developed economies. According to these accounting standards, goodwill is not amortized but appraised for the existence of impairment, when there are indications that are present. At the end of the fiscal years of 2010 and 2009, the corresponding goodwill was appraised by experts, resulting in an impairment of these assets.

Generally accepted accounting principles in the United States (US GAAP) and International Financial Reporting Standards (IFRS), provide guidance on the impairment of assets. This ensures that the value of assets do not exceed their recovery value. When there are impairment indicators, such as adverse events, changes in the operating environment, changes in the projected use of its assets or a decline in its operating results that lead to a decrease in future discounted cash flows projected by an operating unit (resulting in book value surpassing its recoverable fair value, through either use or sale of the asset in question), an asset is considered impaired with a loss recorded on the Company's financial statements. Colombian accounting principles, as stipulated in Decree 2649 of 1990 do not specifically provide guidance for the determination of asset impairment.

The effect of this impairment is recorded in the consolidated financial statements as "Asset Impairment" under the heading "Operating Earnings before Asset Impairment" and is derived from events that are not related to the main operating activities of Argos USA Corporation and Caricement Antilles NV, and are classified as unusual and non-recurring in nature. The most significant item here corresponds to goodwill and the customer data lists acquired which both have a total accumulated impairment of COP 244.820, which in 2010 includes increases of COP 79.292 (2009 – COP 81.691) for Argos USA Corporation and COP 9.051 for Caricement Antilles NV, for a total increase of COP 88.343 in 2010 (2009 COP 81.691).

For national entities, the goodwill balance also corresponds to the additional amount paid out over and above the respective book cost for shares belonging to:

- C. I. Carbones del Caribe S. A. S. for at total value of COP 6.023, compared to an intrinsic value in pesos per share of COP 41.668, which is being amortized using the straight-line method over a period of 5 years.
- Cemento Panamá S.A. for at total value of COP 22,688, compared to an intrinsic value in pesos per share of COP 218,190, which is being amortized using the straight-line method over a period of 5 years.
- Corporaciones e Inversiones del Mar Caribe S.A.S. took over Colcaribe Holdings Dos S.A. which in turn had taken over Domar Ltd. and Dominicana Cement Holding S.A., through which Corporaciones e Inversiones del Mar Caribe S.A.S. purchased Cementos Colón S.A. Goodwill from the purchase of shares in Domar Ltd. on August 13, 2009 was for COP 71.522. The intrinsic value in pesos per share upon acquiring Domar Ltd was COP 0. This is being amortized using the straight-line method over a period of 10 years.
- Haití Cement Holding for at total value of COP 975, compared to an intrinsic value in pesos per share of COP 195.340, which is being amortized using the straight-line method over a period of 12 months. This company was acquired in August 13, 2009.
- Caricement Antilles NV. COP 25.648, compared to an intrinsic value in pesos per share of COP 2.480.232. This is being amortized using the straight-line method over a period of 10 years. This acquisition took place on August 13, 2009.
- Alexios N.V. for COP 1.802. The intrinsic value per share in pesos upon acquiring this Company came to COP 88.198.366. This is being amortized using the straight-line method over a period of 4 years. This company was acquired on February 16, 2010.

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

- The Argos brand purchased from Inversiones Argos S.A. was appraised by Corporación Financiera Colcorp. This trademark was acquired in December, 2005 and is being amortized over a period of 20 years. Its purchase price was COP 115.389. This was adjusted for inflation of COP 5.274.
- The Fortaleza and Uno A trademarks were acquired from the allocation by Cementos Argos S.A. of the assets remaining from the liquidation of Cementos La Unión S.A. and Cementos Apolo S.A. These trademarks were appraised in March 2007 by Sumatoria S.A. for a total of COP 52.137 for the Fortaleza trademark and COP 73.854 for Uno A. These trademarks are being amortized over a period of 20 years and the inflation adjustments balance of COP 959 was also transferred.

(3) This increase was largely due to a real estate trust set up with Fiducor S.A. for a forestry project in Carmen de Bolívar. This also includes assets received as part of financial leasing arrangements for which monthly rentals are being paid as, as shown below:

Contract No.	Initial Amount	Balance at Dec 31 2010	Expiration Date	Term (months)	Pending Installments	Type of Asset
85689	91	50	16/12/2012	60	24	Vehicles
117984	32	32	16/03/2012	15	15	Vehicles
106219	46	15	16/04/2011	15	4	Vehicles
104892	61	30	16/12/2011	25	12	Vehicles
109521	79	41	16/12/2011	20	12	Vehicles

- (4) Corresponding mainly to having acquired a right of product availability for USD 41.256.757 on a minimum of 150,000 tons of slag per year from Acerias Paz del Río for a term of 15 years which was extended via a signed contract for another equal term. The increase is due to having purchased certain mining titles.
- (5) Deferred charges at December 31st, 2010 and 2009 included the following:

	2010	2009
Computer programs	16.941	24.782
Research studies	294	1.354
Deferred income tax - debit (a)	45.490	73.122
Organization and pre-operating expense	2.693	2.750
Mining development	18.455	18.031
Improvements to third-party property	1.013	23
Licenses	45	45
Projects	1.621	-
Molds and dies	-	115
Other deferred charges (b)	57.298	77.119

- (a) Mainly due to swaps payable, estimated contingency liabilities and deferred depreciation.
- (b) Corresponding mainly to projects, particularly the overhauling of the Cartagena TPC Plant, technological developments, IT, premium due on legal stability contract and the mobile plant projects.

NOTE 11 – FINANCIAL OBLIGATIONS

Financial Obligations at December 31, 2010 and December 31, 2009, are broken down as follows:

	2010	2009
Loans from domestic banks and financial institutions	867.532	1.022.575
Loans from foreign banks and financial institutions	426.908	601.059
Letters of credit and loans from financing companies	251	242
Other obligations with private individuals (1)	28.899	37.524
Other domestic obligations	58.759	56.359
	1.382.349	1.717.759
Less non-current portion	(700.167)	(959.660)
	682.182	758.099

- (1) Includes leasing arrangements governing ships totaling COP 28.899 (2009 COP 37.524), which according to International Financial Reporting Standards (IFRS) are posted as financial leasing arrangements. In Colombia such arrangements would have been recorded as an operating lease, without representing any financial obligation whatsoever.

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

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

Entity	Description	Currency	2010		2009		Expiration Date
			Amount in dollars	Amount in millions of pesos	Amount in dollars	Amount in millions of pesos	
BBVA	Short-term loan	Pesos	-	-	24.459.087	50.000	Sept-10
Davienda	Long-term loan	Pesos	-	-	48.918.175	100.000	July-10
Bancolombia	Short-term loan	Pesos	-	-	19.567.270	40.000	Aug-10
BBVA	Short-term loan	Pesos	-	-	19.567.270	40.000	April-10
Banco de Bogotá	Long-term loan	Pesos	-	-	22.013.179	45.000	Sept-11
Citibank	Bancoldex Loan	Dollars	-	-	499.944	1.022	April-10
BBVA	Bank Loan	Pesos	-	-	27.638.768	56.500	Feb-10
Banco de Crédito	Bank Loan	Pesos	-	-	5.691.140	11.634	Feb-10
Davienda	Bank Loan	Pesos	-	-	1.467.545	3.000	Jan-10
Banco Santander	Bank Loan	Pesos	-	-	4.011.290	8.200	Jan-10
Banco de Crédito	Bank Loan	Pesos	-	-	4.500.472	9.200	Jan-10
Davienda	Bank Loan	Pesos	-	-	105.663	216	Jan-10
Citibank NA Adm Agent	Syndicated loan	Dollars	-	-	63.333.382	129.468	Dec-11
Bancolombia	Bank Loan	Pesos	-	-	1.858.891	3.800	May-10
Banco AV Villas	Bank Loan	Pesos	-	-	48.918	100	Jan-10
Banco de Crédito	Bank Loan	Pesos	-	-	2.445.909	5.000	Jan-10
Banco AV Villas	Bank Loan	Pesos	-	-	2.396.991	4.900	Jan-10
Bancolombia	Bank Loan	Pesos	-	-	2.788.336	5.700	Jan-10
Banco AV Villas	Bank Loan	Pesos	-	-	1.213.171	2.480	Jan-10
Bancolombia	Bank Loan	Pesos	-	-	342.427	700	Feb-10
Banco de Crédito	Bank Loan	Pesos	-	-	489.182	1.000	Jan-10
Bancolombia	Bank Loan	Pesos	-	-	978.363	2.000	Jan-10
Wells Fargo	Revolving credit	Dollars	-	-	4.510.006	9.219	2010
Bancolombia	Long-term loan	Pesos	156.741.450	300.000	-	-	Sept-20
Banco Popular	Long-term loan	Pesos	31.348.290	60.000	-	-	May-13
Davienda	Working capital loan	Dollars	15.000.000	28.709	-	-	April-11
Banco de Bogotá	Working capital loan	Dollars	20.000.000	38.279	-	-	April-11
Davienda	Working capital loan	Dollars	39.000.408	74.646	-	-	April-11
Bancolombia	Working capital loan	Dollars	20.000.209	38.280	-	-	Feb-11
BBVA	Working capital loan	Dollars	50.000.000	95.699	-	-	Feb-11
Santander	Working capital loan	Dollars	30.000.313	57.420	-	-	Jan-11
Citibank PLC London (1)	Long Term ECA loan	Dollars	130.026.960	248.869	145.324.156	297.076	June -19
Bancafé Panamá	Short-term loan	Dollars	15.000.157	28.710	-	-	April-11
Bancolombia	Bank Loan	Dollars	16.800.000	32.155	-	-	2011
Citibank	Crédito EKF	Dollars	5.323.453	10.189	5.949.743	12.163	June -19
Davienda	Long-term loan	Pesos	31.348.290	60.000	29.350.905	60.000	2013
Bancolombia	Long term treasury loan	Pesos	26.123.575	50.000	-	-	2020
Citibank	Bank Loan	Pesos	25.500.266	48.807	-	-	2012
Citibank NA, Panamá Branch (Administrative agent) (2)	Long term syndicated loan	Dollars	45.000.000	86.129	50.000.000	102.212	2015
BNP Paribas, Panamá branch	Bank Loan	Dollars	-	-	24.000.000	49.062	Mar -10
BNP Paribas, Panamá branch	Bank Loan	Dollars	-	-	1.500.000	3.066	Jan-10

The syndicated loan was paid off before time in September 2010.

(1) The long-term loan with Citibank PLC, underwritten by EKF Dinamarca, stipulate the following covenants with regard to the consolidated balance sheets

- The Net Debt to EBITDA + Dividends ratio shall not exceed 4,0 times.
- The debt service coverage ratio shall not be lower than 1,5

(2) The syndicated loan from the Panamá Branch of Citibank, acting as administrative agent, stipulates, amongst other factors the following obligations regarding the financial statements of Cemento Panamá S.A and its subsidiaries:

- The Net Debt to EBITDA ratio shall not exceed 2,5.
- The debt service coverage ratio shall not be lower than 4,0
- Total debt/equity ratio shall not be lower than 1,3.
- The rate for Cemento Panamá's syndicated loan is Libor + 1,5%.

Financial obligations on the part of related companies in the United States are broken down as follows

2010	Bank	Type	Amount in dollars	Amount in millions of pesos	Due Date
	UBS	Bank Loan	4.493.782	8.601	2011
	Suntrust Bank	Capital lease	3.419.667	6.545	2013
	Andino Trading	Bank Loan	9.564.830	18.307	2014
	TOTAL		17.478.279	33.453	

Interest rates on financial obligations held by related companies based in the United States consist of Libor + 0,85% and annual fixed rates of between 3.25% and 5.60%.

2009	Bank	Type	Amount in dollars	Amount in millions of pesos	Due Date
	Citibank (administrative agent)	Syndicated loan	256.666.666	524.686	2010
	UBS	Bank Loan	4.493.782	9.186	2010
	Bancolombia Miami Agency	Bank Loan	972.222	1.987	2010
	Wells Fargo	Revolving credit	4.510.006	9.219	2010
	TOTAL		266.642.676	545.078	

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

At the end of 2010, the Company held currency forwards synthetically converting dollar loans into their peso-denominated equivalents. Details of these are found in Notes 6 and 13.

Interest accruing on financial obligations, bonds, commercial papers and payables totaled COP 177.917 (2009 - COP 263.423).

The loan with Bancolombia is secured with permanent investments totaling COP 279.411 (2009 - COP 205.563), as mentioned in Note 8.

Long-term financial obligations at December 31 2010 become due and payable as follows:

Year	Value Due Date
2012	26.091
2013	121.039
2014	48.821
2015	97.503
2016 and thereafter	406.713
TOTAL	700.167

NOTE 12 – COMMERCIAL PAPER AND BONDS OUTSTANDING

Bonds outstanding issued on November 23, 2005, included the following at December 31, 2010:

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

Bonds outstanding issued on April 28, 2009, included the following at December 31, 2010:

Term	Amounts Issued	Rate	Interest Payment Frequency
3 years	COP 144.002	9,0%	Quarterly in arrears
5 years	COP 81.175	9,7%	Yearly in arrears
7 years	COP 114.943	CPI + 6,0%	Quarterly in arrears
10 years	COP 70.350	CPI + 6,3%	Quarterly in arrears
15 years	COP 229.530	CPI + 7,19%	Quarterly in arrears
	COP 640.000		

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

Part of the debt due in 2017 (2005 Argos Bonds) were converted to dollars by means of a currency swap. Out of a total of COP 440.000, COP 433.320 equivalent to USD 240.000.000 were transferred at an average rate of Libor + 1,78%.

The bonds issued on February 23, 2007, for a total of COP 132.211 produced a placement discount of COP 17.788, which is being amortized using the straight-line method over a period of 12 years. At December 31, 2010 and December 31, 2009, the following balances were recorded:

	2010	2009
Total bonds outstanding	1.240.000	1.240.000
Discount value	17.788	17.788
Amortization	(6.294)	(4.652)
Balance to be amortized	(11.494)	(13.136)
	1.228.506	1.226.864

An issue of commercial paper (Argos 2010) had been approved up to a maximum amount of COP 300.000, of which COP 250.000 were placed. These are made out to the bearer, traded on the secondary market and consisted of the following tranches at December 31:

Term	Amounts Issued	Interest Rate	Payment Frequency
363 days	COP 150.000	4,61% P.V.	In arrears
363 days	COP 100.000	4,80% P.V.	In arrears
	COP 250.000		

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

In 2010, interest totaling COP 102.177 (2009 – COP 128.723) accrued on the Company's issues of commercial paper and ordinary bonds

The cost of the Company's total financial liabilities, including Argos bonds, commercial paper, derivatives and loans for 2010 is as follows:

Average cost of financial liabilities in pesos: 6.60% (2009 - 9.95%)

Average cost of financial liabilities in dollars: 1,90% (2009 - 2,85%)

NOTE 13 - SUPPLIERS AND ACCOUNTS PAYABLE

The Suppliers and Accounts Payable Account at December 31, 2010 and December 31, 2009, is broken down as follows:

	2010	2009
Costs and expense payable	137.799	149.721
Domestic suppliers	108.103	147.939
Foreign suppliers	10.904	80.073
Dividends payable	47.778	42.510
Current trade accounts (1)	70.009	29.653
Accounts payable - Contractors	6.468	6.887
Miscellaneous payables (2)	224.951	249.506
Withholding tax payable	22.627	19.090
Installments payable (3)	4.728	46.715
Other accounts payable	4.232	9.564
	637.599	781.658
Less: - Miscellaneous long-term payables	(136.850)	(175.395)
	500.749	606.263

Including payables with related companies totaling COP 64.939 (2009 – COP 24.773). See Note 26.

- (2) Corresponds to an account payable to Cementos Andino S.A. and Concrecem S.A. on the purchase of Cementos La Unión S.A. and Cementos Apolo S.A. under the following conditions:
 Balance at December 31 2010 comes to USD 85.800.000 (2009 USD 100.100.000)
 Due date: August 2016
 Interest rate: 5% quarterly in arrears.
 Amortization Schedule: 10 annual payments

Year-end counterparty gains (Bank) from derivatives at the end of the year as follows:

SWAPS Type	Underlying	Value of Underlying	Rate Applicable to Underlying	Amount of Swap	Swap Rate	Due Date
Currency swap	Bonds due in 2017	COP 432.922	CPI + 3.17%	USD 240.000.000	Libor + 1.78%	23-nov-17

FORWARDS Type	Underlying	Value of Underlying	Amount of Forward	Rate Applicable to Forward	Maturity Date
Forward sale	Future cash flow	USD 500.000	USD 500.000	COP 1.887,47	Jan 25, 2011

Option transactions						
Type	Underlying	Value of Underlying	Initial collar	Strike Put	Strike Call	Due Date
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		Jan 25, 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		Jan 25, 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		Feb 25, 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		Feb 25, 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		Mar 25, 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		Mar 25, 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		25-April 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		25-April 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		25-May 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		25-May 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		24 June 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		24 June 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		25 July 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		25 July 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		25 Aug 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		25 Aug 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		26Sept 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		26Sept 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		25 Oct 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		25 Oct 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.850,00	COP 1.943,00		25 Nov 2011
Export collar	Future cash flow	USD 500.000USD 500.000	COP 1.900,00	COP 1.950,00		25 Nov 2011

These currency forwards are carried out in order to hedge exchange rate fluctuation risks with the dollar-denominated obligations and temporary investments. These are appraised at their fair value, bearing in mind the market curves applicable on the date on which the appraisal is carried out (see Derivative Policy).

Currency swaps are carried out for a two-fold purpose:

- Balance out the Company's exposure to the exchange rate.
- Take full advantage of currency arbitrage on the derivative market compared to the dollar lending market.

