



Consolidated Condensed Financial Statements

March 31, 2017

*(Free translation from the original in Spanish. Issued on April 25, 2017.
In the event of discrepancy, the Spanish-language version prevails)*

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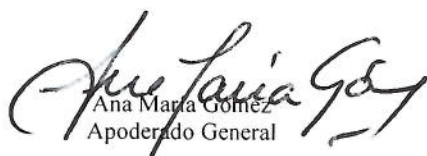
CEMEX Latam Holdings S.A. and Subsidiaries

| | |
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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Income Statements
(Thousands of U.S. dollars)

| | | (Unaudited) | |
|--|-------|-----------------------------------|----------------|
| | | For the three-month periods ended | |
| | Notes | March 31, 2017 | March 31, 2016 |
| Revenues | 3 | \$ 328,683 | 315,968 |
| Cost of sales..... | 2E | (178,199) | (163,303) |
| Gross profit | | 150,484 | 152,665 |
| Administrative and selling expenses..... | | (53,304) | (48,261) |
| Distribution expenses | | (25,706) | (21,861) |
| | | (79,010) | (70,122) |
| Operating earnings before other expenses, net | | 71,474 | 82,543 |
| Other income (expenses), net | 5 | (2,307) | 115 |
| Operating earnings | | 69,167 | 82,658 |
| Financial expense | 3 | (16,649) | (14,873) |
| Other financial expenses, net..... | 3, 6 | (256) | (157) |
| Foreign exchange results | | 5,019 | 6,918 |
| Earnings before income tax..... | | 57,281 | 74,546 |
| Income tax | 17A | (21,747) | (29,080) |
| CONSOLIDATED NET INCOME | | 35,534 | 45,466 |
| Non-controlling interest net income | | (114) | (150) |
| CONTROLLING INTEREST NET INCOME | | \$ 35,420 | 45,316 |
| BASIC EARNINGS PER SHARE..... | 19 | \$ 0.06 | 0.08 |
| DILUTED EARNINGS PER SHARE | 19 | \$ 0.06 | 0.08 |

The accompanying notes are part of these consolidated condensed financial statements.

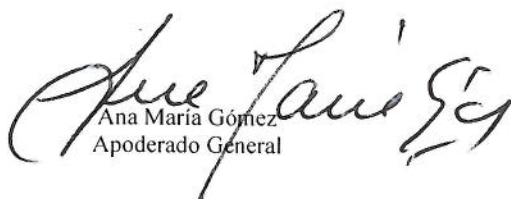

Ana María Gómez
Apoderado General

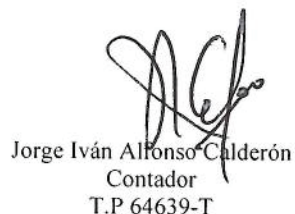

Jorge Iván Alfonso Calderón
Contador
T.P. 64639-T

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Comprehensive Income
(Thousands of U.S. dollars)

| | Notes | (Unaudited) | |
|---|-------|-----------------------------------|----------------|
| | | For the three-month periods ended | |
| | | March 31, 2017 | March 31, 2016 |
| CONSOLIDATED NET INCOME | | \$ 35,534 | 45,466 |
| Items that will be reclassified subsequently to profit or loss when specific conditions are met: | | | |
| Currency translation of foreign subsidiaries | 18 | 14,714 | 28,433 |
| Total other items of other comprehensive income for the period..... | | 14,714 | 28,433 |
| CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD | | 50,248 | 73,899 |
| Non-controlling interest comprehensive income | | (114) | (150) |
| CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD | | \$ 50,134 | 73,749 |

The accompanying notes are part of these consolidated condensed financial statements.

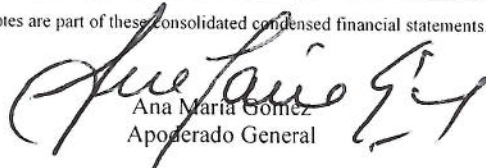

Ana María Gómez
Apoderado General

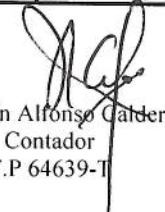

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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Balance Sheets
(Thousands of U.S. dollars)

| | | (Unaudited) | |
|--|-------|-------------------------|----------------------------|
| | Notes | As of March 31, 2017 | As of December 31, 2016 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents..... | 7 | \$ 35,184 | 44,907 |
| Trade accounts receivable, net..... | 8 | 124,859 | 100,344 |
| Accounts receivable from related parties | 9 | 3,813 | 4,484 |
| Other accounts receivable | 10A | 17,743 | 16,854 |
| Prepaid taxes | | 23,901 | 11,940 |
| Inventories, net..... | 11 | 75,107 | 71,595 |
| Other current assets | 12 | 23,147 | 11,247 |
| Total current assets | | 303,754 | 261,371 |
| NON-CURRENT ASSETS | | | |
| Other investments and non-current accounts receivable..... | 10B | 11,471 | 13,186 |
| Property, machinery and equipment, net | 13 | 1,275,233 | 1,236,150 |
| Goodwill, intangible assets and deferred assets, net..... | 14 | 1,779,878 | 1,773,548 |
| Deferred income taxes..... | | 10,554 | 10,391 |
| Total non-current assets | | 3,077,136 | 3,033,275 |
| TOTAL ASSETS..... | | \$ 3,380,890 | 3,294,646 |
| CURRENT LIABILITIES | | | |
| Short-term debt..... | 15 | \$ 21,395 | 24,050 |
| Trade payables..... | | 157,096 | 151,447 |
| Accounts payable to related parties | 9 | 49,097 | 171,054 |
| Taxes payable..... | | 46,041 | 41,493 |
| Other accounts payable and accrued expenses | 16 | 84,482 | 69,819 |
| Total current liabilities..... | | 358,111 | 457,863 |
| NON-CURRENT LIABILITIES | | | |
| Long-term debt..... | 15 | — | 529 |
| Long-term accounts payable to related parties | 9 | 938,936 | 820,294 |
| Employee benefits | | 39,718 | 38,401 |
| Deferred income taxes..... | | 503,301 | 487,922 |
| Other non-current liabilities | 16 | 16,256 | 15,726 |
| Total non-current liabilities..... | | 1,498,211 | 1,362,872 |
| TOTAL LIABILITIES | | 1,856,322 | 1,820,735 |
| STOCKHOLDERS' EQUITY | | | |
| Controlling interest | | | |
| Common stock and additional paid-in capital..... | 18A | 1,466,852 | 1,466,818 |
| Other equity reserves | 18B | (845,370) | (860,376) |
| Retained earnings | 18C | 862,656 | 722,887 |
| Net income | | 35,420 | 139,769 |
| Total controlling interest..... | | 1,519,558 | 1,469,098 |
| Non-controlling interest..... | 18E | 5,010 | 4,813 |
| TOTAL STOCKHOLDERS' EQUITY | | 1,524,568 | 1,473,911 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | | \$ 3,380,890 | 3,294,646 |

The accompanying notes are part of these consolidated condensed financial statements.

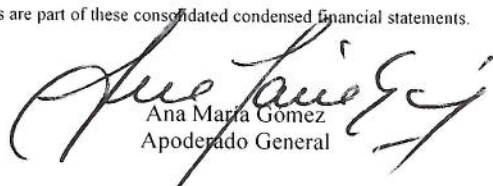

Ana Maria Gomez
Apoderado General

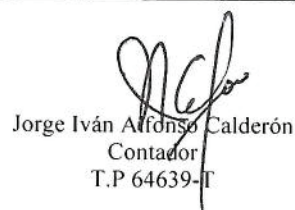

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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Cash Flows
(Thousands of U.S. dollars)

| | | (Unaudited) | |
|--|----------|-----------------------------------|-------------------------|
| | | For the three-month periods ended | |
| | Notes | As of March 31, 2017 | As of March 31, 2016 |
| OPERATING ACTIVITIES | | | |
| Consolidated net income..... | | \$ 35,534 | 45,466 |
| Non-cash items: | | | |
| Depreciation and amortization of assets..... | 4 | 21,134 | 20,871 |
| Provisions and others non-cash expenses..... | | 4,343 | 623 |
| Financial expense, other financial income and foreign exchange results..... | | 11,886 | 8,112 |
| Income taxes..... | 17A | 21,747 | 29,080 |
| Loss on the sale of fixed assets..... | | 1,177 | 104 |
| Changes in working capital, excluding income taxes..... | | (23,025) | (9,845) |
| Net cash flow provided by operating activities before interest and income taxes..... | | <u>72,796</u> | <u>94,411</u> |
| Financial expense paid in cash..... | | (11,510) | (15,823) |
| Income taxes paid in cash..... | | (21,834) | (13,385) |
| Net cash flows provided by operating activities..... | | <u>39,452</u> | <u>65,203</u> |
| INVESTING ACTIVITIES | | | |
| Property, machinery and equipment, net..... | | (25,547) | (34,331) |
| Financial expenses (income)..... | | 406 | 449 |
| Intangible assets and other deferred charges..... | | (74) | (6,374) |
| Long term assets and others, net..... | | (1,714) | (338) |
| Net cash flows used in investing activities..... | | <u>(26,929)</u> | <u>(40,594)</u> |
| FINANCING ACTIVITIES | | | |
| Related parties debt payments..... | | (841,141) | (186,204) |
| Related parties debt..... | | 821,146 | 151,093 |
| Non-current liabilities, net..... | | (2,705) | (657) |
| Net cash flows used in financing activities..... | | <u>(22,700)</u> | <u>(35,768)</u> |
| Increase (decrease) in cash and cash equivalents..... | | (10,177) | (11,159) |
| Cash conversion effect, net..... | | 454 | 803 |
| Cash and cash equivalents at beginning of the period..... | | 44,907 | 53,635 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD..... | 7 | \$ <u>35,184</u> | <u>43,279</u> |
| Changes in working capital, excluding income taxes: | | | |
| Trade receivables, net..... | | \$ (28,757) | (17,679) |
| Other accounts receivable and other assets..... | | (12,350) | (11,505) |
| Inventories..... | | (3,611) | (420) |
| Trade payables..... | | 5,649 | (12,009) |
| Short-term related parties, net..... | | 2,748 | 18,719 |
| Other accounts payable and accrued expenses..... | | 13,296 | 13,049 |
| Changes in working capital, excluding income taxes..... | | <u>\$ (23,025)</u> | <u>(9,845)</u> |

The accompanying notes are part of these consolidated condensed financial statements.


