Grupo Carso Annual Report 2011

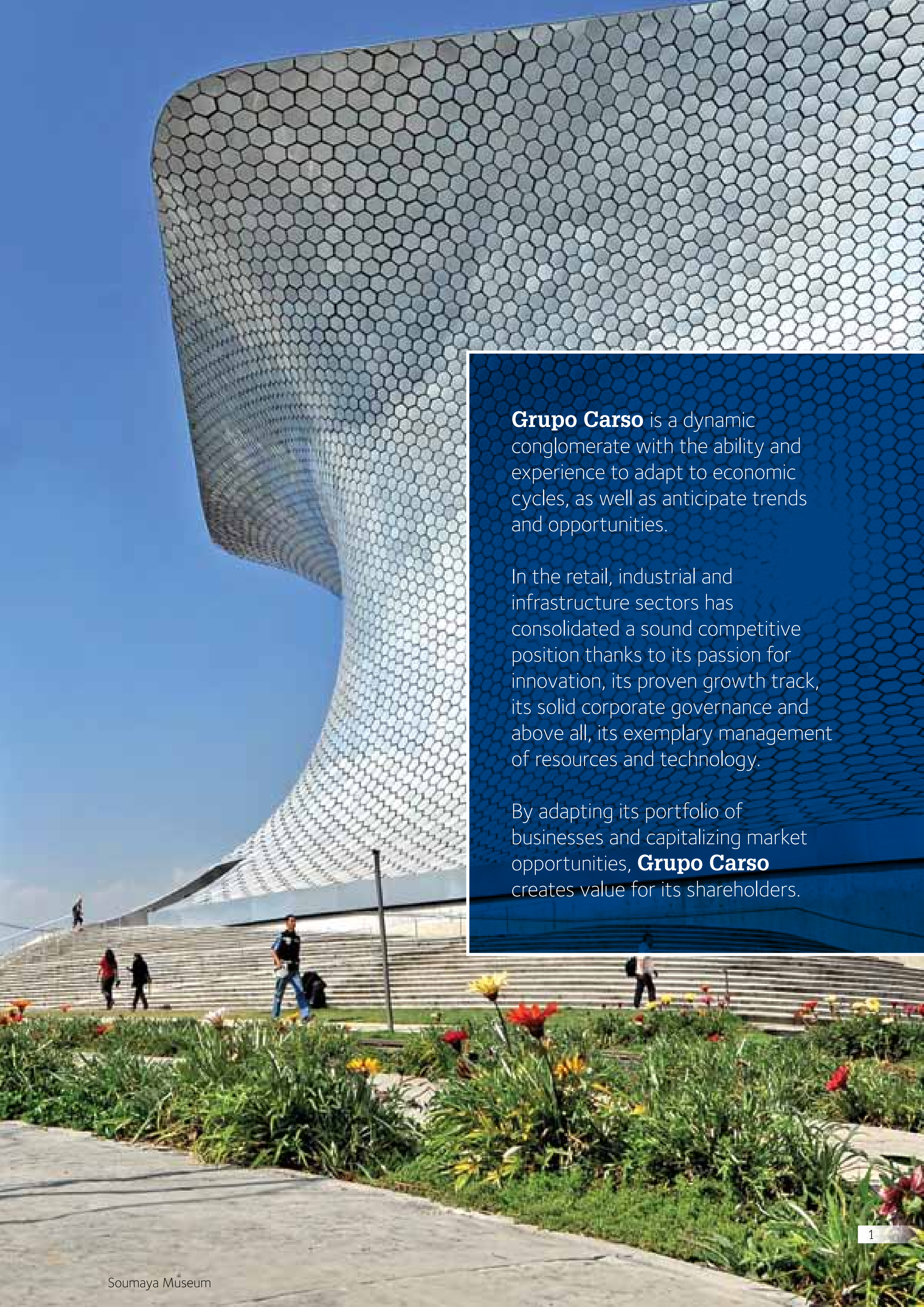

Line 12 of the Mexico City subway

Contents

Images on the cover:
Photovoltaic system for CFE in Santa Rosalia, Baja California
Saltillo wastewater treatment plant
Sears Store

Fiber optic cable


Sears Store



Grupo Carso is a dynamic conglomerate with the ability and experience to adapt to economic cycles, as well as anticipate trends and opportunities.

In the retail, industrial and infrastructure sectors has consolidated a sound competitive position thanks to its passion for innovation, its proven growth track, its solid corporate governance and above all, its exemplary management of resources and technology.

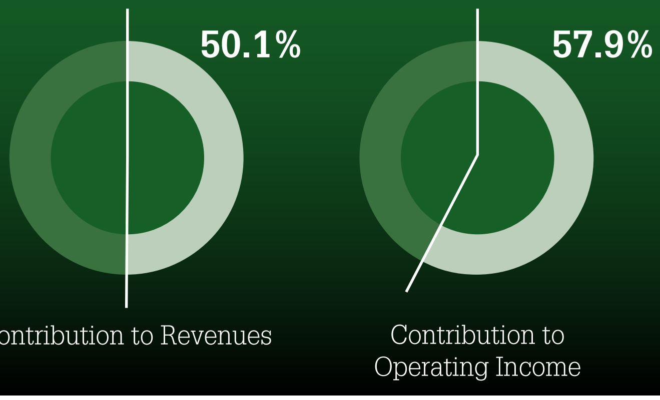
By adapting its portfolio of businesses and capitalizing market opportunities, **Grupo Carso** creates value for its shareholders.

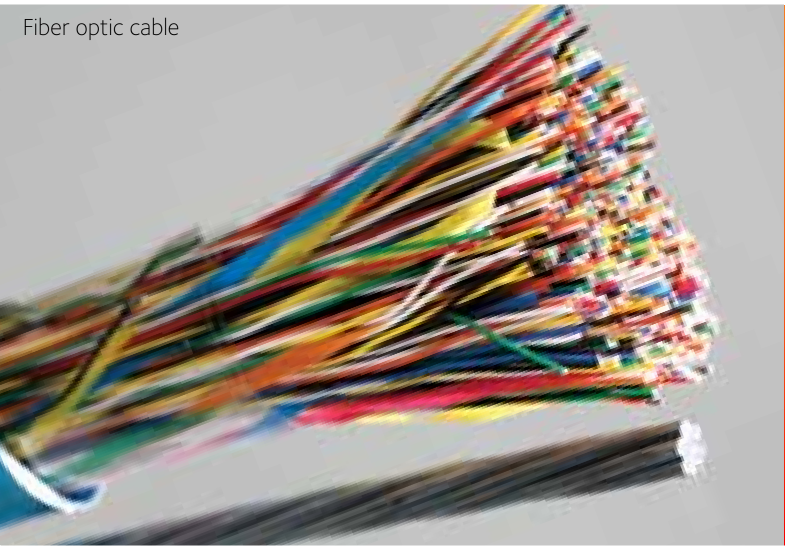
Soumaya Museum

Brands, Services and Products

Sears Store

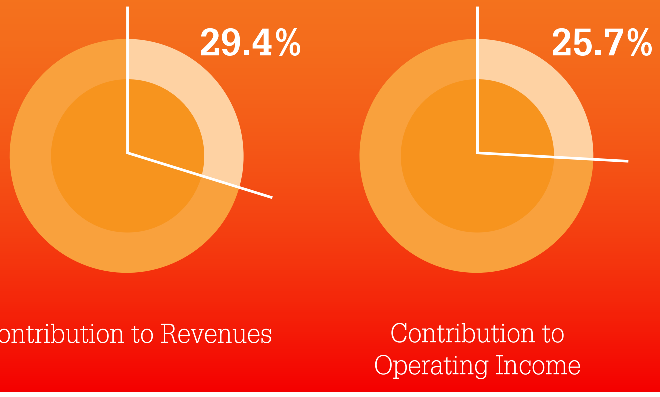
Retail and Consumption





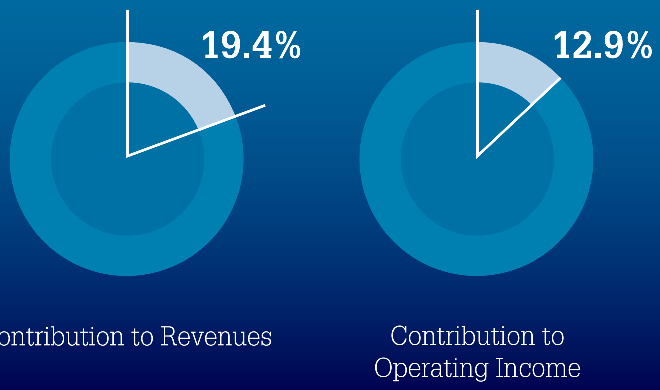
Fiber optic cable

Industrial and Manufacturing



Lerma junction at the Toluca highway

Infrastructure and Construction



Grupo Sanborns

Present in Mexico and Latin America, Grupo Sanborns operates some of the best-known and most-successful retail formats in the region.

Formats

- Department Stores and Boutiques
- Restaurants and Shops
- Music Stores
- Electronics and Software Stores

Markets

- Focused on middle, upper-middle and high segments.

Main Brands

- SEARS
- SANBORNS
- SAKS FIFTH AVENUE
- MIXUP
- iSHOP

Grupo Condumex

This company offers a broad range of products and services focused on satisfying needs in the telecommunications, construction, electrical, power, automotive and mining industries.

Products and Services

- High-tension, telecommunications, electrical, electronics, mining, fiber optic and construction cables
- Magnetic wire;
- Electromechanical installations;
- Transformers and reactors;
- Mobile electrical substations:
- Automotive shock absorbers and electrical harnesses
- Alternative energy systems:
- Low-consumption LED lighting systems;
- Precision steel tubing;
- Specialized transportation;
- Turnkey power projects;
- Integral contact center solutions

Markets

- Electrical infrastructure of all types, construction of everything from housing to heavy industry, operators of fixed-line and cellular telephony in Mexico and other Latin American countries, mining and automotive companies.

Main Brands

- CONDUMEX
- CONDULAC
- MICROM
- SINERGIA
- EQUITER
- LOGTEC
- LATINCASA
- IEM
- GABRIEL
- PRECITUBO
- SITCOM
- AMATECH

Carso Infraestructura y Construcción

Construction firm focused on five areas: Fabrication and Services for the Chemical and Petroleum Industry, duct installation, infrastructure, civil construction and housing development.

Products and Services

- Platform construction, well perforation and rental of perforation equipment for the petroleum industry
- Construction of shopping malls, industrial plants and office buildings
- Construction of highways, dams, water treatment plants, gas ducts and aqueducts
- Installation of residential natural gas networks
- Design and installation of telecommunications networks and radio bases for cellular telephony
- Low, middle and residential housing
- Fabrication of pressure vessels, hot and cold-side heat exchangers
- Design, engineering and fabrication of projects equipment, steel structures

Markets

- Local and federal governments and decentralized companies;
- Petroleum producers and natural gas companies;
- Commercial and industrial companies;
- Fixed-line and cellular phone operators in Mexico and other Latin American countries;
- Concessionaires of infrastructure projects
- General Public

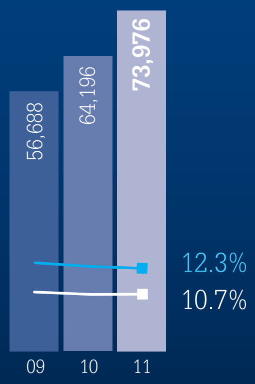
Main Brands

- CICSA
- GRUPO PC
- SWECOMEX
- CILSA
- GSM
- URVITEC

Photovoltaic system for CFE in Santa Rosalia, Baja California

Key Financial Information

Sales
(million pesos)



EBITDA margin

Operating margin

Breakdown of sales by subsidiary
(million pesos)

50.1%	Grupo Sanborns	$ 37,044
29.4%	Grupo Condumex	$ 21,766
19.4%	CICSA	$ 14,349
1.1%	Other	$ 817
Total		**$73,976**

Breakdown of operating income by subsidiary
(million pesos)

57.9%	Grupo Sanborns	$ 4,606
25.7%	Grupo Condumex	$ 2,040
12.9%	CICSA	$ 1,029
3.4%	Other	$ 273
Total		**$7,948**

Sanborns Store

(Thousand pesos at December 31, 2011*)

	2009	2010	2011
Sales	56,687,753	64,196,109	**73,975,726**
Operating Income	6,133,505	6,887,028	**7,948,024**
Controlling Participation in Net Income	6,066,686	6,742,721	**4,580,108**
EBITDA	7,467,550	8,203,386	**9,083,830**
Total Assets	97,887,134	81,481,558	**72,331,027**
Total Liabilities	38,086,060	42,690,751	**30,060,593**
Stockholder's Equity	59,801,074	38,790,807	**42,270,434**
Outstanding Shares	2,323,718,400	2,302,750,000	**2,291,502,200**
Earnings per share**	2.61	2.93	**2.00**

* Except for outstanding shares and earnings per share.
** Controlling participation in Net Income divided by the weighted average shares outstanding.

Letter
to **shareholders**

The economic outlook since 2000 includes structural problems, mainly in developed countries, which have not been resolved and have only been faced with aggressive monetary and fiscal policies.

With the change in civilizations from industrial to service societies, as well as rapid technological advances that have allowed large productivity increases and the ability to produce goods and services at lower costs, we should be seeing the generalized creation of value and wealth. However, fiscal and structural trade deficits, as well as an unsustainable welfare state and problems with the financial system that do not appropriately guide change are provoking high levels of unemployment that are most evident even among the best-prepared youth.

Despite a global economic situation that is unfavorable for the exports of developed nations, the monetary policies of these nations have allowed important capital access and long-term, low-interest financing for developing nations. It has also permitted developing countries to focus on domestic economies and impulse the activities necessary for development with the formation of human and physical capital, as well as the promotion of activities that will be intensive job engines in coming years. Investments in coming years that are equivalent to 25% of GDP would create high sustained economic growth, as well as sustained job growth, which would allow developing countries to cross the threshold of per capita income of $15,000 dollars. This in turn would result in a larger middle class and bring currently marginalized and poverty-stricken groups to the benefits of better education and health, leading to a virtuous cycle of development for our countries.

Even with the negative effects of the global economy, Mexico and other emerging countries are facing more growth opportunities than developed nations. Mexico has an adequately-capitalized banking system, better public finances, low interest rates, long-term peso and dollar-indexed financing, and most importantly, many needs that become investment opportunities for the private sector, which in turn lead to potential for development and more employment.

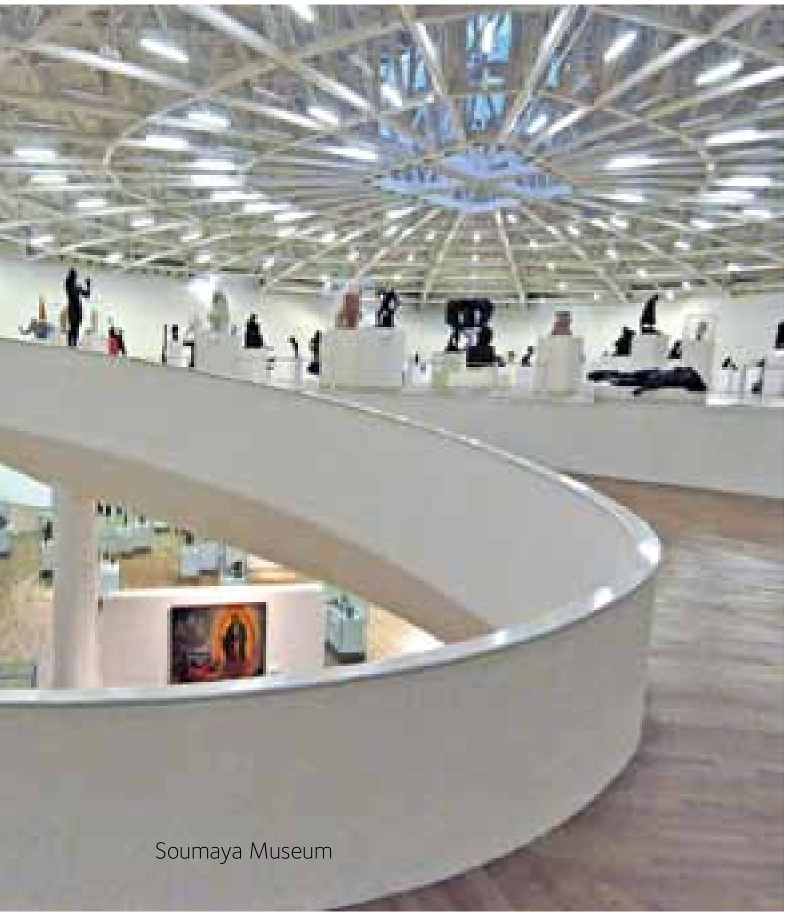
Grupo Carso

Despite difficulties in the global economy, Grupo Carso consolidated its leadership position within the Mexican economy through three industries that we consider strategic: Industrial, Construction and Retail.

Following the spin-off of the mining and real estate businesses, the relative weight of each division was reconfigured within consolidated results. During 2011, 50% of revenue and 58% of operating profit came from retailing. Within this division, Grupo Sanborns has a very large presence in the country through traditional formats such as Sears, Sanborns and Saks Fifth Avenue. Concurrently, the number of iShops has been increasing with a very dynamic rhythm. We consider the success of all our formats to be due to the closeness we have with our clients and consumers, giving us greater understanding of their preferences and needs by exceeding expectations. Taking this into account, throughout the year we have carried out promotional activities, expanded sales floors and redesigned exhibition space, improved relationships with suppliers and increased the supply of innovative products and services.

With regard to Condumex, we maintained an array of products for the construction, energy, telecommunications and mining industries. We faced several challenges throughout the year, including increased competition and volatility in the price of copper, one of our inputs; however, the division grew 16% in revenue and 28% in operating profit, representing 29% and 26% of consolidated revenue and operating profit of the Group.

Additionally, Carso Infraestructura y Construcción maintained its position as one of the most solid construction firms in the country, achieving the conclusion of several infrastructure and construction projects in 2011, including: expansion of highways, the installation of security cameras for the Ciudad Segura project, Plaza Mariana, police operation centers and prisons, shopping malls and hospitals. Meanwhile, there were important advances throughout the year in national development projects such as: Línea 12 of the Mexico City subway, the Túnel Emisor Oriente, the Atotonilco wastewater treatment plant, the El Realito dam,



Soumaya Museum

the construction of several mining projects, the second phase of Plaza Carso, the urbanization projects for the Veracruz shopping mall, the El Rosario subway station and the Terminal Azteca Poniente. There was outstanding performance in the duct installation division with the conclusion of the Villahermosa gas duct, natural gas distribution networks, and telecommunications industry construction services in Mexico and the rest of Latin America. The fabrication and services division for the chemical and petroleum industry concluded the construction phase of the Independencia I Jack-Up, which is currently on sales mode, and the perforation division performed well with the expansion of contracts and a higher number of assigned equipment. Finally, the housing division reported a lower volume of business due to the reduction of projects in the north of the country. In total, this division represented 19% and 13% of consolidated revenue and operating profit of the Group, respectively.

All of these activities and the action taken to increase inventory rotation and reduce costs and expenses, maintaining quality and utilizing processes that minimized the consumption of natural resources, resulted in double-digit growths in consolidated revenue, operating profit and EBITDA.

The financial situation of the Group continues to be solid, with Grupo Carso's total assets of $72.331 billion pesos, while consolidated shareholders' capital ended the year at $42.270 billion pesos. The ratio of liabilities to shareholders' capital was 0.7 times, while net debt was 0.6 times the 2011 EBITDA.

Because of the above results, Grupo Carso paid in May and October of 2011 a dividend of $0.50 pesos per share, which represented about $1.150 billion pesos. As for investment in fixed assets, the resources channeled to new stores, maintenance of industrial assets and construction and production equipment was $2.702 billion pesos. Grupo Carso considers the financial structure of the company to be adequate to handle the investment projects of its subsidiaries.

In closing, on behalf of the Board of Directors I would like to thank shareholders, clients and suppliers for the confidence they have entrusted with us, and our entire staff for their effort and commitment. Thanks to all of you, Grupo Carso can achieve its goals, consolidate performance and continue to contribute to the development of the country.