Accrued interest for 2010 and 2009 came to USD 4.636.914 and USD 4.931.353 respectively. In 2010, a total of USD 14.300.000 (2009 – USD 14.300.000). was applied to the principal A swap was performed on this loan as underlying under the following conditions:

Type	Underlying	Value of Underlying	Rate Applicable to Underlying	Amount of Swap	Swap Rate	Due Date
Currency swap	Payable	USD 85.800.000	4,90% in arrears	COP 163.869	CPI + 5,354%	Aug 08 2016

- (3) Corresponding to a swap of 114.368 shares in Bancolombia S.A. with Cementos del Caribe S.A.'s Foundation for Employee Welfare. In 2009, this corresponded to the purchase of a 50% stake in Cemento Panamá S.A.

NOTE 14 – TAXES PAYABLE

The balance of the Tax and Rates Account at December 31, 2010 and December 31, 2009 is broken down as follows:

	2010	2009
Income Tax	12.307	165.100
Sales tax	30.905	22.532
Industry and Commerce tax	1.123	649
Land tax	-	4.953
Others	2.110	991
	46.445	194.225

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

- Taxable income is taxed at a rate of 33%. As of 2007, Law 1111 of 2006 re-established the occasional gains tax treatment for all those taxpayers who are obliged to adjust for inflation, particularly with regard to the sale of investments and fixed assets when these are sold after being held for more than 2 years.
- The basis for determining income tax cannot be lower than 3% of the taxpayer's net equity on the last day of the immediately preceding fiscal year.
- As of 2010, taxpayers who are also users of free trade zones who pay 15% income tax, may not be entitled to special tax deductions on real fixed productive assets, this pursuant to Article 158-3 of the Colombian Tax Code.
- As of 2007, companies may offset tax losses, duly adjusted for tax purposes and without any time limit, using net ordinary income obtained in subsequent periods, without detriment to presumptive income for the fiscal period in question.

Fiscal losses, incurred on the special deduction granted for investing in fixed, productive assets can also be offset using the taxpayer's net income.

Fiscal losses incurred, as of 2003, may be offset with net ordinary income obtained during the following eight years, without exceeding 25% of the value of the loss per year, and without detriment to the presumptive income obtained for the fiscal year in question. Until 2006 tax losses were adjusted for inflation. As of the fiscal year of 2007 these are readjusted on a tax basis.

At December 31, 2010, Cementos Argos S.A., and its subsidiaries recorded tax losses of COP 416.996 (2009 – COP 167.255).

- Surplus amounts existing between presumptive income and ordinary income obtained as of 2003 may only be offset with net ordinary income obtained during the following five years

In any case excess amounts between presumptive income and ordinary income was adjusted for inflation up to 2006. As of 2007, excess amounts between presumptive income and ordinary income are readjusted on a tax basis.

At December 31, 2010, the Company held COP 143.546 (2009 – COP 158.661) in surplus presumptive income for the fiscal years of 2006 and 2009.

- As of 2004, income taxpayers who carry out operations with related companies or parties abroad are obliged to determine, for the purpose of calculating income and complementary taxes, their ordinary and extraordinary income, costs and deductions, assets and liabilities, bearing in mind the prices and profit margins that they might have applied in comparable transactions with non-related companies or third parties.

Income tax was calculated for the years ending December 31, 2010 and December 31, 2009 as follows:

	2010	2009
Taxable income – Colombian companies	117.915	195.176
	33%	33%
Current tax	38.912	64.408
Deferred income tax	1.783	(2.398)
Provision for income tax – Colombian companies	40.695	62.010
Income tax expense – foreign companies	(8.748)	(272)
Total income tax expense charged to the income accounts	31.947	61.738

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

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

EQUITY TAX

The amount of equity tax declared for 2010 came to COP 19.870 of which COP 9.935 was paid on May 25, 2010 and another COP 9.935 was paid on September 21, 2010, both amounts recorded against the Equity Revaluation account.

COLOMBIAN TAX REFORMS

The following are the most important reforms to income and equity tax for the years 2011 and thereafter, pursuant to Law 1370 of 2009, as well as Decree 4825 and Law 1430 passed on December 29, 2010:

- For 2011 equity tax shall be calculated on the value of the net equity balance held on January 1, 2011, at a rate of 1% of equity with a taxable base of between COP 1.000 and 2.000 million, 1,4% for equity between COP 2.000 and 3.000 million, 2,4% for equity between COP 3.000 and 5.000 million and 4,8% for equity of COP 5.000 million or higher. For equity greater than COP 3.000 million, a surtax of 25% has been levied on the equity tax rate. Equity tax for equities of less than COP 3.000 million along with the surtax on equities of more than COP 3.000 million are not eligible for legal stability agreements with the Government.
- This equity tax must be paid in 8 installments between 2011 and 2014. The option of recording said tax against the equity revaluation account is upheld. The net equity value of shares held in Colombian companies does not form part of the tax base.
- As of 2011, no income taxpayer is entitled to special tax deductions on real productive assets. All those who requested legal stability agreements with the Government before November 1, 2010, including the guarantee for this deduction, may proceed with said agreements where this deduction is included. In these cases this special deduction may not be guaranteed for periods of more than three years.

NOTE 15 – DEFERRED LIABILITIES

	2010	2009
Deferred tax (1)	153.201	123.923
Deferred monetary correction	7.668	7.700
	160.869	131.623

(1) This corresponds to tax on deferred depreciation.

NOTE 16 – LABOR OBLIGATIONS

	2010	2009
Pensions payable	225.371	224.515
Consolidated severance pay	7.941	7.698
Consolidated vacation pay	11.894	8.408
Employment benefits	14.294	9.629
Salaries payable	969	188
Others	940	908
	261.409	251.346
Less – Long-Term Portion	(224.990)	(222.826)
	36.419	28.520

The actuarial reserve was calculated on the following technical merits:

- Mortality table:** Colombian mortality table for male and female annuitants RV08 (Resolution 1555 of 2010 issued by the Colombian Superintendency of Finance).
- Pension and salary adjustments:** the formula employed explicitly contains future salary and pension increases at a rate of 4,51% for 2010 (Decree 2783 issued December 20, 2001).
- Technical interest:** 4,8% per year.
- Reserves:** These are determined using the fractional annuities in arrears system (Article 112 of the Colombian Tax Statute.)

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

The main factors used in the actuarial calculations for the years ending December 31, 2010 and December 31, 2009 were as follows:

	2010	2009
Number of persons	1.648	1.683
Interest rate	4,80%	4,80%
Future pension increases	4,51%	6,48%

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

	2010	2009
Retirement pensions	29.985	31.011

Pension bonds and securities have been totally amortized. Cementos Argos S.A. shall amortize 15% of its pension liability over the next 7 years, pursuant to Decree 4565 dated December 07, 2010.

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

Company	No. Senior Executives	Senior Executive Expense	Other Employees	Other Employee Expense
Alexios N.V.	-	-	-	-
American Cement Terminals LLC	-	-	-	-
Argos USA Corp.	-	-	-	-
Belsford Ltd.	-	-	-	-
C.I. Carbones del Caribe S.A.S.	1	121	697	18.363
C.I. del Mar Caribe BVI Inc.	-	-	-	-
Corporaciones e Inversiones del Mar Caribe S.A.S.	-	-	-	-
Canteras de Colombia S.A.S.	-	-	14	360
Caricement Antilles NV	-	-	-	-
Caricement USVI Corp.	2	637	6	733
Caribbean Construction and Development Ltd.	1	158	8	307
Caricement Antigua Limited	-	-	7	487
Caricement Saint Maarten NV	-	-	9	667
Cement and Mining Engineering Inc.	-	-	-	-
Cemento Panama S.A.	17	2.752	452	9.099
Cementos Argos S.A.	204	50.681	2.604	130.072
Cementos Argos S.A.	5	1.837	83	4.266
Central Aggregates LLC	-	-	-	-
Cimenterie Nationale S.E.M.	5	810	56	3.322
Climsford Investments Ltd.	-	-	-	-
Colcaribe Holdings S.A.	-	-	-	-
Concretos Argos S.A.	13	2.256	994	33.877
Consort Livestock Inc.	-	-	-	-
Comercial Arvenco C.A.	-	-	-	-
Dorset Shipping Co. Ltd.	-	-	-	-
Fortecol Investments Ltd.	-	-	-	-
Ganadería Río Grande S.A.S.	1	85	64	630
Godiva Investments Ltd.	-	-	-	-
Gulf Coast Cement LLC	-	-	-	-
Haití Cement Holding S.A.	-	-	-	-
International Cement Company S.A.	-	-	-	-
Logística de Transporte S.A.	3	563	113	4.765
Marítima de Graneles S.A.	-	-	-	-
Piazza Acquisition Corp.	11	4.764	4	808
Point Corp.	-	-	-	-
Port Royal Cement Company LLC	-	-	-	-
Reforestadora del Caribe S.A.S.	-	-	11	894
RMCC Group Inc.	-	-	-	-
Savannah Cement Company LLC	1	284	5	518
Sociedad Portuaria de Cementeras Asociadas S.A.	1	151	2	80
Sociedad Portuaria Golfo de Morrosquillo S.A.	1	162	43	1.258
Somerset Shipping Co. Ltd.	-	-	-	-
South Caribbean Trading & Shipping S.A.	-	-	-	-
South Central Cement Ltd.	1	252	3	648
Southern Equipment Company Inc.	6	2.070	710	74.325
Southern Star Concrete Inc	6	2.857	705	92.638
Southern Star Leasing, LLC	-	-	-	-
Transatlantic Cement Carriers Inc.	-	-	-	-
Trans Atlantic Shipmanagement Ltd.	-	-	-	-
Urbanizadora Villa Santos S.A.S.	1	106	24	1.427
Valle Cement Investments Ltd.	-	-	-	-
Venezuela Ports Company S.A.	-	-	-	-
Vensur N.V.	-	-	-	-
Winterset Shipping Co. Ltd.	-	-	-	-
Zona Franca Argos S.A.S	10	2.001	325	16.931

NOTE 17 – OTHER LIABILITIES

The Other Liabilities Account at December 31, 2010 and 2009 is as follows:

	2010	2009
Estimated liabilities and provisions		
For costs and expense (1)	62.937	75.517
For labor liabilities	3.749	10.578
For tax liabilities	41.092	68.777
For maintenance and repairs	1.028	920
For contingencies (2)	33.542	23.376
Miscellaneous provisions (3)	29.721	27.630
Deferred items		
Income received in advance	1.789	2.614
Deferred profits on installment sales	-	2.142
Other liabilities		
Advance payments received (4)	74.013	54.524
Deposits received	-	18
Revenues received for third parties	266	152
Third party withholdings on contracts	585	388
Guarantee related obligations	423	-
	249.145	266.636

- (1) Corresponds to provisions for goods and/or services received and pending billing totaling COP 19.818 (2009 – COP 45.579), as well as expense corresponding to material and spare parts COP 8.046, interest COP 5.631, fees COP 2.399, as well as a provision for COP 5.687 on the cost of urban construction projects (Portal de Alejandría I and II)
- (2) Includes provisions for the following contingencies: labor COP 18.552 (2009 – COP 11.703), civil COP 7.118 (2009 – COP 7.083), administrative COP 3.626 (2009- COP 3.100) and others COP 1,770 (2009 –COP 70).
- (3) Corresponds mainly to the right of product availability purchased from Acerías Paz del Río S.A., for COP 10.309 In C.I. Carbones del Caribe S.A.S. COP 14.141 (Take or Pay Fenoco COP 7.264, provision for environmental obligations COP 3.696 and other contingencies for COP 2.051).
- (4) Corresponds mainly to advance payments received from customers for COP 56.607 (2009 – COP 41.350) as well as advanced payments received on contracts COP 16.959 (2009 - COP 12.859).

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

NOTE 18 – SHAREHOLDERS' EQUITY

SHARE CAPITAL

The Company's authorized capital consists of 1.500.000.000 shares each for a nominal value of COP 6 Colombian pesos and its subscribed and paid-in capital is made up of 1.215.247.885 shares. The Company's own reacquired shares came to 63.575.575 and therefore, at December 31, 2010 and December 31, 2009 the total amount of shares outstanding came to 1.151.672.310.

	2010	2009
Authorized capital – 1.500.000.000 ordinary shares each with a nominal value of COP 6	9.000	9.000
Subscribed and paid-in capital - 1.215.247.885 ordinary shares	7.291	7.291

STATUTORY RESERVE

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

RESERVE FOR REPURCHASING THE COMPANY'S OWN SHARES

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

	2010	2009
Reserve for repurchasing shares	113.797	113.797
Less – Company's treasury shares	(113.797)	(113.797)
	-	-

OTHER RESERVES

At their Annual Shareholders' Meeting held March 19, 2010, the Shareholders gave their authorization for the non-taxable reserve for future expansion to be freed up in the amount of COP 1.328. They also authorized COP 62.630 to be placed in the reserve for future expansion and investments as well as COP 3.408 for the tax reserve. The other reserves can be freely disposed of by the shareholders.

EQUITY REVALUATION

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

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

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

NOTE 19 – ASSET VALUATIONS

Valuations and asset valuation surpluses at December 31, 2010 and 2009 are as follows as follows:

	2010	2009
From permanent investments(1)	5.947.817	4.430.619
From property, plant, equipment and other assets (2)	3.088.722	3.210.759
Valuations	9.036.539	7.641.378
Transfer of minority interest	(34.879)	48.493
Valuation surplus	9.001.660	7.689.871

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

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

NOTE 20 – MEMORANDA ACCOUNTS

Memorandum accounts at December 31, 2010 and 2009 are as follows:

	2010	2009
Goods and securities pledged as security (1)	925.904	671.399
Totally depreciated assets (2)	1.005.019	440.724
Capitalization - equity revaluation	55.391	55.391
Tax receivable (3)	9.302.736	5.129.639
Lawsuits and/or claims (4)	72.514	142.015
Unused credit (5)	11.127	7.039
Other debtor control accounts	51.258	56.581
Others	209.169	136.836
	11.633.118	6.639.624
Contingent responsibilities		
Goods and securities received	(40.355)	(36.147)
Other contingent responsibilities (6)	(50.948)	(725.304)
Others	(93.097)	(74.388)
	(184.400)	(835.839)
Credit memoranda accounts		
Tax payable (7)	(8.063.951)	(3.841.304)
Creditor control accounts	(26.650)	(26.649)
	(8.090.601)	(3.867.953)
	3.358.117	1.935.832

- (1) Increase mainly due to stock exchange gains obtained with investments held in Grupo de Inversiones Suramericana S.A. and Grupo Nacional de Chocolates S.A. which have been pledged as security.
- (2) Increase due to higher amount of totally depreciated assets.
- (3) Corresponding to tax and book differences with regard to assets, liabilities and revenues, the most salient recorded with the equity account totaling COP 7.410.324 (2009 – asset and investment account COP 3.892.050) in Cementos Argos S.A.
- (4) Decrease due to updated amounts being claimed with ongoing lawsuits.
- (5) Corresponding to lines of stand-by credit with Citibank N.A. expiring in February 2011.
- (6) Drop due mainly to having paid off a syndicated loan on the part of Argos USA Corp. for USD 256.666.666. Contingent liabilities on mining rights representing a future delivery commitment came to COP 39.524 (2009 – COP 42.213) for Cementos Argos S.A., this drop corresponds to the effect of the exchange difference.
- (7) Corresponding mainly to tax and book differences on gains that came to COP 7.349.905 in the case of Cementos Argos S.A.

NOTE 21 – ADMINISTRATIVE EXPENSE

The Administrative Expense account at December 31, 2010 and 2009 is as follows:

	2010	2009
Personnel expense	104.906	111.475
Services	30.074	25.655
Amortization of deferred charges	24.725	40.155
Fees	25.954	26.896
Contributions and memberships	3.317	3.317
Traveling expense	7.650	6.113
Depreciation on property, plant and equipment	9.329	23.266
Maintenance and repairs	8.898	10.597
Tax	2.762	8.284
Leases	10.895	10.665
Insurance	10.477	13.251
Provisions (1)	3.075	28.522
Legal expense	1.712	2.669
Fittings and installations	129	178
Entertainment and PR expense	733	386
Clubs and restaurants	1.268	1.281
Stationary and office supplies	597	513
Transport	342	365
Miscellaneous	6.866	8.442
	253.709	322.030

- (1) Corresponds mainly to provisions for property, plant and equipment for COP 2.620 and provisions for accounts receivable for COP 421. In 2009 this corresponded to provisions for investments for COP 28.190, mainly in Corporaciones e Inversiones del Mar Caribe S.A.S. given the investment made in Caricement Antilles NV.

NOTE 22 – SALES EXPENSE

The Sales Expense Account at December 31, 2010 and 2009 is as follows:

	2010	2009
Personnel expense	37.720	41.060
Services	22.526	23.676
Amortization of deferred charges	23.725	18.060
Maintenance and repairs	1.946	3.280
Tax	15.141	16.484
Leases	3.698	3.910
Traveling expense	2.336	2.580
Fees	2.876	3.183
Insurance	1.882	1.609
Depreciation on property, plant and equipment	5.048	5.536
Contributions and memberships	744	1.077
Legal expense	67	40
Fittings and installations	1	-
Commissions	329	474
Packaging	56	31
Fuel and lubricants	212	286
Stationary and office supplies	83	141
PR expense	304	230
Provisions	7.190	10.284
Miscellaneous	1.443	1.955
	127.327	133.896

NOTE 23 – FOREIGN EXCHANGE DIFFERENCE

	2010	2009
Exchange gains	3.703	26.162
Exchange losses	(2.945)	(77.522)
Exchange difference, net	758	(51.360)

With the Company's net asset liability position in dollars averaging out at almost zero, in spite of the volatility with the exchange rate, the effect of these movements on the overall results obtained were offset on the income statement. Exposure to the exchange rate is managed mainly with the Company's natural balance sheet position and any remaining gap is covered using derivatives.