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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Changes in Stockholders' Equity
(Thousands of U.S. dollars)

| | Notes | Common stock | Additional paid-in capital | (Unaudited) Other equity reserves | | Retained earnings | Total controlling interest | Non-controlling interest | Total stockholders' equity |
|---|-------|-------------------|----------------------------|--------------------------------------|--|-------------------|----------------------------|--------------------------|----------------------------|
| Balance as of December 31, 2015..... | | \$ 718,124 | 746,862 | (876,387) | | 722,887 | 1,311,486 | 5,329 | 1,316,815 |
| Net income for the period | | - | - | - | | 45,316 | 45,316 | 150 | 45,466 |
| Total other items of comprehensive income for the period | | - | - | 28,433 | | - | 28,433 | - | 28,433 |
| Changes in non-controlling interest | 18E | - | - | - | | - | - | 57 | 57 |
| Stock-based compensation | 18D | - | 4 | 416 | | - | 420 | - | 420 |
| Balance as of March 31, 2015..... | | \$ 718,124 | 746,866 | (847,538) | | 768,203 | 1,385,655 | 5,536 | 1,391,191 |
| Balance as of December 31, 2016 | | 718,124 | 748,694 | (860,376) | | 862,656 | 1,469,098 | 4,813 | 1,473,911 |
| Net income for the period | | - | - | - | | 35,420 | 35,420 | 114 | 35,534 |
| Total other items of comprehensive income for the period ... | | - | - | 14,714 | | - | 14,714 | - | 14,714 |
| Changes in non-controlling interest | 18E | - | - | - | | - | - | 83 | 83 |
| Stock-based compensation | 18D | - | 34 | 292 | | - | 326 | - | 326 |
| Balance as of March 31, 2017 | | \$ 718,124 | 748,728 | (845,370) | | 898,076 | 1,519,558 | 5,010 | 1,524,568 |

The accompanying notes are part of these consolidated condensed financial statements.


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CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the three month periods ended March 31, 2017 and 2016
(Thousands of U.S. dollars)

1) DESCRIPTION OF BUSINESS

CEMEX Latam Holdings, S.A., was constituted under the laws of Spain on April 17, 2012 as capital stock corporation (S.A.) for an undefined period of time. The entity is a subsidiary of CEMEX España, S.A. ("CEMEX España"), also organized under the laws of Spain, as well as an indirect subsidiary of CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of Mexico. The statutory purpose and main activities of CEMEX Latam Holdings, S.A. consist of the subscription, acquisition, tenure, enjoyment, management or sale of securities and share holdings, as well as the management and administration of securities representing the stockholders' equity (own funds) of non-resident entities in Spanish territory through the corresponding organization of material and human resources. Based on its statutory purpose, CEMEX Latam Holdings, S.A. is the indirect holding company (parent) of entities whose main activities located in Colombia, Panama, Costa Rica, Nicaragua, Guatemala, El Salvador and Brazil, are all oriented to the construction industry through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. The common shares of CEMEX Latam Holdings, S.A., are listed in the Colombian Stock Exchange (*Bolsa de Valores de Colombia, S.A.* or "BVC") under the symbol CLH.

The term the "Parent Company" used in these accompanying notes to the financial statements refers to CEMEX Latam Holdings, S.A. without its subsidiaries. The terms the "Company" or "CEMEX Latam" refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. When the term "CEMEX" is used, refers to CEMEX, S.A.B. de C.V. and/or some of its subsidiaries, which are not direct or indirect subsidiaries of the Parent Company.

The issuance of these consolidated condensed financial statements was authorized by Management and the Board of Directors of the Parent Company on April 25, 2017, considering the favorable report of the Audit Commission.

Recent developments Maceo project

In connection with the findings communicated during the fourth quarter of 2016 related to the deficiencies in the process for the acquisition of the plots of land where the cement plant is located in the municipality of Maceo, department of Antioquia in Colombia, which have not permitted the Company to be the legitimate owner of several assets, including land, the mining concession and the environmental permit, the common shares of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam") (holder of the free trade zone concession), as well as other land adjacent to the plant and the access road; and which resulted in: a) an investigation and internal audit in accordance with the Company's corporate governance policies and code of ethics; b) the dismissal of the executives involved in these transactions and the resignation of the then Chief Executive Officer; c) the appointment of new executives and the separation of the roles of Chairman of the Board of Directors, Chief Executive Officer of CEMEX Latam and Director of CEMEX Colombia in order to strengthen the levels of leadership, management and best corporate governance practices; and d) the assessments made during the fourth quarter of 2016 in relation to: (i) the Company's low probability to recover advanced payments in Colombian pesos made under different mandates for the purchase of these assets for an amount of approximately \$14,257 that were recognized as part of investments in progress, resulting in such advanced payments being considered as contingent assets which cannot be maintained in the balance sheet and consequently, were reduced to zero recognizing an impairment loss for such amount against other expenses, net; (ii) certain purchases of equipment installed in the plant were considered exempt for VAT purposes under the benefits of the free trade zone, however, as those assets were actually installed outside of the free trade zone's area, they lack of such benefits, therefore, investments in progress were increased against VAT accounts payable for approximately \$9,196; and (iii) the cancellation of the portion still payable in connection with the acquisition of the assets under the original agreements for approximately \$9,073 against a reduction in investments in progress. In the specific case of the aforementioned adjustments the Company considered the exchange rate outstanding at the date of the accounting recognition of 3,000.71 Colombian pesos per dollar. As of the reporting date, under the presumption that CEMEX Colombia conducted itself in good faith, the Company considers that the rest of its investments made in the development of Maceo's project are protected by Colombian law. During the first quarter of 2017, the investigations and legal proceedings are ongoing and as of March 31, 2017 no additional adjustments have been determined (see detail in note 21A).

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated condensed financial statements as of March 31, 2017, are the same as those applied in the consolidated condensed financial statements as of December 31, 2016.

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated condensed financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of March 31, 2017, as issued by the International Accounting Standards Board ("IASB"), as well as with the International Accounting Standard 34, *Interim Financial Statements*.

The consolidated condensed balance sheets as of March 31, 2017 and as of December 31, 2016, as well as the consolidated condensed income statements, the consolidated condensed statements of comprehensive income, the consolidated condensed cash flows statements and the consolidated condensed statements of changes in stockholders' equity for the three-month periods ended March 31, 2017 and 2016, as well as their related disclosures included in the notes to the financial statements, have not been audited.

The IFRS consolidated condensed financial statements are presented quarterly to the securities and exchange regulator in Colombia, due to the registration of the Parent Company's shares with the aforementioned authority for their trading on the BVC.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the three month periods ended March 31, 2017 and 2016
(Thousands of U.S. dollars)

Basis of presentation and disclosure – continued

Presentation currency and definition of terms

The presentation currency of the consolidated condensed financial statements is the dollar of the United States of America (“United States”), which is also the functional currency of the Parent Company considering that, is the main currency in which the Parent Company carries its operations and settles its obligations. The amounts in the financial statements and the accompanying notes are presented in thousands of dollars of the United States, except when specific references are made to other currency, according with the following paragraph, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. For convenience of the reader, all amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 17B and 21), which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of March 31, 2017. Consequently, despite any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates. These dollar translations should not be construed as representations that the dollar amounts were, could have been, or could be converted at the indicated exchange rates. Foreign currency translations as of March 31, 2017 and December 31, 2016, as well as for the three-month periods ended March 31, 2017 and 2016 were determined using the closing and average exchange rates, as correspond, presented in the table of exchange rates included in note 2D.

When reference is made to “\$” or dollar, it means the dollar of the United States, when reference is made to “€” or Euros, it means the currency in circulation in a significant number of European Union (“EU”) countries. When reference is made to “¢” or colones, it means colones of the República de Costa Rica (“Costa Rica”). When reference is made to “R\$” or reales, it means reales of the República Federativa de Brazil (“Brazil”). When reference is made to “Col\$” or pesos, it means pesos of the República de Colombia (“Colombia”). When reference is made to “C\$” or cordobas, it means cordobas of the República de Nicaragua (“Nicaragua”). When reference is made to “Q\$” or quetzales, it means quetzals of the República de Guatemala (“Guatemala”).

Income statements

The line item “Other income (expenses), net” in the consolidated condensed income statements consists primarily of revenues and expenses not directly related to the Company’s main activities, or which are of an unusual and/or non-recurring nature, such as results on disposal of assets, recoveries from insurance companies, as well as certain severance payments during restructuring processes, among others (note 5).