Sincerely,

Carlos Slim Domit
Chairman of the Board


Independencia I oil Jack-Up

Report
of the **Chief Executive Officer**

For Grupo Carso, 2011 was a positive year, in which --following the spin-off of Minera Frisco and Inmuebles Carso—we consolidated performance and strategy in the consumption, industrial and construction divisions.

In 2011, consolidated revenue of the Group was $73.976 billion pesos, a growth of 15.2% compared to the prior year. Operating profit for 2011 grew 15.4% to $7.948 billion pesos, while year-on-year operating margin was stable at 10.7% of revenue. This was due to an increase in the cost of sales of 1.1 percentage points and a decrease in operating expenses of the same magnitude, creating a neutral impact. Additionally, EBITDA increased 10.7% from $8.203 billion in 2010 to $9.084 billion in 2011, while EBITDA margin was 12.3%, representing a slight reduction of 0.5 percentage points. The operating results were explained by strong performance in the three divisions, mainly Grupo Sanborns and Condumex, and to a lesser extent the results of Carso Infraestructura y Construcción, which reflected the conclusion of infrastructure as well as civil construction projects.

The comprehensive financial result increased 51% from last year to $1.283 billion pesos, mainly because of exchange rate fluctuations. Profit before discontinued operations and cumulative non-controlling interest was $5.060 billion pesos compared to $4.989 billion pesos in 2010, a 1.4% increase. After these items, controlling net income decreased 32.1% due to the reporting in 2010 of the profit of the mining and real estate divisions (which were spun-off at the end of 2010) as discontinued operations, with a difference of $2.095 billion pesos from what was reported in 2011.

Net debt as of December 31, 2010 was $5.752 billion pesos, a 36.0% decrease from 2010, adjusting for accounts and documents receivable mainly from Minera Frisco. At the close of 2011 interest coverage measured as EBITDA/financial expenses was 3.4 times.

The financial situation of Grupo Carso continues to be solid, after having paid dividends to shareholders and capital investments throughout the year that were distributed among projects of the three business units.

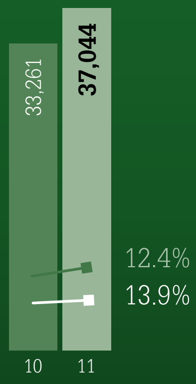
It should be noted that with the objective of improving the debt profile, the Group has two *certificados bursátiles* or securitized debt programs: i) a short-term program authorized in June of 2011 for up to $5.0 billion pesos and ii) a dual program that was authorized in February 2012 (both short and long term), also for $5.0 billion pesos or the equivalent in U.S. dollars.

Among the most relevant corporate events, during the month of February of 2012, Grupo Carso announced the results of a public offer to acquire 825.4 million ordinary Series "B-1" shares of Carso Infraestructura y Construcción, S.A.B. de C.V. at a price of $8.20 pesos per share, with which Grupo Carso became the owner of 99.87% of the outstanding shares of CICSA, paying $6.768 billion pesos.

Plaza Carso

Retail and Consumption Division

Sears Store



Revenues
(million pesos)

EBITDA margin
Operating margin

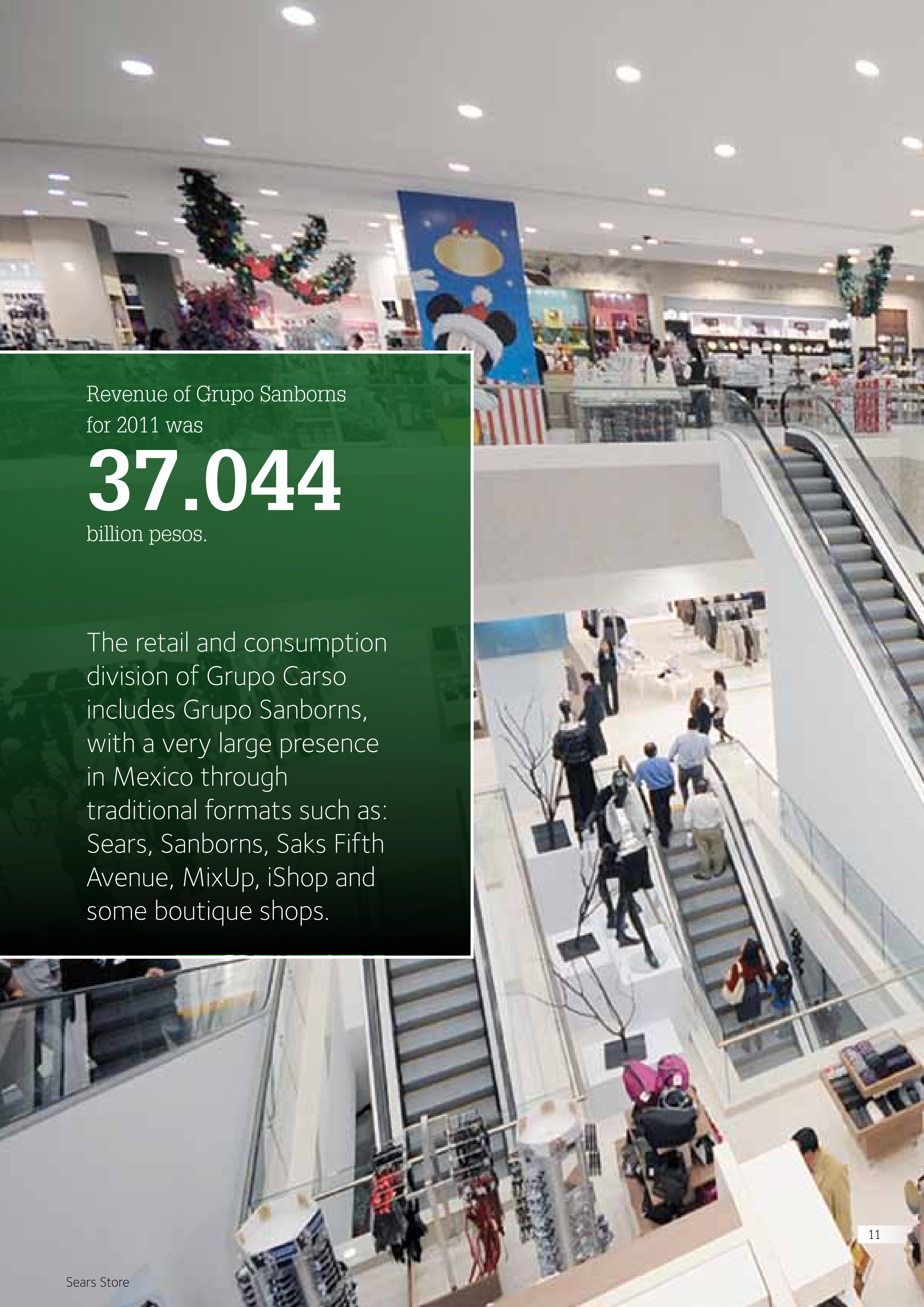
Sanborns Store

Revenue of Grupo Sanborns for 2011 was

37.044

billion pesos.

The retail and consumption division of Grupo Carso includes Grupo Sanborns, with a very large presence in Mexico through traditional formats such as: Sears, Sanborns, Saks Fifth Avenue, MixUp, iShop and some boutique shops.



Sears Store

Saks Fifth Avenue Store

Grupo Sanborns

Consolidated revenue for Grupo Sanborns increased 11.4% to $37.044 billion pesos for 2011, compared to $33.261 billion pesos for 2010.

Operating profit increased 18.8% to $4.606 billion pesos. Meanwhile, EBITDA reached $5.140 billion pesos, a 13.5% increase from 2011.

Grupo Sanborns´ profits before discontinued operations and accumulated non-controlling interest were $2.926 billion pesos, compared to $2.409 billion pesos in 2010, a 21.5% increase. After these items, controlling net income decreased 7.4% due to the reporting in 2010 of the real estate division (which was spun-off in 2010) as a discontinued operation, with a difference of $724 million pesos of what was reported in 2011.

Revenue at Sanborns increased 7.1% compared to 2010, while same-store sales grew 5.0%. Sears increased revenue 5.1% from January through December 2011, while same-store sales increased 5.3%. As part of the organic expansion, the Group opened the following: five Sanborns stores for a total of 165 units for the year, 10 iShop stores and three Edumac centers. Also, five music stores were closed, bringing the total to 109 entertainment stores for the year. Additionally, Sears inaugurated seven stores and closed one to finalize 2011 with 80 stores in operation. It's worth noting that some of the Sears and Sanborns stores were opened within high-traffic shopping malls such as Villahermosa Altabrisa and Plaza San Luis.

In total, Grupo Sanborns operates 416 units in Mexico and three in Central America under different formats that in addition to those already mentioned, also include: Tiendas Dax, Sanborns Café and some specialized boutiques.

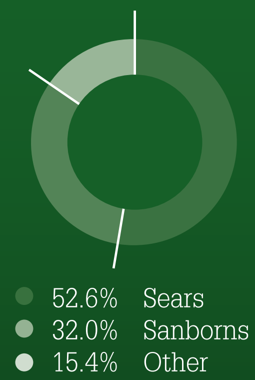
Other initiatives carried out during the year in all of the companies include: the redesign of the exhibition areas in stores, consumer loyalty programs, reduction of inventory, introduction of innovative products and supplier development, as well as reconversion activities to save energy and reduce costs.

Capital investments at Grupo Sanborns were approximately $1.504 billion pesos in 2011, an amount four times higher than the past year, including the investment in new stores and remodeling.

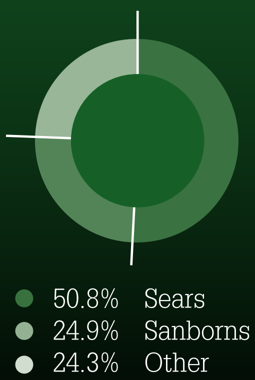
Sanborns Store

Sears Store

Sales Breakdown by format



Operating Income by format



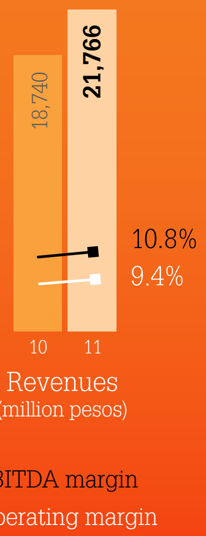
Sanborns Store

Sears Store

Photovoltaic system for CFE in Santa Rosalia, Baja California

Industrial and Manufacturing Division

Condutel Plant, San Juan del Rio, Queretaro



Sitcom intelligent networking site

Revenue at Grupo Condumex was

21.766

billion pesos in 2011.

The industrial and manufacturing division of Grupo Carso consists of Grupo Condumex, an industrial conglomerate focused on the construction, telecommunications and energy, mining and auto parts industries.

Manufacturing of fiber optic cable at Condutel Plant

Condutel Plant

Grupo Condumex

Grupo Condumex´s consolidated revenue was $21.766 billion pesos from January through December of 2011, compared to $18.740 billion pesos reported in 2010, resulting in a 16.1% growth. This result was mainly explained by the performance of two industries: telecom, with a solid growth of 155.1% and 2.9% in sales of fiber optic and copper cable; and the automotive industry, where sales of cables and electrical harnesses increased 12.7% and 7.4%, respectively.

Additionally, due to an environment of increased competition caused mainly by less demand for products, the construction division decreased 19.4% in transformer and integrated projects, and 3.3% in industrial metals, while a slight increase of 0.5% was reported in power cables.

Operating profit was $2.040 billion pesos in 2011, which represented a 28.1% increase compared with 2010. EBITDA was $2.358 billion pesos, a strong growth of 20.3% compared to the EBITDA reported in 2010. The performance was attributed to sales volume as well as efficiencies in costs and expenses.

Profit of Grupo Condumex before discontinued operations and accumulated non-controlling interest was $1.507 billion pesos compared to $1.198 billion in 2010, a 25.7% increase. After these items, net profit fell 46.9% due to the reporting in 2010 of the mining and real estate divisions (which were spun-off at the end of 2010) as discontinued operations, with a $1.511 billion peso difference from what was reported in 2011.

Capital investments for the year were $540 million pesos, which were channeled to investment and maintenance programs of industrial assets in Mexico as well as Brazil.

Fiber optic

Fiber optic train

The operating profit of Condumex increased

28.1%

from 2010.

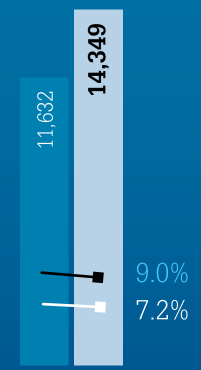
Fiber optic cable

Cometel Plant

El Realito dam

Infrastructure and Construction Division

Independencia I oil Jack-Up



Arco Norte Highway

Annual revenue of Carso Infraestructura y Construcción was

14.349

billion pesos in 2011.

Carso Infraestructura y Construcción groups its business in five areas: duct installation, fabrication and services for the chemical and petroleum industry, infrastructure projects, civil construction and housing construction.

Emisor Oriente Tunnel

Lerma junction at the Toluca highway

Carso Infraestructura y Construcción

Annual revenue of Carso Infraestructura y Construcción increased 23.4% to $14.349 billion pesos in 2011, compared with $11.632 billion in 2010.

Operating profit grew 6.6% to $1.029 billion pesos. EBITDA was $1.296 billion pesos, an increase of 6.8% for the year. As a result, net profit went from $485 million pesos in 2010 to $473 million pesos in 2011.

The consolidated financial situation of Carso Infraestructura y Construcción at the close of 2011 reflected total net debt of 1.819 billion pesos and cash and equivalents of $717 million pesos, resulting in net debt of 1.102 billion pesos, which is 41.5% less than the net debt reported for 2010.

Backlog as of December 31, 2011 was $16.451 billion pesos, a 30.1% decrease from the $23.546 billion pesos reported at the close of the same period of 2010. It's worth noting that the backlog does not include several civil construction contracts that are in the process of being signed, or the contract for the construction of the Libramiento Sur highway in Guadalajara, which was signed in Februrary of 2012. The value of the activities at unit prices of this project is $5.977 billion pesos and the value of the activities at lump-sum price is $35 million pesos.

CapEx for Carso Infraestructura y Construcción for 2011 reached $670 million pesos, which were channeled to maintenance of machinery and heavy construction and production equipment, as well as the acquisition of equipment used in the perforation of wells, among other investments..

Fabrication and Services for the Chemical and Petroleum Industry

In 2011 this division reported revenue of $3.111 billion pesos, a 13.1% increase from the prior year. However, operating profit and EBITDA were $135 and $248 million pesos, a decrease of 46.5% and 30.1%, respectively. The result was mainly explained by extraordinary benefits from US $16 million obtained in the last quarter of 2010 corresponding to claims from earlier years. Taking aside the extraordinary event of 2010, this division had better performance in 2011.

At the close of 2011, work continued on the marine platforms "Tsimin-A" and "Onel-A", as well as the sales phase of the "Independencia I" jack-up.

Mariana Plaza, Mexico City

Carso Infraestructura y Construcción mantained its position as one of the most solid construction firms in the country, developing in 2011 projects such as the Túnel Emisor Oriente, the Atotonilco wastewater treatment plant, the El Realito dam and the Línea 12 of the Mexico City subway.

Petrochemical Industry

El Realito dam

Line 12 of the Mexico City subway

Emisor Oriente Tunnel

Infrastructure Projects

Total revenue from infrastructure projects was $4.249 billion pesos at the close of 2011, a 16.2% increase. Operating profit and EBITDA were $362 and $394 million pesos, increases of 35.1% and 32.1%, respectively.

Improved operating performance was attributed to the conclusion or final phase of projects such as: the Línea 12 of the Mexico City subway, the expansion of the Tenango-Ixtapan de la Sal toll highway, the Culiacan highway and the second Toluca by-pass road. As of December 31, there were important advances in the Culiacan highway, the Tunel Emisor Oriente, the Atotonilco wastewater treatment plant, the El Realito dam and the construction of several mining projects such as San Felipe, Concheño and El Porvenir.

Duct Installation

The duct installation division reported revenue of $4.039 billion pesos, a large increase of 35.6% for 2011. Operating profit was $440 million de pesos, a 55.1% increase from the prior year. Likewise, EBITDA was $486 million pesos, an increase of 49.8%..

Plaza San Luis Shopping Center

Conejos-Medanos Aqueduct, Chihuahua

The improvement in business volume and profitability in this division is mainly explained by growth in foreign and domestic operations in the telecommunications industry. Also, the additional revenue from the operations of the Conejos-Medanos aqueduct in Ciudad Juarez and the construction of natural gas networks in Mexico City. It's worth mentioning that the Cactus-Samaria gas duct in Villahermosa, as well as the installation of cameras as part of the Ciudad Segura project in Mexico City, were completed this year.

Civil Construction

This division reported annual revenue of $2.483 billion pesos in 2011, growth of 33.4% compared to 2010. Operating profit and EBITDA also improved to $126 and $135 billion pesos, increases of 11.9% and 11.4%, respectively.

The dynamics of the revenue and operating profit growth were due to the following projects, some of which were concluded this year: Plaza Mariana in Mexico City, the stations of the Línea 12 of the Mexico City subway, the Operations Center of the Policía Federal Preventiva (PFP), the Huimanguillo Penitentiary in Tabasco, the Ciudad Segura C-4 building, shopping malls in Villahermosa and San Luis Potosi and two Star Medica hospitals in Queretaro and Chihuahua. Meanwhile, projects continue with Plaza Carso, the urbanization project in Veracruz, the El Rosario subway station and the Terminal Azteca Poniente.

Housing Division

Accumulated revenue in the housing division for 2011 was $446 million pesos, a 41.0% decrease compared to the same period in the prior year. Operating profit and EBITDA decreased 101.3% and 67.0%, respectively. Despite changes in operating plans and an operating restructuring, the fall in business volume continued due to the decrease in projects in the north of the country.

Sincerely,

José Humberto Gutiérrez-Olvera Zubizarreta
Chief Executive Officer

Cactus-Samaria gasoduct, Tabasco

Board of Directors

Board Members	Position*	Years as Board Member**	Type of Member***
Carlos Slim Domit	COB – Grupo Carso COB and CEO – Grupo Sanborns COB – Telmex Internacional COB – Teléfonos de México	Twenty-one	Patrimonial Related
Rubén Aguilar Monteverde †			
Antonio Cosío Ariño	CEO – Cía. Industrial de Tepeji del Río	Twenty-one	Independent
Arturo Elías Ayub	Director of Strategical Alliances, Communication and Institutional Relations – Teléfonos de México CEO – Fundación Telmex	Fourteen	Related
Claudio X. González Laporte	COB – Kimberly Clark de México	Twenty-one	Independent
José Humberto Gutiérrez Olvera Zubizarreta	CEO – Grupo Carso COB – Minera Frisco COB and CEO – Grupo Condumex	Twenty-one	Related
Daniel Hajj Aboumrad	CEO – América Móvil	Seventeen	Related
David Ibarra Muñoz	CEO – Despacho David Ibarra Muñoz	Ten	Independent
Rafael Moisés Kalach Mizrahi	COB and CEO – Grupo Kaltex	Eighteen	Independent
José Kuri Harfush	COB – Janel	Twenty-two	Independent
Juan Antonio Pérez Simón	COB – Sanborn Hermanos Vice Chairman – Teléfonos de México	Twenty-two	Independent
Fernando Senderos Mestre	COB – Grupo Kuo COB – Dine	Five	Independent
Patrick Slim Domit	Vice Chairman – Grupo Carso COB – América Móvil Commercial Director of Mass Market – Teléfonos de México COB – Grupo Telvista COB – Sears Operadora México	Sixteen	Patrimonial Related
Marco Antonio Slim Domit	COB and CEO – Grupo Financiero Inbursa COB – Inversora Bursátil COB – Seguros Inbursa Vice Chairman – Impulsora del Desarrollo y el Empleo en América Latina	Twenty-one	Patrimonial Related
Fernando Solana Morales	CEO – Solana y Asociados, S.C.	Seven	Independent

† Passed away in 2011.