NOTE 24 – OTHER INCOME

The Other Income Account at December 31, 2010 and 2009 included the following:

	2010	2009
Recovered amounts (1)	54.438	40.633
Earnings from sale of permanent investments (2)	510.618	489.994
Earnings from sales of property, plant and equipment	2.277	85.077
Profit from sales of other goods	681	48.669
Other sales	5.021	5.158
Services	2.014	2.451
Fees	14	4.570
Leases	3.814	3.442
Income from prior periods	610	5.694
Usage revenues	4.206	3.441
Subsidies	28	1.083
Indemnities	2.964	1.835
Others	5.583	4.963
	592.268	697.010

- (1) Includes recovered amounts from provision for investments totaling COP 26.549 as well as recovered costs and expense for COP 26.718
- (2) Corresponding mainly to earnings from shares sold in Grupo de Inversiones Suramericana S.A. for COP 488.108, Bancolombia S.A. COP 1.140, Tablemac S.A. COP 8.480, Flota Fluvial Carbonera S.A.S. COP 4.943, Inversiones El Duero COP 2.420 and Cartón de Colombia S.A. for COP 410.

NOTE 25 – OTHER EXPENSE

The Other Expense account at December 31, 2010 and 2009 is as follows:

	2010	2009
Costs and expense from prior years (1)	34.557	12.359
Fines, penalties and litigations	8.130	10.641
Loss on sale and withdrawal of property, plant and equipment (2)	404	151.644
Withdrawals of property, plant and equipment (3)	73.833	16.058
Taxes assumed	7.578	5.348
Donations and contributions	12.331	9.742
Costs of other sales	3.461	4.861
Cost of sales of materials and spare parts	5.159	8.891
Retirement pensions and pension securities	29.985	31.011
Indemnities	4.747	5.058
Provision for permanent investments (4)	34.915	49.924
Loss on sales of investments	1.398	8.126
Loss on sale and withdrawal of other assets(5)	13.536	4.159
Losses on accidents/claims	338	475
Legal costs and expense	148	607
Provision for receivables	-	-
Expense incurred by related companies	1.376	2.901
Labor-related claims (6)	11.224	5.001
Amortization of deferred charges	497	565
Other amortizations	12.731	10.100
Others (7)	39.143	51.813
	295.491	389.284

- (1) In standardizing the Company's accounting policies with international standards, all deferred charges that are considered as expense were transferred to the income accounts in order to reduce the gap existing between Colombian and international accounting standards. Thus a total of COP 18.900 was transferred.
- (2) The figure for 2009 corresponded to the sales of coal-mining assets to Vale Do Río Doce.
- (3) Includes the withdrawal of fixed assets at the Betania Plant for COP 59.267, the Barranquilla Plant for COP 7.779, the Nare Plant COP 1.117 as well as withdrawals of other assets in a bad state of disrepair for another COP 1.844.
- (4) Corresponds to the following provisions for investments set up in 2010: for Cemento Panamá S.A. in the amount of COP 16.478, Point Corp. COP 7.490; Climsford Investments Limited in Cemex COP 2.696; Cement and Mining Engineering Inc. for an exchange difference in Andino COP 1.452.
- (5) Corresponds mainly to the withdrawal of obsolete inventories for COP 9.740.
- (6) The change corresponds to having updated contingencies for labor-related claims filed against the Group's subsidiaries.
- (7) Corresponds to miscellaneous expense for C.I. Carbones del Caribe S.A.S on having completed the transaction with Vale regarding the Hatillo mine for COP 6.570, an amortization of a right on the part of Fenoco for COP 3.940 and a provision for costs and expenses for EPSA COP 1.348; Cementos Argos S.A. a provision for Industrial Hullera COP 1.920, provision for services provided by Sodexho COP 2.073, security COP 2.469, energy and gas expense

COP 1.514 and a provision for companies with negative equities of COP 1.745, together with a provision for contingences totaling COP 1.700. In the case of Corporaciones e Inversiones del Mar Caribe S.A.S. an amortization of goodwill on the purchase of shares in 2009 for COP 10.723.

NOTE 26 – TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the assets and liabilities held at December 31, 2010 and December 31, 2009 as well as the income and expense incurred by the Parent Company on transactions carried out during the years ending on said dates, with shareholders holding more than a 10% stake in the Parent Company, as well as its directors, legal representatives and senior management.

2010	Shareholders	And Senior Directors	Legal Representatives Management
At year-end			
Assets			
Accounts receivable	3.079	-	9.443
Total assets	3.079	-	9.443
Expense			
Salaries	-	-	6.942
Insurance	136	-	-
Interest	71	-	-
	207	-	6.942

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

Transactions carried out with related companies at December 31, 2010 are as follows :

Name	Accounts receivable	Type	Accounts payable	Type
Inversiones Argos S.A.	3.079	Services	-	
Andino Trading Corporation	-		960	Loan
Asesorías y Servicios Ltda. en Liquidación	208	Capitalization	-	
Cartec Inc.	11.664	Loan	1.768	Loan
Cementos de Caldas S.A.	-		6.175	Purchases of 326.876 shares in Metroconcreto, 1.066.625 shares in Logitrans, lease payments for offices and warehousing facilities.
Cía. de Navegación del Mar Caribe	174	Loan	-	
Corporación de Cemento Andino C.A.	12.533	Technical assistance and loans	1.904	Sales of raw materials
Distribuidora de Cementos Ltda. en Liquidación	23	Income tax paid by Cementos Argos S.A.	60	Refunded automatic debit on telephone lines for Dicementos, purchases of 3600 shares in Sociedad Portuaria La Inmaculada, 4000 in Sociedad Portuaria Las Flores, 50.000 in Sociedad Portuaria Río Córdoba.
Distribuidora Colombiana de Cementos Ltda. en Liquidación	4	Income tax paid by Cementos Argos S.A.	1.196	Purchase of 225.000 shares in Corporaciones e Inversiones del Mar Caribe S.A.S., 247.745 equity stakes in Flota Fluvial Carbonera S.A.S., 10.000 in Sociedad Portuaria Golfo de Morrosquillo S.A.
Emcarbon S.A.	4.154	Loan	51.965	Intercompany loans relating to Diamante.
Flota Fluvial Carbonera S.A.S	213	Loan to pay off obligations when this company was sold to Mercuria S.A.	-	
Promosur S.A. en Liquidación	470	Account receivable on the liquidation of Dicente, pursuant to Minutes No 90.	-	
Proservi Ltda. en Liquidación	20	Capitalization	9	Liquidation private security services for Litoral Ltda.
Reforestadora El Guásimo S.A.	53	Insurance charges on civil liability and services	-	
Sociedad Portuaria La Inmaculada S.A.	-		4	Payment of contributions to shareholders of Sociedad Portuaria la Inmaculada S.A., deposited with Cementos Argos S.A.
Sociedad Portuaria Las Flores S.A.	-		8	Payment of contributions to shareholders of Sociedad Portuaria Las Flores S.A., deposited with Cementos Argos S.A.
Surandina de Puertos C.A.	-		157	Loan
Tempo Ltda.	-		61	Payroll transfers/purchases of fixed assets (data processing equipment).
Transmarítima del Caribe Ltda. en Liquidación	284	Loan and interest	-	
Transportadora Alfa	1	Loans to pay income tax for 2009.	-	
Transportadora Sucre Ltda. en Liquidación	-		79	Sale of shares in Asoservicios
Others	621		593	
Total	33.501		64.939	

2009	SHAREHOLDERS	DIRECTORS	LEGAL REPRESENTATIVES AND SENIOR MANAGEMENT
At year-end			
Assets			
Accounts receivable	4.432	-	5.755
Total assets	4.432	-	5.755
Expense			
Leases	365	-	-
Salaries	-	-	6.174
Interest	1.878	-	-
	2.243	-	6.174

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

Name	Accounts receivable	Type	Accounts payable	Type
<i>Inversiones Argos S.A.</i>	4.432	<i>Back office fees</i>	8.894	<i>Loan for purchasing 1.264.623 shares in Inversiones El Duero S.A.S. and for leasing office premises in Bogotá.</i>
<i>Andino Trading Corportion</i>			1.025	<i>Loan</i>
<i>Asesorías y Servicios Ltda. en Liquidación</i>	415	<i>Capitalization</i>		
<i>Caricement B.V.</i>	3.603	<i>Loan</i>		
<i>Cartec Inc.</i>	13.374	<i>Loan</i>	1.888	<i>Loan</i>
<i>Cementos de Caldas S.A.</i>			6.114	<i>Purchase of 326.876 shares in Metroconcreto S.A., 1.066.625 shares in Logística de Transporte S.A., 11.600 shares in Áridos de Antioquia S.A., 7.500 shares in Canteras de Colombia S.A.S. and leasing office and warehousing premises.</i>
<i>Compañía de Navegación del Mar Caribe Ltda. en Liquidación</i>	165	<i>Loan (liquidation)</i>		
<i>Corporación de Cemento Andino C.A.</i>	13.432	<i>Technical assistance and loans</i>	2.275	<i>Sales of raw materials</i>
<i>Distribuidora de Cementos Ltda. en Liquidación</i>			42	<i>Purchase of 3.600 shares in Sociedad Portuaria La Inmaculada S.A., 4.000 in Sociedad Portuaria Las Flores S.A., 50.000 in Sociedad Portuaria Río Córdoba S.A.</i>
<i>Dicente Ltda. (en Liquidación)</i>	1.457	<i>Liquidation Dicente, pursuant to Minutes No 90.</i>		
<i>Distribuidora Colombiana de Cementos Ltda. en Liquidación)</i>			1.196	<i>Purchase of 225.000 shares in Corporaciones e Inversiones del Mar Caribe S.A.S., 247.745 equity stakes in Flota Fluvial Carbonera S.A.S., 10.000 in Sociedad Portuaria Golfo de Morrosquillo S.A.</i>
<i>Industrial Hullera S.A.</i>	80	<i>Loan to pay off debt with the Colombian Social Security Institute.</i>		
<i>Promosur S.A. en Liquidación</i>	543	<i>Liquidation Dicente, pursuant to Minutes No 90.</i>		

Name	Accounts receivable	Type	Accounts payable	Type
<i>Proservi Ltda. en Liquidación</i>	41	<i>Capitalization</i>	9	<i>Liquidation private security services for Litoral Ltda.</i>
<i>Reforestadora El Guásimo S.A.</i>	80	<i>Loan for special vehicle for Company officer</i>		
<i>Sociedad Portuaria La Inmaculada S.A.</i>	1	<i>Payment of renewal fees and income tax defrayed by Cementos Argos S.A</i>		
<i>Sociedad Portuaria Las Flores S.A.</i>	1	<i>Payment of renewal fees and income tax defrayed by Cementos Argos S.A</i>		
<i>Surandina de Puertos C.A.</i>			168	<i>Loan</i>
<i>Transmarítima del Caribe Ltda. en Liquidación</i>	284	<i>Loan (liquidation)</i>		
<i>Transportadora Sucre Ltda. en Liquidación</i>			79	<i>Sale of shares in Asesorías y Servicios Ltda. en Liquidación</i>
<i>Others</i>	4.468		3.083	
Total	42.376		24.773	

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

In 2010 and 2009, no operations having the following characteristics were conducted with shareholders, directors and legal representatives:

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

NOTE 27 – CONTINGENCIES AND SUBSEQUENT EVENTS

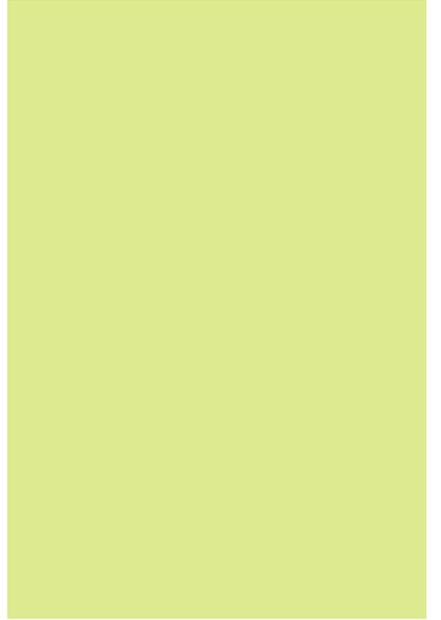
CEMENTOS ARGOS S.A. AND SUBSIDIARY COMPANIES

In 2010, there were no

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

FINANCIAL INDICATORS

	2010	2009
Liquidity (current assets / current liabilities)	0,84	0,83
Indebtedness (total liabilities / total assets)	27,24%	33,14%
Asset Turnover (operating revenues / total assets)	0,20	0,23
Profit margin (net earnings / operating income)	9,56%	6,08%
Profitability		
(Net earnings / equity)	2,58%	2,15%
(Net earnings / total assets)	1,87%	1,43%
EBITDA	539.182	651.718
EBITDA Margin	17,84%	18,89%
EBITDA / equity	4,82%	6,69%



**INDIVIDUAL
FINANCIAL
STATEMENTS**

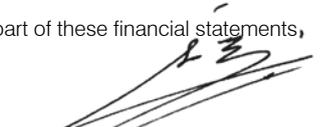
CEMENTOS ARGOS S.A. BALANCE SHEETS

For years ending December 31, 2010 and 2009
(In millions of Colombian pesos)

ASSETS	Notes	2010	2009
CURRENT ASSETS			
Cash		130.623	35.942
Negotiable investments	4	213.462	234.553
Accounts receivable, net	5	841.753	657.444
Inventories, net	6	124.673	168.259
Prepaid expense		8.089	9.128
TOTAL CURRENT ASSETS		1.318.600	1.105.326
NON-CURRENT ASSETS			
Long-term accounts receivable	5	731.446	369.448
Long-term inventories	6	1.164	-
Permanent investments	7	2.633.965	3.009.705
Property, plant and equipment, net	8	730.626	817.999
Deferred charges and intangibles	9	558.812	618.741
Other assets		13.235	12.802
Asset valuations	10	8.744.957	7.350.541
TOTAL NON-CURRENT ASSETS		13.414.205	12.179.236
TOTAL ASSETS		14.732.805	13.284.562
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial obligations	11	445.651	370.629
Commercial paper	12	250.000	300.000
Suppliers and accounts payable	13	422.841	506.501
Taxes payable	14	30.562	44.210
Labor obligations	15	18.230	17.360
Estimated liabilities	16	62.396	74.246
Advance payments		63.468	38.656
Other liabilities		-	116
TOTAL CURRENT LIABILITIES		1.293.148	1.351.718
NON-CURRENT LIABILITIES			
Financial obligations	11	579.777	475.756
Bonds payable	12	1.228.506	1.226.864
Suppliers and accounts payable	13	136.850	175.395
Labor obligations	15	224.990	222.826
Deferred liabilities		12.629	10.782
TOTAL NON-CURRENT LIABILITIES		2.182.752	2.111.623
TOTAL LIABILITIES		3.475.900	3.463.341
SHAREHOLDERS' EQUITY (Please refer to attached Statement)	17	11.256.905	9.821.221
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14.732.805	13.284.562
Memorandum Accounts	18	2.699.925	1.484.233

The accompanying notes form an integral part of these financial statements,


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


Osear 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 INCOME

For years ending December 31, 2010 and 2009

(In millions of Colombian pesos except for net earnings per share)

	Notas	2010	2009
Operating revenues	19	1.378.250	1.410.293
Cost of sales		928.540	1.021.985
GROSS INCOME		449.710	388.308
Operating expense			
Administrative	20	161.076	134.710
Sales	21	56.837	62.808
Total operating expense		217.913	197.518
OPERATING INCOME		231.797	190.790
Other income (expense)			
Financial income		25.356	45.594
Financial expense		(156.315)	(245.550)
Foreign exchange difference, net	22	29	(64.162)
Net share in results obtained by subsidiaries		(194.251)	181.566
Other income	23	643.890	240.651
Other expense	24	(231.333)	(120.016)
Income before provision for income tax		319.173	228.873
Income tax expense	14	30.295	19.052
NET INCOME		288.878	209.821
Net earnings per share (in Colombian pesos)		250,83	182,19

The accompanying notes form an integral part of these financial statements



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



Osear 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 CHANGES TO SHAREHOLDERS' EQUITY

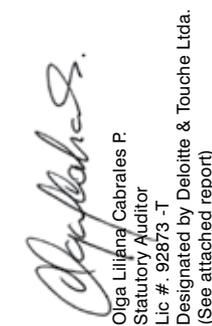
For years ending December 31, 2010 and 2009
(In millions of Colombian pesos)