Statements of cash flows

For the three-month periods ended March 31, 2017 and 2016, the consolidated condensed statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transactions that did not represent sources or uses of cash:

- For the periods ended March 31, 2017 and 2016, the increase in accounts payable to related parts to long-term \$6,361 and \$7,880, respectively, relative to the capitalization of interest on the debt with CEMEX companies.
- For the periods ended March 31, 2017 and 2016 the net increase in other equity reserves of \$292 and \$416, respectively, and the increase in additional paid-in capital of \$34 in 2017 and \$4 in 2016, were incurred in connection with executive stock-based compensation (note 18B and 18D).

Going Concern

As of March 31, 2017, current liabilities, which include accounts payable to CEMEX’s companies of approximately \$49,097 (note 9), exceeded current assets in \$54,357. The Parent Company’s Board of Directors approved these consolidated condensed financial statements as of March 31, 2017 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short term. The Company’s management considers that it would be successful in renegotiating and extending the maturity of certain short-term payables to such CEMEX’s companies in case it is deemed necessary, as it was the case during the renegotiation of February 24, 2017 (note 9). For the three-month periods ended March 31, 2017 and 2016, CEMEX Latam generated net cash flows from operations, after interest expense and income taxes, of approximately \$39,452 and \$65,203, respectively.

2B) PRINCIPLES OF CONSOLIDATION

The consolidated condensed financial statements include those of CEMEX Latam Holdings, S.A. and those of the entities, including structured entities, in which the Parent Company exercises control, by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity’s common stock; b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity, or c) is the primary receptor of the risks and rewards of an structured entity. Balances and operations between related parties are eliminated in consolidation. Each subsidiary is a legally responsible separate entity and maintains custody of its own financial resources.

Changes in ownership interests of the Parent Company in a subsidiary that do not result in a loss of control are accounted for as transactions between shareholders in their capacity as owners. Therefore, adjustments to non-controlling interests, which are based on a proportionate amount of the subsidiary’s net assets, do not result in adjustments to goodwill and/or the recognition of gains or losses in the income statement for the period.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the three month periods ended March 31, 2017 and 2016
(Thousands of U.S. dollars)

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

The preparation of consolidated condensed financial statement in accordance with IFRS requires management to make estimates and assumptions that affect amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of reporting, as well as the revenues and expenses of the period. These assumptions are continuously reviewed using available information. Actual results could differ from these estimates.

The main items subject to estimates and assumptions include, among others, impairment tests of long-lived assets, allowances for doubtful accounts and inventories, recognition of deferred income tax assets, as well as the measurement of financial instruments and the assets and liabilities related to employee benefits. Significant judgment by management is required to appropriately assess the amounts of these assets and liabilities.

2D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN ENTITIES' FINANCIAL STATEMENTS

The most significant closing exchange rates per U.S. dollar as of March 31, 2017 and December 31, 2016 for balance sheet and for income statements purposes, and the average exchange rates per U.S. dollar for income statements purposes for three-month periods ended March 31, 2017 and 2016 are as follows:

| Currency | 2017 | | 2016 | |
|----------------------------|----------|----------|----------|----------|
| | Closing | Average | Closing | Average |
| Colombian pesos | 2,880.24 | 2,904.39 | 3,000.71 | 3,205.22 |
| Costa Rican colones | 567.34 | 565.64 | 561.10 | 543.00 |
| Nicaraguan cordobas | 128.67 | 128.34 | 128.44 | 121.77 |
| Guatemalan quetzales | 7.34 | 7.39 | 7.52 | 7.69 |
| Brazilian reals | 3.17 | 3.13 | 3.26 | 3.86 |

2E) COST OF SALES, ADMINISTRATIVE AND SELLING EXPENSES AND DISTRIBUTION EXPENSES

Cost of sales represents the production cost of inventories at the moment of sale includes depreciation, amortization and depletion of assets involved in production and expenses related to storage in producing plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales, as well as costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses. Cost of sales includes freight expenses of raw material in plants and delivery expenses of the Company's ready-mix concrete business, but excludes freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item.

3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS

The financial policies applied to elaborate the condensed financial information by geographic operating segments are consistent with those used in the preparation of the consolidated condensed financial statements for the three-month periods ended March 31, 2017 and 2016. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua, El Salvador and Brazil. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Income statements

Selected consolidated condensed income statements' information by geographic operating segment for the three-month periods ended March 31, 2017 and 2016 are as follow:

| 2017 | Net Sales (including related parties) | Less: Related parties | Net Sales | Operating EBITDA | Less: Depreciation and amortization | Operating earnings before other expenses, net | Other income (expenses), net | Financial expenses | Other financial expenses, net |
|-----------------------|--|--------------------------|----------------|---------------------|--|--|---------------------------------------|-----------------------|--|
| Colombia.....\$ | 155,168 | — | 155,168 | 37,660 | (6,850) | 30,810 | (2,363) | (4,322) | (260) |
| Panama..... | 69,606 | — | 69,606 | 30,849 | (4,625) | 26,224 | (119) | (2,125) | 104 |
| Costa Rica | 37,427 | (5,908) | 31,519 | 12,101 | (1,246) | 10,855 | 244 | (72) | 128 |
| Rest of CLH | 73,028 | (638) | 72,390 | 24,070 | (1,335) | 22,735 | 50 | (558) | 433 |
| Others..... | — | — | — | (12,072) | (7,078) | (19,150) | (119) | (9,572) | (661) |
| Total \$ | 335,229 | (6,546) | 328,683 | 92,608 | (21,134) | 71,474 | (2,307) | (16,649) | (256) |

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the three month periods ended March 31, 2017 and 2016
(Thousands of U.S. dollars)

Selected consolidated condensed financial information by geographic operating segment – continued

| 2016 | Net Sales (including related parties) | Less: Related parties | Net Sales | Operating EBITDA | Less: Depreciation and amortization | Operating earnings before other expenses, net | Other income (expenses), net | Financial expenses | Other financial expenses, net |
|-----------------------|--|----------------------------------|------------------|-----------------------------|--|--|---|-------------------------------|--|
| Colombia.....\$ | 156,741 | (7) | 156,734 | 54,746 | (5,961) | 48,785 | (53) | (5,649) | (366) |
| Panama..... | 62,509 | – | 62,509 | 24,621 | (4,452) | 20,169 | (238) | (1,981) | 152 |
| Costa Rica | 38,937 | (4,018) | 38,937 | 16,984 | (1,549) | 15,435 | 38 | (83) | 19 |
| Rest of CLH | 62,345 | (539) | 62,346 | 19,496 | (1,400) | 18,095 | (117) | (907) | 325 |
| Others..... | – | – | (4,558) | (12,431) | (7,509) | (19,941) | 485 | (6,253) | (287) |
| Total \$ | 320,532 | (4,564) | 315,968 | 103,416 | (20,871) | 82,543 | 115 | (14,873) | (157) |

Net sales by product and geographic operating segment for the three-month periods ended March 31, 2017 and 2016 are as follows:

| 2017 | Cement | Concrete | Aggregates | Other products | Others | Net sales |
|-----------------------|----------------|-----------------|-------------------|-----------------------|----------------|------------------|
| Colombia.....\$ | 80,651 | 56,035 | 3,333 | 15,149 | – | 155,168 |
| Panama..... | 41,883 | 24,197 | 877 | 2,649 | – | 69,606 |
| Costa Rica | 26,140 | 3,387 | 4,401 | 3,499 | (5,908) | 31,519 |
| Rest of CLH | 63,270 | 4,976 | 899 | 3,883 | (638) | 72,390 |
| Total \$ | 211,944 | 88,595 | 9,510 | 25,180 | (6,546) | 328,683 |

| 2016 | Cement | Concrete | Aggregates | Other products | Others | Net sales |
|-----------------------|----------------|-----------------|-------------------|-----------------------|----------------|------------------|
| Colombia.....\$ | 94,012 | 52,950 | 3,111 | 6,668 | (7) | 156,734 |
| Panama..... | 41,454 | 18,878 | 706 | 1,471 | – | 62,509 |
| Costa Rica | 24,672 | 4,650 | 5,383 | 4,232 | (4,018) | 34,919 |
| Rest of CLH | 53,616 | 4,250 | 678 | 3,801 | (539) | 61,806 |
| Total \$ | 213,754 | 80,728 | 9,878 | 16,172 | (4,564) | 315,968 |

Balance Sheets

As of March 31, 2017 and December 31, 2016, selected consolidated condensed balance sheets' information by geographic segments is as follows:

| 2017 | Total Assets | Total Liabilities | Net assets by segment | Capital expenditures |
|-----------------------|-------------------------|------------------------------|----------------------------------|---------------------------------|
| Colombia.....\$ | 2,048,914 | 754,079 | 1,294,835 | 20,433 |
| Panama..... | 419,824 | 251,122 | 168,702 | 1,567 |
| Costa Rica | 120,916 | 38,154 | 82,762 | 2,948 |
| Rest of CLH | 204,999 | 177,835 | 27,164 | 1,779 |
| Others..... | 586,237 | 635,132 | (48,895) | – |
| Total \$ | 3,380,890 | 1,856,322 | 1,524,568 | 26,727 |

| 2016 | Total Assets | Total Liabilities | Net assets by segment | Capital expenditures |
|-----------------------|-------------------------|------------------------------|----------------------------------|---------------------------------|
| Colombia.....\$ | 1,950,645 | 727,369 | 1,223,276 | 175,909 |
| Panama..... | 390,777 | 231,133 | 159,644 | 6,699 |
| Costa Rica | 116,186 | 37,458 | 78,728 | 3,661 |
| Rest of CLH | 186,457 | 175,620 | 10,837 | 9,873 |
| Others..... | 650,581 | 649,155 | 1,426 | – |
| Total \$ | 3,294,646 | 1,820,735 | 1,473,911 | 196,142 |