Alternate Board Members

	Position*	Years as Board Member**	Tyoe of Member***
Eduardo Valdés Acra	Vice Chairman – Grupo Financiero Inbursa COB – Banco Inbursa CEO – Inversora Bursátil	Twenty	Related
Julio Gutiérrez Trujillo	Business Consultant	Seven	Independent
Antonio Cosío Pando	General Manager – Cía. Industrial de Tepeji del Río	Ten	Independent
Alfonso Salem Slim	Vice Chairman – Impulsora del Desarrollo y el Empleo en América Latina COB –Inmuebles Carso	Eleven	Patrimonial Related
Antonio Gómez García	CEO – Carso Infraestructura y Construcción	Eight	Related
Carlos Hajj Aboumrad	CEO – Sears Operadora México	Fourteen	Patrimonial Related
Fernando G. Chico Pardo	CEO – Promecap, S.C.	Twenty-two	Independent
Ignacio Cobo González	COB – Grupo Calinda	Tem	Independent
Alejandro Aboumrad Gabriel	COB – Grupo Proa	Twenty-one	Independent
Luis Manuel Hernández García	CEO – Cigatam	Five	Independent

Treasurer

Quintín Humberto Botas Hernández	Comptroller – Grupo Condumex	Nine	

Secretary

Sergio F. Medina Noriega	Director Legal Department – Teléfonos de México	Twenty-two	

Pro-secretary

Alejandro Archundia Becerra	General Manager Legal Department– Grupo Condumex	Ten	

* Based on information from the Board members.
** The age as board members was considered since 1990, year when the shares of Grupo Carso S.A.B. de C.V. were listed in the Mexican Stock Exchange
*** Based on information from the board members.
COB: Chairman of the Board
CEO: Chief Executive Officer

Report of the **Corporate** and **Auditing Practices Committee**

José Kuri Harfush
Chairman
Antonio Cosío Ariño
Claudio X. González Laporte
Rafael Moisés Kalach Mizrahi

To the Board of Directors:

As the chairman of the Corporate and Auditing Practices Committee of Grupo Carso, S.A.B. de C.V. (the "Committee"), I submit the following annual report of activities for the 2011 fiscal year.

Corporate Practices, Evaluation and Compensation

The CEO of Grupo Carso, S.A.B. de C.V. (the "Company") and the executives of the corporate entities controlled by the Company, satisfactorily complied with the stated goals and with their responsibilities.

The transactions with affiliates submitted to the consideration of the Committee were approved. Among them are the following significant transactions, each of which represents more than 1% of the consolidated assets of the Company, executed successively:

Teléfonos de México, S.A.B. de C.V., for installation services of the external plant, optical fiber and network design, including the sale of copper and fiber optic telephone cable; call center services, telephone installation services and sale of telephone articles; food service and commission for the sale of junk, salvaging and substitution of automobiles for fleets; Minera Real de Angeles, S.A. de C.V., for services of transformers, control panels, substations, engine control center, instrumentation for cyclone control, generators, water pumping equipment, installations, start-up processes, transportation and cable; and construction projects; Embratel Participacaoes, S.A., for the sale of cable and fiber optics in Brazil; Delphi Packard Electric Systems for the sale of harnesses, cable and automotive engineering services, and Radiomóvil Dipsa, S.A. de C.V., for the purchase of equipment and telephone cards, among others.

All transactions with related parties were reviewed by Galaz, Yamazaki, Ruiz Urquiza, S.C., and a summary of them is contained in a note of the certified financial statements of Grupo Carso, S.A.B. de C.V. and subsidiaries at December 31, 2011.

The CEO of Grupo Carso, S.A.B. de C.V. receives no remuneration for his activity. The Company does not have employees, and as to remuneration of the relevant executives of the companies controlled by the Company, we verified that they complied with the policies approved by the Board of Directors.

The Board of Directors of the Company granted no exemption to any members of the Board, relevant executives or anyone in an executive position to take advantage of business opportunities, either for himself or for third parties, that correspond to the Company or to the corporate entities it controls or in which it has a significant influence. The Committee, on its part, granted no exemptions for the operations referred to in paragraph c), Section III, Article 28 of the Securities Market Law.

Auditing Functions

The internal control and internal auditing system of Grupo Carso, S.A.B. de C.V. and of the corporate entities controlled by it are satisfactory and comply with the guidelines approved by the Board of Directors, as observed in the information provided to the Committee by management of the Company and in the external audit certification.

The modifications of accounting policies of the Company were approved to elaborate its financial information based on International Financial Reporting Standards (IFRS) as of the 2012 fiscal year.

We have no knowledge of any relevant default on the guidelines and operation and accounting registry policies of the Company or of the corporate entities controlled by it and, consequently, no preventive or corrective measures were implemented.

The performance of the Galaz, Yamazaki, Ruiz Urquiza, S.C. and Camacho, Camacho y Asociados, S.C. accounting firms, the corporate entities that conducted the audit of the financial statements of Grupo Carso, S.A.B. de C.V. and subsidiaries to December 31, 2011, and of the external auditor in charge of said audit, was satisfactory and the objectives agreed at the time they were retained were achieved. In addition, according to the information provided by said firms to the management of the Company, their fees for the external audit represented a percentage less than 20% of their total revenue.

On the other hand, approval was given for Galaz, Yamazaki, Ruiz Urquiza, S.C. to provide to Grupo Carso, S.A.B. de C.V. and to some of its subsidiaries the following additional services: review of financial statements of the companies spun off from The Company in the real estate industry, and revision through the auditing of the initial balances for the IFRS.

As a result of the review of the financial statements of Grupo Carso, S.A.B. de C.V. and subsidiaries at December 31, 2011, no adjustments were required to the audited figures contained in said financial statements.

Pursuant to the information provided to us by the management of the Company and the meetings we held with the external and internal auditors without the presence of the Company's officers, and to the best of our knowledge, there were no relevant comments from shareholders, members of the Board, relevant executives, employees or, in general, any third party, related to the accounting, internal control and matters related to the internal or external audit, nor claims by said persons regarding any irregularity in the management of the Company.

During the period to which this report refers, we verified that the resolutions adopted by shareholders' meetings and the Board of Directors of the Company were duly complied with. In addition, according to the information provided to us by the management of the Company, we verified that it has controls that allow for determining that it complies with provisions applicable to the stock market and that the legal department conducts a review at least once a year to verify said compliance, and there were no comments in this respect or any adverse change in the legal situation.

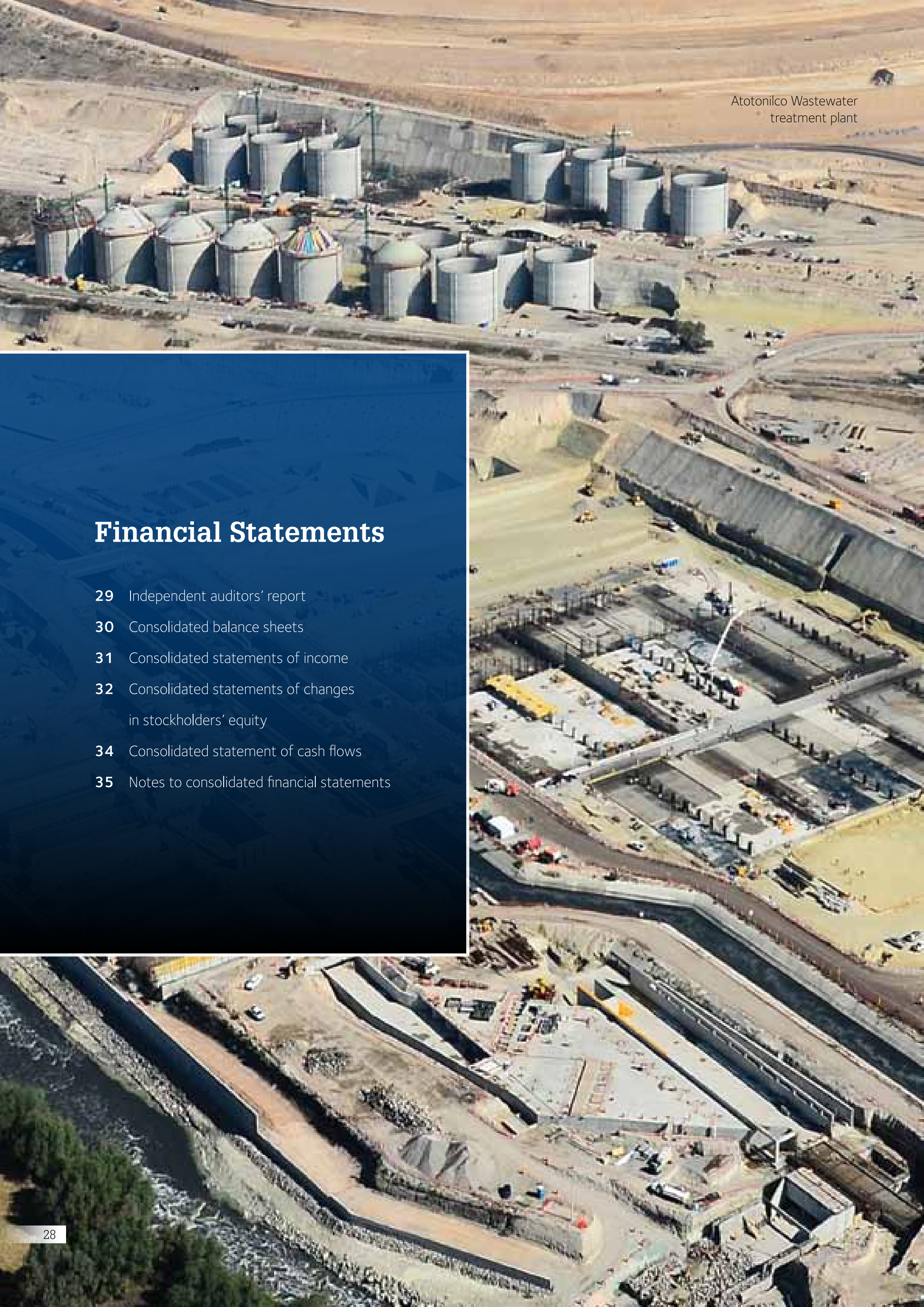
With respect to financial information prepared by the Company and filed with the Bolsa Mexicana de Valores (Mexican Stock Exchange) and the Comisión Nacional Bancaria y de Valores (National Banking and Securities Commission), we verified that the information was prepared under the same principles, criteria and accounting practices with which the annual information is prepared.

Finance and Planning Functions

During the 2011 fiscal year, the Company and some of the entities under its control effected significant investments. In this regard, we verified that the financing was carried out in accordance with the strategic plan of the Company over the medium and long terms. In addition, we evaluated from time to time that the strategic position of the Company was conformed to said plan. We also reviewed and evaluated the budget for the 2011fiscal year together with financial projects that were taken into account for its preparation, which include the principal investments and financial transactions of the Company, which we consider are viable and congruent with investment and financing policies and with the strategic vision of the Company.

For the preparation of this report, the Committee for Corporate and Auditing Practices evaluated information provided by the director general of the Company, the relevant executives of the corporate persons controlled by the Company and by the external auditor.

José Kuri Harfush
Chairman



Atotonilco Wastewater treatment plant

Financial Statements

Independent auditors' report

Independent Auditors' Report
to the Board of Directors and Stockholders of Grupo Carso, S.A.B. de C.V.

We have audited the accompanying consolidated statements of financial position of Grupo Carso, S.A.B. de C.V. and Subsidiaries (the "Company") as of December 31, 2011 and 2010 (as adjusted), and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As mentioned in Note 3.a, beginning January 1, 2011, the Company adopted the following new Mexican Financial Reporting Standards: C-4, Inventories; C-5, Prepaid Expenses; and Mexican Financial Reporting Standards Interpretation 19, Changes Derived from the Adoption of International Financial Reporting Standards. The effects derived from the application of these new accounting provisions are mentioned in Notes 3.a and 23.

As mentioned in Note 2.b, the Company retrospectively adjusted the financial statements as of December 31, 2010 and for the year then ended.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Carso, S.A.B. de C.V. and subsidiaries as of December 31, 2011 and 2010 (as adjusted), and the results of their operations, changes in their stockholders' equity, and their cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Luis Javier Fernández Barragán
March 12, 2012

Consolidated statements of financial position

As of December 31, 2011 and 2010 (as adjusted)
(In thousands of Mexican pesos)

Assets	2011	December 31, 2010 (as adjusted)	January 1, 2010 (as adjusted)
Current assets:			
Cash and cash equivalents	$ 3,388,832	$ 2,124,418	$ 3,554,663
Investments in securities (held for trading)	1,620,721	1,044,667	1,186,114
Accounts and notes receivable:			
Customers (less allowance for doubtful accounts of $427,278 in 2011 and $450,295 in 2010)	15,147,871	13,926,409	13,965,136
Other	1,667,237	2,638,991	2,136,171
Due from related parties	1,666,658	1,562,207	3,673,491
	18,481,766	18,127,607	19,774,798
Derivative financial instruments	316,141	412,290	736,706
Inventories – Net	17,960,645	15,934,879	14,334,857
Prepaid expenses	1,114,445	1,245,124	1,471,093
Discontinued current assets	10,775	947,054	5,172,608
Total current assets	42,893,325	39,836,039	46,230,839
Long-term accounts receivable	152,571	12,591,441	103,612
Property, plant and equipment			
Buildings and leasehold improvements	11,933,431	11,316,474	11,492,977
Machinery and equipment	14,122,878	13,253,968	10,679,884
Vehicles	991,337	982,229	897,116
Furniture and fixtures	3,172,652	2,921,234	2,781,729
Computers	1,486,413	1,386,313	1,468,529
	31,706,711	29,860,218	27,320,235
Accumulated depreciation	(17,925,134)	(17,138,485)	(16,892,796)
	13,781,577	12,721,733	10,427,439
Land	2,762,174	3,028,770	3,321,852
Construction in process	1,057,227	1,634,506	1,690,744
	17,600,978	17,385,009	15,440,035
Real state inventories	669,631	667,131	643,116
Investment in shares of associated companies	9,174,272	9,035,467	8,493,825
Net projected asset from employee retirement benefits	427,978	457,647	375,538
Deferred income tax from tax loss carryforwards	399,067	216,688	131,096
Other assets – Net	1,013,205	899,776	720,919
Discontinued long-term assets	–	392,360	25,748,154
Total	$ 72,331,027	$ 81,481,558	$ 97,887,134

Liabilities and stockholders' equity	2011	December 31, 2010 (as adjusted)	January 1, 2010 (as adjusted)
Current liabilities:			
Notes payable to financial institutions	$ 10,607,764	$ 17,158,734	$ 3,913,439
Current portion of long-term debt	36,174	7,449,346	48,278
Trade accounts payable	8,759,435	6,903,805	5,770,511
Direct employee benefits	660,700	593,055	521,503
Accrued expenses and taxes other than income taxes	5,042,716	3,562,901	5,001,325
Derivative financial instruments	929,651	550,140	49,046
Advances from customers	959,057	1,202,326	1,202,110
Due to related parties	1,017,052	1,941,484	906,194
Discontinued current liabilities	–	1,024,879	5,707,110
Total current liabilities	28,012,549	40,386,670	23,119,516
Long-term debt	117,372	141,564	7,987,657
Deferred income taxes	1,837,745	2,016,433	2,621,700
Deferred statutory employee profit sharing	67,405	59,182	53,498
Other long-term liabilities	25,522	71,680	9,148
Deferred revenue - Net	–	–	37,602
Discontinued long-term liabilities	–	15,222	4,256,939
Total liabilities	30,060,593	42,690,751	38,086,060
Consolidated stockholders' equity:			
Common stock	4,278,014	4,282,349	6,605,928
Stock issuance premium	1,388,378	1,388,378	2,160,658
Additional paid-in capital	172,056	39,900	39,900
Retained earnings	28,432,229	25,462,733	41,340,323
Translation effects of foreign operations	659,602	605,899	1,068,710
Valuation of financial instruments	39,725	(64,123)	(345,525)
Controlling interest	34,970,004	31,715,136	50,869,994
Non-controlling interest	7,300,430	7,075,671	8,931,080
Total consolidated stockholders' equity	42,270,434	38,790,807	59,801,074
Total	$ 72,331,027	$ 81,481,558	$ 97,887,134

See accompanying notes to consolidated financial statements.

Consolidated statements of income

For the years ended December 31, 2011 and 2010 (as adjusted)
(In thousands of Mexican pesos, except data of basic earnings per common share)

		2011		2010 (as adjusted)
Net sales	$	73,975,726	$	64,196,109
Cost of sales		54,225,163		46,355,523
Gross profit		19,750,563		17,840,586
Operating expenses		11,802,539		10,953,558
Operating income		7,948,024		6,887,028
Other expense - Net		465,100		106,343
Comprehensive financing result:				
Interest expense		(1,068,580)		(1,009,972)
Interest income		521,156		658,978
Exchange (loss) gain - Net		(415,648)		261,202
Monetary position loss, net		–		(735)
Effects of valuation of financial instruments		(319,511)		(760,057)
		(1,282,583)		(850,584)
Equity in income of associated companies		731,752		1,034,536
Income from continuing operations before income taxes		6,932,093		6,964,637
Income taxes		1,871,903		1,975,142
Income before discontinued operations		5,060,190		4,989,495
Discontinued operations, adjusted		174,368		2,269,142
Consolidated net income	$	5,234,558	$	7,258,637
Controlling interest	$	4,580,108	$	6,742,721
Non-controlling interest		654,450		515,916
	$	5,234,558	$	7,258,637
Basic earnings per common share	$	1.99	$	2.92
Income from continuing operations	$	2.20	$	2.16
Income from discontinued operations		0.08		0.98
Consolidated net income	$	2.28	$	3.14
Weighted average of outstanding shares (in thousands)		2,298,757		2,311,844

See accompanying notes to consolidated financial statements.

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2011 and 2010 (adjusted)
(In thousands of Mexican pesos)

	Common stock	Net stock issuance premium	Additional paid-in capital
Balances at the beginning of 2010, as previously reported	$ 6,605,928	$ 2,160,658	$ 39,900
Effect from adoption of new accounting standards (Note 3.a)	–	–	–
Balances at the beginning of 2010 (as adjusted)	$ 6,605,928	$ 2,160,658	$ 39,900
Repurchase of stock	(8,082)	–	–
Spin-off effects	(2,315,497)	(772,280)	–
Correction effect (Note 2.b)	–	–	–
Decrease in non-controlling interest due to stock purchase	–	–	–
Dividends paid	–	–	–
Balances before comprehensive income	4,282,349	1,388,378	39,900
Consolidated net income for the year (as adjusted)	–	–	–
Translation effect of foreign operations	–	–	–
Valuation of derivative financial instruments	–	–	–
Comprehensive income	–	–	–
Consolidated balances as of December 31, 2010 (as adjusted)	4,282,349	1,388,378	39,900
Repurchase of stock	(4,335)	–	–
Decrease in non-controlling interest due to stock purchase	–	–	132,156
Dividends paid	–	–	–
Balances before comprehensive income	4,278,014	1,388,378	172,056
Consolidated net income for the year	–	–	–
Translation effect of foreign operations	–	–	–
Valuation of derivative financial instruments	–	–	–
Comprehensive income	–	–	–
Consolidated balances as of December 31, 2011	**$ 4,278,014**	**$ 1,388,378**	**$ 172,056**

See accompanying notes to consolidated financial statements.