	Capital Stock	Additional Paid-in Capital	Surplus Obtained From Equity Method	Legal Reserve	Reserve for Future Expansion and Investments	Other Reserves	Total Reserves	Equity Revaluation	Profits from Prior Years	Profits for the Year	Asset Valuation Surplus	Total Shareholders' Equity
BALANCES AS OF DECEMBER 31, 2008	7.291	210.819	402.990	23.163	714.288	12.469	749.920	1.045.730	-	66.990	3.892.050	6.375.750
Transferred amounts to profits from prior periods	-	-	-	-	-	-	-	-	66.990	(66.990)	-	-
Equity tax	-	-	-	-	-	-	-	(19.870)	-	-	-	(19.870)
Dividends issued at COP 121 per share per year payable in four equal installments as of April 2009	-	-	-	-	(72.362)	-	(72.362)	-	(66.990)	-	-	(139.352)
Surplus obtained from Equity Method	-	-	(63.599)	-	-	-	-	-	-	-	-	(63.599)
Adjustments on technically appraised values of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	1.756.712	1.756.712
Adjustments made to appraised intrinsic value of investments based on stock prices	-	-	-	-	-	-	-	-	-	-	1.701.779	1.701.779
Profits for the year	-	-	-	-	-	-	-	-	-	209.821	-	209.821
BALANCES AS OF DECEMBER 31, 2009	7.291	210.819	339.331	23.163	641.926	12.469	677.558	1.025.860	-	209.821	7.350.541	9.821.221
Transferred amounts to profits from prior years	-	-	-	-	-	-	-	-	209.821	(209.821)	-	-
Equity tax	-	-	-	-	-	-	-	(19.870)	-	-	-	(19.870)
Amounts freed up from non taxable reserve for future expansion	-	-	-	-	(1.328)	-	(1.328)	-	1.328	-	-	-
Dividends issued at COP 126 per share per year payable in four equal installments as of April 2010	-	-	-	-	-	-	-	-	(145.111)	-	-	(145.111)
Appropriated amounts for reserve for future expansion	-	-	-	-	62.630	-	62.630	-	(62.630)	-	-	-
Appropriated amounts for tax provision reserve	-	-	-	-	-	3.408	3.408	-	(3.408)	-	-	-
Surplus obtained from Equity Method	-	-	(82.629)	-	-	-	-	-	-	-	-	(82.629)
Adjustments on technically appraised values of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	(115.436)	(115.436)
Adjustments made to appraised intrinsic value of investments based on stock prices	-	-	-	-	-	-	-	-	-	-	1.509.852	1.509.852
Profits for the year	-	-	-	-	-	-	-	-	-	288.878	-	288.878
BALANCES AS OF DECEMBER 31, 2010	7.291	210.819	256.702	23.163	703.228	15.877	742.268	1.005.990	-	288.878	8.744.957	11.256.905

The accompanying notes form an integral part of these financial statements


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


Oscar Rodrigo Burbio 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.
STATEMENTS OF CHANGES TO FINANCIAL POSITION
For years ending December 31, 2010 and 2009
(In millions of Colombian pesos)

	2010	2009
FUNDS PROVIDED BY:		
Net income	288.878	209.821
Add (less) debits (credits) to income that do not affect working capital:		
Share of subsidiary profits	194.251	(181.566)
Depreciation and amortizations on property, plant and equipment	103.473	129.395
Amortization of deferred charges and intangibles	44.016	49.697
Profits from sales of property, plant and equipment	(1.210)	(8.527)
Profits from sales of permanent investments	(505.501)	(121.828)
Profits from sales of other assets	(1)	-
Losses on sales of permanent investments	-	1.309
Losses on sales or disposed of assets	97.934	16.099
Amortization of retirement pensions	4.697	5.389
Exchange difference on long-term financial obligations	(14.555)	(26.630)
Exchange difference on permanent investments and other items	8.262	26.636
Amortization of deferred tax and other items	3.425	(495)
Amounts recovered from provisions	(14.461)	(2.610)
Provision for assets	26.201	8.535
WORKING CAPITAL PROVIDED BY OPERATING ACTIVITIES FOR THE YEAR	235.409	105.225
FUNDS PROVIDED BY OTHER SOURCES		
Dividends received from permanent investments	106.680	17.630
Proceeds from sales of property, plant and equipment	159.112	17.665
Proceeds from sales of permanent investments	539.968	619.453
Proceeds from sales of other assets	147	-
Decrease in deferred charges and intangibles	5.829	-
Increase in long-term financial obligations	112.712	52.306
Increase in bonds outstanding	-	640.000
TOTAL FINANCIAL RESOURCES PROVIDED	1.159.857	1.452.279
FUNDS USED FOR:		
Dividends declared	145.111	139.352
Purchases of property, plant and equipment	249.767	86.901
Increase in permanent investments	66.048	403.810
Decrease in long term accounts payable	35.214	47.927
Increase in deferred charges and intangibles	-	74.557
Increase in long-term inventories	1.164	-
Increase in long-term accounts receivable	370.260	248.369
Equity tax payments	19.870	19.870
Increase in other assets	579	12.799
TOTAL FINANCIAL RESOURCES USED	888.013	1.033.585
INCREASE IN WORKING CAPITAL	271.844	418.694
CHANGES IN THE COMPONENTS OF WORKING CAPITAL		
Cash	94.681	(65.861)
Negotiable investments	(21.091)	(23.508)
Accounts receivable, net	184.309	(214.586)
Inventories, net	(43.586)	2.870
Prepaid expense	(1.039)	1.583
Financial obligations	(75.022)	609.857
Commercial paper	50.000	-
Suppliers and accounts payable	83.660	77.056
Taxes payable	13.648	31.251
Labor obligations	(870)	(236)
Other liabilities and estimated liabilities	(12.846)	268
INCREASE IN WORKING CAPITAL	271.844	418.694

The accompanying notes form an integral part of these financial statements

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(See attached certification)

Olga Liliانا Cabrales P.
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(See attached report)

CEMENTOS ARGOS S.A.
STATEMENTS OF CASH FLOWS
For years ending December 31, 2010 and 2009
(In millions of Colombian pesos)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	288.878	209.821
Adjustments to reconcile net income for the year with net cash provided by operating activities		
Share of subsidiary profits	194.251	(181.566)
Depreciation and amortizations on property, plant and equipment	103.473	129.395
Amortization of deferred charges and intangibles	44.016	49.697
Profits from sales of property, plant and equipment	(1.210)	(8.527)
Profits from sales of permanent investments	(505.501)	(121.828)
Profits from sale of other assets	(1)	-
Loss on sales of permanent investments	-	1.309
Loss on sales or disposal of assets	109.600	16.099
Amortization of retirement pensions	4.697	5.389
Exchange difference on long-term financial obligations	(16.249)	(26.630)
Exchange difference on permanent investments and other assets	8.262	26.636
Amortization - deferred tax	1.783	(2.137)
Amortization - bonds	1.642	1.642
Amounts recovered from provisions	(18.092)	(2.744)
Provision for assets	31.492	8.535
Appraised derivatives	38.264	9.265
	285.305	114.356
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Accounts receivable	(219.237)	(42.916)
Inventories	28.134	(2.870)
Prepaid expense	1.039	(1.583)
Suppliers and accounts payable	(151.449)	(77.056)
Labor obligations	870	236
Other liabilities	17.126	(268)
Taxes payable	(13.648)	(31.251)
	(51.860)	(41.352)
NET CASH USED FOR OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	159.112	17.665
Proceeds from sales of permanent investments	539.968	619.453
Proceeds from sales of other assets	147	-
Dividends received in cash	127.835	17.630
Purchases of permanent investments	(66.048)	(403.810)
Purchases of property, plant and equipment	(249.767)	(86.901)
Decrease (increase) in deferred charges and intangibles	5.829	(74.557)
Increase in other assets	(579)	(12.799)
	516.497	76.681
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid in cash	(103.437)	(139.352)
Increase in long-term accounts receivable	(370.260)	-
Net increase (decrease) in financial obligations	187.734	(557.549)
Decrease in long-term payables	(35.214)	(47.927)
(Decrease) increase in bonds outstanding & commercial papers	(50.000)	640.000
Equity tax	(19.870)	(19.870)
	(391.047)	(124.698)
NET CASH USED FOR FINANCING ACTIVITIES		
Net increase (decrease) in cash and cash equivalents	73.590	(89.369)
Cash and cash equivalents at beginning of year	270.495	359.864
	344.085	270.495
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
CASH EQUIVALENTS		
Cash and banks	130.623	35.942
Negotiable investments	213.462	234.553
	344.085	270.495
CASH AND CASH EQUIVALENTS		

The accompanying notes form an integral part of these financial statements.


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


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

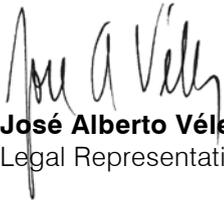

Olga Lilibana Cabrales P.
Statutory Auditor
Lic #. 92873 -T
Designated by Deloitte & Touche Ltda.
(See attached report)

CERTIFICATION FROM THE COMPANY'S LEGAL REPRESENTATIVE

Barranquilla, February 23, 2011

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

As the Company's Legal Representative, I hereby certify that the individual financial statements at December 31st, 2010 have been made public and do not contain any errors, inaccuracies or flaws that could prevent the public from knowing the real situation with the Company's equity or the operations carried out by Cementos Argos S. A. during said period.



José Alberto Vélez C.
Legal Representative

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

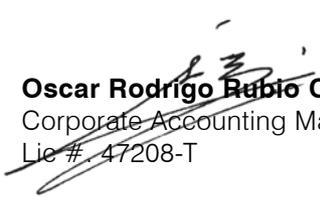
Barranquilla, February 23, 2011

To the Shareholders of Cementos Argos S.A.

We, as the undersigned Legal Representative and Corporate Accounting Manager of Cementos Argos S. A. duly certify that the figures included in the Company's financial statements for the fiscal years ended December 31, 2010 and 2009 were faithfully taken from the Company's books. In addition before being made available to both of you, our Shareholders, as well as third parties, we duly checked the following disclosures made therein, including the following:

- a) All assets and liabilities included in the Company's financial statements for the fiscal years ended December 31, 2010 and 2009 duly exist and all transactions therein included were carried out during these same periods ending on said dates.
- b) All economic events on the part of both the Company and its subsidiaries during the years ended December 31, 2010 and 2009 have been duly recognized in the financial statements.
- c) Assets represent probable future earnings (rights) and liabilities represent probable future commitments (obligations) either obtained by or for the benefit of the Company at December 31, 2010 and 2009.
- d) All items have been posted at their appropriate values according to generally-accepted accounting principles in Colombia.
- e) All economic events affecting the Company have been correctly classified, described and revealed in these financial statements.


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


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, 2010 and 2009 and the corresponding statements of income, changes in equity, changes in financial position, 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 my audit in accordance with auditing standards generally accepted in Colombia. Such standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit of financial statements involves examining, on a selective basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including his assessment of the risk of material misstatements in the financial statements. In making that risk assessment, the auditor considers the Company's internal control relevant to the preparation and reasonable presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes assessing the accounting principles used and significant estimates made by the Administration, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis to express my opinion.

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

As of December 31, 2010 and 2009 CEMENTOS ARGOS S.A. has investments in companies not audited by Deloitte & Touche, firm of which I am a member, registered under the equity method, determined according to the financial statements of these companies as of that date, that represent 2% and 6% of permanent investments, and net income under the equity method of 1% and 20% of profits, respectively. Those financial statements were audited by other auditors, who issued an opinion without qualification on same.

In my opinion, based on my audits and on that of other 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, 2010 and 2009, and the results of its operations, the changes in its equity, the 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.

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



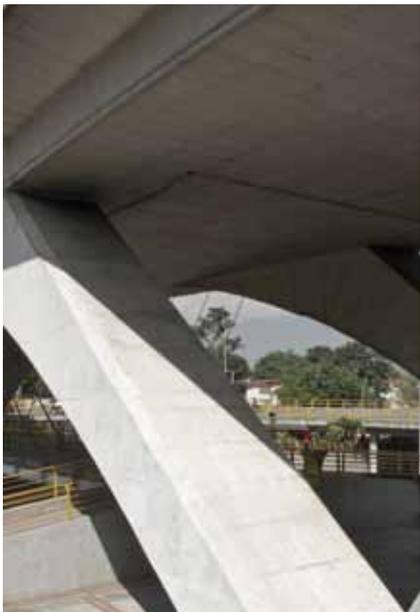
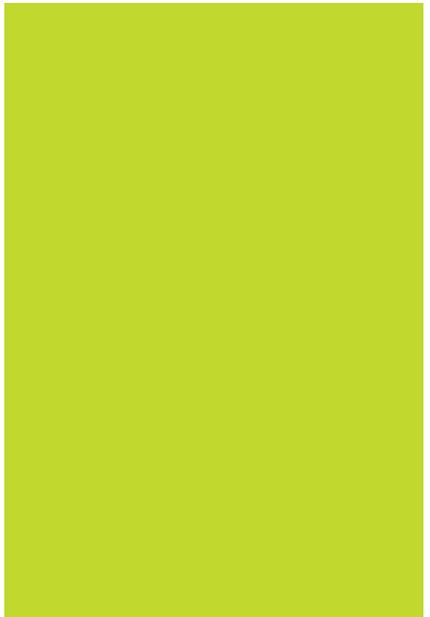
OLGA LILIANA CABRALES PINTO

Statutory Auditor

Professional Card No.92.873-T

Designated by Deloitte & Touche Ltda.

February 23, 2011.



**NOTES TO THE
INDIVIDUAL
FINANCIAL
STATEMENTS**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

**FOR YEARS ENDING DECEMBER 31, 2010 AND DECEMBER 31, 2009
(In millions of Colombian pesos, except where otherwise stated)**

NOTE 1 – REPORTING ENTITY

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

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

Central Region: Sogamoso and San Gil

Northern Region: Barranquilla, Toluviéjo and Sabanagrande

North-Western Region: Nare, Cairo and Rioclaro

South-Western Region: Yumbo

NOTE 2 - MAIN ACCOUNTING POLICIES AND PROCEDURES

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

CONSOLIDATING THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

ESSENCE OVER FORM

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

CONVERTING THE FINANCIAL STATEMENTS

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

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

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

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

ADJUSTMENTS FOR INFLATION

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

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

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

MATERIALITY

In preparing the financial statements according to generally-accepted accounting principles in Colombia, Company Management is required to make estimates and assumptions regarding the reported amounts of assets and liabilities on the closing date of said financial statements as well as the amounts of revenues and expense reported during the period in question. Generally speaking, economic events are recognized and presented based on their relative importance or materiality. In the case of the financial statements for 2010, materiality was determined on the basis of 5% of EBITDA.

CASH AND CASH EQUIVALENTS

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

CONVERTING TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

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

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

DERIVATIVES

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

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

Market Risk: any change in the reasonable value of the derivative due to fluctuations in market prices.

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

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

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

The Company also periodically appraises its derivatives based on market prices for the purpose of providing proper administrative control.

The Company effectively handles these risks by carrying out the following operations:

SWAPS

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

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

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

FORWARDS

Forwards are used to hedge the exchange rate risk on existing debt and investments held in foreign currency, as well as highly likely future cash flows, such as those relating to the Company's monthly export volumes. At the end of each period, the Company projects the forward rates corresponding to the contrary position in order to close the position and this future rate is discounted using a risk free rate and this present value is then compared with the representative market rate at the close of the period and the positive or negative difference thus obtained is recorded in the income accounts.

OPTIONS

These are used to hedge exchange rate risk mainly with monthly exports and the corresponding future flows derived from such. These are carried out through structured hedging arrangements such as export collars which allow for a range of monetization at market prices thereby safeguarding risks against sharp exchange rate fluctuations with the exchange rate. These are valued using the Black – Scholes model.

HEDGE ACCOUNTING

In order to record derivatives using hedge accounting these must comply with the following conditions:

- They must be formally documented by means of an agreement.
- They must be highly effective.
- In the case of all those transactions involving cash flow hedges, the underlying to be covered in the future must be highly probable.
- They must have all the necessary models in order to be able to measure the effectiveness of the hedge.
- The hedge shall have been evaluated against the entity's continued performance.

NEGOTIABLE AND PERMANENT INVESTMENTS

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

- a) Permanent investments are those that are intended to be held until their maturity or redemption date, as applicable, or kept indefinitely should they not be subject to any definite term. In the latter case, in order to classify an investment as being permanent, it must remain in the Company's possession for at least three calendar years, beginning on the date it was acquired, and without detriment to classifying this as a permanent investment on this same date. These investments are appraised and posted on a prospective basis in the following manner:
 - Debt investments or investments incorporating debtor's rights (non-equity securities) earning a fixed or variable rate are initially posted at their purchase cost and are appraised every month based on the IRR of each security calculated at the moment of purchase; the resulting adjustment is recorded on the income accounts.
 - Investments in shares or in stakes of share capital (equity securities) earning a variable rate and held in entities where the Company does not possess a controlling stake are recorded at cost and are duly adjusted on a monthly basis at their realizable value. The resulting adjustment, whether positive or negative, is posted in the revaluation account debiting or crediting the reappraisal surplus account under shareholders' equity, as applicable. The realizable value of securities, classified as having high or medium liquidity by the Superintendency of Finance, is calculated based on the average share price registered on the Stock Exchange during the previous 10 to 90 days, depending on the corresponding parameters established by the aforementioned Superintendency. The realizable value of all those equity securities classified as having a low or minimum liquidity or that are not listed on the Stock Exchange is determined based on their intrinsic value calculated on the basis of the latest financial statements presented by the issuer of said securities.

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

crediting the equity method surplus account. Once this is recorded using the equity method, should the intrinsic value of the investment be lower than its book value, a provision is recorded in the income accounts.

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

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

PROVISION FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

DEFERRED CHARGES

This account consists of prepaid expense and deferred charges. Prepaid expense mainly includes insurance premiums which are amortized using the straight line method over a 12 month period.

Deferred charges mainly include software programs which are amortized using the straight-line method over a maximum period of 3 years, improvements to third party properties, deferred income tax and automation projects which are amortized using the straight line method over a period of between 3 and 5 years.

INTANGIBLES

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

The following contains a description of the accounting policy used for recording and amortizing goodwill:

ACQUIRED GOODWILL

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

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

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

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

ASSET VALUATIONS

These correspond to:

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

LABOR OBLIGATIONS AND RETIREMENT PENSIONS

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

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

On December 7, 2010, the Colombian Ministry of Finance and Public Credit issued Decree 4565 amending that provided in Article 77 of Decree 2649 of 1993, containing instructions as to how economic entities, must calculate and disclose their retirement pension liabilities, provided they are obliged to do so.. In drawing up their actuarial calculations at December 31, 2010, the aforementioned entities must use the Mortality Tables for Male and Female Annuitants, duly updated by the Colombian Superintendency of Finance by means of Resolution No. 1555 issued on July 30, 2010. The percentage to be amortized compared to the retirement pension liability balance as of December 31, 2009 as well as the remaining amounts to be provisioned, must be amortized from the year ending December 31, 2010 until 2029 using the straight line method with no exception to completing such amortization before 2029. The Company decided to amortize the unprovisioned balance within 8 years.