CEMEX Latam Holdings, S.A. and Subsidiaries
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4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three month periods ended March 31, 2017 and 2016 is detailed as follows:

| | 2017 | 2016 |
|---|------------------|---------------|
| Depreciation and amortization expense of assets used in the production process..... | \$ 14,789 | 14,601 |
| Depreciation and amortization expense of assets used in administrative and selling activities | 6,345 | 6,270 |
| | <u>\$ 21,134</u> | <u>20,871</u> |

5) OTHER INCOME (EXPENSES), NET

The detail of other income (expenses), net for the three month periods ended March 31, 2017 and 2016 is as follows:

| | 2017 | 2016 |
|---|-------------------|------------|
| Severance payments and other personnel costs for reorganization | \$ (1,567) | (20) |
| Results from valuation and sale of assets, sale of scrap and other non-operating revenue and expenses, net..... | (197) | 487 |
| Recoveries for insurance claims..... | (1) | 50 |
| Assumed taxes, fines and other penalties..... | (542) | (402) |
| | <u>\$ (2,307)</u> | <u>115</u> |

6) OTHER FINANCIAL EXPENSES, NET

The detail of other financial expenses, net for the three-month periods ended March 31, 2017 and 2016 is as follows:

| | 2017 | 2016 |
|--|-----------------|--------------|
| Interest cost on employee benefits | \$ (661) | (606) |
| Financial income..... | 406 | 449 |
| | <u>\$ (256)</u> | <u>(157)</u> |

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of March 31, 2017 and December 31, 2016 are as follows:

| | 2017 | 2016 |
|--|------------------|---------------|
| Cash and bank accounts | \$ 30,002 | 39,099 |
| Fixed-income securities and other cash equivalents | 5,182 | 5,808 |
| | <u>\$ 35,184</u> | <u>44,907</u> |

8) TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable as of March 31, 2017 and December 31, 2016 are detailed as follows:

| | 2017 | 2016 |
|--|-------------------|----------------|
| Trade accounts receivable | \$ 134,834 | 106,077 |
| Allowances for doubtful accounts | (9,975) | (5,733) |
| | <u>\$ 124,859</u> | <u>100,344</u> |

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of March 31, 2017 and December 31, 2016 are detailed as follows:

| | 2017 | 2016 |
|--|-----------------|--------------|
| Current accounts receivable | | |
| CEMEX España, S.A | \$ 2,536 | 2,534 |
| CEMEX Research Group, AG | 681 | 1,214 |
| CEMEX, S.A.B. de C.V..... | 327 | 327 |
| CEMEX Denmark ApS..... | 96 | — |
| New Sunward Holding B.V..... | 85 | 84 |
| CEMEX Central, S.A. de C.V | 64 | 257 |
| Business Material Funding SL..... | 15 | 15 |
| CEMEX Dominicana, S.A..... | — | 36 |
| CEMEX Holdings Inc. | — | 10 |
| Others..... | 9 | 7 |
| Total assets with related parties | <u>\$ 3,813</u> | <u>4,484</u> |

CEMEX Latam Holdings, S.A. and Subsidiaries
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Balances and transactions with related parties - continued

| Short-term accounts payable | 2017 | 2016 |
|---|-------------------|----------------|
| CEMEX Holdings Inc. ¹ | \$ 18,424 | 17,393 |
| CEMEX Research Group, AG ² | 8,123 | 857 |
| CEMEX España, S.A. ³ | 7,735 | 7,694 |
| CEMEX Central, S.A. de C.V. ⁴ | 6,028 | 599 |
| New Sunward Holding B.V. ⁵ | 5,678 | 143,159 |
| CEMEX, S.A.B. de C.V. | 1,977 | — |
| CEMEX Internacional, S.A. de C.V. | 847 | 705 |
| Fujur, S.A. de C.V. | 57 | 205 |
| CEMEX México, S.A. de C.V. | 54 | 179 |
| Pro Ambiente, S.A. de C.V. | 46 | 137 |
| CEMEX de Puerto Rico, Inc. | 42 | 42 |
| Beijing Import & Export Co., Ltd..... | 28 | 34 |
| Latinamerican Trading S.A. | 24 | 23 |
| Neoris de México, S.A. de C.V. | 15 | — |
| CEMEX Jamaica Limited..... | 14 | 13 |
| Others..... | 5 | 14 |
| | \$ 49,097 | 171,054 |
| Long-term accounts payable | 2017 | 2016 |
| New Sunward Holding B.V. ⁵ | \$ 826,926 | 708,284 |
| CEMEX España, S.A. ³ | 112,010 | 112,010 |
| | \$ 938,936 | 820,294 |
| Total liabilities with related parties | \$ 988,033 | 991,348 |

- The outstanding balances were generated mainly from imports of cement grey.
- Royalties on technical assistance agreements, use of licenses and brands, software and administrative processes.
- The balance of short-term accounts payable as of March 31, 2017 and December 31, 2016 includes \$6,317 and \$6,338, respectively, generated by the Parent Company's current tax expense for the year 2016, which is compensated with tax losses generated by the subsidiaries part of the tax consolidated group in which the Parent Company is taxed in Spain and whose head is CEMEX España, and accounts payable arising from a loan originally negotiated by CEMEX Colombia with CEMEX España in October 2010, subsequently renegotiated, outstanding until December 28, 2018 bearing a 6-month LIBOR rate plus 255 basis points and which was reported in the short-term in December 2015.
- Mainly includes the accrual for royalties.
- On February 24, 2017, before their maturity in 2018, the Parent Company and Corporación Cementera Latinoamericana S.L.U. ("CCL") refinanced their respective debt with New Sunward Holding, B.V., extending their maturity until 2023 and modifying the applicable interest rate, according to market conditions at the date of renegotiation, which decreased from 7% to 5.65%. As a result of such modification in the credit agreements and considering the original remaining period and the difference in interest rates, the Parent Company and CCL incurred in renegotiation costs for \$3,867 and \$8,132, respectively. These costs are presented net of the debt balance, and will be amortized to the financial expense during the term of the debt. The balances as of March 31, 2017 and December 31, 2016, include: a) loan agreement and accrued interest negotiated by CCL of \$469,734 in 2017 and \$487,584 in 2016; b) loan agreement and accrued interest negotiated by the Parent Company of \$3,995 in 2017 and \$57,664 in 2016, as well as a revolving credit of \$226,974 in 2017 and \$175,969 in 2016; and c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of \$131,901 in 2017 and \$130,226 in 2016.

The maturities of non-current accounts payable as of March 31, 2017 are as follows:

| Debtor | 2018 | 2023 | Total |
|---|-------------------|----------------|----------------|
| Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)..... | \$ — | 467,041 | 467,401 |
| CEMEX Latam Holdings, S.A. (5.65% annual)..... | — | 229,689 | 229,689 |
| Cemento Bayano, S.A. (3M LIBOR + 415 bps) ¹ | 130,196 | — | 130,196 |
| CEMEX Colombia S.A. (6M LIBOR + 255 bps) ¹ | 112,010 | — | 112,010 |
| | \$ 242,206 | 696,730 | 938,936 |

- ¹ The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in dollars. On March 31, 2017, 3-month and 6-month LIBOR rates were 1.15% and 1.42%, respectively. The contraction "bps" means basis points. One hundred bps equals 1%.

The Company's main transactions entered into with related parties for the three-month periods ended March 31, 2017 and 2016 are as follows:

| Purchases of raw materials | 2017 | 2016 |
|--|------------------|---------------|
| CEMEX Holding Inc | \$ 13,892 | 11,325 |
| CEMEX Internacional, S.A. de C.V. | 1,529 | 1,444 |
| | \$ 15,421 | 12,769 |

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Balances and transactions with related parties – continued

Administrative and selling expenses

| | 2017 | 2016 |
|------------------------------------|------|------|
| Neoris de México, S.A. de C.V..... | \$ 5 | — |
| CEMEX Central, S.A. de C.V. | 1 | 2 |
| Latin Network Holdings, B.V..... | — | 4 |
| | 6 | 6 |

Royalties and technical assistance (note 22B)

| | 2017 | 2016 |
|----------------------------------|-----------|--------|
| CEMEX Research Group, AG..... | \$ 8,436 | 8,180 |
| CEMEX Central, S.A. de C.V. | 5,962 | 5,790 |
| CEMEX, S.A.B. de C.V. | 2,036 | 1,828 |
| | \$ 16,434 | 15,798 |

Financial expenses

| | 2017 | 2016 ¹ |
|------------------------------|-----------|-------------------|
| New Sunward Holding B.V..... | \$ 13,598 | 16,261 |
| CEMEX España, S.A. | 1,080 | 992 |
| | \$ 14,678 | 17,253 |

1 Out of the financial expense incurred with related parties during the three-month period ended March 31, 2016 for \$17,253, an amount of \$4,178 of financial expense accrued during the construction period of the Maceo plant (note 13) was allocated and capitalized as part of the historical cost of such project in compliance with the applicable IFRS. During the same period in 2017, there was no capitalization of financial expenses considering that the construction of the plant has been substantially finalized.