Retained earnings	Translation effects of foreign operations	Valuation of financial instruments	Controlling interest	Non-controlling interest	Total Stockholders' equity
$ 41,243,391	$ 1,068,710	$ (345,525)	$ 50,773,062	$ 8,924,192	$ 59,697,254
96,932	–	–	96,932	6,888	103,820
$ 41,340,323	$ 1,068,710	$ (345,525)	$ 50,869,994	$ 8,931,080	$ 59,801,074
(968,132)	–	–	(976,214)	–	(976,214)
(20,492,160)	–	6,498,987	(17,080,950)	(1,828,834)	(18,909,784)
349,533	–	–	349,533	–	349,533
15,057	–	–	15,057	(15,582)	(525)
(1,524,609)	–	–	(1,524,609)	(133,158)	(1,657,767)
18,720,012	1,068,710	6,153,462	31,652,811	6,953,506	38,606,317
6,742,721	–	–	6,742,721	515,916	7,258,637
–	(462,811)	–	(462,811)	(43,904)	(506,715)
–	–	(6,217,585)	(6,217,585)	(349,847)	(6,567,432)
6,742,721	(462,811)	(6,217,585)	62,325	122,165	184,490
25,462,733	605,899	(64,123)	31,715,136	7,075,671	38,790,807
(350,228)	–	–	(354,563)	–	(354,563)
(111,737)	–	–	20,419	(356,495)	(336,076)
(1,148,647)	–	–	(1,148,647)	(122,174)	(1,270,821)
23,852,121	605,899	(64,123)	30,232,345	6,597,002	36,829,347
4,580,108	–	–	4,580,108	654,450	5,234,558
–	53,703	–	53,703	18,882	72,585
–	–	103,848	103,848	30,096	133,944
4,580,108	53,703	103,848	4,737,659	703,428	5,441,087
$ 28,432,229	**$ 659,602**	**$ 39,725**	**$ 34,970,004**	**$ 7,300,430**	**$ 42,270,434**

Consolidated statements of cash flows

For the years ended December 31, 2011 and 2010 (adjusted)
(In thousands of Mexican pesos)

	2011	2010 (as adjusted)
Operating activities:		
Income from continuing operations before income taxes	$ 6,932,093	$ 6,964,637
Items related to investing activities:		
Depreciation and amortization	1,135,806	1,316,358
Gain on sale of shares of subsidiaries	–	(42,489)
Gain on sale of property, plant and equipment	(9,285)	(138,926)
Impairment of long-lived assets	–	82,498
Equity in income of associated companies	(731,752)	(1,034,536)
Current and deferred statutory employee profit sharing	213,996	205,790
Interest income	(521,156)	(658,978)
Items related to financing activities:		
Interest expense	1,068,580	1,009,972
Exchange loss from financing	331	(349,274)
Income from discontinued operations	174,368	2,269,142
Other items with no effect on cash:		
Estimates, provisions and other items	(1,283)	(50,035)
	8,261,698	9,574,159
(Increase) decrease in:		
Accounts and notes receivable	(249,708)	48,799
Inventories	(2,025,766)	(1,600,022)
Prepaid expenses	130,679	315,651
Other assets	(295,808)	(1,032,449)
Increase (decrease) in:		
Trade accounts payable	1,855,630	1,133,294
Direct employee benefits	(110,010)	(81,576)
Accrued expenses and taxes other than income taxes	2,161,499	(2,142,856)
Income taxes paid	(2,312,967)	(2,368,277)
Advances from customers	(243,269)	294,263
Due to related parties	(1,028,883)	3,146,574
Derivative financial instruments	475,660	825,510
Other liabilities	(43,466)	(57,410)
	(1,686,409)	(1,518,499)
Net cash flows from operating activities	6,575,289	8,055,660
Investing activities:		
(Acquisition) sale of held for trade financial instruments	(576,054)	141,447
Purchase of property, plant and equipment	(2,702,241)	(3,920,263)
Proceeds from sale of property, plant and equipment	1,359,750	715,359
Purchase of real state inventories	(2,500)	(24,015)
Discontinued operations	(612,016)	(456,677)
Investment in concessions	67,374	–
Sale of subsidiaries, net of cash disposed	523,416	42,489
Acquisition of subsidiaries	(500,389)	–
Dividends received	684,088	744,290
Decrease in non-controlling interest	–	(525)
Long-term accounts receivable	12,438,870	(12,487,829)
Spin-off effects	–	(4,013,606)
Interest received	521,156	654,578
Other items	127,444	(47,993)
Net cash flows from investing activities	11,328,898	(18,652,745)
Cash to be applied to (obtained from) financing activities	17,904,187	(10,597,085)
Financing activities:		
Borrowings	10,842,247	20,409,230
Repayment of loans received	(24,818,095)	(7,131,282)
Interest paid	(1,092,244)	(1,048,158)
Dividends paid	(1,270,821)	(1,657,767)
Repurchase of stock	(354,563)	(976,214)
Net cash flows from financing activities	(16,693,476)	(9,595,809)
Net increase (decrease) in cash and cash equivalents	1,210,711	(1,001,276)
Adjustment to cash flows due to exchange rate fluctuations	53,703	(428,969)
Cash and cash equivalents at beginning of year	2,124,418	3,554,663
Cash and cash equivalents at end of year	$ 3,388,832	$ 2,124,418

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements

For the years ended December 31, 2011 and 2010 (as adjusted)
(In thousands of Mexican pesos ($) and thousands of U.S. dollars (US$))

1. Activities and significant events

a. Activities – The consolidated financial statements include the financial statements of Grupo Carso, S.A.B. de C.V. and Subsidiaries ("the Company" or "Grupo Carso") as a single reporting entity.

The principal subsidiaries and associated companies and their activities are as follows:

Subsidiary	Ownership percentage 2011	2010	Activity
Carso Infraestructura y Construcción, S.A.B. de C.V. and Subsidiaries (CICSA)	67.15	65.76	Performance of several branches of engineering, including: oil well drilling and oil rig construction projects and all types of civil, industrial and electromechanical projects and facilities; construction and maintenance of highways, water pipes, water treatment plants and hydroelectric stations; housing construction; manufacturing and selling of cold-formed carbon steel tubes; and installation of telecommunication and telephone networks.
Grupo Condumex, S.A. de C.V.	99.57	99.57	Manufacture and sale of cable products used in the construction, automotive, energy and telecommunications industries.
Grupo Sanborns, S.A. de C.V. and Subsidiaries ("Sanborns")	99.98	99.98	Operation of department stores, gift shops, record stores, restaurants, cafeterias and management of shopping malls through the following commercial brands, principally: Sanborns, Sears, Saks Fifth Avenue and Mix-up.
Industrial Cri, S.A. de C.V. and Subsidiaries ("Industrial Cri")	100.00	100.00	Holding of shares of companies in the following sectors: installation and maintenance of telephone stands, manufacturing all types of candies and manufacture of bicycles.
Associate			
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75	16.75	Railroad transportation.
Philip Morris México, S.A. de C.V.	20.00	20.00	Manufacture and sale of cigarettes.
Elementia, S.A. de C.V. ("Elementia")	46.00	46.00	Manufacture and sale of high technology products for the cement, concrete, polyethylene, styrene, copper and aluminum production industries.

b. Significant events

i. On January 14, 2011, Grupo Condumex, S.A. de C.V. (a spinoff from Inmuebles Corporativos e Industriales CDX, S.A. de C.V., formerly Grupo Condumex, S.A. de C.V.) sold the shares of its subsidiaries Hubard y Bourlon, S.A. de C.V., Ingeniería HB, S.A. de C.V. and Selmec Equipos Industriales, S.A. de C.V. to its related party Enesa Ingeniería, S.A. de C.V. The total selling price of the shares was $515,000, generating an accounting profit of $92,040 for Hubard y Bourlon, S.A. de C.V., an accounting loss of ($69) for Ingeniería HB, S.A. de C.V. and an accounting profit of $78,228 for Selmec Equipos Industriales, S.A. de C.V. As of December 31, 2010 such operations were classified as held for sale under the heading of discontinued operations.

ii. On March 1, 2011 an issuance of capital was carried out to formalize the transaction whereby Grupo Carso contributed the amount of US$23,300 to Tabasco Oil Company (TOC), in exchange for 70% of the equity of such company. TOC is certified as an oil company and has the concession for the LLA 56 block located in the Llanos Orientales region of northeast Colombia, which was granted by the Agencia Nacional de Hidrocarburos de Colombia (ANH) in February 2011 for purposes of exploration and production of hydrocarbons. The concession area covers 413.2 km2 and includes a commitment to make initial investments marked in the concession itself. TOC must complete three-dimensional seismic studies in an area of at least 145.2 km_ and develop at least one exploratory well in the first phase. At the date of issuance of this report, there are basic studies on the perspectives of such block, including two dimensional seismic studies.

On March 29, 2011 Grupo Carso sold Carso Energy, S.A. de C.V., a direct subsidiary, its 70% share in the stockholders' equity of TOC. This transaction did not generate any profit or loss.

iii. In November 2010, CICSA reached an agreement with its related party, Ideal Panamá, S.A., to sell 100% of the common stock of its subsidiary Cilsa Panamá, S.A. for US$700, which transaction was performed on January 31, 2011. This sale generated a profit of $51,390, which is presented in income from discontinued operations. Accordingly, the operating results of this subsidiary are excluded from income from continuing operations as presented in these consolidated financial statements.

iv. In November 2011, CICSA acquired the remaining 20% of the common stock of Bronco Drilling MX, S.A. de C.V. (formerly Bronco Drilling MX, S. de R.L. de C.V.), for US$5,000, after which CICSA now holds 100% of the common stock of Bronco Drilling MX, S.A. de C.V. This purchase originated a benefit of $132,156 recorded directly to stockholders' equity because it represents the acquisition of the non-controlling interest.

v. As of December 31, 2011, CICSA sold all its shares held in Archer Limited (a company which it acquired in 2011, to Allis-Chalmers Energy, Inc., the original seller of the shares owned by CICSA), a public company listed on the Oslo Stock Exchange. This transaction generated a loss on the sale of shares of $105,206, which was recorded under the heading of other expenses. This loss arose due to the reduced market price of the shares compared to the acquisition price. As of December 31, 2010, there were 2,700,000 shares valued at market value.

vi. In August 2010, Elementia carried out an issuance of common stock in which Grupo Carso, which holds an investment in Elementia through its subsidiary, Tenedora de Empresas y Materiales de Construcción, S.A. de C.V. ("Temaco"), did not participate, thereby resulting in a 3% reduction in the equity held, which was 46% as of December 31, 2010. The gain generated by this dilution was $59,958, which was recorded as a credit to investments in associated companies.

vii. On December 31, 2010, the Company spun off its real estate and mining assets, which resulted in the creation of: i) a variable stock company which directly or indirectly owns, through its subsidiaries, several real estate properties previously owned by Grupo Carso, named Inmuebles Carso, S.A.B. de C.V. ("Inmuebles Carso") and; ii) a variable stock company which directly or indirectly owns, through its subsidiaries, the concessioned mining assets previously owned by Grupo Carso, named Minera Frisco, S.A.B. de C.V. The accompanying financial statements retroactively recognize the spinoff, as required by Mexican Financial Reporting Standards; consequently, the 2010 figures are comparable with those of 2011.

Condensed consolidated financial statements of the spun-off sectors and the Company as of December 31, 2010, after the spin-off, are as follows:

	Grupo Carso (historical amounts)	Adjustments, eliminations and reclassifications	Real Estate sector
Current assets:			
Cash, cash equivalents and investments in securities	$ 10,634,828	$ 112,065	$ (1,237,776)
Accounts and notes receivable	21,586,041	2,074,451	(4,306,302)
Inventories	15,301,959	207,374	–
Other current assets	1,142,870	526,150	(77,851)
Total current assets	48,665,698	2,920,040	(5,621,929)
Property, plant and equipment – Net	48,539,832	594,073	(23,297,800)
Investment in shares of associated companies and other	10,156,928	–	(1,121,461)
Other long-term assets	5,064,618	15,355,568	(12,447)
Total	$ 112,427,076	$ 18,869,681	$ (30,053,637)
Liabilities:			
Notes payable to financial institutions and current portion of long-term debt	$ 28,481,508	$ 762,710	$ (4,519,423)
Accrued expenses and taxes other than income taxes	11,125,880	2,399,640	(4,386,825)
Other current liabilities	7,970,728	416,570	(244,045)
Total current liabilities	47,578,116	3,578,920	(9,150,293)
Long-term liabilities	7,246,301	15,290,761	(3,649,165)
Total liabilities	54,824,417	18,869,681	(12,799,458)
Stockholders' equity:			
Controlling interest	47,997,906	–	(16,046,100)
Non-controlling interest	9,604,753	–	(1,208,079)
Total stockholders' equity	57,602,659	–	(17,254,179)
Total	$ 112,427,076	$ 18,869,681	$ (30,053,637)

Mining sector	Grupo Carso (Adjusted for spinoff before adjustments from NIF C-4 and C-5)	Adjustments from NIFs C-4 and C-5 (Note 3.a)	Grupo Carso (as adjusted for Spin-off and NIFs C-4 and C-5)
$ (6,340,032)	$ 3,169,085	$ –	$ 3,169,085
(1,643,351)	17,710,839	416,768	18,127,607
(1,267,365)	14,241,968	1,692,911	15,934,879
(57,386)	1,533,783	1,070,685	2,604,468
(9,308,134)	36,655,675	3,180,364	39,836,039
(5,578,370)	20,257,735	(2,872,726)	17,385,009
–	9,035,467	–	9,035,467
(5,182,696)	15,225,043	–	15,225,043
$ (20,069,200)	$ 81,173,920	$ 307,638	$ 81,481,558
$ (116,715)	$ 24,608,080	$ –	$ 24,608,080
(1,308,367)	7,830,328	19,578	7,849,906
(214,569)	7,928,684	–	7,928,684
(1,639,651)	40,367,092	19,578	40,386,670
(16,699,730)	2,188,167	115,914	2,304,081
(18,339,381)	42,555,259	135,492	42,690,751
(361,792)	31,590,014	125,122	31,715,136
(1,368,027)	7,028,647	47,024	7,075,671
(1,729,819)	38,618,661	172,146	38,790,807
$ (20,069,200)	$ 81,173,920	$ 307,638	$ 81,481,558

2. Basis of presentation

a. Explanation for translation into English – The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of Mexican Financial Reporting Standards (MFRS, individually referred to as NIF). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

b. Monetary unit of the financial statements – The financial statements and notes as of December 31, 2011 and 2010 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power.

c. Adjustment of financial statements – During 2011, Grupo Carso concluded its analysis of the effects of the spin-off described in Note 1.b.vii. As a result, the final figures of the net assets transferred from the real estate sector to Inmuebles Carso were determined. These effects resulted in revised construction costs of certain properties, which originated an adjustment of $349,533 that decreased the result of discontinued operations as originally presented in the consolidated statement of income of 2010. It is important to mention that the net spun-off assets and the stockholders' equity of Grupo Carso were not modified.

d. Consolidation of financial statements – The consolidated financial statements include the financial statements of the holding company and its subsidiaries presented as a single reporting entity. Significant intercompany balances and transactions have therefore been eliminated from these consolidated financial statements.

e. Translation of financial statements of foreign subsidiaries – To consolidate financial statements of foreign subsidiaries, the accounting policies of the foreign entities are converted to MFRS. Subsequently, if the functional currency of the foreign operation is different from the currency in which transactions are recorded, the financial information is converted from the currency used to record the transactions to the functional currency. Finally, if the functional and reporting currency are different, the financial information is then converted from the functional to the reporting currency considering the following methodologies:

Foreign operations with a functional currency different from the local currency and the reporting currency translate their financial statements from the currency in which transactions are recorded to the functional currency, using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for monetary assets and liabilities; 2) historical exchange rates for non-monetary assets and liabilities and stockholders' equity; and 3) the rate on the date of accrual of revenues, costs and expenses, except those arising from non-monetary items that are translated using the historical exchange rate for the related non-monetary item. Translation effects are recorded under comprehensive financing result.

Foreign operations whose functional currency is different from the reporting currency translate their financial statements into Mexican pesos using the following rates: 1) closing rates for assets and liabilities, 2) historical rates for capital and 3) the date of accrual for revenues, costs and expenses. The effects of conversion are recorded in stockholders' equity.

When operating under an inflationary economic environment, the foreign operations translate their financial statements from the currency in which transactions are recorded to the functional currency, using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for monetary assets and liabilities; 2) historical exchange rates for non-monetary assets and liabilities and stockholders' equity; and 3) the rate on the date of accrual of revenues, costs and expenses, except those arising from non-monetary items that are translated using the historical exchange rate for the related non-monetary item. Translation effects are recorded under comprehensive financing result. Subsequently, to translate the financial statements from the functional currency to Mexican pesos, they first restate their financial statements in currency of purchasing power as of the date of the balance sheet, using the price index of the country of origin of the functional currency, and subsequently translate those amounts to Mexican pesos using the closing exchange rate in effect at the balance sheet date for all items; translation effects are recorded in stockholders' equity.

The main subsidiaries whose local and/or functional currencies are different from the Mexican peso are:

Company	Currency in which transactions are recorded	Functional currency
Cablena, S.A.	Euro	Euro
Cablena do Brasil, Limitada	Brazilian real	Brazilian real
Cicsa Colombia, S.A.	Colombian peso	Colombian peso
Cicsa Dominicana, S.A.	Dominican peso	Dominican peso
Cicsa Ingeniería y Construcción Chile Limitada, S. de R.L.	Chilean peso	Chilean peso
Cicsa Perú, S.A.C.	New Sol	New sol
Cobre de México, S.A. de C.V.	Mexican peso	US dollar
Condumex Inc.	US dollar	US dollar
Condutel Austral Comercial e Industrial, Limitada	Chilean peso	Chilean peso
Grupo Sanborns Internacional, S.A. (Chile)	Chilean peso	Chilean peso
Grupo Sanborns Internacional, S.A. (Panamá)	Panamanian balboa	Panamanian balboa
Nacel de Centroamérica, S.A.	Quetzal	Quetzal
Nacel de Honduras, S.A.	Lempira	Lempira
Nacel de Nicaragua, S.A.	Cordoba	Cordoba
Nacel de El Salvador, S.A.	US dollar	US dollar
Procisa Ecuador, S.A.	US dollar	US dollar
Procisa do Brasil Projetos, Construcoes e Instalacoes, Ltd.	Brazilian real	Brazilian real
Procosertel, S.A.	Argentine peso	Argentine peso
Procosertel Uruguay, S.A.	Uruguayan peso	Uruguayan peso
Sanborns El Salvador, S. A.	Colon	Colon

The balance of the translation effect at December 31, 2011 and 2010 (as adjusted) is $659,602 and $605,899, respectively.

f. Comprehensive income - Represents changes in stockholders' equity during the year, for concepts other than capital contributions, reductions and distributions, and is comprised of the net income of the year, plus other comprehensive income or loss items of the same period, which are presented directly in stockholders' equity without affecting the consolidated statement of income. Other comprehensive income is represented by the effects of translation of foreign operations, and the valuation of financial instruments. Upon realization of assets and settlement of liabilities giving rise to other comprehensive income or loss items, the latter are recognized in the consolidated statements of income.

g. Income from operations - Income from operations is the result of subtracting cost of sales and general expenses from net sales. While NIF B-3, Statement of Income, does not require inclusion of this line item in the consolidated statements of income, it has been included for a better understanding of the Company's economic and financial performance.

h. Reclassifications - Certain amounts in the consolidated financial statements as of and for year ended December 31, 2010 have been reclassified to conform to the presentation adopted for 2011.

3. Summary of significant accounting policies

The accompanying consolidated financial statements have been prepared in conformity with MFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Company's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Company are as follows:

a. Accounting changes

Beginning January 1, 2011, the Company adopted the following new MFRS:

NIF B-5, *Financial Information by Segments,* establishes the managerial approach to disclose financial information by segments, requiring the separate disclosure of interest income, interest expense and liabilities; and information on products, services, geographical areas and main customers and suppliers, as opposed to Bulletin B-5, which required that information disclosed be classified by economic segments, geographical areas or homogeneous groups of customers.

NIF C-4, *Inventories,* eliminates the direct cost and last-in, first-out valuation methods. It establishes that any change in the purchase cost of inventories based on the lower of cost or market be made only based on net realizable value. It also requires additional disclosures of inventory reduction and impairment losses.

NIF C-5, *Prepaid Expenses,* establishes that their basic feature is that they do not transfer to the company the risks and rewards inherent in the goods and services to be acquired or received. It also requires that impairment be recognized when such payments lose their ability to generate such benefits and how they should be presented in the balance sheet, as current or long-term assets.

Below are the effects at December 31, 2010 in the main line items of the consolidated statement of financial position, as a result of adopting NIF C-4 and C-5:

	2010	Adjustments	2010 (as adjusted)
Accounts and notes receivable	13,942,177	(15,768)	13,926,409
Other accounts receivable	2,206,455	432,536	2,638,991
Inventories – Net	14,241,968	1,692,911	15,934,879
Prepaid expenses	174,439	1,070,685	1,245,124
Property, plant and equipment – Net	20,257,735	(2,872,726)	17,385,009
Accrued expenses and taxes	3,543,323	19,578	3,562,901
Deferred income tax	1,910,768	105,665	2,016,433
Deferred statutory profit sharing	48,933	10,249	59,182
Retained earnings	25,337,611	125,122	25,462,733
Non-controlling interest	7,028,647	47,024	7,075,671

NIF C-6, *Property, Plant and Equipment,* incorporates the treatment of exchange of assets pursuant to their commercial substance. It includes the basis for determining the residual value of a component, considering current amounts. It eliminates the rule of assigning a value based on an appraisal of property, plant and equipment acquired free of charge or at an inappropriate cost. It also sets the rule to continue to depreciate a component when it is not in use, except when depreciation methods are based on activity.