Pension payments made during the fiscal year are charged directly to the income accounts for the period.

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

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

INCOME TAX

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

MEMORANDUM ACCOUNTS

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

RECOGNITION OF REVENUES, COSTS AND EXPENSE

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

STATEMENTS OF CASH FLOWS

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

BASIC EARNINGS PER SHARE

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

CONTINGENCIES

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

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

RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain figures included in the financial statements at December 31, 2009 were reclassified for presentation purposes.

NOTE 3 – TRANSACTIONS IN FOREIGN CURRENCY

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

Transactions and balances in foreign currency are converted using the market exchange rate as certified by the Central Bank, which was used to prepare the financial statements at December 31, 2010 and 2009. The market exchange rate at December 31, 2010 was COP 1,913.98 (2009 – COP 2,044.23) per US dollar.

The Company held the following assets and liabilities in foreign currency, mainly in US dollars, posted at their equivalent values in millions of Colombian pesos at December 31, 2010 and December 31, 2009:

	2010		2009	
	Dollars	In millions of pesos	Dollars	In millions of pesos
Current Assets	243.175.163	465.432	132.113.988	270.071
Non-current assets	721.617.570	1.381.162	533.047.450	1.089.672
Total Assets	964.792.733	1.846.594	665.161.438	1.359.743
Current liabilities	(252.935.219)	(484.113)	(108.949.602)	(222.718)
Non-current liabilities	(426.229.841)	(815.795)	(280.143.371)	(572.677)
Total Liabilities	(679.165.060)	(1.299.908)	(389.092.973)	(795.395)
	285.627.673	546.686	276.068.465	564.348
Permanent Investments held in related companies	(296.858.906)	(568.182)	(303.165.525)	(619.740)
Net short position	(11.231.233)	(21.496)	(27.097.060)	(55.392)

The Company's policy is to maintain a net position of between + (-) US 30.000.000, that is to say with its assets exceeding liabilities by USD 30.000.000, or vice versa. In 2010, the Company's net position averaged out at USD (770.000), leaving its exposure to the exchange rate very close to zero. In December, the Company's net position on a consolidated basis came to USD (10.710.081). Possible gaps arising in applying this policy are covered with derivatives or by optimizing the Company's natural position. Its net position is reviewed on a monthly basis. Notes 5 and 13 provide detailed information regarding current derivatives.

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

NOTE 4 – NEGOTIABLE INVESTMENTS

Negotiable investments at December 31, 2010 and 2009 are as follows:

	Average Annual Rate 2010	2010	2009
Repo rights on negotiable investments		-	143.078
CDs (1)	4,00%	198.484	86.020
Trusts in local currency	2,38%	14.798	5.420
Securities, bonds and bank acceptances		180	1
Tax reimbursement certificates		-	34
		213.462	234.553

(1) Corresponds mainly to CDs totaling USD 102,983,231 (2009 – USD 40.122.862).

NOTE 5 – ACCOUNTS RECEIVABLE, NET

At December 31, 2010 and 2009, the Accounts Receivable account included the following:

	2010	2009
Domestic customers (1)	240.937	157.727
Foreign customers USD 1.793.551 (2009 USD 2.417.424)	3.433	4.942
Related companies (See Note 25)	1.048.661	583.906
Advance payments	10.063	20.902
Promissory bills of sale (2)	48.711	42.975
Income receivable	94.653	100.110
Advance tax payments	93.768	86.611
Accounts receivable due from workers	29.753	22.093
Loans to private individuals (3)	220	15.346
Swaps receivable (4)	1.756	13.905
Forwards receivable (4)	5.847	-
Miscellaneous receivables	3.205	1.931
	1.581.007	1.050.448
Less - Provision	(7.808)	(23.556)
Total accounts receivable	1.573.199	1.026.892
Less – long term portion (5)	731.446	369.448
Short-term receivables	841.753	657.444

The Accounts Receivable provision performed as follows:

	2010	2009
Opening balance	23.556	20.022
Provision for the year	2.976	5.044
Amounts recovered	(1.045)	(134)
Write-offs (3)	(17.679)	(1.376)
Ending balance	7.808	23.556

- (1) This increase is due mainly to a mandate agreement with Zona Franca Argos S. A. S. for cement sales in the central part of the country as well as accounts receivable on urban construction projects (Portal Alejandría I and II, Portal de Genovés and Miramar Phase IV).
- (2) Corresponds mainly to advance payments made on purchases of land for the forestry project in Carmen de Bolívar, land belonging to the Hacienda Centenario estate as well as having acquired offices in Bogotá.
- (3) Decrease is mainly due to having written off an account receivable due from Industrial Hullera S. A. The Company did not receive the monies owing as stated by its legal counsel..
- (4) Year-end gains from derivatives are broken down as follows:

Swaps						
Type	Underlying	Value of Underlying	Rate Applicable to Underlying	Amount of Swap	Swap Rate	Due Date
Currency Swap	Payable	USD 85.800.000	4,90% in arrears	COP 163.869	CPI + 5.35%	Aug 08 2016
Currency Swap	Bonds due in 2017	COP 432.922	CPI + 3.17%	USD 240.000.000	Libor + 1.78%	Nov 23 2017

Forwards					
Type	Underlying	Value of Underlying	Amount of Forward	Forward Rate	Due Date
Forward Purchase	Fin. Obligation	USD 30.000.000	USD 30.278.812	COP 1.792,74	April 05 2011
Forward Purchase	Fin. Obligation	USD 20.000.000	USD 20.198.130	COP 1.835,64	April 13 2011
Forward Purchase	Fin. Obligation	USD 39.000.000	USD 39.418.945	COP 1.836,99	April 27 2011
Forward Purchase	Fin. Obligation	USD 20.000.000	USD 20.095.327	COP 1.854,57	Feb 8 2011
Forward Sale	CD in dollars	USD 12.500.000	USD 12.500.000	COP 1.910,52	Jan 24 2011

Year-end receivables corresponding to gains on these hedging arrangements came to COP 7.603 (2009 COP 13.905).

Currency swaps are carried out for a two-fold purpose:

- Balance out the Company's exposure to the exchange rate.
- Take full advantage of currency arbitrage on the derivative market compared to the dollar lending market.

Currency forwards are carried out to hedge the risk of fluctuations with the exchange rate on dollar-denominated debt and temporary investments. These forwards are appraised at their fair value, bearing in mind the market curves applicable on the date on which the appraisal is carried out (see Derivative Policy).

(5) Increase due to loans and transactions mainly in the case of Argos USA Corp. for a total of COP 684.346.

Past-due trade receivables are broken down as follows:

	2010	2009
Up to 30 days	59.500	44.285
From 31 to 360 days	48.530	31.593
More than 360 days	7.306	8.418
	115.336	84.296

Uncollectible accounts over 12-months past due, corresponding to 41 customers, came to COP 627 (2009 COP 357). This amount is expected to be recovered in the short-term.

At December 31, 2010, there were no encumbrances existing on the Company's receivables.

Long-term accounts receivable at December 31, 2010 become due and payable as follows:

2012	14.422
2013	8.891
2014	38.468
2015	102.688
2016 onwards	566.977
	731.446

Interest rates on long-term receivables are as follows: between 4% and 14,41% in the case of employee loans, and for loans to related companies see Note 25.

NOTE 6 – INVENTORIES, NET

Inventories at December 31, 2010 and 2009 are as follows:

	2010	2009
Raw and direct materials	24.868	36.190
Goods in process	8.726	10.601
Urban construction work (1)	20.947	15.452
Finished goods	15.030	27.470
Materials, spare parts and accessories	49.367	69.346
Inventories in transit	6.330	4.984
Others	4.393	5.600
	129.661	169.643
Less - Provision for inventories	(3.824)	(1.384)
Total inventories	125.837	168.259
Less – long term portion (1)	1.164	-
Total short-term inventories	124.673	168.259

The provision for inventories performed as follows:

	2010	2009
Beginning balance	1.384	3.187
Provision for the year (2)	4.529	2.276
Write-offs	(2.089)	(4.079)
Ending balance	3.824	1.384

- (1) Increase due to additional investment in urban construction projects began in 2009 as well as new project development. At year-end 2010 the following urban construction projects were in progress:

Portal de Genovés
 Institutional cluster
 Centro Internacional del Caribe
 Miramar Phase IV
 Portal de Alejandría
 Villa Carolina 7
 San Juan de Dios
 Pajonal (a long-term project)

- (2) Increase in provisions is the result of an obsolescence study on slow-moving inventories.

Decrease in inventory levels for cement production forms part of the Company's working capital optimization initiatives.

No encumbrances or restrictions have been placed on inventories.

NOTE 7 – PERMANENT INVESTMENTS, NET

Permanent investments at December 31, 2010 and 2009 are as follows:

	2010	2009
Permanent equity investments in controlled companies		
Shares	2.181.855	2.419.176
Equity interest	192.167	285.057
Permanent equity investments in non-controlled companies		
Shares	313.378	331.745
Permanent fixed-income investments in non-controlled companies		
Bonds and others	10.268	13.669
	2.697.668	3.049.647
Less - Provision for investments	(63.703)	(39.942)
	2.633.965	3.009.705

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

Company	No. Shares	Value
Grupo de Inversiones Suramericana S. A.	5.200.000	194.896
Grupo Nacional de Chocolates S. A.	2.706.018	73.333
C. I. Carbones del Caribe S. A. S.	661.000	11.182
		279.411

PERMANENT INVESTMENT AT DECEMBER 31 2010

Company	Place of Domicile	Business Activity	Valuation Basis	No. Shares	Type of Share	Adjusted Cost	Commercial Value	% Stake	Provision	Share in results	Increase (Decrease) in Value
PERMANENT CONTROLLED INVESTMENTS											
Joint Stock Companies											
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.	Medellín	Coal-mining	I	6.404.888	O	118.761	105.803	96,08	12.958	(23.984)	-
C. I. del Mar Caribe BVI Inc.	British Virgin Islands	Port services	I	18.400	O	5.616	6.566	93,88	-	(565)	950
Corporaciones e Inversiones del Mar Caribe S. A. S.	Medellín	Investments	I	13.659.132	O	144.846	144.846	100,00	-	(6.690)	-
Canteras de Colombia S. A. S.	Medellín	Gravel and clay production	I	27.670	O	3.998	4.142	5,97	-	(139)	144
Colcaribe Holdings S. A.	Panama	Investments	I	117.860	O	146.183	153.981	100,00	-	3.000	7.798
Concretos Argos S. A.	Bogotá	Gravel and clay production	I	8.936.623	O	340.193	349.668	93,37	-	(26.279)	9.475
Ganadería Río Grande S. A. S.	Medellín	Livestock	I	10.000.000	O	3.135	3.045	100,00	90	(1.421)	-
Haiti Cement Holding S. A.	Haiti	Investments	I	78.000	O	18.098	14.709	50,00	3.389	430	-
International Cement Company S. A.	Panama	Investments	I	10.000	O	505	437	100,00	68	(1)	-
Logística de Transporte S. A.	Medellín	Overland transport	I	13.094.331	O	17.611	18.882	94,90	-	517	1.271
Cemento Panama S. A. (1)	Panama	Investments	I	1.298.122	O	230.835	205.048	85,61	25.787	43.069	-
Point Corp.	British Virgin Islands	Investments	I	38.000	O	144.302	131.469	80,85	12.833	493	-
Reforestadora del Caribe S. A. S.	Medellín	Reforestation	I	1.080.000	O	16.490	19.332	100,00	-	2.779	2.842
Sociedad Portuaria Golfo de Morrosquillo S. A.	Sincedejo	Port services	I	1.077.066	O	8.908	2.774	32,37	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.	Panama	Ocean transport marítimo	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 JOINT-STOCK COMPANIES						2.181.855	2.149.939		62.143	(96.696)	30.227
Limited Liability Companies											
Valle Cement Investments Ltd.	British Virgin Islands	Investments	I	1	O	186.471	199.766	100,00	-	(91.884)	13.295
Carbones del Caribe Ltda. en liquidación	Barranquilla		I	833	O	-	1	0,53	-	-	1
Dist. Col. de Cementos Ltda. en liquidación	Barranquilla	Distribution	I	200.000	O	3.674	4.861	100,00	-	-	1.187
Dist. de Cementos Ltda. en liquidación	Medellín	Distribution	I	47.500	O	1.900	1.136	95,00	764	-	-
Transportes Elman Ltda. en liquidación	Barranquilla	Overland, river and ocean transport	I	8.348	O	92	87	1,04	5	-	-
Profesionales a su Servicio Ltda. en liquidación	Barranquilla	Manpower services	I	194.900	O	10	-	50,00	10	-	-
Asesorías y Servicios Ltda. en liquidación	Barranquilla	Manpower services	I	316.500	O	20	-	50,00	20	-	-
SUBTOTAL Limited Liability Companies						192.167	205.851		799	(91.884)	14.483
PERMANENT NON-CONTROLLED INVESTMENTS											
Bancolombia S. A.	Medellín	Financial brokerage	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 de Colombia S. A.	Cali	Cardboard manufacturing	I	3.117.675	O	6.871	42.048	2,89	-	791	35.177
Grupo de Inversiones Suramericana S. A.	Medellín	Financial brokerage	B	114.590.115	O	160.130	4.294.838	24,43	-	35.169	4.134.708
Fundiciones Colombia S. A.	Medellín	Metal-working	I	38.543.456	O	278	21	1,54	257	-	-
Grupo Nacional de Chocolates S. A.	Medellín	Confectionery	B	24.940.650	O	15.444	675.892	5,73	-	8.081	660.448
Industrial Hullera S. A.	Medellín	Coal-mining	I	2.426.054	O	155	-	37,47	155	-	-
Omya Andina S. A.	Guame	Non-metallic mineral production	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 Agudulce S. A.	Buenaventura	Port services	I	4.390	O	103	47	0,05	-	-	(56)
Triple A Barranquilla S. A. E. S. P.	Barranquilla	Public utility services	I	68.514	O	288	178	0,09	-	-	(110)
Other minor less than COP 100						373	9.975		-	748	9.602
SUBTOTAL NON-CONTROLLED INVESTMENTS						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 for						(63.703)					
Permanent fixed-income investments											
Bonds and others						10.268	86.812		18	-	76.562
TOTAL PERMANENT INVESTMENTS						2.633.965	8.621.916		63.703	(115.865)	5.987.951

Gains

Type of share:

I Intrinsic

O Ordinary

B Stock market price

- (1) The Company's share in the results obtained by Cemento Panama S. A. includes COP 5.672 in dividend payments corresponding to the usufruct of shares held by South Caribbean Trading and Shipping S. A. in said Company.