Pursuant to the services and the rights of use, operation and enjoyment of CEMEX brands, names and intellectual property assets, under the agreement of non-exclusive use, enjoyment and exploitation of license asset, management services agreement and business support and licensing agreement, CEMEX Latam Holdings has agreed to pay CEMEX (which includes CEMEX, S.A.B. de C.V., CEMEX Research Group, A.G. as well as CEMEX Central, S.A. de C.V.), consistent with the market practices and principles of unrelated parties, a fee equivalent to 5% of consolidated revenues. The aforementioned fee cannot be increased without the consent of the independent directors of CEMEX Latam Holdings expressed during a meeting of the board of directors.

During the three month periods ended March 31, 2017 and 2016, the members of the Parent Company's Board of Directors, in fulfillment of their functions, accrued compensation for a total of approximately \$72 and \$59, respectively, including remuneration and annual allowances. During 2016, as a result of the extraordinary meetings of the members of the Board of Directors, the portion related to the annual allowances exceeded in approximately \$29 the limit established by the General Shareholders' Meeting as payment for this concept during the period. These expenses, which in 2017 are included within retained earnings, are subject to the approval of such General Shareholders' Meeting at the next meeting to be celebrated in June 2017. The Company's directors have not received advances or loans and the Company has not provided guarantee or assumed obligations for such directors.

In addition, for the three-month periods ended March 31, 2017 and 2016, the aggregate compensation accrued by the members of the Company's top management was of approximately \$1,315 and \$1,168, respectively. Out of these amounts, approximately \$1,142 in 2017 and \$1,082 in 2016 corresponded to base compensation base plus performance bonuses including pensions and other post-employment benefits. In addition, approximately \$173 in 2017 and \$86 in 2016 of the aggregate amount in each period corresponded to allocations of shares to eligible executives under CEMEX's and the Parent Company's executive compensation programs.

In its cement operations in Panama, which represented approximately 13% of the consolidated sales during the three-month period ended March 31, 2017, the Company carries out transactions with Industrias Básicas, S.A. competitor and local producer of cement, in market conditions and for not significant amounts. A subsidiary of CEMEX, S.A.B. de C.V. holds an ownership interest of 25% in the common stock of Industrias Básicas, S.A.

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of March 31, 2017 and December 31, 2016 consisted of:

| | 2017 | 2016 |
|--|-----------|--------|
| Non-trade accounts receivable ¹ | \$ 16,265 | 15,682 |
| Restricted cash ² | 61 | 62 |
| Loans to employees and others..... | 1,417 | 1,110 |
| | \$ 17,743 | 16,854 |

1 As of March 31, 2017, includes the residual interest of CEMEX Colombia in a trust aimed at the promotion of housing projects, whose only asset is land in the municipality of Zipaquirá and its only liability is a bank credit of approximately \$7,435, guaranteed by CEMEX Colombia, obtained for the purchase of the land. The estimated fair value of the land, as determined by an external expert, significantly exceeds the amount of the debt. CEMEX Colombia is actively looking for opportunities to transfer this project to a housing developer that would acquire the assets of the trust and assume its obligations.

2 Restricted cash refers to guaranty deposits made by CEMEX Colombia to Liberty Seguros, S.A.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
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10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of March 31, 2017 and December 31, 2016 are detailed as follows:

| | | 2017 | 2016 |
|--|----|---------------|---------------|
| Loans and notes receivable ¹ | \$ | 9,485 | 11,076 |
| Guaranty deposits and VAT recoverable ² | | 1,602 | 1,736 |
| Other non-current assets ³ | | 384 | 374 |
| | \$ | <u>11,471</u> | <u>13,186</u> |

¹ The combined balances of these lines items mainly include: a) fund of CEMEX Panama to secure seniority premium payments as of March 31, 2017 and December 31, 2016 of \$2,888 and \$2,319, respectively; b) advance payments for the purchase of fixed assets of \$3,029 as of March 31, 2017 and \$4,551 as of December 31, 2016; c) advance payments for the purchase of fixed assets of \$1,565 as of March 31, 2017 and \$1,502 as of December 31, 2016; d) accounts receivable from the sale of land of \$353 as of March 31, 2017 and \$339 as of December 31, 2016; and e) advances for housing projects in Costa Rica of \$633 as of March 31, 2017 and \$646 as of December 31, 2016.

² Refers mainly to a VAT account receivable in El Salvador for \$795 as of March 31, 2017 and \$951 as of December 31, 2016 as well as guarantee deposits in Brazil for \$807 as of March 31, 2017 and \$785 as of December 31, 2016.

³ Includes other investments in Colombia, Panama, Costa Rica, Guatemala and Nicaragua.

11) INVENTORIES

Consolidated balances of inventories as of March 31, 2017 and December 31, 2016 are summarized as follows:

| | | 2017 | 2016 |
|----------------------------------|----|---------------|---------------|
| Materials | \$ | 25,368 | 20,108 |
| Finished goods | | 10,615 | 11,061 |
| Work-in-process | | 13,092 | 14,676 |
| Raw materials | | 16,209 | 15,380 |
| Inventory in transit | | 9,622 | 10,124 |
| Other inventories | | 859 | 804 |
| Allowance for obsolescence | | (658) | (558) |
| | \$ | <u>75,107</u> | <u>71,595</u> |

12) OTHER CURRENT ASSETS

As of March 31, 2017 and December 31, 2016 consolidated other current assets consisted of:

| | | 2017 | 2016 |
|---|----|---------------|---------------|
| Advance payments ¹ | \$ | 21,803 | 9,883 |
| Assets held for sale ² | | 1,344 | 1,364 |
| | \$ | <u>23,147</u> | <u>11,247</u> |

¹ As of March 31, 2017 and December 31, 2016, the line item of advance payments includes \$21,692 and \$8,685, respectively, associated with advances to suppliers of inventory and insurance premiums.

² Assets held for sale are stated at their estimated realizable value and include mainly properties received in payment of trade receivables by CEMEX Costa Rica.

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of March 31, 2017 and December 31, 2016, the consolidated balances of property, machinery and equipment, net consisted of:

| | | 2017 | | | |
|--|----|---------------------------------|----------------|-------------------------------|--|
| | | Land and mineral reserves | Buildings | Machinery and equipment | Construction in progress ^{1,2} |
| Cost at end of the period | | 232,033 | 209,632 | 771,687 | 302,291 |
| Accumulated depreciation and depletion | | (30,841) | (40,685) | (168,884) | — |
| Net book value at end of the period | \$ | <u>201,192</u> | <u>168,947</u> | <u>602,803</u> | <u>302,291</u> |
| | | | | | <u>1,275,233</u> |

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Property, machinery and equipment, net – continued

| | | 2016 | | | |
|---|----|---------------------------|-----------|-------------------------|---|
| | | Land and mineral reserves | Buildings | Machinery and equipment | Construction in progress ^{1,2} |
| Cost at end of the period..... | \$ | 224,893 | 204,928 | 755,806 | 274,553 |
| Accumulated depreciation and depletion..... | | (28,345) | (38,347) | (157,338) | – |
| Net book value at end of the period..... | \$ | 196,548 | 166,581 | 598,468 | 274,553 |
| | | | | | 1,236,150 |

- 1 In July 2014, the Company began the construction of a new cement plant in the municipality of Maceo in the Antioquia department in Colombia with an annual capacity of approximately 1.1 million tons. The first phase included the construction of a cement mill, which has been in testing phase up to the reporting date with the supply of clinker from the Caracolito plant in Ibagué, and the cement obtained has been used in its entirety in the construction of the plant. The next phase, which includes the construction of the kiln, has been completed. In connection with the access road to the plant, the works were suspended meanwhile CEMEX Colombia obtains the permits for its completion. The beginning of commercial operations is subject to the successful conclusion of several ongoing processes related to certain operating permits. Of the existing balances of investments in process as of March 31, 2017, as a result of the investigations carried out for the deficiencies found (note 1), during the fourth quarter of 2016, the Company reduced construction in progress for approximately \$23,330, of which, approximately \$14,257 were recognized in such quarter as impairment losses against "other expenses, net" and approximately \$9,073 were recognized against "other accounts payable," considering that such assets, mainly advance payments for the purchase of land through a representative, were considered contingent assets due to the low possibility of recovering them pursuant to deficiencies in the legal processes (note 21A). In addition, an amount of approximately \$1,500 related to the shares of Zomam, also recorded within construction in progress, was reclassified to other long-term assets. In the specific case of the aforementioned adjustments the Company considered the exchange rate outstanding at the date of the accounting recognition of 3,000.71 Colombian pesos per dollar. CEMEX Latam determined an initial total budget for the plant of \$340 million. As of March 31, 2017, the carrying amount of the project, net of adjustments, is for an amount in Colombian pesos equivalent to approximately \$300 million.
- 2 During 2014, the Company began the construction of a cement mill in Nicaragua with a milling capacity of 440 thousand tons per year after completion of the two development phases with an estimated total investment of \$55 million. In the first phase, which was completed and began operations in February 2015, the Company invested approximately \$22 million. The beginning of the second phase is subject to further analysis and market studies that would support an increase in the installed capacity; consequently, no additional investments have been made to date.