NIF C-18, *Obligations Associated with the Retirement of Property,* Plant and Equipment, lays down specific rules for the initial and subsequent recognition of provisions relating to the obligations associated with the retirement of components of property, plant and equipment.

Improvements to MFRS 2011.- The main improvements that generate accounting changes are as follows:

NIF B-1, *Accounting Changes and Correction of Errors,* requires that if an accounting change is made or an error is corrected, a retroactively adjusted balance sheet be presented as of the start of the earliest period for which comparative financial information is presented.

Bulletin C-3, *Accounts Receivable,* includes criteria for the recognition of interest income and does not allow recognition of interest income from difficult-recovery receivables.

Bulletin D-5, *Leases,* establishes that the discount rate to be used by the lessee to determine the asset's present value should be the interest rate implicit in the lease agreement, provided determination is practical; otherwise, the incremental borrowing rate should be used; the discount rate to be used by the lessor to determine the asset's present value should be the interest rate implicit in the capitalizable lease agreement. Both the lessor and the lessee should disclose complete information on their leasing transactions. It also requires that the gain or loss from the sale and leaseback of the asset under a capitalizable agreement be deferred and amortized over the term of the agreement and that the gain or loss from the sale and leaseback of the asset under an operating lease be recognized in current earnings at the time of sale, when the transaction is stated at fair value.

Improvements generating accounting changes in Bulletin C-10, *Derivative Financial Instruments and Hedging Transactions*

Hedging with options

Due to their nature, options are used to hedge changes in the cash flows or fair value of a hedged item above or below its specific strike price, which means that the risk is located on one side, due to upward or downward changes, as applicable. It is clarified that the effective portion of these hedges, subject to recognition in comprehensive income (loss), is represented only by the intrinsic value of the option, maintaining the criterion to recognize in current earnings any fluctuation in valuation of the excluded portion of the hedging instrument at the time effectiveness is measured (time value of money or extrinsic value). Under this criterion, the practice of recording fluctuations in overall valuation in other comprehensive income (loss) (change with retroactive application) is unjustified.

Forecasted intragroup transactions

There is a limitation to hedging among entities belonging to the same group, since these transactions are eliminated in the consolidation of their financial statements. Hedge accounting may be applied in the separate financial statements of the entity hedging the risk. As an exception, in consolidated financial statements, the hedging of a transaction is allowed if it is carried out between related parties with different functional currencies and if the exchange rate risk has an impact on the consolidated financial statements.

Hedging the fair value of a portfolio portion

Bulletin C-10 states that for fair value hedges (where both the derivative and the hedged item are valued), the effect of valuing the primary position attributable to the hedged risk should be adjusted to the book value of such position.

It also states that if a portfolio of financial assets or liabilities is partially hedged, the effect of the valuation of the hedged interest rate risk should be presented in an auxiliary account of the primary position as a separate line item, making the effects of partial hedging more transparent.

Margin accounts

Improvements require that margin accounts be presented as a line item separate from that of derivative financial instruments in order to not affect the fair value included in the balance sheet. Previously, margin accounts were presented under derivative financial instruments.

Inability to establish a hedging relationship for a portion of the life of the hedging instrument

A portion of the overall amount of a hedging instrument may be designated in a hedging relationship. However, a hedging relationship may not be designated only for a portion of the period in which the instrument intended to be used as hedge is in effect.

Improvements not generating accounting changes in Bulletins C-2, *Financial Instruments and C-10, Derivative Financial Instruments and Hedging Transactions*

Bulletin C-2, *Financial Instruments,* eliminates net presentation of effects of derivatives and their hedged items.

Bulletin C-10, *Derivative Financial Instruments and Hedging Transactions,* explains that when only a portion of a position subject to risk is hedged, any effects of unhedged risks of the primary position should be recognized in accordance with the valuation method related to such primary position.

b. Recognition of the effects of inflation - Since the cumulative inflation for the three fiscal years prior to those ended December 31, 2011 and 2010 was 15.19% and 14.48%, respectively, the economic environment may be considered non-inflationary in both years and, consequently, no inflationary effects are recognized in the accompanying consolidated financial statements. Inflation rates for the years ended December 31, 2011 and 2010 were 3.82% and 4.40%, respectively.

c. Cash and cash equivalents - Consist mainly of bank deposits in checking accounts and short-term investments, highly liquid and easily convertible into cash, maturing within three months as of their acquisition date, which are subject to immaterial value change risks. Cash is stated at nominal value and cash equivalents are valued at fair value; any fluctuations in value are recognized in comprehensive financing result of the period. Cash equivalents are represented mainly by investments in Treasury Certificates, investment funds, development funds and money market funds.

d. Investments in securities - According to its intent, from the date of acquisition the Company classifies investments in debt and equity securities in one of the following categories: (1) trading, when the Company intends to trade debt and equity instruments in the short-term, prior to maturity, if any, and are stated at fair value. Any value fluctuations are recognized within current earnings; (2) held-to-maturity, when the Company intends to, and is financially capable of, holding such investments until maturity. These investments are recognized and maintained at amortized cost; and (3) available-for-sale, which include securities that are classified neither as trading nor as held-to-maturity, and which are stated at fair value with any unrealized gains or losses, net of income taxes and statutory employee profit sharing, recorded as a component of comprehensive income within stockholders' equity, and reclassified to current earnings upon their sale. Fair value is determined using prices quoted on recognized markets. If such securities are not traded, fair value is determined by applying technical valuation models recognized in the financial sector.

Investments in securities classified as held-to-maturity and available-for-sale are subject to impairment tests. If there is evidence that the reduction in fair value is other than temporary, the impairment is recognized in current earnings.

e. Inventories and cost of sales - Inventories are stated at the lower of cost or net realizable value (estimated selling price less all necessary costs to complete sale), as follows:

Given the diversity of the business activities and operating segments of the Company (industrial, construction and commercial), inventories are stated using the first-in, first-out method (FIFO) and/or average cost depending on the activity of each subsidiary; by considering the cost of materials, direct expenses and a portion of variable and fixed overhead, which are incurred in the transformation process of such inventories.

Net realizable value represents the estimated sales price in the ordinary course of business minus the estimated costs necessary to conclude the transformation process and the costs required to complete the sale.

Inventories of materials and spare parts are stated using FIFO and/or average cost, depending on the activity of each subsidiary and the sector, minus the allowance for slow-moving and obsolete inventories.

When an impairment indicator suggests that the carrying amounts of inventories might not be recoverable, the Company reviews such carrying amounts, estimates the net realizable value, based on the most reliable evidence available at that time. Impairment is recorded if the net realizable value is less than the book value. Impairment indicators considered for these purposes are, among others, obsolescence, a decrease in market prices, damage, and a firm commitment to sell. During the year ended December 31, 2011 and 2010, the Company did not recognize in current earnings any allowance for impairment of inventories.

Cash advances to suppliers are recognized as part of inventories only if the suppliers have transferred the risks and rewards of the items acquired by the Company.

f. Real estate inventories - Real estate inventories are valued at the acquisition costs of land, licenses, materials, labor and overhead incurred in the construction activity of the Company. The Company classifies as long-term inventories, real estate for which the construction phase exceeds one year.

During the period of development of real estate inventories, comprehensive financing cost (RIF) derived from debt obtained to finance the construction process is capitalized. The Company capitalized RIF of $172,165 and $160,944 in 2011 and 2010, respectively.

g. Property, plant and equipment - Are recorded at acquisition cost. Balances from domestic acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the National Consumer Price Index (NCPI) through that date. In the case of fixed assets of foreign origin, their acquisition cost was restated for the effects of inflation through December 31, 2007 based on the inflation rate of the country of origin and considering the exchange fluctuations of the Mexican peso against the currency of the country of origin. Depreciation is calculated using the straight-line method based on the remaining useful lives of the related assets, considering a percentage of the estimated salvage value.

Comprehensive financing cost incurred during the period of construction and installation of qualifying property, plant and equipment is capitalized and was restated for inflation through December 31, 2007 using the NCPI.

h. Impairment of long-lived assets in use - The Company reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the aforementioned amounts. Impairment indicators considered for these purposes are, among others, the operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results, which in percentage terms in relation to revenues are substantially higher than that of previous years, obsolescence, reduction in the demand for the products manufactured, competition and other legal and economic factors.

i. Investment in shares of associated companies and other - Permanent investments in entities where significant influence exists are initially recognized based on the net fair value of the entities' identifiable assets and liabilities as of the date of acquisition. Such value is subsequently adjusted for the portion related both to comprehensive income (loss) of the associated company and the distribution of earnings or capital reimbursements thereof. When the fair value of the consideration paid is greater than the value of the investment in the associated company, the difference represents goodwill, which is presented as part of the same investment. Otherwise, the value of the investment is adjusted to the fair value of the consideration paid. If impairment indicators are present, investment in shares of associated companies is subject to impairment testing. Permanent investments made by the Company in entities where it has neither control, nor joint control, nor significant influence, are initially recorded at acquisition cost and any dividends received are recognized in current earnings, except when they are taken from earnings of periods prior to the acquisition, in which case, they are deducted from the permanent investment.

j. Other assets - Intangible assets are recognized in the accompanying balance sheets only if they can be identified, provide future economic benefits and control exists over such assets. Intangible assets with an indefinite useful life are not amortized and the carrying value of these assets is subject to annual impairment testing, and intangible assets with a defined useful life are amortized systematically based on the best estimate of their useful life, determined in accordance with the expected future economic benefits. The value of these assets is subject to annual impairment assessment.

Intangible assets recognized by the Company mainly relate to costs incurred during the evaluation phase, which are capitalized as other assets during the exploration and evaluation of the Project, and are amortized on the straight-line basis over the useful life of the concession or of the Project, whichever is lower.

Plans and projects for environmental control are presented within other assets. The expenses that are made for this concept are applied to the provision for environmental remediation and the subsequent increase to such provision is debited to the income statement, only if it corresponds to present obligations or to other future obligations, in the year that they are determined.

The Company applies INIF 17, *Service concession arrangements,* to record and measure its concession contracts. This interpretation provides accounting guidelines to private sector operators involved in providing assets and services of infrastructure to the public sector, classifying the related assets as financial, intangible or a combination of both.

The financial asset originates when an operator builds or makes improvements to the infrastructure in which the operator has an unconditional right to receive a specific amount of cash or other financial asset throughput the term of the contract. An intangible asset originates when an operator builds or makes improvements and is allowed to operate the infrastructure for a fixed period of time after finishing the construction stage, and the future cash flows of the operator are not specified since they could fluctuate according to the use of the asset and by which reason are considered contingent; or a combination of both, a financial asset and an intangible asset when the gain or profit to the operator is to be obtained partially from a financial asset and partially from an intangible asset. The revenue and costs associated with the construction or improvements of the infrastructure are recognized in the results during the construction phase for both, the financial asset and the intangible asset.

The financial asset is recorded at its nominal value and it is subsequently measured at the financial statements date according to the expected financial performance for each one of the concession contracts. The investments that are considered an intangible asset are recorded at acquisition cost without exceeding the estimated recoverable amount. At December 31, 2011 and 2010 the investment in concessions is $269,151 and $286,435, respectively.

k. Goodwill - Represents the excess of cost over the fair value of the subsidiary shares, as of the date of acquisition. Through December 31, 2007, goodwill was restated for the effects of inflation using the NCPI. Goodwill is not amortized and is subject to impairment tests, at least once a year.

l. Derivative financial instruments - Derivative financial instruments for trading or to hedge the risk of adverse movements in: a) interest rates, b) exchange rates for long-term debts, c) prices of shares, d) prices of metals, and e) the price of natural gas, are recognized as assets and liabilities at their fair value.

When derivatives are contracted to hedge risks and fulfill all of the hedging requirements, their designation is documented at the start of the hedge transaction, describing the objective, characteristics, accounting recognition and how the effectiveness will be measured, in relation to this transaction.

Changes in the fair value of derivatives designated as hedges are recognized as follows: (1) when they are fair value hedges, the fluctuations in both the derivative and the item hedged are valued at fair value and are recognized in results; (2) when they are cash flow hedges, the effective portion is recognized temporarily in other comprehensive income and is applied to results when the hedged item affects them; the ineffective portion is recognized immediately in results; (3) when the hedge is an investment in a foreign subsidiary, the effective portion is recognized in other comprehensive income as part of the translation effects of foreign subsidiaries; the gain or loss on the ineffective portion of the hedge instrument is recognized in results of the period if it is a derivative financial instrument and, if it is not, it is recognized in other comprehensive income until the investment is sold or transferred.

Although they are contracted for hedging purposes from an economic standpoint, some derivative financial instruments have not been designated as hedging operations for accounting purposes. The fluctuation in the fair value of these derivatives is recognized in results in the comprehensive result of financing.

The Company suspends the accounting for hedges when the derivative has matured, has been sold, is canceled or exercised, when the derivative does not reach sufficiently high effectiveness to offset the changes in the fair value or cash flows from the item hedged, or when the entity decides to cancel the hedge designation.

When the accounting for hedges is suspended in the case of cash flow hedges, any amounts recorded in stockholders' equity as part of other comprehensive income, remain within capital until the effects of the forecast transaction or firm commitment affect results. If it is no longer probable that the firm commitment or forecast transaction will take place, any gains or losses that were accumulated in other comprehensive income are recognized immediately in results. When the hedge of a forecasted transaction was first considered satisfactory and subsequently does not comply with the effectiveness test, the effects accumulated in other comprehensive income within stockholders' equity are carried proportionally to results to the extent that the forecasted asset or liability affects results.

The Company has executed certain contracts with effects yet to be recognized, and which due to their nature include an embedded derivative. These are valued at fair value and the effect is recorded in the statement of income at the close of the period in which they are valued.

m. Direct employee benefits - Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly statutory employee profit sharing (PTU) payable, compensated absences, such as vacation and vacation premiums, and incentives.

n. Provisions - Provisions are recognized for current obligations that arise from a past event, that will probable to result in the future use of economic resources, and that can be reasonably estimated. The reconciliation of opening to closing balances in the main provisions (included as part of accrued expenses and taxes other than income taxes), which involve a high level of judgment from management and that are subject to certain degree of uncertainty, are as follows:

	Opening balance	Additions	Provision applied	Reversals	Closing balance
Contractor costs	1,140,960	7,125,051	(7,026,162)	(3,924)	1,235,925
Extraordinary project costs and other	396,089	1,545,276	(1,267,654)	(7,068)	666,643

o. Provision for environmental remediation - The Company has adopted environmental protection policies within the framework of applicable laws and regulations. However, due to their activities, the industrial subsidiaries, and more specifically, the mining subsidiaries, sometimes perform activities that adversely affect the environment. Consequently, the Company implements remediation plans (which are generally approved by the competent authorities) that involve estimating the expenses incurred for this purpose.

The estimated costs to be incurred could be modified due to changes in the physical condition of the affected work zone, the activity performed, laws and regulations, variations affecting the prices of materials and services (especially for work to be performed in the near future), as well as the modification of criteria used to determine work to be performed in the affected area, etc. The balance of the provision for environmental remediation, included as part of accrued expenses and taxes other than income taxes, at December 31, 2011 and 2010, and at January 1, 2010 is $84,353, due to the fact that there were no applications, increases or cancelations to such provision during such years.

p. Employee benefits from termination, retirement and other - Liabilities from seniority premiums, pension plans for non-union employees and payments that are similar to pensions and severance payments are recognized as they accrue and are calculated by independent actuaries using nominal interest rates. Therefore, the liability is being recognized that is considered sufficient to cover the present value of the obligation for these benefits to the estimated dates of retirement of all employees working in the Company. As of December 31, 2011 and 2010, some subsidiaries have created investment funds to cover such contingency and others have not, reason why they continue accruing the liability through a reserve for retirement employee benefits.

q. Statutory employee profit sharing - PTU is recorded in the results of the year in which it is incurred and presented under other income and expenses in the accompanying consolidated statements of income. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that such difference will change in such a way that the liabilities will not be paid or benefits will not be realized.

r. Income taxes - Income tax (ISR) and the Business Flat Tax (IETU) are recorded in the results of the year they are incurred. To recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur ISR or IETU and recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carry-forwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.

s. Foreign currency transactions - Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded as a component of net comprehensive financing result in the consolidated statements of income.

t. Revenue recognition - Revenues are recognized as follows:

i. **Revenues from product sales -** These are recognized in the period in which the risks and rewards of ownership of the inventories are transferred to those who acquire them, which generally coincides with when the inventories are delivered or shipped to the customer and the customer assumes responsibility for them.

ii. **Revenues from services -** These are recognized as the service is rendered.

iii. Interest income - It is recorded as it accrues and is generated from the credit card transactions of certain subsidiaries within the commercial sector.

iv. **Revenues from long-term construction contracts -** These are recognized based on the percentage-of-completion method, which identifies the revenue in proportion to the costs incurred to reach the progress required to terminate the project. If the final estimated costs determined exceed the revenues contracted, the respective provision is recorded with a charge to results for the year.

v. **Revenues from change orders -** These are recognized when their amount can be reliably quantified and there is reasonable evidence of their approval by the customer. The revenues from claims are recognized when they can be reliably quantified and when, depending on the progress made in the negotiation, there is reasonable evidence that the customer will agree to their payment.

vi. **Revenues from real estate developments -** These are recognized at the signing date of the respective contract of purchase and sale, in which the rights and obligations of the real estate property are transferred to the buyer, and at least 20% of the price agreed has been received. If there is uncertainty about future collections, the revenue is recorded as it is received. In those cases where there are indicators of difficulty in recovery, additional allowances for doubtful accounts are created, with a charge against results of the year in which they are determined.

u. Earnings per share - Basic earnings per common share are calculated by dividing net income of majority stockholders by the weighted average number of shares outstanding during the year.

4. Cash and cash equivalents

	2011	2010
Cash and bank deposits	$ 1,792,086	$ 1,174,317
Daily investments of cash surpluses	1,596,746	950,101
	$ 3,388,832	$ 2,124,418

5. Other accounts receivable

	2011	2010 (as adjusted)
Recoverable income tax	$ 670,792	$ 667,503
Sundry debtors	473,811	960,407
Recoverable business flat tax (IETU)	267,312	215,743
Other recoverable taxes	63,826	81,955
Value-added tax to be credited	–	457,682
Other	191,496	255,701
	$ 1,667,237	$ 2,638,991

6. Inventories

	2011	2010 (as adjusted)
Raw materials and auxiliary materials	$ 2,804,058	$ 2,957,921
Production-in-process	631,584	640,183
Finished goods	4,521,844	3,133,688
Merchandise in stores	7,996,226	6,981,011
Land and housing construction in progress	731,597	968,011
Allowance for obsolete inventories	(395,567)	(336,040)
	16,289,742	14,344,774
Merchandise in-transit	1,264,447	1,355,262
Replacement parts and other inventories	402,631	228,660
Advances to suppliers	3,825	6,183
	$ 17,960,645	$ 15,934,879

7. Property, machinery and equipment

Given the diversity of the business activities in which the Company is engaged, the estimated useful lives of the assets vary significantly; and it is therefore impractical to disclose them here.

The Company is constantly evaluating its idle assets in order to determine their possible short-term use or take the necessary measures for their realization. At December 31, 2011, the Company has no assets outside temporary use.

At December 31, 2011, the Company made a reversal of previously recorded a loss of $2,000 due to improved recovery value trends.