PERMANENT INVESTMENTS AT DECEMBER 31, 2009

Company	Place of Domicile	Business Activity	Valuation Basis	No. Shares	Type of Share	Adjusted Cost	Commercial Value	% Stake	Provision	Share in results	Increase (Decrease) in Value
PERMANENT CONTROLLED INVESTMENTS											
Joint Stock Companies											
Argos USA Corp.	USA	Investments	I	3,186	0	217,932	222,252	35.02	-	(66,137)	4,320
C. I. Carbones del Caribe S. A. S.	Barranquilla	Coal-mining	I	6,137,912	0	193,396	178,111	92.07	15,285	(64,669)	-
C. I. del Mar Caribe BVI Inc.	British Virgin Islands	Port services	I	18,400	0	6,183	7,631	93.88	-	3,913	1,448
Corporaciones e Inversiones del Mar Caribe S. A. S.	Barranquilla	International Distribution	I	11,529,100	0	129,470	132,652	98.71	-	(5,007)	3,182
Canteras de Colombia S. A. S.	Medellin	Quarry production	I	23,121	0	3,603	3,585	4.98	18	(99)	-
Carbones Nechi S. A. S.	Medellin	Coal-mining	I	61,070	0	-	-	93.95	-	(1,022)	-
Colcaribe Holdings S. A.	Panamá	Investments	I	230,000	0	189,191	190,842	100.00	-	16,648	1,651
Concretos Argos S. A.	Bogotá	Concrete production	I	8,936,585	0	376,504	385,978	93.37	-	(5,077)	9,474
Flota Fluvial Carbonera S. A. S.	Barranquilla	Overland transport	I	2,482,020	0	6,951	6,951	87.71	-	1,761	-
Ganadería Río Grande S. A. S.	Medellin	Livestock	I	9,124,651	0	4,178	4,005	91.25	173	(701)	-
Haiti Cement Holding S. A.	Haiti	Investments	I	78,000	0	18,583	16,320	50.00	2,263	3,547	-
International Cement Company S. A.	Panamá	Investments	I	10,000	0	508	469	100.00	39	(2)	-
Inversiones el Duero S. A. S.	Medellin	Investments	I	1,264,623	0	9,020	9,020	6.00	-	178	-
Logística de Transporte S. A.	Medellin	Overland transport	I	13,094,331	0	25,198	26,469	94.90	-	(152)	1,271
Cemento Panama S. A.	Panamá	Investments	I	1,298,122	0	241,010	231,703	85.61	9,307	29,559	-
Point Corp.	British Virgin Islands	Investments	I	38,000	0	145,225	139,883	80.85	5,342	11,146	-
Reforestadora del Caribe S. A. S.	Cartagena	Reforestation	I	1,023,800	0	22,388	24,906	94.80	-	(1,489)	2,518
Sociedad Portuaria Golfo de Morrosquillo S. A.	Sincedejo	Port services	I	1,077,066	0	9,745	3,611	32.97	6,134	(706)	-
Sociedad Portuaria de Cementeras Asociadas S. A.	Buenaventura	Port services	I	20,375	0	1,794	1,251	67.92	543	(211)	-
Transatlantic Cement Carrier Inc.	Panamá	Ocean transport	I	33,500	0	19,206	24,373	100.00	-	(1,422)	5,167
Urbanizadora Villa Santos S. A. S.	Barranquilla	Construction	I	9,000	0	6,846	7,070	90.00	-	1,461	224
Zona Franca Argos S. A. S.	Cartagena	Cement production	I	53,333,782	0	792,245	792,242	94.90	3	16,151	-
SUBTOTAL Joint Stock Companies						2,419,176	2,409,324		39,107	(62,330)	29,255
Limited Liability Companies											
Valle CementInvestments Ltd.	British Virgin Islands	Investments	I	1	0	279,483	312,974	100.00	-	243,896	33,491
Distribuidora de Cementos Ltda. en Liquidacion	Medellin	Distribution	I	47,500	0	1,900	1,673	95.00	227	-	-
Dist. Col. de Cementos Ltda. en Liquidacion	Barranquilla	Distribution	I	200,000	0	3,674	4,977	100.00	-	-	1,303
SUBTOTAL LIMITED LIABILITY COMPANIES						285,057	319,624		227	243,896	34,794
PERMANENT NON-CONTROLLED INVESTMENTS											
Bancolombia S. A.	Medellin	Financial brokerage	B	36,763,662	0	107,777	850,711	7.21	-	25,457	742,934
Cementos de Caldas S. A.	Manizales	Cement production	I	20,179,195	0	3,027	3,363	39.83	-	-	336
Cartón de Colombia S. A.	Cali	Cardboard manufacturing	I	3,192,175	0	7,035	26,120	2.96	-	1,106	19,085
Grupo de Inversiones Suramericana S. A.	Medellin	Financial brokerage	B	131,227,832	0	183,380	3,220,331	27.98	-	33,070	3,036,951
Fundiciones Colombia S. A.	Medellin	Metal-working	I	38,543,456	0	278	23	1.54	255	-	-
Grupo Nacional de Chocolates S. A.	Medellin	Confectionery	B	24,940,650	0	15,444	523,754	5.73	-	7,781	508,310
Industrial Hullera S. A.	Medellin	Coal-mining	B	2,426,054	0	155	-	37.47	-	-	(155)
Omya Andina S. A.	Guarne	Non-metallic mineral production	I	6,345,425	0	11,554	30,674	50.00	-	-	19,120
Prom. de Proyectos del Suroccidente S. A. en Liq.	Cali	Construction	I	46,056	0	-	-	95.95	-	-	-
Sociedad de Transporte Férreo S. A.	Cali	Railway services	B	72,294	0	331	-	2.95	331	-	-
Sociedad Portuaria Bocas de Ceniza S. A.	Barranquilla	Port services	I	403,130	0	484	403	2.49	-	-	(81)
Sociedad Puerto Industrial Aguadulce S. A.	Buenaventura	Port services	B	4,390	0	103	47	0.05	-	-	(56)
Tableros y Maderas de Caldas S. A.	Medellin	Timber industry	B	999,681,490	0	1,429	5,948	3.94	-	120	4,519
Triple A Barranquilla S. A.	Barranquilla	Public utility services	I	68,514	0	288	177	0.09	-	-	(111)
Other minor less than COP 100						460	7,789		4	1,227	7,333
SUBTOTAL NON-CONTROLLED INVESTMENTS						331,745	4,669,340		590	68,761	4,338,185
						3,035,978	7,398,288		39,924	250,327	4,402,234
Provision for						(39,942)					
PERMANENT FIXED-INCOME INVESTMENTS											
Bonds and others						13,669	95,322		18	-	81,671
TOTAL PERMANENT INVESTMENTS						3,009,705	7,493,610		39,942	250,327	4,483,905

Gains
I Intrinsic
O Ordinary
B Stock market price

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

Company	2010				2009			
	Type of Asset	Liabilities	Shareholders' Equity	Profits (Loss)	Type of Asset	Liabilities	Shareholders' Equity	Profits (Loss)
Argos USA Corp. (1)	1.280.992	835.740	445.252	(145.968)	1.517.797	883.131	634.666	(126.674)
C. I. Carbones del Caribe S. A. S.	189.717	79.595	110.122	(24.963)	243.628	50.183	193.445	(70.236)
C. I. del Mar Caribe BVI Inc.	14.991	7.998	6.993	(602)	22.483	14.354	8.129	4.169
Canteras de Colombia S. A. S.	83.529	14.081	69.448	(2.336)	84.057	12.143	71.914	(1.996)
Carbones Nechí S. A. S.	-	-	-	-	8.795	10.784	(1.989)	(5.047)
Cemento Panama S. A.	423.954	184.442	239.512	43.683	478.417	207.773	270.644	53.722
Cimenterie Nationale S. E. M. (CINA)	56.194	13.734	42.460	5.601	-	-	-	-
Colcaribe Holdings S. A.	181.296	27.316	153.980	3.000	217.522	26.680	190.842	16.648
Concretos Argos S. A.	658.915	284.425	374.490	(28.144)	614.133	200.754	413.379	(5.437)
Corp. e Inversiones del Mar Caribe S. A. S.	210.962	66.116	144.846	(6.690)	208.555	75.884	132.671	(5.072)
Flota Fluvial Carbonera S. A. S. (3)	-	-	-	-	12.872	4.947	7.925	2.008
Ganaderia Rio Grande S. A. S.	6.473	3.429	3.044	(1.421)	10.233	5.843	4.390	(768)
Haiti Cement Holdings S. A.	29.420	-	29.420	860	32.641	2	32.639	7.094
International Cement Company S. A.	437	-	437	(1)	468	-	468	(2)
Inversiones el Duero S. A. S. (4)	-	-	-	-	150.540	203	150.337	2.973
Logística de Transporte S. A.	42.401	22.504	19.897	545	46.218	18.327	27.891	(160)
Point Corp.	177.057	14.450	162.607	610	173.013	-	173.013	13.786
Reforestadora del Caribe S. A. S.	29.389	10.057	19.332	2.779	37.079	10.806	26.273	(1.570)
Soc. Portuaria de Cementeras Asociadas S. A.	15.804	13.398	2.406	565	16.350	14.509	1.841	(310)
Soc. Portuaria Golfo de Morrosquillo S. A.	16.911	8.498	8.413	(2.541)	18.765	7.811	10.954	(2.142)
Transatlantic Cement Carriers Inc (2)	39.785	8.282	31.503	(37)	45.231	20.858	24.373	(1.422)
Urbanizadora Villa Santos S. A. S.	57.685	55.616	2.069	381	61.035	53.179	7.856	1.623
Valle Cement Investments Ltd.	470.649	270.883	199.766	(91.884)	624.282	311.307	312.975	243.896
Zona Franca Argos S. A. S.	1.050.714	252.657	798.057	(36.689)	985.665	150.847	834.818	17.019

- (1) The effect of recording this investment using the equity method produced a drop at December 31, 2010 of COP 51.116 (2009 COP 66.137). This negative effect, recorded against the income accounts was mainly due to having applied generally accepted accounting principles in the United States regarding asset impairment, which entailed a loss of USD 43.042.000 (2009 USD 40.500.000), as posted on the financial statements of Argos USA Corporation.
- (2) In 2010 this Company was capitalized in the amount of USD 4.590.000
- (3) This Company was sold to Mercuria S. A. in 2010.
- (4) This Company was sold to Inversiones Argos S. A. in 2010.

The Company was restructured in 2010, producing the following changes:

- Colcaribe Holdings S. A. was spun off and a new company was created called Colcaribe Holding Dos S. A.
- Corporaciones e Inversiones del Mar Caribe S. A. S. took over Colcaribe Holdings Dos S. A. , Domar Ltd. and Dominicana Cement Holding S. A.
- C. I. Carbones de Caribe S. A. S. took over Carbones Nechi S. A. S.
- Emcarbón Ltda. a subsidiary of C. I Carbones del Caribe S. A. S. is in the process of being liquidated.

Shareholders' equity in controlled companies is broken down as follows:

2010

Company	Share Capital	Capital surplus	Reserves	Equity revaluation	Results or the Year	Results from Prior Years	Valuation 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 Panama 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
ColcaribeHoldings 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
Haiti 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

2009

Company	Share Capital	Capital surplus	Reserves	Equity revaluation	Results or the Year	Results from Prior Years	Valuation surplus	Shareholders' Equity
Argos USA Corp.	911.878	6	-	(57.813)	(126.674)	(132.136)	39.405	634.666
C. I. Carbones del Caribe S. A. S.	7.500	17.214	102.043	92.962	(70.236)	-	43.962	193.445
C. I. del Mar Caribe BVI Inc.	54	-	-	(2.048)	4.169	5.954	-	8.129
Canteras de Colombia S. A. S.	464	11.902	1.230	4.090	(1.996)	(8.308)	64.532	71.914
CARBONES NEPHI S. A. S.	65	-	579	848	(5.047)	(921)	2.487	(1.989)
Cemento Panama S. A.	265.660	-	-	(30.553)	53.722	(18.185)	-	270.644
Colcaribe Holdings S. A.	41.825	2.208	-	(15.625)	16.648	123.511	22.275	190.842
Concretos Argos S. A.	9.589	108.180	50.047	50.200	(5.437)	-	200.800	413.379
Corp. e Inversiones del Mar Caribe S. A. S.	11.508	82.543	390	8.022	(5.072)	(2.967)	38.247	132.671
Float Fluvial Carbon era S. A. S.	2.830	837	496	1.389	2.008	(8.137)	8.502	7.925
Ganadería Río Grande S. A. S.	5.000	3.298	-	-	(768)	(3.140)	-	4.390
Haiti Cement Holding S. A.	31.430	-	-	118	7.094	(6.003)	-	32.639
International Cement Company S. A.	13	-	-	(49)	(2)	506	-	468
Inversiones El Duero S. A. S.	2.108	-	23.715	3.655	2.973	1.082	116.804	150.337
Logística de Transporte S. A.	83	15.140	6.167	3.924	(160)	-	2.737	27.891
Maritime de Granules S. A.	114	-	2.409	8	(192)	32	-	2.371
Point Corp.	101	-	-	(23.969)	13.786	183.095	-	173.013
Reforestadora del Caribe S. A. S.	1.080	8.300	6.134	3.606	(1.570)	-	8.723	26.273
Soc. Portuaria Cementeras Asociadas S. A.	30	1.980	108	33	(310)	-	-	1.841
Soc. Portuaria Golfo de Morrosquillo S. A.	3.267	9.515	-	636	(2.142)	(1.699)	1.377	10.954
Transatlantic Cement Carriers Inc.	6.133	11.765	-	2.080	(1.422)	2.278	3.539	24.373
Urbanizadora Villa Santos S. A. S.	1	187	3.946	1.579	1.623	-	520	7.856
Valle Cement Investments Ltd.	13,716	58,456	-	(55,739)	243,896	39,994	12,652	312,975
Zona Franca Argos S. A. S.	56.200	744.393	17.206	-	17.019	-	-	834.818

No scrip dividends were declared in 2010 and 2009.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT, NET

The Property, Plant and Equipment account at December 31, 2010 and 2009 is as follows:

	2010					2009				
	Net	Accumulated depreciation	Net Book Value	Appraisal companies	Valuation	Net	Accumulated depreciation	Net Book Value	Appraisal companies	Valuation
Land	99.961		99.961	1.186.418	1.086.457	69.365		69.365	1.156.217	1.086.852
Deposits, mines and quarries	122.316	121.521	795	704.222	703.427	122.316	119.577	2.739	710.569	707.830
Buildings and construction	387.856	247.636	140.220	345.393	205.173	372.372	231.773	140.599	350.001	209.402
Transport equipment	22.088	14.025	8.063	14.947	6.884	15.695	13.905	1.790	8.904	7.114
Machinery and equipment	1.648.935	1.187.679	461.256	1.213.876	752.620	1.650.130	1.159.985	490.145	1.343.135	852.990
Furniture, fixtures and computing equipment	23.758	10.415	13.343	15.152	1.809	18.772	6.567	12.205	14.017	1.812
Construction in progress and machinery being installed	21.803		21.803			127.721		127.721		
Property, plant and equipment in transit	2.477		2.477			2.748		2.748		
	2.329.194	1.581.276	747.918	3.480.008	2.756.370	2.379.119	1.531.807	847.312	3.582.843	2.866.000
Provision for asset depreciation			(17.292)					(29.313)		
	2.329.194	1.581.276	730.626	3.480.008	2.756.370	2.379.119	1.531.807	817.999	3.582.843	2.866.000

The increase in land, is mainly due to having acquired two plots of land for subsequent construction. On the other hand the decrease in construction in progress and machinery being installed is due to having capitalized electricity self-generation projects as well as the Santana Quarry.

Depreciation recorded in 2010 was COP 103.473 (2009 COP 129.395).

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

In 1994, our cement plant in Sogamoso, including adjacent land, was pledged as collateral for financial obligations on the part of Acerias Paz del Río S.A. This collateral at December 31, 2010 consisted of senior mortgages totaling USD 8.365.573; a second mortgage for COP 659, and a chattel mortgage for USD 21.337.187. The Company is taking all the corresponding measures to have these liens lifted since all those obligations that gave rise to such liens have been duly paid-off.

In addition land belonging to the Hacienda Casanare, which is a ranch located in Puerto Nare, Antioquia is pledged as collateral to guarantee financial obligations with Bancolombia S.A. of COP 265.

NOTE 9 – DEFERRED CHARGES AND INTANGIBLES

The Deferred and Intangible Items account at December 31, 2010 and 2009 is as follows:

	2010	2009
Acquired trademarks (1)	247.613	247.613
Goodwill (2)	28.711	31.045
Concessions and franchises (3)	234.942	234.942
Licenses	-	23
Rights (4)	99.908	95.918
Deferred items (5)	71.616	99.228
Less accumulated amortization	(123.978)	(90.028)
	558.812	618.741

- (1) Corresponds to the appraised value of trademarks that were acquired; the appraisal methodology used for this purpose is based on the discounted cash flow method; the value of the company is the result of the operating cash flows that it may generate over a period of time, discounted at a rate reflecting the risks inherent to such flows. This methodology is based on the return obtained from the wholly-owned trademark on said flows (contribution of the trademark to the business, both at the present time and in the future).
- The Argos mark purchased from Inversiones Argos S.A. in December 2005 for a total of COP 115.389. This trademark was appraised by Corporación Financiera Colcorp., It shall be amortized over a period of 20 years and was adjusted for inflation in the amount of COP 5.274.
 - The trademarks Fortaleza and Uno A were received as a result of Cementos Apolo S. A. and Cementos La Unión S. A. being wound up, having been bought from Cemento Andino S. A. and Concrecem S. A. respectively. These trademarks were appraised by Sumatoria S. A. in March 2007 for COP 52.137 in the case of the Fortaleza trademark and COP 73.854 for the Uno A trademark, and shall be amortized over a period of 20 years. The balance of adjustments for inflation totaling COP 959 was transferred.
 -
- (2) This goodwill corresponds to the additional value paid out over and above the respective book cost for shares belonging to:
- C. I. Carbones del Caribe S. A. S. for at total value of COP 6.023, the intrinsic value in pesos per share came to COP 41.668 which is being amortized using the straight-line method over a period of 5 years.
 - Cemento Panamá S.A. for at total value of COP 22,688, the intrinsic value in pesos per share came to COP 218,190 which is being amortized using the straight-line method over a period of 5 years.
 - In 2010 the goodwill corresponding to Carbones Nechi S. A. S. was withdrawn, since this Company was taken over by C. I. Carbones del Caribe S. A. S.
- (3) Consists mainly of having acquired a right of disposal in December 2008, for the purchase of 150,000 tons of slag per year from Acerías Paz del Río for a term of 15 years for a total of USD 41.256.757. This right of disposal may be extended for another equal term of 15 years..
- (4) This increase is due mainly to having set up a real estate trust with Fiduciaria Fiducor S. A. for the forestry project in Carmen de Bolívar.

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

Contract No.	Initial Amount	Balance at December 2010	Expiry date	Term (months)	Pending Installments	Type of Asset
85689	91	50	Dec 16 2012	60	24	Vehicles
117984	32	32	Mar 16 2012	15	15	Vehicles
106219	46	15	Apr 16 2011	15	4	Vehicles
104892	61	30	Dec 16 2011	25	12	Vehicles
109521	79	41	Dec 16 2011	20	12	Vehicles

- (5) Deferred Items at December 31, 2010 and December 31, 2009 included the following:

	2010	2009
Computer programs	14.664	22.656
Research studies	294	1.349
Deferred income tax – debit (1)	20.527	20.464
Other deferred charges (2)	36.131	54.759
	71.616	99.228

- (1) Mainly due to swaps payable, estimated contingency liabilities and deferred depreciation.
- (2) Corresponding mainly to projects, particularly the overhauling of the Cartagena TPC Plant, technological developments and Information Management.

Amortization charged to the income accounts during 2010 came to COP 44.016 (2009 COP 49.697). These are amortized over a period of between 3 and 5 years using the straight-line method

NOTE 10 – ASSET VALUATIONS

Asset Appraisals at December 31, 2010 and 2009 are as follows:

	2010	2009
Surplus amount between the market and intrinsic values of these investments vs. their net cost in books. (See Note 7)	5.987.951	4.483.905
Surplus amount between technically appraised values of property, plant and equipment and their net book cost. (See Note 8)	2.756.370	2.866.000
Other assets - works of art	636	636
	8.744.957	7.350.541

This increase is due to gains obtained mainly with shares held in Bancolombia S.A. and Grupo de Inversiones Suramericana S.A.