14) GOODWILL AND INTANGIBLE ASSETS

As of March 31, 2017 and December 31, 2016, consolidated balances are summarized as follows:

| | 2017 | | | 2016 | | |
|--|--------------|--------------------------|----------------|-------------------|--------------------------|----------------|
| | Cost | Accumulated amortization | Net book value | Cost ¹ | Accumulated amortization | Net book value |
| Intangible assets of indefinite useful life | | | | | | |
| Goodwill..... | \$ 1,569,492 | – | 1,569,492 | 1,563,836 | – | 1,563,836 |
| Intangible assets of definite useful life | | | | | | |
| Customer relations | 196,983 | (91,249) | 105,734 | 194,361 | (86,598) | 107,763 |
| Extraction permits and licenses..... | 124,421 | (19,950) | 104,471 | 120,963 | (19,132) | 101,831 |
| Industrial property and trademarks..... | 2,048 | (1,953) | 95 | 1,846 | (1,754) | 92 |
| Mining projects..... | 447 | (368) | 79 | 354 | (354) | – |
| Other intangibles and deferred assets | 7 | – | 7 | 26 | – | 26 |
| | \$ 1,893,398 | (113,520) | 1,779,878 | 1,881,386 | (107,838) | 1,773,548 |

As of March 31, 2017 and December 31, 2016, goodwill balances allocated by operating segment are as follows:

| | | 2017 | 2016 |
|------------------|----|-----------|-----------|
| Costa Rica..... | \$ | 432,223 | 437,031 |
| Panama..... | | 344,703 | 344,703 |
| Colombia..... | | 318,922 | 311,901 |
| Guatemala..... | | 247,501 | 241,503 |
| Nicaragua..... | | 211,055 | 213,610 |
| El Salvador..... | | 15,088 | 15,088 |
| | \$ | 1,569,492 | 1,563,836 |

Upon existence of impairment indicators, for each intangible asset, including goodwill, CEMEX Latam determines projected revenues from such assets over their estimated useful life. In order to obtain the discounted cash flows, such revenues are adjusted for operating expenses, changes in working capital and other expenses, as applicable, and are discounted to present value using risk-adjusted discount rates. Management applies a high degree of judgment in order to determine the appropriate valuation method and to select the significant assumptions, among of which are: a) the useful life of the asset; b) the risk-adjusted discount rate; c) royalty rates; and d) long-term growth rates. The assumptions used for these cash flows are consistent with internal projections and industry practices. During the three-month periods ended March 31, 2017 and 2016, the Company did not determine impairment losses on intangible assets, including goodwill.

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15) SHORT-TERM AND LONG-TERM DEBT

As of March 31, 2017 and December 31, 2016, consolidated debt by type of financial instruments is summarized as follows:

| | 2017 | 2016 |
|---|-----------|--------|
| Leasing Bolívar, S.A., DTF anticipated quarterly plus 550 bps ^{1,2} | \$ 681 | 1,501 |
| Leasing de Occidente, S.A., DTF anticipated quarterly plus 400 bps ^{1,2} | 458 | 1,010 |
| Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 bps ^{1,2} | 617 | 1,361 |
| Helm Leasing, S.A., DTF anticipated quarterly plus 385 bps ^{1,2} | 384 | 848 |
| Leasing Bogotá, S.A., DTF anticipated quarterly plus 465 bps ^{1,2} | 304 | 671 |
| Foreign currency-denominated promissory notes, variable rate ³ | 9,793 | 7,886 |
| Promissory note due to Banco de Bogotá, annual rate 11.59% ⁴ | 1,723 | 4,166 |
| Trust guarantee for the development of housing projects ⁵ | 7,435 | 7,136 |
| Total | \$ 21,395 | 24,579 |
| Long-term debt | — | 529 |
| Short-term debt | \$ 21,395 | 24,050 |

The maturities of CEMEX Latam's consolidated short-term debt as of March 31, 2017, were as follows:

| | Maturities |
|------------|------------|
| 2017 | \$ 20,873 |
| 2018 | 522 |
| | \$ 21,395 |

1 The fixed-term deposit rate (*Tasa de Depósito a Término Fijo* or DTF) is the average interest rate paid by financial institutions in Colombia on fixed-term certificates. As of December 31, 2016 the anticipated quarterly DTF rate was 6.65%.

2 Refers to capital leases with commercial finance companies denominated in Colombian pesos, which were negotiated in 2012 with a maturity of sixty months. For the three-month period ended March 31, 2017 and the year ended December 31, 2016, CEMEX Colombia incurred interest on these capital leases for an amount of \$135 and \$791, respectively. The assets acquired through these capital leases have been placed as guarantee for such financial obligations.

3 Refers to notes with a maturity of one year signed by CEMEX Colombia with the bank AV VILLAS for \$9,793 as of March, 2017, and rate DTF plus 4.5% and \$7,886 in December 31, 2016 and rate DTF plus 3.0%.

4 Refers to notes with a maturity of one year signed by CEMEX Colombia with the Bogotá bank for \$1,723 as of March 31, 2017.

5 Represents the maximum quantification of the guarantee granted by CEMEX Colombia on the amount borrowed through a promissory note by the trust for the development of housing projects as described in note 10A. CEMEX Colombia also received as collateral the asset owned by the trust whose value significantly covers the amount of the debt. Such promissory note will be renewed at maturity by the trust every 180 days until a housing developer who buy the project, or until it is decided to extinguish the trust, in which case, the Company would assume the debt and dispose of the asset. The loan accrues interest at a DTF rate plus 4.5%.

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of March 31, 2017 and December 31, 2016 consolidated other current accounts payable and accrued expenses were as follows:

| | 2017 | 2016 |
|---|-----------|--------|
| Others provisions and liabilities | \$ 20,759 | 13,870 |
| Provisions for legal claims and other commitments | 17,882 | 14,790 |
| Advances from customers | 17,652 | 16,142 |
| Accrued expenses | 16,581 | 17,102 |
| Provision for employee benefits | 10,539 | 6,882 |
| Others | 1,069 | 1,033 |
| | \$ 84,482 | 69,819 |

As described in the table above, amounts mainly refer to employee benefits accrued at the reporting date, insurance premiums and legal and environmental procedures, among others, expected to be settled in the short-term. These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

As of March 31, 2017 and December 31, 2016, consolidated other non-current liabilities were as follows:

| | 2017 | 2016 |
|---|-----------|--------|
| Other taxes payable | \$ 7,117 | 6,831 |
| Provision for asset retirement obligations ¹ | 4,364 | 4,411 |
| Others provisions and liabilities | 3,646 | 3,439 |
| Deferred income | 1,129 | 1,045 |
| | \$ 16,256 | 15,726 |

1 Asset retirement obligations include future estimated costs for demolition, dismantling and cleaning of production sites at the end of their operation, which are initially recognized against the related assets and are depreciated over their estimated useful life.

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17) INCOME TAXES

17A) INCOME TAXES FOR THE PERIOD

The recognition of income taxes during interim periods is based on the best estimate of the expected income tax rate for the entire year, applied to earnings before income taxes. For the three-month periods ended March 31, 2017 and 2016, income tax expense recognized in the condensed consolidated income statements was as follows:

| | | 2017 | 2016 |
|---|----|--------|--------|
| Current income taxes | \$ | 18,993 | 28,918 |
| Deferred income taxes | | 2,754 | 162 |
| | \$ | 21,747 | 29,080 |
| Out of which: | | | |
| Colombia ^{1,2} | \$ | 5,949 | 14,710 |
| Costa Rica | | 2,402 | 2,954 |
| Panama | | 2,433 | 1,455 |
| Rest of CLH and others ³ | | 10,963 | 9,961 |
| | \$ | 21,747 | 29,080 |

- 1 Beginning January 1, 2015, a tax on wealth became effective in Colombia, which is calculated considering the net equity for tax purposes outstanding as of January 1, 2015. The aforementioned tax will be effective in 2015, 2016 and 2017. The effect of the three-month periods ended March 31, 2017 and 2016 was approximately \$499 and \$1,155 respectively, which is included in the income tax expense.
- 2 In addition, as part of tax modifications effective January 1, 2015, a surcharge on the income tax rate (*Impuesto sobre la Renta para la Equidad* or "CREE") was implemented, which would be effective from 2015 to 2018 and would generate an increase in the income tax rate in Colombia to the following tax rates: 39% in 2015, 40% in 2016, 42% in 2017 and 43% in 2018. Beginning January 1, 2017, as part of a package of tax modifications, this CREE tax and its surcharge was eliminated and remained only the income tax and its surcharge, with consolidated tax rates estimated for these two concepts of 40 % in 2017 and 37% in 2018.
- 3 Includes the Company's operations in Nicaragua, Guatemala, El Salvador and Brazil as well as the effects in income taxes of the Parent Company, other sub-holding companies and other consolidation adjustments.