Reconciliation of beginning and ending book balances in 2011 and 2010 (adjusted) is as follows:

	Balances as of December 31, 2010 (as adjusted)	Additions	Retirements / disposals
Investment:			
Buildings and leasehold improvements	$ 11,316,474	$ 885,091	$ (226,780)
Machinery and equipment	13,253,968	334,396	(263,965)
Vehicles	982,229	65,681	(67,037)
Furniture and equipment	2,921,234	333,920	(50,364)
Computers	1,386,313	156,268	(37,793)
Total investment	29,860,218	1,775,356	(645,939)
Depreciation:			
Buildings and leasehold improvements	(4,533,927)	(319,156)	26,083
Machinery and equipment	(8,997,137)	(470,229)	214,208
Vehicles	(595,588)	(86,345)	51,646
Furniture and equipment	(1,866,187)	(146,433)	20,290
Computers	(1,145,646)	(113,643)	7,413
Total accumulated depreciation	(17,138,485)	(1,135,806)	319,640
	12,721,733	639,550	(326,299)
Land	3,028,770	40,122	(322,569)
Construction in progress	1,634,506	886,763	(579,586)
Net investment	$ 17,385,009	$ 1,566,435	$ (1,228,454)

	Balances as of January 31, 2010 (as adjusted)	Additions	Retirements / disposals
Investment:			
Buildings and leasehold improvements	$ 11,492,977	$ 503,020	$ (798,261)
Machinery and equipment	10,679,884	2,666,519	(455,902)
Vehicles	897,116	89,136	(129,320)
Furniture and equipment	2,781,729	229,303	(125,476)
Computers	1,468,529	54,840	(170,939)
Total investment	27,320,235	3,542,818	(1,679,898)
Depreciation:			
Buildings and leasehold improvements	(4,458,358)	(389,933)	401,755
Machinery and equipment	(8,889,861)	(597,768)	160,177
Vehicles	(625,975)	(70,904)	71,742
Furniture and equipment	(1,773,407)	(152,875)	63,840
Computers	(1,145,195)	(104,878)	138,846
Total accumulated depreciation	(16,892,796)	(1,316,358)	836,360
	10,427,439	2,226,460	(843,538)
Land	3,321,852	20,216	(246,854)
Construction in progress	1,690,744	357,229	(20,078)
Net investmen	$ 15,440,035	$ 2,603,905	$ (1,110,470)

Transfers	Impairment effect	Translation effect	Balances as of December 31, 2011
$ (76,632)	$ –	$ 35,278	**$ 11,933,431**
696,282	–	102,197	**14,122,878**
6,746	–	3,718	**991,337**
(34,207)	–	2,069	**3,172,652**
(30,416)	–	12,041	**1,486,413**
561,773	–	155,303	**31,706,711**
108,394	–	(26,794)	**(4,745,400)**
(69,214)	2,000	(89,593)	**(9,409,965)**
27,369	–	(2,843)	**(605,761)**
22,979	–	(2,075)	**(1,971,646)**
66,832	–	(7,538)	**(1,192,582)**
156,360	2,000	(128,843)	**(17,925,134)**
718,133	2,000	26,460	**13,781,577**
(466)	–	16,317	**2,762,174**
(885,129)	–	673	**1,057,227**
$ (167,462)	$ 2,000	$ 43,450	**$ 17,600,978**

Transfers	Impairment effect	Translation effect	Balances as of December 31, 2010 (as adjusted)
$ 167,019	$ –	$ (48,281)	$ 11,316,474
418,798	–	(55,331)	13,253,968
119,755	–	5,542	982,229
53,322	–	(17,644)	2,921,234
45,967	–	(12,084)	1,386,313
804,861	–	(127,798)	29,860,218
(100,313)	–	12,923	(4,533,926)
389,403	(82,498)	23,411	(8,997,136)
33,802	–	(4,253)	(595,588)
(12,902)	–	9,156	(1,866,188)
(35,862)	–	1,442	(1,145,647)
274,128	(82,498)	42,679	(17,138,485)
1,078,989	(82,498)	(85,119)	12,721,733
(65,931)	–	(513)	3,028,770
(397,589)	–	4,200	1,634,506
$ 615,469	$ (82,498)	$ (81,432)	$ 17,385,009

8. Investment in shares of associated companies and others

	2011				
	Stockholders' equity	Net income	Ownership Percentage	Investment in shares	Equity in income
Elementia, S.A. de C.V. [1]	**$ 5,973,169**	**$ (89,694)**	**46**	**$ 3,925,892**	**$ (33,501)**
Infraestructura y Transportes México, S.A. de C.V. [2]	**20,614,222**	**2,156,650**	**16.75**	**3,899,230**	**361,239**
Philip Morris México, S.A. de C.V.	**3,033,217**	**1,738,309**	**20**	**606,644**	**347,661**
Enesa, S.A. de C.V. [3]	**1,088,865**	**88,920**	**42.95**	**467,691**	**38,191**
Grupo Telvista, S.A. de C.V.	**2,015,416**	**172,715**	**10**	**201,542**	**17,271**
Total investment in shares of associated companies				**9,101,057**	**730,861**
Other investments				**73,273**	**891**
Total investment in shares of associated companies and others				**$ 9,174,272**	**$ 731,752**

[1] The investment in shares includes goodwill of $1,108,606 (decreased by a recovery of asset tax of $12,749) and a fair value complement of $69,628. The income of the year includes a fair value adjustment of $7,758.

[2] Investment in shares includes a fair value complement of $446,349.

[3] Investment in shares (initial contribution of January 14, 2011 for $429,500) includes goodwill of $24.

	2010				
	Stockholders' equity	Net income	Ownership Percentage	Investment in shares	Equity in income
Elementia, S.A. de C.V. [1]	$ 6,171,222	$ (182,753)	46	$ 4,031,206	$ (24,108)
Infraestructura y Transportes México, S.A. de C.V. [2]	18,613,659	2,227,707	16.75	3,564,137	373,141
Philip Morris México, S.A. de C.V.	4,715,346	3,420,441	20	943,071	684,088
Grupo Telvista, S.A. de C.V.	1,731,234	60,345	10	173,123	6,035
Total investment in shares of associated companies				8,711,537	1,039,156
Allis Chalmers Energy, Inc.				236,552	–
Other investments				87,378	(4,620)
Total investment in shares of associated companies and others				$ 9,035,467	$ 1,034,536

[1] Investment in shares includes goodwill of $1,121,355 and a fair value complement of $71,089. The income of the year includes a favorable adjustment from dilution of $59,958.

[2] Investment in shares includes a fair value complement of $ 446,349.

9. Other assets

	2011	2010
Guarantee deposits	**$ 125,591**	$ 138,799
Investment in concessions	**353,809**	286,435
Goodwill	**91,051**	92,706
Derivative financial instruments	**–**	91,209
Exploration expenses	**85,476**	–
Others, net	**357,278**	290,627
	$ 1,013,205	$ 899,776

10. Long-term debt

		2011	2010
I.	Syndicated loan for US 600,000, maturing in September 2011, bearing interest payable on a quarterly basis at interest rate equal to Libor plus 0.275%	**$ –**	$ 7,414,260
II.	Direct loan in different currencies mainly euros, with quarterly and semiannual maturities at variable rates, and final maturity in 2016	**151,348**	132,092
III.	Other loans	**2,198**	44,558
		153,546	7,590,910
Less – current portion		**(36,174)**	(7,449,346)
Long-term debt		**$ 117,372**	$ 141,564

Long-term debt bears interest at variable rates. The weighted average interest rates during 2011 and 2010 for U.S. dollar loans were 0.57% and 0.65%, respectively.

Maturities of long-term debt as of December 31, 2011 are as follows:

Year ending December 31	
2013	$ 36,174
2014	36,174
2015 and thereafter	45,024
	$ 117,372

The direct loan contracts establish affirmative and negative covenants for the borrowers; additionally, based on the Company's and some of their subsidiaries consolidated financial statements, certain financial ratios and percentages must be maintained. All of these requirements have been met at the date of issuance of these consolidated financial statements.

11. Derivative financial instruments

The purpose of contracting financial derivative instruments is: (i) to partially cover the financial risks for exposure to exchange rates, interest rates, and prices of natural gas and of certain metals; or (ii) the expectation of a good financial return due to the behavior of the underlying. The decision to contract an economical financial hedge is based on market conditions, the expectation of such instrument at a given date, and the domestic and international economic context of the economic indicators that influence the Company's operations.

The transactions performed with foreign exchange and/or interest rate forwards and swaps; as well as embedded derivatives, are summarized below:

		Notional	
Instrument	**Designated as**	**Amount ('000)**	**Unit**
Dollar forwards	Purchase	205,000	Dollars
Dollar forwards	Sale	375,000	Dollars
Dollar forwards	Sale	811,000	Dollars
Dollar swaps / libor in pesos / TIIE	Purchase	110,000	Dollars
TIIE swaps to fixed rate	Purchase	8,700,000	Mexican pesos
TIIE swaps to fixed rate	Purchase	266,667	Mexican pesos
TIIE swaps to fixed rate	Purchase	1,195,846	Mexican pesos
TIIE swaps to fixed rate	Sale	1,700,000	Mexican pesos
Warrant	Purchase	5,440,770	Shares
Embedded	N/A	23,949	Dollars
Total at December 31, 2011			
Total at December 31, 2010			

Open and closed transactions with hedge forwards to purchase foreign currency are summarized below:

	Notional	
Instrument	**Amount ('000)**	**Unit**
Euro forwards purchase	6,581	Euros
Euro forwards purchase	2,258	Euros
Euro forwards sale	285	Canadian Dollar
Euro forwards sale	814	Canadian Dollar
Total at December 31, 2011		
Total at December 31, 2010		

The transactions opened and settled with hedge swaps to purchase metals and natural gas:

	Notional	
Instrument	**Amount ('000)**	**Unit**
Copper Swaps	1,574	Tons
Copper Swaps	8,959	Tons
Aluminum Swaps	550	Tons
Aluminum Swaps	3,175	Tons
Natural Gas Swaps	131,841	MMBtu
Total December 31, 2011		
Total December 31, 2010		

Maturity	Valuation as of December 31, 2011 Asset (Liability)	RIF of the year	RIF of prior years	(Profit) loss on settlement into comprehensive financing result
During 2011	–	–	–	8,101
February and march, 2012	(60,512)	60,512	–	–
During 2011	–	–	–	202,437
During 2011	–	–	–	(218,350)
May 2017 and September 2018	(856,112)	308,680	547,432	283,866
September 2012	(112)	112	–	–
During 2011	–	–	–	915
June 2017 and may 2018	261,915	(55,888)	(206,027)	(73,214)
During 2011	–	–	–	(163,382)
During 2012 and 2020	54,226	(32,891)	(21,335)	–
	$ (600,595)	**$ 280,525**	**$ 320,070**	**$ 40,373**
	$ (76,811)	$ 553,528	$ (416,134)	$ 206,529

Maturity	Valuation as of December 31, 2011 Asset (liability)	Comprehensive income	(Profit) loss on settlement into comprehensive financing result
January 2012 to December 2013	$ (7,736)	$ 4,642	$ –
During 2011	–	–	(1,396)
January 2012	(89)	62	–
During 2011	–	–	(2,019)
	$ (7,825)	**$ 4,704**	**$ (3,415)**
	$ (985)	$ 591	$ –

Maturity	Valuation as of December 31, 2011 Asset (liability)	Comprehensive income	(Profit) loss on settlement into comprehensive financing result
January to December 2012	$ (8,823)	$ 6,176	$ –
During 2011	–	–	685
January to July 2012	(247)	173	–
Durante 2011	–	–	1,145
Durante 2011	–	–	198
	$ (9,070)	**$ 6,349**	**$ 2,028**
	$ 30,170	$ (20,290)	$ (38,639)

12. Employee retirement obligations

The Company has plans for retirement, death or total disability payments for non-union employees in most of its subsidiaries. It also maintains seniority premium plans for all employees as stipulated in their employment contracts. The Company is also required to pay severance for reasons other than restructuring. The related liabilities and the annual benefit costs are calculated by an independent actuary on the basis of formulas defined in the plans, using the projected unit credit method.

The present value of these obligations and the rates used for their calculation are:

	2011	2010
Vested benefit obligation	$ (757,332)	$ (451,137)
Non-vested benefit obligation	(1,830,957)	(2,010,835)
Defined benefit obligation	(2,588,289)	(2,461,972)
Plan assets at fair value	3,193,746	3,029,033
Funded status – overfunded	605,457	567,061
Unrecognized items:		
Past service costs and changes to the plan	137,238	205,081
Unrecognized actuarial gains and losses	(314,717)	(314,495)
Net projected asset	$ 427,978	$ 457,647
Contributions to plan assets	$ 107,283	$ 50,209

The rates used in actuarial calculations were as follows:

	2011 %	2010 %
Discount of the projected benefit obligation at present value	7.13	7.27
Expected yield on plan assets	7.33	6.94
Salary increase	4.74	4.55
Future pension increase	4.90	2.00

Unrecognized items are charged to results over a period of five years.

Net period cost (income) comprises the following:

	2011	2010
Service costs	$ 168,326	$ 172,864
Interest cost	169,376	152,151
Expected yield on plan assets	(224,085)	(196,195)
Amortization of unrecognized prior service costs	22,947	62,170
Actuarial gains and losses – net	(14,049)	(113,041)
Effect of reduction or early liquidation (other than a restructuring or discontinued operation)	(19,332)	(2,048)
	$ 103,183	$ 75,901

Under Mexican legislation, the Company must make payments equivalent to 2% of its workers' daily integrated salary (ceiling) to a defined contribution plan that is part of the retirement savings system. The expense in 2011 and 2010 was $171,622 and $121,289, respectively.

Amounts for the current year and the four preceding years:

	2011	2010	2009	2008	2007
Defined benefit obligation	$ (2,588,289)	$ (2,461,972)	$ (2,196,886)	$ (1,559,060)	$ (1,697,719)
Plan assets at fair value	3,193,746	3,029,033	2,723,090	2,286,278	3,269,477
Funded status	$ 605,457	$ 567,061	$ 526,204	$ 727,218	$ 1,571,758
Adjustments to defined benefit obligation based on experience	$ (314,717)	$ (314,495)	$ (267,400)	$ (562,378)	$ (998,161)
Adjustments to plan assets based on experience	$ 137,238	$ 205,081	$ 116,734	$ 165,757	$ (26,585)

13. Stockholders' equity

a. The historical amount of subscribed and paid-in common stock of Grupo Carso as of December 31, 2011 and 2010 is as follows:

	Number of shares		Amount	
	2011	2010	2011	2010
Series A1	2,745,000,000	2,745,000,000	$ 644,313	$ 644,313
Treasury shares repurchased	(453,497,800)	(442,250,000)	(108,141)	(103,806)
Historical capital stock	2,291,502,200	2,302,750,000	536,172	540,507

Common stock consists of ordinary, nominative and no par value shares.

Pursuant to a general ordinary Stockholders' meeting on April 26, 2011, the payment of a dividend was approved by the shareholders at the amount of $0.50 per share, payable in two exhibitions of $0.25 per share each, on May 18 and October 18, 2011. This payment was $1,148,647.

Pursuant a general ordinary Stockholders' meeting on April 29, 2010, the payment of a dividend was approved to the shareholders at the amount of $0.66 per share, payable in two exhibitions of $ 0.33 per share each, on May 18 and October 19, 2010. This payment was $1,524,609.

Dividends declared in the year were taken from the consolidated net tax income account ("CUFIN") balance.

Pursuant to a resolution of the general extraordinary stockholders' meeting on November 4, 2010, the Company spun-off its real estate and mining net assets resulting in the formation of: i) Inmuebles Carso, S.A.B. de C.V. which is owns directly or indirectly through its subsidiaries, various real estate properties and ii) Minera Frisco, S.A.B. de C.V., which owns directly or indirectly through its subsidiaries, the mining assets. On December 31, 2010 the above spin off took effect and the Company with a historical capital stock of $540,507.

b. Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at its historical amount (nominal pesos). The legal reserve may be capitalized but may not be distributed unless the Company is dissolved, and must be replenished if it is reduced for any reason. At December 31, 2011 and 2010, the legal reserve of Grupo Carso is $380,635 (nominal pesos) and is presented as part of retained earnings.

c. Stockholders' equity, except restated paid-in capital and tax retained earnings, will be subject to income tax payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

d. The balances of the stockholders' equity tax accounts as of December 31 are:

	2011	2010
Contributed capital account	**$ 4,213,157**	$ 4,097,640
Consolidated net tax income account	**35,419,518**	30,360,060
Total	**$ 39,632,675**	$ 34,457,700

14. Balances and transactions in foreign currency

a. At December 31, the foreign currency monetary position in thousands of U.S. dollars is as follows:

	2011	2010
Monetary assets	**450,257**	404,999
Short-term monetary liabilities	**(573,114)**	(1,048,731)
Long-term monetary liabilities	**(8,239)**	(11,456)
Net monetary liability position	**(131,096)**	(655,188)
Equivalent in Mexican pesos	**$ (1,832,552)**	$ (8,096,224)

b. Transactions denominated in foreign currency in thousands of U.S. dollars were as follows:

	2011	2010
Export sales	**456,629**	376,075
Foreign sales of subsidiaries	**388,109**	299,606
Import purchases	**(1,029,197)**	(1,227,569)
Interest income	**911**	1,229
Interest expense	**(3,718)**	(12,806)
Other	**(203,301)**	(257,077)

c. The exchange rates in effect at the dates of the consolidated balance sheets and at the date of the independent auditors' report are as follows:

	December 31, 2011	December 31, 2010	March 12, 2012
U.S. dollar	**$ 13.9787**	$ 12.3571	$ 12.7840

15. Transactions and balances with related parties

a. Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2011	2010
Sales	**$ 14,451,297**	$ 11,621,360
Interest income	**306,381**	–
Rentals collected	**–**	5,582
Purchases	**(2,164,076)**	(2,117,775)
Prepaid insurance	**(114,828)**	(119,487)
Lease expenses	**(250,432)**	–
Interest expenses	**–**	(10,615)
Services rendered	**(638,480)**	(488,965)
Other expenses, net	**(137,468)**	(134,508)
Purchases of fixed assets	**(61,591)**	(185,611)

b. Transactions with associated companies, carried out in the ordinary course of business, were as follows:

	2011	2010
Sales	$ 1,184,181	$ 1,186,069
Acquired services	169,590	99,029
Rentals collected	25,703	26,006
Interest income	75	–
Purchases	(205,963)	(132,206)
Interest expense	–	(394)
Other income, net	(7,328)	(67,794)
Purchases of fixed assets	(35,601)	(3)

c. Balances receivable and payable with related parties are as follows:

	2011	2010
Receivable-		
Teléfonos de México, S.A.B. de C.V.	$ 293,001	$ 236,698
Delphi Packard Electric Systems, Inc.	204,147	126,623
América Móvil Perú, S.A.C.	86,943	–
Bienes Raíces de Acapulco, S.A. de C.V.	82,516	–
Empresa Brasileira de Telecomunicacoes, S.A.	70,051	–
Claro, S.A.	67,265	4,702
Compañía Dominicana de Teléfonos, C. por A.	66,456	69,973
Infraestructura y Saneamiento Atotonilco, S.A. de C.V.	59,959	–
Selmec Equipos Industriales, S.A. de C.V.	56,230	–
Inmobiliaria Aluminio, S.A. de C.V.	54,457	4,973
Concesionaria de Carreteras y Libramientos del Pacífico Norte, S.A. de C.V.	49,130	–
Zentrum Zistemaz, S.A. de C.V.	39,873	–
AMX Argentina, S.A.	38,500	4,310
Inmuebles General, S.A. de C.V.	35,957	76,472
Net Servicios de Comunicacao, S.A.	32,330	–
Promotora Inmobiliaria Fresno, S.A. de C.V.	29,418	5,553
Nacional de Cobre, S.A. de C.V.	28,931	27,053
Consorcio Ecuatoriano de Telecomunicaciones, S.A.	28,586	2,944
Telmex Argentina, S.A.	26,214	20,877
Páginas Telmex Perú, S.A.C.	25,500	–
Minera San Francisco del Oro, S.A. de C.V.	23,864	172,126
Telmex Perú, S.A.	23,129	–
Compañía de Teléfonos y Bienes Raíces, S.A. de C.V.	19,218	20,012
Construcción, Conservación y Mantenimiento Urbano, S.A. de C.V.	18,959	–
Atrios de Chapultepec, S.A. de C.V.	16,419	–
Embratel TV Sat Telecomunicacoes, LTDA.	15,133	–
Inmobiliaria las Trufas, S.A. de C.V.	14,695	–
Fundación Teléfonos de México, A.C.	13,352	305
Elementia, S.A.	11,774	23,565
Compañía de Telecomunicaciones del Salvador, S.A.	10,975	8,729
Servicios de Comunicaciones de Honduras, S.A. de C.V.	8,748	11,350
Ecuador Telecom, L.L.C.	8,641	16,636
Telecomunicaciones de Guatemala, S.A.	5,873	21,632
AMX Paraguay, S.A.	4,209	11,826
Empresa Nicaragüense de Telecomunicaciones, S.A.	4,075	18,318
Renta de Equipo, S.A. de C.V.	233	17,823
Telmex USA, L.L.C.	174	20,762
CTE Telecom Personal, S.A. de C.V.	2	25,259
Autopista Arco Norte, S.A. de C.V.	–	123,784
Minera Real de Ángeles, S.A. de C.V.	–	109,969
Telmex Colombia, S.A.	–	49,082
Servicios Minera Real de Ángeles, S.A. de C.V.	–	47,916
Radiomóvil Dipsa, S.A. de C.V.	–	39,982
Concesionaria de Vías Troncales, S.A. de C.V.	–	36,071
Telmex, S.A.	–	33,723
Compañía Internacional Minera, S.A. de C.V.	–	28,692
Uninet, S.A. de C.V.	–	26,184
América Movil Perú, S.A.C.	–	22,929
Consorcio Red Uno, S.A. de C.V.	–	19,927
Others	91,721	75,427
	$ 1,666,658	$ 1,562,207