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

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

NOTE 11 – FINANCIAL OBLIGATIONS

Financial Obligations at December 31, 2010 and 2009, are as follows:

	Average annual rate - 2010	2010	2009
Bank overdrafts	12,6%	421	3.405
Obligations with domestic banks (1)	*	693.078	364.772
Obligations with foreign banks (2)	*	277.579	426.544
Other obligations:		54.350	51.664
Total financial obligations		1.025.428	846.385
Less – Long-Term Portion		579.777	475.756
Short-term obligations		445.651	370.629

* Please refer to the average cost at the end of Note 12.

(1) Obligations with domestic banks are as follows:

Bank	Type	2010	2009	CURRENCY	EXPIRATION
		DATE			
BBVA	Ordinary loan	-	20.000	Pesos	Sept 3, 2010
BBVA	Ordinary loan	-	30.000	Pesos	Sept 7, 2010
Davivienda	Long-term loan	-	100.000	Pesos	July 2, 2010
Bancolombia	Ordinary loan	-	40.000	Pesos	Aug 19 2010
BBVA	Ordinary loan	-	40.000	Pesos	April 7, 2010
Banco de Bogotá	Long-term loan	-	45.000	Pesos	Dec 22, 2010
Citibank	Bancoldex Loan	-	1.022	Dollars	April 3, 2010
BBVA	Bank Loan	-	6.500	Pesos	Feb 1, 2010
BBVA	Bank Loan	-	50.000	Pesos	Feb 1, 2010
Banco de Crédito	Bank Loan	-	11.634	Pesos	Feb 2, 2010
Davivienda	Bank Loan	-	3.000	Pesos	Jan 18, 2010
Banco Santander	Bank Loan	-	8.200	Pesos	Jan 18, 2010
Banco de Crédito	Bank Loan	-	9.200	Pesos	Jan 22, 2010
Davivienda	Bank Loan	-	216	Pesos	Jan 15, 2010
Bancolombia	Long-term loan	300.000	-	Pesos	Sept 16, 2020
Banco Popular	Long-term loan	60.000	-	Pesos	May 14, 2013
Davivienda	Working capital loan	28.709	-	Dollars	April 05 2011
Banco de Bogotá	Working capital loan	38.279	-	Dollars	April 13 2011
Davivienda	Working capital loan	74.646	-	Dollars	April 27 2011
Bancolombia	Working capital loan	38.280	-	Dollars	Feb 9 2011
BBVA	Working capital loan	95.699	-	Dollars	Feb 4 2011
Santander	Working capital loan	57.420	-	Dollars	Jan 19 2011
Others		45	-	Pesos	
		693.078	364.772		

(2) Obligations with foreign banks are listed below:

Bank	Type	2010	2009	CURRENCY	EXPIRATION
Citibank NA AdmAgent	Syndicated loan	-	129.468	Dollars	*
Citibank PLC London	ECA Loan	248.869	297.076	Dollars	June 26, 2019
Bancafé Panamá	Short Term	28.710	-	Dollars	April 05 2011
Total		277.579	426.544		

* The syndicated loan was paid before maturity in September 2010.

Interest accruing on financial obligations at December 31, 2010 came to COP 26.190 (2009 COP 82.234).

At the end of 2010, the Company held currency forwards synthetically converting dollar loans into their peso-denominated equivalents. Details of these are found in Notes 5 and 13.

The long-term loan with Citibank PLC, underwritten by EKF Dinamarca, stipulate the following covenants with regard to the consolidated balance sheets

- The Net Debt to EBITDA +Dividends ratio shall not exceed 4,0.
- The debt service coverage ratio shall not be lower than 1,5
-

Long-term financial obligations at December 31 2010 become due and payable as follows:

Year	Value at Maturity
2012	14.676
2013	103.956
2014	29.316
2015	29.316
2016 and thereafter	402.513
	579.777

NOTE 12 – COMMERCIAL PAPER AND BONDS OUTSTANDING

Bonds outstanding issued on November 23, 2005, included the following at December 31, 2010:

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

Bonds outstanding issued on April 28, 2009, included the following at December 31, 2010

Term	Amounts Issued	Rate	Interest Payment Frequency
3 years	COP 144.002	9.00%	Quarterly in arrears
5 years	COP 81.175	9.70%	Yearly in arrears
7 years	COP 114.943	CPI + 6.00%	Quarterly in arrears
10 years	COP 70.350	CPI + 6.30%	Quarterly in arrears
15 years	COP 229.530	CPI + 7,19%	Quarterly in arrears
	COP 640.000		

Both debt issuances were qualified with and AA+ rating by Fitch Ratings Colombia S. A. These bonds are made out to the bearer and are traded on the secondary market.

Part of the debt due in 2017 (2005 Argos Bonds) were converted to dollars by means of a currency swap.

Out of a total of COP 440.000, COP 433.320 equivalent to USD 240.000.000 were transferred at an average rate of Libor + 1,78% payable half-yearly in arrears. For more details see Notes 5 and 13.

The bonds issued on February 23, 2007, for at total of COP 132.211 produced a placement discount of COP 17.788, which is being amortized using the straight-line method over a period of 12 years. At December 31, 2010 and December 31, 2009, the following balances were recorded:

	2010	2009
Total bonds outstanding	1.240.000	1.240.000
Discount value	17.788	17.788
Amortization	(6.294)	(4.652)
Balance to be amortized	(11.494)	(13.136)
	1.228.506	1.226.864

An issue of commercial paper (Argos 2010) had been approved up to a maximum amount of COP 300.000, of which COP 250.000 were used. These are made out to the bearer, traded on the secondary market and consisted of the following tranches at December 31:

Term	Amounts Issued	Interest Rate	Payment Frequency
363 days	COP 150.000	4,61%	In arrears
363 days	COP 100.000	4,80%	In arrears
	COP 250.000		

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

In 2010, accrued interest totaling COP 102.177 was outstanding on the Company's of commercial paper and ordinary bonds (2009 COP 128.723).

The cost of the Company's total financial liabilities, including Argos bonds, commercial paper, derivatives and loans for 2010 is as follows:

Average cost of financial liabilities in pesos: 6,60% (2009 9,95%)

Average cost of financial liabilities in dollars: 1,90% (2009 2,85%)

NOTE 13 - SUPPLIERS AND ACCOUNTS PAYABLE

The Suppliers and Accounts Payable Account at December 31, 2010 and 2009 is as follows:

	2010	2009
Domestic suppliers	34.701	63.686
Foreign suppliers, USD 2.391.221 (2009 USD 1.314.615)	4.577	2.688
Dividends payable	41.674	39.968
Accounts payable - Contractors	2.680	3.657
Costs and expense payable	68.110	78.002
Related companies (See Note 25)	196.489	227.996
Payroll deductions and contributions	6.212	4.579
Miscellaneous payables (1)	191.432	205.749
Withholding tax	9.199	7.582
Installments payable (2)	3.333	46.159
Others	1.284	1.830
Total suppliers and payables	559.691	681.896
Less – Long-Term Portion	136.850	175.395
Suppliers and short-term payables	422.841	506.501

- (1) Corresponds mainly to payables due on the purchase of Cementos La Unión S. A. and Cementos Apolo S. A. under the following terms and conditions:

Balance at December 31 2010: USD 85.800.000 (2009 USD 100.100.000)

Due Date: August 2016

Rate: 5% EA payable on a quarterly in arrears basis

Amortization: 10 annual payments

In 2010 and 2009, accrued interest came to USD 4.636.914 and USD 4.931.353 respectively. In 2010 USD 14.300.000 was repaid against the principal outstanding. A currency swap was performed on this payable, which at year-end showed the following balance:

Type	Underlying	Value of Underlying	Rate applicable to Underlying	Amount of Swap	Swap Rate	Due Date
Currency Swap	Payable	USD 85.800.000	4,90% in arrears	COP 163.869	CPI + 5.35%	Aug 08 2016

Year-end counterparty gains (Bank) from derivatives at the end of the year are as follows:

Swaps

Type	Underlying	Value of Underlying	Rate applicable to Underlying	Amount of Swap	Rate Rate	Due Date
Currency Swap	Payable	USD 85.800.000	4,90% in arrears	COP 163.869	CPI + 5.35%	Aug 08 2016
Currency Swap	Bonds due in 2017	COP 432.922	CPI + 3.17%	USD 240.000.000	Libor + 1.78%	Nov 23, 2017

These hedges were appraised at year-end at a value of COP 27.070 (2009 COP 955) and are recorded in the Miscellaneous Creditors account.

These currency forwards are carried out in order to hedge exchange rate fluctuations risks with the on dollar-denominated obligations and temporary investments. These are appraised at their fair value, bearing in mind the market curves applicable on the date on which the appraisal is carried out (see Derivative Policy).

Currency swaps are carried out for a two-fold purpose:

- Balance out the Company's exposure to the exchange rate.
 - Take full advantage of currency arbitrage on the derivative market compared to the dollar lending market.
- (2) Corresponding to the purchase of 114.368 shares in Bancolombia (the figure for 2009 corresponds to having purchased a 50% stake in Cemento Panama S. A.)

NOTE 14 – TAX PAYABLE

The balance of the Tax and Rates Account at December 31, 2010 and 2009 is as follows:

	2010	2009
Income Tax	4.601	25.400
Sales tax	25.234	18.531
Industry and Commerce tax	727	279
	30.562	44.210

Income tax

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

- a) Taxable income is taxed at a rate of 33%. As of 2007, Law 1111 of 2006 re-established the occasional gains tax treatment for all those taxpayers who are obliged to adjust for inflation, particularly with regard to the sale of investments and fixed assets when these are sold after being held for more than 2 years.
- b) The basis for determining income tax cannot be lower than 3% of the taxpayer's net equity on the last day of the immediately preceding fiscal year.
- c) As of 2010, taxpayers who are also users of free trade zones who pay a 15% income tax, may not be entitled to special tax deductions on real fixed productive assets, this pursuant to Article 158-3 of the Colombian Tax Code.
- d) As of 2007, companies may offset tax losses, duly adjusted for tax purposes and without any time limit, using net ordinary income obtained in subsequent periods, without detriment to presumptive income for the fiscal period in question.

Fiscal losses, incurred on the special deduction granted for investing in fixed, productive assets can also be offset using the taxpayer's net income.

Fiscal losses incurred, as of 2003, may be offset with net ordinary income obtained during the following eight years, without exceeding 25% of the value of the loss per year, and without detriment to the presumptive income obtained for the fiscal year in question. Up to 2006, fiscal losses were adjusted for inflation. As of the fiscal year of 2007, these are readjusted for tax purposes.

At December 31, 2010, the amount of tax losses to be offset came to COP 177.695 these having been incurred in 2009, (2009 COP 173.615).

- e) Surplus amounts existing between presumptive income and ordinary income obtained as of 2003 may only be offset with net ordinary income obtained during the following five years

In any case excess amounts between presumptive income and ordinary income was adjusted for inflation up to 2006. As of 2007, excess amounts between presumptive income and ordinary income are readjusted on a tax basis.

At December 31, 2010 the Company held surplus amounts of COP 100.323 (2009 COP 133.956) on its presumptive income for the fiscal years of 2006 and 2009..

- f) As of 2004, income taxpayers who carry out operations with related companies or parties abroad are obliged to determine, for the purpose of calculating income and complementary taxes, their ordinary and extraordinary income, costs and deductions, assets and liabilities, bearing in mind the prices and profit margins that they might have applied in comparable transactions with non-related companies or third parties.

The following table presents the reconciliation between profits before income tax and taxable income, the tax calculations for the years ending December 31, 2010 and December 31, 2009, as well as the reconciliation between book and tax equity for these same years:

a. Reconciliation between book profits and taxable net income:

	2010	2009
Net Income		
Profits before provision for income tax	319.173	228.873
Plus:		
Dividends received from subsidiaries	45.166	16.302
Profits on sale of fixed assets and investments	6.914	692
Amounts recovered from deferred depreciation	16.384	20.382
Other revenues	1.679	17.293
Other non-deductible expense (1)	474.070	261.774
	863.386	545.316
Less:		
Gross profits recorded using the equity method	45.392	326.686
Non-taxable dividends and equity stakes received	73.837	61.598
Deduction for fixed assets	14.698	24.457
Other non-taxable, non-deductible expense (2)	633.672	281.494
	767.599	694.235
Ordinary net income (loss)	95.787	(148.919)
Offset amounts	95.787	-
Presumptive income on equity	53.686	64.853
Net taxable income (the highest)	53.686	64.853
Tax rate	33%	33%
Income tax	17.716	21.401
Occasional gains tax		
Profits on sale of fixed assets	31.799	20.856
Profits (losses) from sales of investments	872	(77.167)
Taxable occasional gains (losses)	32.671	(56.311)
Tax rate	33%	33%
Occasional gains tax	10.781	-
Provision for tax	28.498	21.401
Excess provision for current year	14	49
Plus (less): Deferred tax	1.783	(2.398)
Tax provision charged to the income accounts	30.295	19.052

- (1) Corresponding mainly to losses from having applied the equity method of COP 239.643.
(2) Corresponding mainly to profits from sale of fixed assets and investments totaling COP 506.711.

b. Reconciliation between book and tax equity:

	2010	2009
Book equity	11.256.905	9.821.221
Plus:		
Provision for inventories, fixed assets, and investments	91.722	94.443
Tax differences on property, plant and equipment	365.341	350.182
Tax differences on permanent investments	(186.404)	(744.850)
Non-tax liabilities	91.053	88.978
Less:		
Valuations of investments, property, plant and equipment	8.744.956	7.350.541
Deferred tax debit	20.527	20.464
Tax equity	2.853.134	2.238.969

The Company's income tax returns for the years 2007, 2008 and 2009, are pending review and acceptance on the part of the Colombian tax authorities. Company Management together with their legal advisors consider that the figure posted for the Company's tax payable liability is sufficient to cover any additional tax liability that may accrue for the years in question.

EQUITY TAX

The amount of equity tax declared for 2010 came to COP 19.870 of which COP 9.935 was paid on May 25, 2010 and another COP 9.935 was paid on September 21, 2010, both amounts recorded against the Equity Revaluation account.

TAX REFORM

The following are the most important reforms to income and equity tax for the years 2011 and thereafter, pursuant to Law 1370 of 2009, as well as Decree 4825 and Law 1430 passed on December 29, 2010:

- For 2011 an equity tax shall be calculated on the value of the net equity balance held on January 1, 2011, at a rate of 1% of equity with a taxable base of between COP 1.000 and COP 2.000 million, 1,4% for equity between COP 2.001 and 2.999 million, 2,4% for equity between COP 3.000 and 5.000 million and 4,8% for equity of COP 5.000 million or higher. For equity greater than COP 3.000 million, a surtax of 25% has been levied on the equity tax rate. Equity tax for equity of less than COP 3.000 million along with the surtax on equity of more than COP 3.000 million are not eligible for legal stability agreements with the Government.
- This equity tax must be paid in 8 installments between 2011 and 2014. The option of recording said tax against the equity revaluation account is upheld. The net equity value of shares held in Colombian companies does not form part of the tax base.
- As of 2011, no income taxpayer is entitled to special tax deductions on real productive assets.

All those who requested legal stability agreements with the Government before November 1, 2010, including the guarantee for this deduction, may proceed with said agreements where this deduction is included. In these cases this special deduction may not be guaranteed for periods of more than three years.

NOTE 15 – LABOR OBLIGATIONS

Labor liabilities at December 31, 2010 and 2009, were as follows:

	2010	2009
Consolidated severance pay	4.713	4.688
Interest on severance pay	558	559
Vacation pay	6.465	5.973
Retirement pensions	224.990	222.826
Bonuses	5.944	5.671
Salaries payable	550	469
	243.220	240.186
Less – long-term portion	224.990	222.826
Short-term labor liabilities	18.230	17.360

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

The main factors used in the actuarial calculations for the years ending December 31, 2010 and 2009 were as follows:

	2010	2009
Number of persons	1.648	1.683
Technical interest rate	4,80%	4,80%
Future pension increases	4,51%	6,48%

Actuarial calculations were drawn up using the fractional pension payment due method, according to that stated in Article 112 of the Tax Code together with that contained in Decree 2783 of December 20, 2001, with respect to tax. The increase in pension liabilities of COP 37.577 was mainly due to having used the Mortality Tables for Male and Female Annuitants, duly updated by the Colombian Superintendency of Finance by means of Resolution No. 1555 issued July 30, 2010. .

Charges to the income accounts corresponding to the amortization of retirement pension payments and liabilities for 2010 and 2009 came to COP 29.985 and COP 31.011 respectively. Pension bonds and securities have been totally amortized.

Cementos Argos S.A. shall amortize 15% of its pension liability over the next 7 years, pursuant to Decree 4565 dated December 07, 2010.

The retirement pension liability is broken down as follows:

	2010	2009
Actuarial calculations	222.090	184.513
Balance to be amortized	(32.880)	-
Retirement pension liability	189.210	184.513
Plus: Pension securities	32.663	35.356
Pension bonds	3.117	2.957
	224.990	222.826

NOTE 16 – ESTIMATED LIABILITIES

Estimated liabilities at December 31, 2010 and 2009 are recognized at cost and include:

	2010	2009
Costs and expense (1)	17.575	33.637
Tax obligations (2)	9.412	10.347
Contingencies (3)	23.783	13.984
Miscellaneous provisions (4)	11.626	16.278
	62.396	74.246

- (1) Corresponds to goods and services received and pending billing on the part of the suppliers as well as other provisions relating to Company operations. Including a provision of COP 5.687 for the cost of construction projects (Portal de Alejandría I and II).
- (2) Corresponds mainly to the provision for industry and commerce tax for 2010 payable in 2011 for COP 8.766 (2009 COP 9.857).
- (3) Includes mainly a provision set up for labor contingencies with Industrial Hullera S.A. for COP 7.387.
- (4) Corresponds mainly to the right of disposal purchased from Acerías Paz del Río S.A., for COP 10.309. In 2010 this was adjusted for exchange differences in the amount of USD 4.500.000, with a net effect on the income accounts of COP 1.694.