17B) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable adverse considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of March 31, 2017, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- On April 1, 2011, the Colombian Tax Authority (the "Tax Authority") notified CEMEX Colombia of a special proceeding rejecting certain deductions taken by CEMEX Colombia in its 2009 tax return. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia for an amount in Colombian pesos equivalent to approximately \$31.2 million and imposed a penalty in Colombian pesos for an amount equivalent to approximately \$50 million, both considering the exchange rate as of March 31, 2017. The Tax Authority argues that certain expenses are not deductible for tax purposes because they are not linked to direct revenues recorded in the same fiscal year, without considering that future revenue will be taxed under the income tax law in Colombia. CEMEX Colombia responded to the special proceeding on June 25, 2011. On December 15, 2011, the Tax Authority issued its final resolution, which confirmed the information in the special proceeding. CEMEX Colombia appealed such resolution on February 15, 2012. On January 17, 2013, the Tax Authority confirmed CEMEX Colombia its final resolution. On May 10, 2013, CEMEX Colombia appealed the final resolution before the Administrative Tribunal of Cundinamarca, which was admitted on June 21, 2013. On July 14, 2014, CEMEX Colombia was notified about an adverse resolution to its appeal, which confirms the official liquidation notified by the Tax Authority. On July 22, 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). On September 17, 2015, CEMEX Colombia presented arguments in second instance regarding this procedure. Currently, the process is in the authority's office for judgment since October 7, 2015. At this stage of the proceeding, as of March 31, 2017, CEMEX Latam does not consider is probable an adverse resolution in this proceeding; however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.
- On September 13, 2012, the Tax Authority notified CEMEX Colombia an ordinary request for the review of its income tax return for the fiscal year 2011, in connection with the amortization of goodwill of Lomas del Tempisque S.R.L., which was considered tax deductible in such tax return. On October 5, 2012, CEMEX Colombia rejected the Tax Authority's arguments and requested that the case be dismissed. On August 9, 2013, CEMEX Colombia received a verification notice from the Tax Authority; obtaining the faculty to review the aforementioned income tax return, which is currently being audited. Additionally, on June 28, 2013, CEMEX Colombia requested an amendment project increasing the amount of tax receivable, which was accepted on September 6, 2013. At this stage of the proceeding, as of March 31, 2017, CEMEX Latam does not consider is probable an adverse resolution in this proceeding; however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

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Uncertain tax positions and significant tax proceedings – continued

- The municipality of San Luis (the “Municipality”) has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the fiscal years from 1999 to 2013. The Municipality argues that the tax is generated as a result of CEMEX Colombia’s industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The combined amount of the proceedings in Colombian pesos is equivalent to approximately \$15.6 million as of March 31, 2017, of which, approximately \$6 million represent purported tax and \$9.6 million corresponds to penalties for inaccuracy. On July 18, 2013, the Colombian State Council (the “State Council”) issued a final resolution in favor of CEMEX Colombia in the process for the fiscal year 1999. Therefore this process finished. The processes for the years 2000 to 2005 have been pending judgment in the State Council since March 25, 2015. In connection with the processes for the years 2006 to 2007, on March 6, 2017, the State Council ruled in favor of CEMEX Colombia in last instance, so these processes were finalized. On December 10, 2015, the process for the year 2008 received a first instance favorable judgment to CEMEX Colombia by the Administrative Court. The Municipality filed an appeal with the State Council, which was granted on April 25, 2016. The processes for the years 2009 and 2010 have been pending judgment in the State Council since June 3, 2015.

In December 2014, the Municipality issued a settlement request with respect to fiscal year 2011 for amounts in Colombian pesos equivalent to approximately \$0.7 million of purported tax and approximately \$1 million of penalties, both as of March 31, 2017. In January 2015, CEMEX Colombia filed an appeal to the settlement request. The Municipality should have responded to the appeal no later than January 6, 2016, but considering there was no response, on January 26, 2016, the Company notified the Municipality of the positive administrative silence and requested a copy of the file, in order to evidence that there was no notification regarding the resolution of the appeal from the Municipality to CEMEX Colombia or its representative. As a result, CEMEX Colombia proceeded to register the positive administrative silence in the public deed, which was filed to the Municipality on July 1, 2016. Therefore, at this moment in the process, any action by the Municipality in this process would not be valid.

On March 25, 2015 the Municipality issued a special request related to fiscal year 2012 considering the same arguments mentioned above. The amount in Colombian pesos of intended tax is equivalent to approximately \$1.6 million and the penalty for inaccuracy equivalent to approximately \$2.5 million, both considering the exchange rate as of March 31, 2017. CEMEX Colombia responded to the request on May 22, 2015. The Municipality had a deadline on January 4, 2016 to issue the official settlement request. Considering as in the aforementioned proceeding that CEMEX Colombia did not receive any settlement notification related to the outstanding process, during January 2016, CEMEX Colombia obtained and submitted a copy of the file in order to evidence that there was no notification regarding the official liquidation from the Municipality to CEMEX Colombia or its representative. On September 16, 2016, the Municipality held a hearing to reconstruct the files for both 2011 and 2012 arguing that the files were incomplete and there was a need to carry out this diligence. On December 14, 2016, the Municipality declared that the files related to the taxable years 2011 and 2012 mentioned above were reconstructed. Meanwhile, currently CEMEX Colombia expects the Municipality to pronounce on the request regarding the recognition of the positive administrative silence. Therefore, at this moment in the process, any action by the Municipality in this process would not be valid.

Moreover, on March 25, 2016, a special request was received for fiscal year 2013, which proposes an increase in the industry and commerce tax for amounts in Colombian pesos equivalent to approximately \$2.4 million for alleged tax and a penalty of inaccuracy for an amount equivalent to approximately \$3.9 million, both considering the exchange rate as of March 31, 2017. CEMEX Colombia responded to the special request on April 26, 2016. On October 6, 2016, the Municipality issued the revised official settlement request over the modified industry and commerce tax amounts. On November 25, 2016, CEMEX Colombia filed the corresponding appeal to this resolution. The Municipality should resolve the appeal within one year from its filing.

On June 13, 2016, CEMEX Colombia received a statement of objections from the Municipality purportedly for not sending information, which proposes a penalty for an amount in Colombian pesos equivalent to approximately \$0.16 million. CEMEX Colombia filed the response and provided evidence that the information was timely delivered within the legal term on July 1, 2016. The Municipality did not issue any sanction or resolution within the legal terms of six months, so the Municipality’s review faculties should be considered prescribed.

On November 30, 2016, the Municipality issued a payment requirement to CEMEX Colombia alluding lack of payment in connection with the industry and commerce withholding tax returns for bimesters 01 to 06 of 2011 and 01 and 02 of 2012. In addition to this request, on the same date, the Municipality issued a seizure resolution, which was delivered to several financial institutions. On December 27, 2016, CEMEX Colombia filed in the Municipality, a document listing the exemptions for the obligation of payment, by means of which CEMEX Colombia requested the Municipality the withdrawal of the payment procedure, a communication to the financial institutions in order of lifting the seizure considering that the CEMEX Colombia provided sufficient evidence of payment through offset in the aforementioned tax returns, as well as a communication by the Municipality accepting CEMEX Colombia’s request for offset. On January 30, 2017 CEMEX Colombia was notified of the resolution denying the exceptions to the payment order, for this reason, on February 21, 2017, the company filed an appeal in the Municipality against such resolution. On March 29, 2017 CEMEX Colombia was notified of the appeal’s resolution which confirms the denial of the exceptions to the payment obligation. CEMEX Colombia has four months to file a complaint with the Administrative Court of Tolima.

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Uncertain tax positions and significant tax proceedings – continued

Costa Rica

- In January 2011, the Costa Rican Tax Department (*Dirección General de Tributación*) (the "Tax Department") informed the beginning of audits for the 2008 fiscal year in CEMEX (Costa Rica), S.A. ("CEMEX Costa Rica"), which include income tax, payroll withholding tax and sales tax. In August 2013, the Tax Department issued a provisional regularization proposal. During the same month, CEMEX Costa Rica filed an appeal against the provisional regularization proposal, arguing that the action has been time barred and rejecting the proposed adjustments considering that CEMEX Costa Rica applied correctly the applicable tax regulations at the time. In September 2013, CEMEX Costa Rica was notified of a settlement procedure by means of which the Tax Department dismissed the arguments presented by CEMEX Costa Rica and ratified the resolution of the provisional regularization proposal. In November 2013, CEMEX Costa Rica filed a legal resource to revoke the settlement procedure, which should had been resolved by the Tax Department within a 3 month period, which the Tax Department could extend without consequence, except for the suspension of the calculation of interest. In September 2014, the Tax Department notified CEMEX Costa Rica of the annulment of the settlement procedure and the resolutions previously issued considering a constitutional challenge accepted by the Constitutional Court of Costa Rica (the "Constitutional Court") against the article of the tax regulation which served as the basis for issuing the settlement procedure. Nonetheless, simultaneously, the Tax Department notified CEMEX Costa Rica a new settlement procedure and sanctioning resolutions in accordance with the legal requirements of the new code of tax rules and procedures. In response, the Constitutional Court clarified that the Tax Department should not issue new settlement procedures until the Constitutional Court would issue a resolution regarding the constitutionality of the aforementioned article of the tax regulation. In October 2014, the Tax Department notified CEMEX Costa Rica the cancellation of the new (and last) settlement procedures and the corresponding sanctioning resolutions until the Constitutional Court would issue a resolution regarding the unconstitutionality action. As a result, the tax proceedings that were initiated against CEMEX Costa Rica were annulled and the settlement procedures were suspended. On August 31, 2016, the Constitutional Court declared the unconstitutionality of the challenged tax rules, eliminating the obligation to make the tax payment or to guarantee the purported amount of taxes determined. The Constitutional Court determined that the audits should be finalized under the applicable regulations before the new law, known as transfer of charges. As of the reporting date, the full text of such resolution has yet to be issued and the Tax Department has not informed about how it will implement what is indicated in the resolution. On October 11, 2016, the Tax Department notified CEMEX Costa Rica in respect to the renewal of the tax audits and the transfer of charges. On November 21, 2016, CEMEX Costa Rica filed an appeal to challenge the transfer of charges, alleging outright opposition among others due to serious legal deficiencies that affect taxpayer rights and guarantees. On December 23, 2016, the Tax Department notified CEMEX Costa Rica in respect of a resolution, rejecting the appeal against the aforementioned transfer of charges filed with reference to income tax, and accepting the challenge and revoking the transfer of charges in respect the general tax on sales. On the same date, the Tax Department notified CEMEX Costa Rica of a penalty associated to the proposed remeasurements of income tax and payroll withholding tax. CEMEX Costa Rica responded to the resolutions on February 2, 2017. The amount of purported tax and interest in the transfer of charges for these items in Costa Rican colones is equivalent to approximately \$6.0 and the penalty determined in the sanction resolution in Costa Rican colones is equivalent to approximately \$0.8, considering the exchange rate as of March 31, 2017. At this stage, CEMEX Latam does not consider probable that it will require to make payments in relation to this requirement.