	2011	2010
Payable-		
Dorians Tijuana, S.A. de C.V.	$ 470,767	$ –
Minera Real de Ángeles, S.A. de C.V.	108,518	–
Inmuebles Srom, S.A. de C.V.	76,526	–
Administradora de Inmuebles Centro Histórico, S.A. de C.V.	61,135	–
Minera Tayahua, S.A. de C.V.	60,451	–
Radiomovil Dpsa, S.A. de C.V.	39,021	–
Comunicación Celular, S.A. de C.V.	31,454	–
Inmuebles Industriales Meisac, S.A. de C.V.	22,411	–
Hubard y Bourlon, S.A. de C.V.	21,393	–
Inmuebles Sercox, S.A. de C.V.	18,609	–
Inmuebles Corporativos e Industriales CDX, S.A. de C.V.	17,492	–
Philip Morris México, S.A. de C.V.	8,685	22,569
Claro CR Telecomunicaciones, S.A.	7,596	23,038
Distribuidora Telcel, S.A. de C.V.	2,816	29,397
Fianzas la Guardiana Inbursa, S.A. de C.V.	875	89,100
Patrimonial Inbursa, S.A. de C.V.	–	920,610
Inmuebles y Servicios Mexicanos, S.A. de C.V.	–	411,552
Minera María, S.A. de C.V.	–	187,506
Alquiladora de Casas, S.A. de C.V.	–	65,076
Constructora Mexicana de Infraestructura Subterránea, S.A. de C.V.	–	49,667
Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V.	–	49,075
Inmobiliaria las Trufas, S.A. de C.V.	–	27,405
Others	69,303	66,489
	$ 1,017,052	$ 1,941,484

d. Borrowings from financial institutions includes balances with Banco Inbursa, S.A. of $872,000 and $2,503,932 as of December 31, 2011 and 2010, respectively; which accrue interest at a variable rate based on general market conditions (5.80% as of December 31, 2011).

e. Benefits granted to key management and/or executive personnel were as follows:

	2011	2010 (as adjusted)
Short and long-term direct benefits	$ 156,260	$ 135,441
Severance benefits	6,179	6,349
Postretirement benefits	272,460	310,595

f. The accounts receivable include a long-term loan granted in December 2010 to related parties of $11,943,260, which bore interest at an annual variable rate of TIIE + 2.25. In addition, the Company granted a revolving credit line facility on the same date of US 45,000 equivalent to $556,069, which bore interest at an annual variable rate of LIBOR + 2.5. Both loans had an original maturity date on December 2015; however, they were liquidated in advance in the first half of 2011.

16. Other expenses - Net

	2011	2010
Loss from sale of subsidiary shares	$ 105,206	$ 42,489
Statutory employee profit sharing	213,996	205,790
Provision for legal dispute (1)	312,507	–
Sales of materials and waste	(197,834)	(161,105)
Other, net	31,225	19,169
	$ 465,100	$ 106,343

(1) The amount corresponds to the complement of a provision recorded during 2009, relating to a lawsuit against the Company from foreign distributor, Porcelanite, S.A. de C.V. (former subsidiary), whose outcome resulted in a cash disbursement of $678,150 (US$58,166) that took place during the second quarter of 2011.

a. PTU is calculated on taxable income, which for these purposes does not consider the annual adjustment for inflation, while tax depreciation is at historical not restated values. The detail is as follows:

	2011	2010
Current	$ 198,755	$ 192,140
Deferred	15,241	13,650
	$ 213,996	$ 205,790

b. The main items comprising the liability balance of deferred PTU are:

	2011	2010 (as adjusted)
Deferred PTU (asset) liability:		
Inventories	$ 18,418	$ 14,232
Property, machinery and equipment	16,051	16,147
Advances from customers	(726)	(1,838)
Expenses provisions and others, net	33,662	30,641
Long-term liability for deferred PTU	$ 67,405	$ 59,182

17. Income taxes

The Company is subject to ISR and IETU.

The ISR rate is 30% for 2011 and 2010; it will be 30% for 2012, 29% for 2013, and 28% for 2014. The Company pays ISR, together with its subsidiaries on a consolidated basis.

On December 7, 2009, amendments to the ISR Law were published, to become effective beginning in 2010. These amendments state that: a) ISR relating to tax consolidation benefits obtained from 1999 through 2004 should be paid in installments beginning in 2010 through 2015, and b) ISR relating to tax benefits obtained in the 2005 tax consolidation and thereafter, should be paid during the sixth through the tenth year after that in which the benefit was obtained.

IETU - Revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. Beginning in 2010 the IETU rate is 17.5% and it was17%, in 2009. The Asset Tax (IMPAC) Law was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid for the first time, may be recovered, according to the terms of the law. In addition, as opposed to ISR, the parent and its subsidiaries will incur IETU on an individual basis.

Income tax incurred will be the higher between ISR and IETU.

Based on financial projections, in accordance with INIF 8, Effects of IETU, the Company and most of its subsidiaries, determined that they will essentially pay ISR, and therefore only recognize deferred ISR.

a. ISR consists of the following:

	2011	2010 (as adjusted)
ISR:		
Current	$ 2,227,081	$ 2,580,468
Deferred	(361,783)	(605,326)
IETU:		
Current	6,605	–
	$ 1,871,903	$ 1,975,142

b. Following is a reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income:

	2011 %	2010 (as adjusted) %
Statutory rate	30	30
Add (deduct) the effect of permanent differences:		
Nondeductible expenses	1	1
Inflation effects	(1)	1
Profit sharing of associated companies	(3)	(4)
Effective rate	27	28

c. Other comprehensive income amounts and items and the deferred taxes affected during the period are as follows:

	Amount before income taxes	Income taxes	Amount net of income taxes
Unrealized gain on cash flow hedge	$ 148,354	$ 44,506	$ 103,848
Foreign operations translation effect	76,719	23,016	53,703
	$ 225,073	$ 67,522	$ 157,551

d. The main items comprising the liability balance of deferred ISR are:

	2011	2010 (as adjusted)
ISR deferred (asset) liability		
Property, machinery and equipment	$ 1,628,283	$ 1,571,669
Inventories	23,721	512,418
Accounts receivable from installment sales	336,004	389,160
Advances from customers	(138,806)	(328,186)
Natural gas and metals swaps and futures	(41,800)	(89,310)
Revenues and costs by percentage-of-completion method	(122,105)	(16,626)
Supplemental estimates for assets and reserves for liabilities	(665,154)	(637,639)
Other, net	322,147	297,334
Deferred ISR on temporary differences	1,342,290	1,698,820
Effect of tax loss carry-forwards	309,896	163,554
Difference income tax payable for CUFIN	195,123	195,123
Share losses	(28,929)	(39,865)
Deferred ISR payment (long-term CUFINRE)	19,365	(1,199)
Total liability of deferred income taxes	$ 1,837,745	$ 2,016,433

e. Unapplied tax loss carryforwards and recoverable IMPAC of Grupo Carso, S.A.B. de C.V. and its subsidiaries for which a deferred income tax asset and an advanced income tax payment, respectively, have been recognized, may be recovered provided certain requirements are fulfilled. Their maturities and restated amounts at December 31, 2011 are as follows:

Year of expiration	Tax loss carryforwards
2016	$ 302
2017	7,761
2018	121,963
2019	17,396
2020 and thereafter	1,193,429
	$ 1,340,851

18. Discontinued operations

As discussed in Note 1, in December 31, 2010, the Company spun off its mining and real estate assets. In addition, the Company decided to sell the shares in its subsidiaries Hubard y Bourlon, S.A. de C.V., Ingenieria HB, S.A. de C.V., Selmec Equipos Industriales, S.A. de C.V. and CILSA Panamá, S.A. Therefore, in the balance sheet as of December 31, 2010, the assets and liabilities of those subsidiaries are classified as held for sale and included within short term and long-term assets and liabilities from discontinued operations.

The balance sheets at December 31, 2011 and 2010 (as adjusted) of the spun-off subsidiaries and / or disposed, are summarized as follows:

	2011	2010
Current assets:		
Cash and cash equivalents	$ **7,029**	$ 201,078
Accounts receivable – Net	**–**	8,999
Inventories – Net	**1,077**	389,177
Other accounts receivables	**2,669**	347,800
Total current assets	**10,775**	947,054
Property, machinery and equipment	**–**	165,487
Other assets	**–**	226,873
Total long term assets	**–**	392,360
Total assets	$ **10,775**	$ 1,339,414
Current liabilities:		
Short-term debt	$ **–**	$ 218,498
Trade accounts payable	**–**	431,583
Accrued expenses, taxes and others	**–**	374,798
Total current liabilities	**–**	1,024,879
Long-term debt	**–**	–
Deferred income taxes	**–**	6,022
Other long-term liabilities	**–**	9,200
Total long-term liabilities	**–**	15,222
Total liabilities	$ **–**	$ 1,040,101

Furthermore, the income statements for the year of the spun-off sector sales to date are presented separately in the consolidated statement of income as discontinued operations.

The following are relevant income statement figures of the discontinued subsidiaries, for the period they were held. Such amounts correspond to the real estate and mining subsidiaries, Hubard y Bourlon, S.A. de C.V., Ingenieria HB, S.A. de C.V., Selmec Equipos Industriales, S.A. de C.V. and CILSA Panamá, S.A. to December 31, 2011 and 2010:

	2011	2010
Net sales	$ **12,151**	$ 12,100,920
Costs and expenses	**24,360**	6,761,852
Operating expenses	**898**	1,004,671
Other expenses , net (1)	**175,684**	(172,888)
Net comprehensive financing result	**(36)**	(845,013)
Equity in income of associated companies	**–**	120,410
Income before taxes	**162,541**	3,436,906
Income taxes	**(11,827)**	842,066
Income of discontinued operations	**174,368**	2,594,840
Non-controlling interest	**–**	325,698
Net income of discontinued operations	$ **174,368**	$ 2,269,142

(1) Includes accounting profit on shares sales of $92,040 for Hubard y Bourlon, S.A. de C.V, an accounting loss of ($69) for Ingeniería HB, S.A. de C.V., an accounting profit of $78,228 for Selmec Equipos Industriales, S.A. de C.V. and an accountin profit of $51,390 for Cilsa Panamá, S.A.

19. Commitments

At the date of the financial statements, the following commitments have been assumed for the principal subsidiaries:

I. Commercial group:

a. As of December 31, 2011, contracts have been executed with suppliers for the remodeling and construction of some of its stores. The amount of the commitments contracted in this regard is approximately $452,939.

b. Furthermore, as of December 31, 2011, the Company and its subsidiaries have entered into lease agreements in 302 of its stores (Sears, Saks, Sanborn Hermanos, Sanborn's - Café, Mix-Up, Discolandia, I Shop, Comercializadora Dax, Corpti and Sanborns Panama). The leases are for non-cancelable periods of between one and 20 years. The rental expense during 2011 and 2010 was $1,059,358 and $748,096, respectively; also, the Company and its subsidiaries, acting as lessees, have contracts whose terms range from between one to 15 years and the amount of rental income in 2011 and 2010 was $205,323 and $1,109,915, respectively.

c Based on an agreement signed on September 12, 2006, the Company executed a contract for the payment of consulting and brand use license for an initial term of 15 years with a 10 year renewal option, establishing the minimum annual payment of US $500, and allowing the use of the name Saks Fifth Avenue both in its corporate name and in its stores.

d. Sears Operadora México, S.A. de C.V. (formerly Sears Roebuck de México, S.A. de C.V.) and Sears Roebuck and Co., recently signed an agreement whereby they have decided to extend under the same terms the Brand Use License Contract and the Merchandise Sale and Advisory Contracts governing the commercial relationship between them, which establishes the payment of 1% of the revenues from merchandise sales, and allows the use of the Sears name both in its corporate name and in its stores, and the exploitation of the brands owned by Sears Roebuck and Co. The agreement will be in effect up to September 30, 2019, but allows for a seven-year extension under the same conditions, unless one of the parties decides not to do so, in which case it must notify the other party two years in advance.

II. Infrastructure and Construction:

a. During 2011 Operadora CICSA, S.A. de C.V. ("Operadora") signed contracts for the manufacture of two fixed marine oil rigs with Pemex Exploración y Producción (PEP), for $247,000 and $381,000, respectively. The first one is 95% completed as of December 31, 2011 and is expected to conclude in the first quarter of 2012, while the second one is 32% completed and is expected to conclude in the third quarter of 2012.

b. In January 2010, PEP allocated through a direct award to Servicios Integrales GSM, S.A. de C.V. (GSM) and Operadora, both subsidiaries of CICSA, the drilling and termination work of 100 wells of the Tertiary field in the Región Sur. The amount of the construction contract was $1,028,380, plus US$159,406, and must be concluded in December 2012. As of December 31, 2011, the project is 59% completed under the original terms of this contract. In the final quarter of 2011, an addendum was assigned to this contract for the drilling of 33 steam injection wells apart from those currently in process, for an approximate value of US $95,000, on which work will begin in the first quarter of 2012.

c. In January 2010 CICSA announced that as a result of the contract awarded to the winning consortium for the construction and operation of the Wastewater Treatment Plant at Atotonilco, Tula, Hidalgo, CICSA, through a consortium created at the end of 2010, Infraestructura y Saneamiento de Atotonilco, S.A. de C.V., was waiting for the contracting of approximately $2,050,000 (including IVA) for its participation in the development of the structural and architectural engineering and in the civil construction project. The Atotonilco Plant will be the largest in Mexico and one of the largest in the world. It will have a capacity of 35 m_ per second (m3/s) for the treatment of wastewater in the Metropolitan Zone of the Valle de México, cleaning 23 m3/s during the dry season and another 12 m3/s more in the rainy season, by means of a physical-chemical process module. As of December 31, 2011, this project is 42% completed.

d. In May 2010, the SCT, a Federal Government agency, signed a concession title with the company Autovía Mitla Tehuantepec, S.A. de C.V. for $9,318,200, to construct, exploit, operate, conserve, maintain, modernize and expand the Mitla-Entronque Tehuantepec II federal highway, which is 169 km in length. For the construction of this highway, the specific purpose company Constructora MT de Oaxaca, S.A. de C.V. (MT) was created in December 2010, of which 40% is owned by Operadora. MT signed a contract in September 2011 with the concessionaire for the construction of this highway. At the date of issuance of these financial statements, the Company is waiting for the rights-of-way so that the work can begin.

e. During 2010 a contract was signed for the construction of a shopping mall in the city of San Luis Potosí for $500,000; the aforementioned contract was increased to $575,000 due to new requirements. As of December 31, 2011 this project is 88% completed and is expected to conclude in the first quarter of 2012.

f. In 2009, through Operadora, the Company began construction of a Jack Up (mobile drilling platform for oil wells at sea), which is practically terminated at the date of issuance of these financial statements, with only the commissioning of equipment pending. Currently the Company is in the process of selling it through companies specializing in this type of equipment.

g. In April 2009, Operadora executed a contract with CFC Concesiones, S.A. de C.V., a subsidiary of IDEAL, a related party, to perform the construction of the second leg of the Northeast Bypass of the Metropolitan Zone of the City of Toluca, which is 29.4 km long, through the municipalities of Lerma, Toluca, Otzolotepec, Xonacatlán, Temoaya and Almoloya de Juárez, over a one-year period. The value of the contract is approximately $750,675. At the date of issuance of these financial statements, the work has been completed and the final release documentation is being prepared.

h. In July 2009, PEP awarded GSM and Operadora the construction contract for the "Integrated work for the drilling of wells in the Proyecto Aceite Terciario del Golfo" (Paquete Adicional VIII). The value of such contract is approximately $203,528, plus US$119,897, and will be performed in approximately 2 years. In September 2009, work began on this drilling project for 144 oil wells and has finished at the date of issuance of these financial statements. However, at the date of issuance of the financial statements, CICSA is in the process of signing a contract extension up to May 2012 for the drilling of additional wells.

i. In October 2009 Operadora announced that it has reached agreement with Impulsora Del Desarrollo y el Empleo en América Latina, S.A.B. de C.V. ("IDEAL") (a related party) to perform the construction and modernization work on the "Proyecto Pacífico Norte", which consists of: (i) The Southern Bypass of Culiacán and the Mazatlán Bypass and its connecting branches, and (ii) The Mazatlán-Culiacán High Specification Highway and the related modernization work. The work to be performed comes to a total of $3,678,200, divided into three parts; the Culiacán Bypass for $1,590,844, in which the work is 91% completed as of December 31, 2011, the Mazatlán Bypass for $1,587,356, in which the Company is waiting for the rights-of-way, among other aspects, to begin the modernization and construction work for $500,000; the latter will be performed after the first two phases have been concluded.

j. In December 2009 Operadora announced that it entered into a lump sum contract with the decentralized state agency named Sistema de Autopistas, Aeropuertos, Servicios Conexos y Auxiliares del Estado de México (SAASCAEM) for the modernization of the Tenango-Ixtapan de la Sal Highway, from Km 1+100 to Km 32+630, in the Estado de México. The construction project consists of expanding the highway from two to four lanes, including earth grading work, drainage, structures, asphalting, construction and upgrades of junctions for a total length of 31.6 km. The contract amount is approximately $492,162 and will be performed over a 20 month period. At the date of the financial statements the project is 64% completed and is expected to conclude in the first quarter of 2012.

k. In the second quarter of 2008, the consortium in which CICSA participates together with ICA and Alstom Mexicana, S.A. de C.V., was awarded the project to construct Line 12 of the Mexico City subway system (also known as Linea Dorada), which will cover a distance of approximately 24 km (from Mixcoac to Tláhuac). This assignment was made by the General Public Works Office for Transportation of the Federal District Government by means of an international public tender. The amount of the respective contract is $15,290,000. CICSA's share is 25% of the value of the civil engineering work of such project. As of December 31, 2011, the civil engineering work is 100% completed; and CICSA is about to conclude the final details of this construction project within the agreed-upon deadline.

l. In the third quarter of 2008, a consortium made up of Operadora and other companies outside the Group, Constructora El Realito, S.A. de C.V., was awarded the contract to perform the work involving the design, development and engineering and construction of the El Realito dam, which will supply drinking water to the Metropolitan zone of San Luis Potosí, S.L.P., located on the river Santa María, in the municipality of San Luis de La Paz, Guanajuato. The amount of this contract was $549,748, and as of this date increases have been authorized for up to $633,180, of which Operadora has a 52% share and is expected to be finished within three years. At the date of the financial statements this project is 90% completed

m. In November 2008, through a consortium formed with other companies, CICSA signed the contract for the construction of the Túnel Emisor Oriente, which will recover drainage capacity in the Valle de México and ensure the normal operation of deep drainage maintenance programs, thus eliminating the risk of flooding during the rainy season. The National Water Commission, the Federal District Government and the Government of the Estado de México, through Trust number 1928, given the need for such construction projects and considering the technical capacity and experience of the Mexican companies which comprise the consortium, made a direct award in accordance with the related Law of Public Works and Services, to assign such project to the company named Constructora Mexicana de Infraestructura Subterránea, S.A. de C.V. (COMISSA), whose shareholders are: CICSA with 40% of the equity, Ingenieros Civiles Asociados, S.A. de C.V. (ICA), Construcciones y Trituraciones, S.A. de C.V. (COTRISA), Constructora Estrella, S.A. de C.V. (CESA) and Lombardo Construcciones, S.A. de C.V. (LOMBARDO). The amount of this contract was $9,595,581, and as of this date increases of up to $13,803,516 have been authorized. At the date of the financial statements the project is 44% completed, including the aforementioned increases, and CICSA's share is $5,465,443.