NOTE 17 – SHAREHOLDERS' EQUITY

Shareholders' Equity at December 31, 2010 and December 31, 2009 is broken down as follows:

SHARE CAPITAL

The Company's authorized capital shares amount to 1.500.000.000 shares each with a nominal value of COP 6 each. Subscribed and paid-in capital consists of 1.215.247.885 shares. The Company's own repurchased shares was 63.575.575 and therefore at December 31, 2010 there was a total of 1.151.672.310 shares outstanding.

	2010	2009
Authorized capital: 1.500.000.000 ordinary shares each with a nominal value of COP 6.	9.000	9.000
Subscribed and paid-in capital 1,215,247,885 ordinary shares each with a nominal value of COP 6.	7.291	7.291

DECLARED DIVIDENDS

The Company's shareholders at their annual meeting held March 19, 2010, declared a cash dividend of COP 126,00 pesos per share, payable in four quarter installments of COP 31,50 pesos per share between April 2010 and January 2011. In 2009, the Company's shareholders declared a cash dividend of COP 121,00 pesos per share, payable in four quarterly installments of COP 30,25 between April 2009 and January 2010.

STATUTORY RESERVE

The Company is obliged to allocate 10% of its annual net profits to a statutory reserve, until said reserve reaches 50% of its subscribed capital. At December 31, 2010, this statutory reserve came to COP 23.163.

The Company's current reserve is COP 19.517 above the legally established limit. This statutory reserve cannot be distributed before the Company is liquidated, but must be used to absorb or reduce annual net losses. Surpluses over and above the aforementioned 50% can be freely disposed of by the Shareholders at their Annual General Meetings.

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

	2010	2009
Reserve for repurchasing shares	113.797	113.797
Less – Company's own repurchased shares	(113.797)	(113.797)
	-	-

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

OTHER RESERVES

At their Annual Shareholders' Meeting held March 19, 2010, the Shareholders gave their authorization for the non-taxable reserve for future expansion to be freed up in the amount of COP 1.328. They also authorized COP 62.630 to be placed in the reserve for future expansion and investments as well as COP 3.408 for the tax reserve.

The other reserves can be freely disposed of by the shareholders.

EQUITY REVALUATION

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

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

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

NOTE 18 – MEMORANDUM ACCOUNTS

Memorandum accounts at December 31, 2010 and 2009 are as follows:

	2010	2009
Goods and securities handed over for safekeeping (1)	576.117	350.460
Goods and securities pledged as security (2)	349.291	275.444
Goods and securities held by third parties	3.395	3.395
Lawsuits and/or claims (3)	72.514	142.015
Goods subject to financial leasing arrangements (4)	174.573	133.441
Totally depreciated assets (5)	971.142	411.914
Unused credit (6)	11.127	13.697
Capitalization - equity revaluation	55.391	55.391
Other debtor control accounts	40.061	44.982
Tax receivable (7)	8.703.208	4.802.275
	10.956.819	6.233.014
Contingent responsibilities		
Goods and securities received	(39.283)	(34.654)
Others (8)	(121.531)	(836.726)
	(160.814)	(871.380)
Other credit memoranda accounts	(26.591)	(26.591)
Tax memoranda accounts (9)	(8.069.489)	(3.850.810)
	(8.256.894)	(4.748.781)
Total memoranda accounts	2.699.925	1.484.233

- (1) Showing an increase due to dematerialized Bancolombia ordinary shares.
- (2) Increase mainly due to stock exchange gains obtained with investments held in Grupo de Inversiones Suramericana S. A. and Grupo Nacional de Chocolates S. A. which have been pledged as security.
- (3) Decrease due to updated amounts being claimed with ongoing lawsuits.
- (4) Corresponds mainly to infrastructure assets leased from Leasing Bancolombia, for a term of 12 years.
- (5) Increase due to higher amount of totally depreciated assets.
- (6) Corresponds to lines of stand-by credit with Citibank N. A. expiring in February 2011.
- (7) Corresponds to tax and book differences with regard to assets, liabilities and revenues, the most salient recorded with the equity account totaling COP 7.410.324 In 2009 the most significant item recorded were assets and investments for COP 3.892.050.
- (8) Decrease due mainly to having paid off a syndicated loan on the part of Argos USA Corp. for USD 256.666.666. Contingent liabilities on mining rights representing a future delivery commitment came to COP 39.524 (2009 – COP 42.213) for Cementos Argos S.A., this drop corresponds to the effect of the exchange difference.
- (9) Corresponds to tax and book differences for:

	2010
Valuations	7.349.905
Other items	719.584
	8.069.489

NOTE 19 – OPERATING REVENUES

Operating Revenues at December 31, 2010 and 2009 are as follows:

	2010	2009
Domestic sales	1,246,401	1,146,209
Sales abroad	47,335	151,002
Sale of construction-ready plots of land	53,482	27,101
Other operating sales	31,032	85,981
	1.378.250	1.410.293

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

Other operating sales include sales of slag and limestone, which were recorded as operating sales taking into account that they are a byproduct of a production process and are subject to a certain degree of processing for subsequent sale.

NOTE 20 – ADMINISTRATIVE EXPENSE

The Administrative Expense account at December 31, 2010 and 2009 is as follows:

	2010	2009
Personnel expense	67.169	54.040
Depreciation and amortization	25.778	27.630
Services	20.188	17.372
Fees	14.756	8.631
Leases	8.571	7.872
Traveling expense	5.938	4.126
Insurance	5.851	5.628
Maintenance and repairs	5.293	6.368
Contributions and memberships	1.669	2.101
Legal expense	616	83
Others (1)	5.247	859
	161.076	134.710

(1) Increase due mainly to PR, representation and sponsorship expense totaling COP 4.229.

NOTE 21 – SALES EXPENSE

The Sales Expense Account at December 31, 2010 and 2009 is as follows:

	2010	2009
Personnel expense	18.088	20.700
Services	13.815	13.482
Tax	9.798	10.808
Depreciation and amortization	7.868	7.992
Traveling expense	1.864	2.030
Leases	1.727	1.538
Fees	1.410	1.914
Provisions	762	1.084
Contributions and memberships	191	659
Maintenance and repairs	189	111
Insurance	184	307
Other miscellaneous expense	941	2.183
	56.837	62.808

NOTE 22 – FOREIGN EXCHANGE DIFFERENCE

With its net asset liability position in dollars averaging out at almost zero, the Company managed to offset the corresponding effect on its income accounts, in spite of the volatility with the exchange rate. Exposure to the exchange rate is managed mainly with the Company's natural balance sheet position and any remaining gap is covered using derivatives.

NOTE 23 – OTHER INCOME

The Other Revenues account at December 31, 2010 and 2009 is as follows:

	2010	2009
Profits from sales of investments (1)	505.501	121.828
Dividends and participations (2)	78.387	68.761
Recovered amounts (3)	34.352	13.569
Fees	8.051	6.854
Sales of raw materials (4)	3.556	7.814
Services	3.258	2.492
Indemnities(5)	1.911	79
Leases	1.642	2.175
Profits from sale of property, plant and equipment	1.210	8.527
Fuel sales	14	56
Others	6.008	8.496
	643.890	240.651

(1) Corresponds to profits obtained from the sale of the following shares:

	2010
Grupo de Inversiones Suramericana S. A	488.108
Bancolombia S. A.	1.140
Tablemac S. A.	8.480
Flota Fluvial Carbonera S. A. S.	4.943
Inversiones el Duero S. A. S.	2.420
Cartón de Colombia S. A.	410
	505.501

(2) This increase is mainly due to dividends received on the shares held in Cemento Panamá S. A. totaling COP 5.672, as well as in Omya Andina S. A. for COP 1.947.

(3) This item consists mainly of :

- Recovered amounts of provisions for fixed assets that were withdrawn from the Betania Plant, these amounting to COP 12.021.
- Recovered amounts of provisions for the investment held in C. I. Carbones del Caribe S. A. S. COP 2,327 obtained from the equity method and COP 1.868 corresponding to Carbones Nechi S. A. S. since this Company was merged with C. I. Carbones del Caribe S. A. S.
- Other amounts recovered on labor-related claims amounting to COP 3.743.
- Adjustments to operating provisions came to COP 4.910.

(4) Change due to lower sales of inputs to Zona Franca Argos S. A. S.

(5) Corresponds mainly to a claim of COP 1.500 against the Colombian Highway Institute (Instituto Nacional de Vías) for damage to inland harbor.

NOTE 24 – OTHER EXPENSE

The Other Expense account at December 31, 2010 and 2009 is as follows:

	2010	2009
Withdrawals of property, plant and equipment (1)	83.815	16.099
Costs and expense from prior years (2)	27.320	3.988
Pensions paid and amortization of actuarial calculations	27.159	27.703
Provision for permanent investments (3)	26.201	8.535
Other amortizations	12.731	10.100
Labor-related claims (4)	11.214	4.550
Costs of other sales	5.164	5.996
Taxes assumed	4.291	3.072
Donations	3.978	4.039
Cost of materials sold	3.456	7.756
Indemnities	2.893	3.472
Interest on bonds and pension securities	2.826	3.308
Provision set up for Industrial Hullera S. A.	1.920	3.023
Expense incurred with related companies	1.376	2.902
Fines, penalties and litigations	1.028	1.180
Loss on sales of investments	-	1.309
Non-deductible expense	950	1.811
Other miscellaneous expense(5)	15.011	11.173
	231.333	120.016

- (1) Consist mainly of fixed assets withdrawn from the Betania Plant for COP 59.267, from the Barranquilla Plant for COP 7.779, the Nare Plant COP 1.117, together with withdrawn assets in a bad state of disrepair for COP 1.844, as well as withdrawn obsolete inventories for COP 9.740.
- (2) In standardizing the Company's accounting policies with international standards, all deferred charges that are considered as expense were transferred to the income accounts in order to reduce the gap existing between Colombian and international accounting standards. These items came to COP 5.489. This figure also included the withdrawal of construction in process and machinery being installed totaling COP 12.761.
- (3) Corresponds mainly to provisions for investments in: Cemento Panamá S. A. COP 9.179, Point Corp. COP 7.490, Haiti Cement Holding S. A. COP 1.123 and in Distribuidora de Cementos Ltda. Subject to Liquidation for COP 538.
- (4) The change corresponds to having updated contingencies for labor-related claims filed against the Company.
- (5) Includes mainly:
 - Expense incurred on non-operating assets for COP 6.976.
 - Provisions for investments in companies with negative equities: Promotora de Proyectos del Suroccidente Ltda. en Liquidación COP 1.016, Profesionales a su Servicio Ltda. en Liquidación COP 463, Asesorías y Servicios Ltda. en Liquidación COP 655.
 - Provision for claim filed by the Colombian Highway Institute (Instituto Nacional de Vías) for damage to the inland harbor of COP 1.700.

NOTE 25 – TRANSACTIONS WITH RELATED PARTIES

1. The balances obtained from the asset and liability accounts with related parties at December 31, 2010 and 2009 are as follows:

ACCOUNTS RECEIVABLE - 2010			
Company	Operating Receivables	Loans	Total
Argos USA Corporation	-	684.346	684.346
C. I. del Mar Caribe BVI Inc.	1.298	-	1.298
C. I. 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 Argos S. A.	404	-	404
Cemento Panama 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	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 RECEIVABLE - 2009			
Company	Operating Receivables	Loans	Total
Argos USA Corp.	-	285.467	285.467
C. I. del Mar Caribe BVI Inc.	2.688	-	2.688
C. I. Carbones del Caribe S. A. S.	42	-	42
Carbones Nechí S. A. S.	32	3.698	3.730
Cement and Mining Engineering Inc.	22.300	1.429	23.729
Cementos Argos S. A.	340	-	340
Cimenterie Nationale S. E. M.	2.044	-	2.044
Concretos Argos S. A.	20.042	41.296	61.338
Corporaciones e Inversiones del Mar Caribe S. A. S.	-	6.501	6.501
Flota Fluvial Carbonera S. A. S.	33	1.440	1.473
Ganadería Rio Grande S. A. S.	3.015	1.711	4.726
Inversiones Argos S. A.	4.431	-	4.431
Logística de Transportes S. A.	315	37	352
Port Royal Cement Company, LLC	1.498	-	1.498
Profesionales a su Servicio Ltda.	-	1	1
Reforestadora del Caribe S. A. S.	6.450	1.496	7.946
Savannah Cement Company, LLC	3.630	-	3.630
Sociedad Portuaria de Cementeras Asociadas S. A.	-	11.997	11.997
Sociedad Portuaria Golfo de Morrosquillo S. A.	2.034	4.153	6.187
South Central Cement Ltd.	883	-	883
Transatlantic Cement Carriers Inc.	-	9.439	9.439
Urbanizadora Villasantos S. A. S.	35.294	-	35.294
Valle Cement Investment Ltd.	40.653	-	40.653
Zona Franca Argos S. A. S.	30.497	37.377	67.874
Other minor	1.536	107	1.643
	177.757	406.149	583.906

ACCOUNTS PAYABLE 2010			
Company	Operating payables	Loans	Total
Argos USA Corp.	255	-	255
C. I. Carbones del Caribe S. A. S.	2.889	647	3.536
Cementos de Caldas S. A.	4.605	1.644	6.249
Cementos Colón	474	-	474
Cemento PanamaComercializadora	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 Colombiana de Cementos Ltda.	1.005	-	1.005
Emp Carbón Cesár y Guajira - EMCARBON S. A.	-	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	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

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

Interest rates on loans range between 0,46% and 3,28% .
Loans in pesos earn an interest rate of 3,47%.

2. Revenues obtained for the periods January 1 to December 31, 2010 and January 1 to December 31, 2009

2010

Company	Sales	Services	Fees	Miscellaneous	Total Revenues
Argos USA Corp.	-	-	-	10.874	10.874
C. I. 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 Argos S. A.	1.004	12	1.323	-	2.339
Cemento Panama 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 Villasantos S. A. S.	-	7	-	-	7
Valle Cement Inversiones Ltd.	-	-	-	630	630
Zona Franca Argos S. A. S.	24.085	769	2.602	3.054	30.510

2009

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

3. Expense incurred for the periods January 1 to December 31, 2010 and January 1 to December 31, 2009

2010

Company	Sales	Services	Fees	Miscellaneous	Total expense
C.I. 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

2009

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

4. The Company paid COP 123 (2009 COP 117) in fees to the members of its Board of Directors. No other additional transaction was carried out with any shareholder, who appears as real beneficiary of 10% or more of the Company's total shares outstanding, or any members of the Board of Directors, legal representatives or companies in which a shareholder, member of the Board of Director or senior executive of the issuer holds more than a 10% stake. Neither were any decisions taken as a result of the Parent Company or any of its subsidiaries exercising their influence or acting in their self interest.

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

	Shareholders	Directors	Legal Representatives And Senior Management
At year-end 2010			
ASSETS			
Accounts receivable	3.079	-	9.443
Total assets	3.079	-	9.443
REVENUES			
Services	136	-	-
Miscellaneous	71	-	-
Total revenues	207	-	-
EXPENSE			
Salaries	-	-	6.942
Miscellaneous	117	-	-
Total expense	117	-	6.942

At year-end 2009

ASSETS			
Accounts receivable	4.431	-	5.749
Total assets	4.431	-	5.749
LIABILITIES			
Accounts payable	5.454	-	-
Total liabilities	5.454	-	-
REVENUES			
Fees	1.808	-	-
Services	120	-	-
Miscellaneous	2.024	-	-
Total revenues	3.952	-	-
EXPENSE			
Salaries	-	-	6.174
Miscellaneous	2.242	-	-
Total expense	2.242	-	6.174

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

NOTE 26 – CONTINGENCIES AND SUBSEQUENT EVENTS

In 2010, there were no:

1. Inspections or visits carried out by oversight authorities that had given rise to warnings being given or penalties imposed.
2. Sanctions of an administrative, contentious or civil nature imposed by state, departmental or municipal authorities.
3. Criminal rulings pronounced against Company officials for transgressions committed in performing their respective duties
4. At December 31, 2010 provisions were set up on lawsuits and litigations where the probability of incurring losses is high, the most significant of these being labor-related claims (See Note 24).

FINANCIAL INDICATORS

	2010	2009
Liquidity		
Current ratio		
Current assets / current liabilities	1,02	0,82
Accounts receivable turnover (days)		
Credit sales for the period / average accounts receivable		
- Domestic sales	22	29
- Sales abroad	32	35
Finished goods inventory days	5	6
Solvency and coverage		
Debt /total assets ratio		
Including valuations	24%	26%
Excluding valuations	58%	58%
Performance		
EBITDA	COP 379.286	COP 369.882
EBITDA Margin	27,52%	26,23%
Net profits/income as a %	20,96%	14,88%
Operating earnings/operating income as a %	16,82%	13,53%

INFORMATIVE SUMMARY

	2010	2009
Nominal value	6	6
Equity value	9.774,40	8.527,79
Average stock price	11.493	10.823
Maximum stock price	11.640	10.880
Minimum stock price	11.400	10.780
Headcount		
Number of employees	1.401	1.359
Average monthly wage	4	4
Number of workers	1.407	1.515
Average monthly wage	1	2
Financial position		
Operating assets (current assets + fixed assets)	2.049.226	1.923.325
Working capital	25.452	(246.392)



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