   The project began engineering and construction work under a mixed public works scheme on the basis of unit prices, lump sum and fixed term, which must be concluded in September 2012. However, with the authorizations made after the construction work ended, the deadline was extended to October 2014. The contract stipulates the construction of a tunnel 7 m in diameter, approximately 62 km long and with a capacity of 150 m_ per second. As of December 31, 2011, work has been completed up to Louver 17, and the construction of two plants for the production of voussoirs has been concluded in Zumpango and Huehuetoca. At the date of the financial statements, the voussoirs continue to be produced and the project is approximately 56 % completed. The access ways have been finished and the tunnel boring has begun at Louver 10.

n. In September 2007, Operadora signed a construction contract to expand the ethylene oxide plant at the Central Petroquímica Morelos. The contract amount is $484,864. The project began in October 2007 and ended as of December 31, 2011, and the final process of release and document delivery is underway with the customer.

20. Contingencies

a. An official investigation of monopoly practices is currently being performed in the public railroad freight transportation market in Mexico, which was launched by the Federal Antitrust Board ("Cofeco") as a result of the sale of the common stock shares of Ferrosur, S.A. de C.V. and the acquisition of the common stock shares of Infraestructura y Transportes México, S.A. de C.V. As a result as this procedure the Cofeco determined that the performance of the monopoly practices established in article 9, section I of the Federal Economic Competition Law had been confirmed on the part of, among other companies, Grupo Carso, and ordered that such monopoly practice be eliminated and that a fine should be levied on, among other companies, Grupo Carso, for the amount of $82,200.

   Grupo Carso brought an indirect amparo lawsuit (seeking court relief on constitutional grounds) against such ruling, which was filed with the Sixth District Court for Administrative Matters in the Federal District. The constitutional rights lawsuit was admitted by the court and in an ancillary judgment dated July 15, 2010, it definitively suspended the collection of the fine imposed on Grupo Carso, on the understanding that such measure would go into effect subject to the deposit of the total fine amount with the Federal Treasury to secure the actual and potential tax liability, pursuant to article 135 of the Amparo Law. Accordingly, the Company produced the respective deposit slip before the Federal Treasury, which was recorded as another asset in the accompanying consolidated balance sheet. The constitutional hearing was held on September 28, 2010 and in an initial verdict issued on December 16, 2010, the Sixth District Judge for Administrative Affairs of the Federal District declared that amparo lawsuit 887/2009-III would be set aside, given that the cause for dismissal was fulfilled on the basis that it was valid to file an action for annulment with the Federal Tax Court against the contested ruling issued by the Federal Antitrust Board. Among other companies, Grupo Carso filed a motion for reconsideration against such ruling, which has yet to be resolved at this date.

b. Certain subsidiaries are involved in court proceedings with the competent authorities for different reasons, mainly taxes and the recovery of long-term trade receivables owed to them. According to the Company's officers and attorneys, the great majority of these issues will be resolved favorably; if not, the result of the lawsuits will not significantly affect its financial position or results of operations.

21. Segment information

Information by operating segment is presented based on the management focus and general information is also presented by product, geographical area and homogenous groups of customers.

a. Analytical information by operating segment:

	2011				
	Industrial	Commercial	Infrastructure and construction	Others and eliminations	Total consolidated
Net sales	$ 21,765,752	$ 37,044,327	$ 14,348,667	$ 816,980	$ 73,975,726
Income from operations	2,040,021	4,605,831	1,028,788	273,384	7,948,024
Consolidated net income	1,676,971	2,926,431	475,253	155,903	5,234,558
Interest income	384,596	74,139	15,496	46,925	521,156
Interest expense	353,713	419,333	100,147	195,387	1,068,580
Other RIF	(202,725)	(64,769)	(33,806)	(435,859)	(735,159)
Depreciation and amortization	317,985	534,312	266,878	16,631	1,135,806
Income taxes	394,842	1,243,581	270,733	(37,253)	1,871,903
Investment in shares of associates and other	4,748,148	1,319	7,103	4,417,702	9,174,272
Total assets	20,556,754	29,647,718	16,073,398	6,053,157	72,331,027
Current liabilities	7,523,689	10,608,361	5,757,561	4,122,938	28,012,549
Long-term liabilities	150,205	1,551,625	30,959	315,255	2,048,044
Total liabilities	7,673,894	12,159,986	5,788,520	4,438,193	30,060,593
Investments in productive assets	539,869	1,504,233	669,748	(11,609)	2,702,241
Cash flows from operating activities	284,050	6,238,580	577,069	(524,410)	6,575,289
Cash flows from investing activities	14,116,506	(2,721,905)	613,711	(679,414)	11,328,898
Cash flows from financing activities	(13,657,712)	(2,894,143)	(1,234,504)	1,092,883	(16,693,476)

	2010 (as adjusted)				
	Industrial	Commercial	Infrastructure and construction	Others and eliminations	Total consolidated
Net sales	$ 18,740,041	$ 33,261,013	$ 11,632,186	$ 562,869	$ 64,196,109
Income from operations	1,592,978	3,877,055	965,395	451,600	6,887,028
Consolidated net income	2,879,580	3,118,814	452,250	807,993	7,258,637
Interest income	649,805	0	17,650	(8,477)	658,978
Interest expense	558,797	439,098	31,340	(19,263)	1,009,972
Other RIF	102,172	2,814	89,863	(694,439)	(499,590)
Depreciation and amortization	367,285	652,320	247,756	48,997	1,316,358
Income taxes	591,476	943,079	418,807	21,780	1,975,142
Investment in shares of associates and other	4,826,750	1,494	241,344	3,965,879	9,035,467
Total assets	32,296,755	27,538,094	17,015,120	4,631,589	81,481,558
Current liabilities	19,392,563	11,218,556	6,901,176	2,874,375	40,386,670
Long-term liabilities	440,898	1,604,241	9,608	249,334	2,304,081
Total liabilities	19,833,461	12,822,797	6,910,784	3,123,709	42,690,751
Investments in productive assets	1,053,902	360,050	2,430,401	75,910	3,920,263
Cash flows from operating activities	7,852,967	16,927,831	(1,830,476)	(14,894,662)	8,055,660
Cash flows from investing activities	(4,119,068)	(14,132,925)	(376,285)	(24,467)	(18,652,745)
Cash flows from financing activities	(1,087,866)	(2,772,863)	1,417,578	12,038,960	9,595,809

b. General segment information by geographical area:

The Company operates in different geographical areas and has distribution channels in México, the United States and other countries through industrial plants, commercial offices or representatives.

The distribution of such sales is as follows.

	2011	%	2010	%
North America	$ 3,455,041	4.67	$ 2,840,122	4.42
Central and South America and the Caribbean	6,554,929	8.86	5,254,708	8.19
Europe	361,599	0.49	378,782	0.59
Rest of the world	72,152	0.10	65,953	0.10
Total exports and foreign	10,443,721	14.12	8,539,565	13.30
México	63,532,005	85.88	55,656,544	86.70
Net sales	$ 73,975,726	100.00	$ 64,196,109	100.00

The Company has a wide variety of customers according to the category of products and services it offers; however, no particular customer represents more than 10% of net sales.

22. Subsequent events

a. On October 24, 2011, Grupo Carso, announced its decision to begin the necessary processes to present a public offering to acquire all the Series B-1 common stock shares of CICSA which are not directly or indirectly owned by the Company as of the date.

   If this public offering were accepted by the shareholders of CICSA, Grupo Carso would acquire 32.82% of the shares outstanding of CICSA. As a result of this acquisition, added to the 67.18% of the shares outstanding of CICSA which it owns either directly or indirectly as of that date, Grupo Carso would own all of the shares representing the common stock of CICSA.

   The share purchase price proposed by the management of GCARSO was $8.20 pesos each share. At the end of the entire process with the respective authorities, the public offering was launched and ended on February 9, 2012, as a result of which Grupo Carso holds 99.87% of the shares representing 100% of the common stock of CICSA.

   Pursuant to the foregoing, the Company decided to begin the respective procedures to delist CICSA on the stock market.

b. On February 13, 2012, Operadora, with the participation of CICSA, signed a contract with the concessionaire Autopista Guadalajara Tepic, S.A. de C.V., for the construction of the Guadalajara Southern Bypass which covers 111 kms, at a value of $6,011,619 and work is expected to begin before the end of the first quarter of 2012.

c. On January 27, 2009, the National Banking and Securities Commission (CNBV) issued amendments to the Unique Circular on Securities Issuers to incorporate the obligation to present financial statements prepared on the basis of International Financial Reporting Standards (IFRS) beginning in 2012. Early adoption is permitted. The Company decided to adopt IFRS as of January 1, 2011. Therefore, between December 31, 2010 and the date of issuance of this report, the Company amended its policies to stop using MFRS and adopt IFRS as the basis to prepare its financial statements. In Note 23 are indicated the most relevant changes made by the Company in its accounting policies as a result of adopting IFRS, and the estimated impact this changes will have on the main items of its financial statements.

23. Effects of adopting International Financial Reporting Standards

The CNBV requires certain entities that disclose their financial information to the public through the Mexican Stock Exchange, that beginning in 2012, they must prepare and disclose their financial information according to IFRS, issued by the International Accounting Standards Board (IASB).

The consolidated financial statements for the year ending December 31, 2012 to be issued by the Company will be its first annual financial statements that comply with IFRS. The transition date is January 1, 2011 and, therefore, the year ended December 31, 2011 will be the comparative period established by IFRS 1, *First-Time Adoption of International Financial Reporting Standards.* According to IFRS 1, the Company will apply the relevant mandatory exceptions and certain optional exemptions to the retroactive application of IFRS.

The following are the most significant changes the Company has identified in its accounting policies as a result of the adoption of IFRS:

1.- Property, plant and equipment: The accounting policy of the Company was modified to include the requirements of International Accounting Standard (IAS) 16, *Property, plant and equipment,* relating to component depreciation. IAS 16 also provides the option to value fixed assets at its acquisition cost or at its fair value. The Company elected the option to value its fixed assets at its acquisition cost.

2.- Investment properties: IAS 40, *Investment properties,* allows the use of the fair value model, which requires that gains and losses from fair value measurement be recorded in the results of the period, or the cost model. The Company elected to measure its investment properties using the fair value model.

3.- Investment in shares of subsidiaries, associates and other (in the separate financial statements): Provides the option to value such investment at cost or at its fair value. The Company has elected the cost method to measure its investment in subsidiaries, associates and other.

4.- Interest free sales: According to IAS 18, *Revenue,* sales that are considered interest free must be recognized at its discounted present value; hence, the Company discounted its accounts receivable from customers (net of the suppliers recovery), by recognizing the difference between the lineal rate method and the effective interest rate method for the earned interest income at the transition date.

5.- Intangible assets: There is the option of measuring intangible assets using cost or fair value. The Company uses the cost method.

6.- Functional currency: The functional currency of the Company presented no changes as a result of adopting IFRS; however, the functional currency of some of its subsidiaries changed because they considered greater emphasis on the economic factors and indicators defined IAS 21, *The effects of changes in foreign exchange rates.*

7.- Effects of inflation: Inflation effects from periods not considered hyperinflationary according to IAS 29, *Financial Reporting in Hyperinflationary Economies,* were eliminated.

8.- Statement of cash flows: There is an option to present the statement of cash flows using the direct or the indirect method. The Company has chosen the option to use the indirect method.

9.- Employee benefits: The Company took the option of early adopting the changes to IAS 19 that are mandatory in 2013; hence, it has chosen to recognize all actuarial gains and losses in the results of the period. Furthermore, it recognizes in the results the severance indemnity, once incurred, as well as the cost of past services.

10.- Presentation of comprehensive income in the financial statements: There is an option to present comprehensive income within the statement of income, or, on a separate financial statement. The Company has temporarily chosen to present comprehensive income separately from the statement of income, even though from 2013 it becomes mandatory to present it as part of such statement.

At the issuance of these financial statements, the Company has determined certain transition adjustments in its statement of financial position as of January 1, 2011, in the following line items: accounts receivable, property, machinery and equipment, deferred PTU, retirement employee benefits, which are considered of significant impact.

The Company is in the process of evaluating the impacts in its consolidated financial statements of 2011; however, the net effect in its cash flows should not be modified as a result of the adoption of IFRS.

The information contained in this Note has been prepared in accordance with the standards and interpretations issued and in effect, or issued and adopted in advance of the date of preparation of these consolidated financial statements. Standards and interpretations that will be applicable as of December 31, 2012, including those that may be applied optionally, are not known with certainty at the time of preparation of the consolidated financial statements as of December 31, 2011 and 2010. In addition, the accounting policies selected by the Company could be modified as a consequence of changes in the economic environment or industry trends that occur after the issuance of these consolidated financial statements. The information contained in this Note is not intended to comply with IFRS, as only a group of financial statements that includes the statements of financial position, comprehensive income, changes in stockholders' equity and cash flows, along with comparative information and explanatory notes, can provide an appropriate presentation of the financial position of the Company, the result of its operations and its cash flows in accordance with IFRS.

24. Recently issued new and revised IFRSs not yet effective

The IASB has issued a series of new IFRS and amendments to IAS. The details and effective dates are as follows:

Amendments to IFRS 7 Financial Instruments: Disclosures

IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Financial Statements*
Amendments to IAS 12	*Income Taxes*
Amendments to IAS 32	*Financial Instruments: Presentation*
Amendments to IAS 27	*Separate Financial Statements*
Amendments to IAS 28	*Investments in Associates and Joint Ventures*

The amendments (October 2010) to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

Other amendments (December 2011) to the disclosure requirements in IFRS 7 require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The amendments (October 2010) to IFRS 7 are effective for annual periods beginning on or after 1 July 2011, with earlier application permitted. Other amendments (December 2011) are effective for annual periods beginning on or after 1 January 2013 and interim periods within those periods.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 (mandatory application date amended December 2011), with earlier application permitted.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures.* IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

IAS 27 (as revised in 2011) contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9.

IAS 28 (as revised in 2011) prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The revised standard is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. An entity applies IFRS 11 to determine the type of joint arrangement in which it is involved. Once it has determined that it has an interest in a joint venture, the entity recognises an investment and accounts for it using the equity method in accordance with IAS 28 (as amended in 2011), unless the entity is exempted from applying the equity method as specified in the Standard.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012.

The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012.

Amendments to IAS 32 provide clarifications on the application of the offsetting rules. This joint project between the IASB and FASB was intended to address the differences in their respective accounting standards regarding offsetting of financial instruments. However, the FASB decided to retain the current US GAAP guidance. Therefore, the Boards decided to jointly focus on developing converged disclosure requirements to allow financial statement users the ability to more easily compare financial instruments exposures under IFRS and US GAAP. Additionally, the IASB decided to amend IAS 32 to clarify certain aspects because of diversity in application that was identified during the IASB constituent outreach.

The project to amend IAS 32 focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

The amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014.

Except for the amendments to IAS 1 whose presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods, the Company has not yet performed a detailed analysis of the effect derived from the application of these new and revised Standards and hence has not yet quantified the extent of the impact.

25. Authorization to issue the financial statements

On March 12, 2012, the issuance of the accompanying consolidated financial statements was authorized by C.P. Quintín Botas Hernández; consequently, they do not reflect events occurred after that date, and are subject to the approval of the Company's ordinary shareholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law. The consolidated financial statements for the year ended December 31, 2010, were approved at the ordinary shareholders' meeting that took place on April 26, 2011.

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Share Information

The shares Series A-1 of Grupo Carso S.A.B. de C.V. are listed in the Mexican Stock Exchange under the ticker symbol "GCARSO".

ADR's Level 1 Information

Symbol: GPOVY
2:1
Cusip: 400485207

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www.carso.com.mx

www.carlosslim.com

www.fundaciontelmex.org

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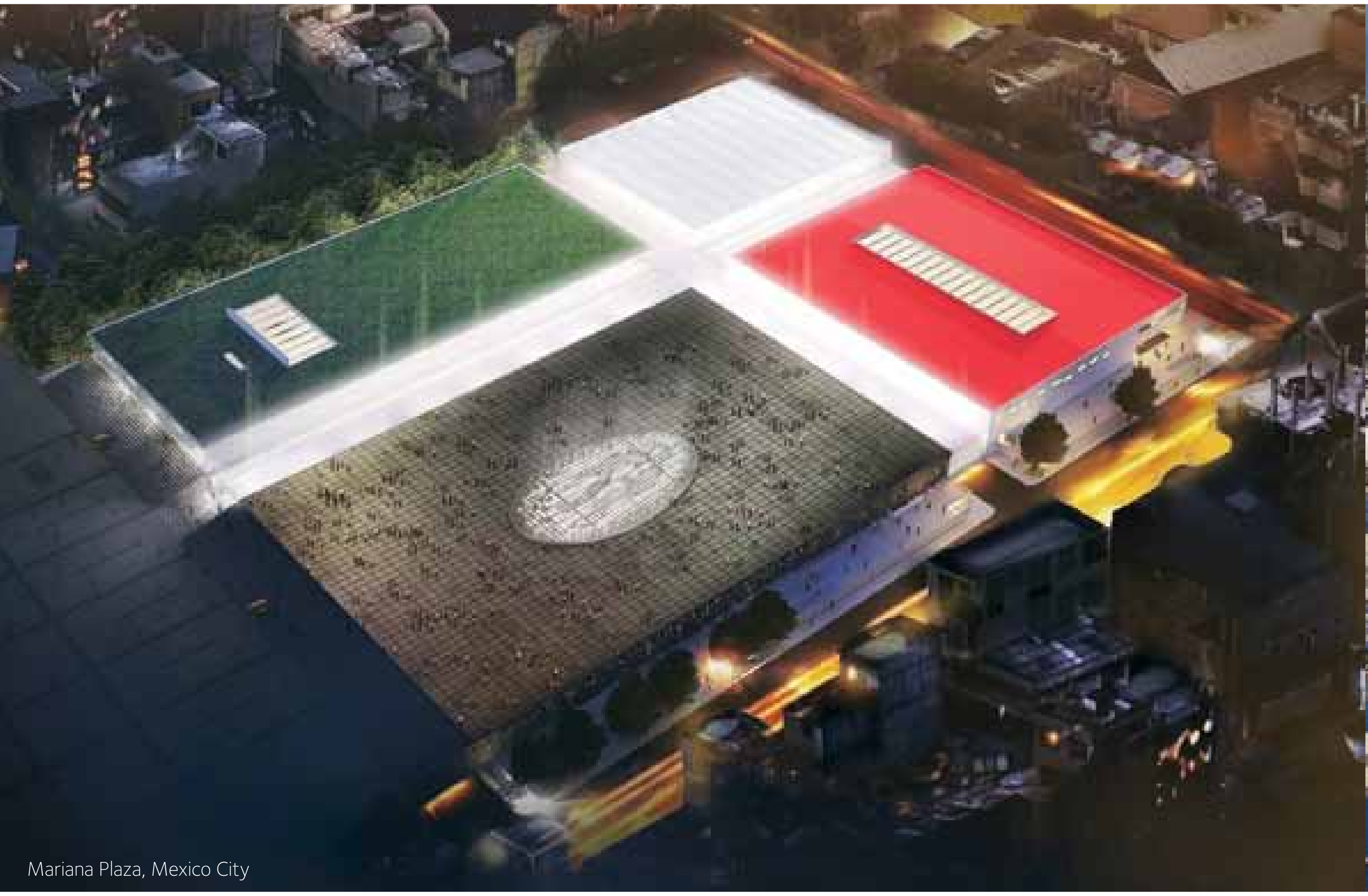

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