18) STOCKHOLDERS' EQUITY

18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of March 31, 2017 and December 31, 2016, the line item common stock and additional paid-in capital was detailed as follows:

| | | 2017 | | | 2016 | | |
|----------------------------------|----|------------|-----------------|-----------|------------|-----------------|-----------|
| | | Authorized | Treasury shares | Total | Authorized | Treasury shares | Total |
| Common stock | \$ | 718,124 | — | 718,124 | 718,124 | — | 718,124 |
| Additional paid-in capital | | 894,701 | (145,973) | 748,728 | 894,701 | (146,007) | 748,694 |
| | \$ | 1,612,825 | (145,973) | 1,466,852 | 1,612,825 | (146,007) | 1,466,818 |

During the three-month periods ended March 31, 2017 and 2016 the Parent Company made physical deliveries of shares to the executives subject to the stock-based long-term incentive plan benefits (note 18D), which increased additional paid-in capital in the amount of \$34 and \$4, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of March 31, 2017 and December 31, 2016, the Parent Company's subscribed and paid shares by owner were as follows:

| Stocks | 2017 | 2016 |
|--|-------------|-------------|
| Owned by CEMEX España | 407,890,342 | 407,890,342 |
| Owned by third-party investors..... | 148,762,486 | 148,757,395 |
| Total subscribed and paid shares | 556,652,828 | 556,647,737 |

As of March 31, 2017 and December 31, 2016, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 euro per share. The number of subscribed and paid shares of CEMEX Latam Holdings presented in the table above excludes 21,625,514 in 2017 and 21,630,605 shares in 2016 held in the Company's treasury (treasury shares).

As of March 31, 2017, CEMEX España owned approximately 73.28%, of the Parent Company's common shares, excluding shares held in treasury.

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18B) OTHER EQUITY RESERVES

As of March 31, 2017 and December 31, 2016, the balances of other equity reserves are summarized as follows:

| | | 2017 | 2016 |
|--|----|-----------|-----------|
| Reorganization of entities under common control and other effects ¹ | \$ | (300,422) | (300,422) |
| Translation effects of foreign subsidiaries ² | | (554,695) | (569,409) |
| Share-based payments ³ | | 9,747 | 9,455 |
| | \$ | (845,370) | (860,376) |

¹ Effects resulting mainly from the difference between the amount of compensation determined in the reorganization of entities effective as of July 1, 2012, by means of which the Parent Company acquired its consolidated subsidiaries, and the value of the net assets acquired of such subsidiaries, net of other purchase adjustments.

² Represents the balance of the cumulative effects for the translation of foreign subsidiaries and which are included for each period in the statements of comprehensive income.

³ As of March 31, 2017 and December 31, 2016, the line item other equity reserves includes effects associated with the stock-based long-term executive compensation programs (note 18D), and which costs are recognized in the results of each subsidiary during the vesting period of the awards against other equity reserves. Upon physical delivery of the Parent Company's shares, the amounts accrued in other equity reserves are reclassified to additional paid-in capital.

18C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent must allocate 10% of its profit for the year, determined individually, to a legal reserve until it reaches at least an amount equivalent to 20% of the share capital. At March 31, 2017, the Parent Company's legal reserve amounted to \$13,045.

In addition, the proposed distribution of net income for the year ended December 31, 2016, as formulated by the Board of Directors at its meeting held on March 28, 2017, includes, among other aspects, the allocation to the legal reserve of €6,858 thousand (\$7,311 considering the exchange rate of the euro to the dollar as of March 31, 2017). Such proposal must be approved by the Parent Company's General Shareholders' Meeting to be held in June 2017.

18D) EXECUTIVE STOCK-BASED COMPENSATION

Based on IFRS 2, *Stock-based compensation*, awards granted to executives of CEMEX Latam are defined as equity instruments, considering that the services received from employees are settled by delivering shares. The cost of these equity instruments represent their estimated fair value at the grant date of each plan and is recognized in the income statement during the periods in which the executives render services and vest the exercise rights.

On January 16, 2013, the Parent Company's Board of Directors, considering the favorable report of its Nominations and Remuneration Commission, approved, effective January 1, 2013, a long-term incentives plan for certain executives of CEMEX Latam, consisting of an annual compensation plan based on the delivery of shares of the Parent Company. The cost associated with this long-term incentives plan is recognized in the operating results of the companies of CEMEX Latam in which the executives subject to the benefits of the plan render their services. The underlying shares in the aforementioned long-term incentives plan, which are held in the Company's treasury, are delivered fully vested during a 4-year period under each annual program.

In addition, during the years preceding the implementation of the incentives plan previously mentioned, some executives of the Company participated in CEMEX's stock-based long-term incentives program, by means of which, new CEMEX, S.A.B. de C.V.'s Ordinary Participation Certificates ("CEMEX CPOs") are issued, which are vested and delivered during a services period of four years under each annual program. Beginning January 1, 2013, all eligible executives at that date belonging to CEMEX Latam operations stopped receiving CEMEX CPOs. All eligible executives who join CEMEX Latam's operations from CEMEX start receiving shares of the Parent Company in the following grant date after their entry and cease to receive CEMEX CPOs.

For the three-month periods ended March 31, 2017 and 2016, compensation expense related to the stock-based long-term incentive plans on shares of CEMEX and the Parent Company described above, which was recognized in the results of operations, amounted to \$326 and \$420, respectively.

18E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of March 31, 2017 and December 31, 2016, non-controlling interest in equity amounted to approximately \$5,010 and \$4,813, respectively.

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19) BASIC EARNINGS PER SHARE

Basic earnings per share shall be calculated by dividing earnings attributable to shareholders of the parent entity (the numerator) by the weighted average number of shares outstanding during the period (the denominator). Shares that would be issued depending only on the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate anti-dilution.

The amounts considered for calculations of earnings per share ("EPS") for the three month periods ended March 31, 2017 and 2016 are as follows:

| Denominator (thousands of shares) | 2017 | 2016 |
|---|-------------|-------------|
| Weighted average number of shares outstanding – Basic EPS..... | 556,651 | 556,168 |
| Effect of dilutive instruments – stock-based compensation | 535 | 434 |
| Weighted average number of shares outstanding – Diluted EPS..... | 557,186 | 556,602 |
| Numerator | | |
| Consolidated net income | \$ 35,534 | 45,466 |
| Less: non-controlling interest net income | (114) | (150) |
| Controlling interest net income | \$ 35,420 | 45,316 |
| Controlling Interest Basic Earnings per Share (\$ per share) | \$ 0.06 | 0.08 |
| Controlling Interest Diluted Earnings per Share (\$ per share)..... | \$ 0.06 | 0.08 |

20) COMMITMENTS

20A) CONTRACTUAL OBLIGATIONS

As of March 31, 2017 and December 31, 2016, the Company had the following contractual obligations:

| (Thousands of dollars) | 2017 | | | | | 2016 |
|---|-----------------------------|------------------|------------------|------------------------------|--------------|--------------|
| Debts | Less than 1 year | 1–3 years | 3–5 years | More than 5 years | Total | Total |
| Long-term debt with related parties ¹ | \$ 49,097 | 242,206 | 696,730 | – | 988,033 | 991,348 |
| Interest payments on debt ² | 51,793 | 84,421 | 75,450 | – | 211,664 | 81,538 |
| Operating leases ³ | 1,824 | 3,491 | 3,491 | 8,660 | 17,466 | 17,510 |
| Capital lease obligations ⁴ | 2,444 | – | – | – | 2,444 | 5,391 |
| Pension plans and other benefits ⁵ | 3,656 | 7,252 | 7,166 | 17,049 | 35,123 | 35,123 |
| Raw material, fuel and energy purchase ⁶ | 50,913 | 137,950 | 123,539 | 22,155 | 334,557 | 266,633 |
| Investments in property, plant and equipment ⁷ | 11,457 | – | – | – | 11,457 | 21,818 |
| Total contractual obligations..... | \$ 171,184 | 475,320 | 906,376 | 47,864 | 1,600,744 | 1,419,361 |

¹ This line item refers entirely to the Company's liabilities with related parties described in note 9.

² Includes future interest payments under debt owed to third-party creditors, capital leases and debt owed to related parties using the current interest rates on the contracts as of March 31, 2017.

³ The amounts of payments under operating leases have been determined on the basis of nominal cash flows. This line item mainly refers to the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua for a term of 25 years, which includes the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A, for \$1,700 to less than one year, \$3,400 from one to three years, \$3,400 from three to five years and \$8,500 to more than five years. In addition, includes operating leases negotiated by the Parent Company with CEMEX España and CEMEX Research Group A.G. with terms of 5 years for its corporate offices in Spain and the research and development offices in Switzerland for \$123 to less than one year, \$91 from one to three years, \$91 from three to five years and \$156 to more than five years.

⁴ Refers to capital leases of machinery and equipment negotiated by CEMEX Colombia in 2012 with an original maturity of 60 months.

⁵ Represents the estimated annual payments under defined benefit plans over the next 10 years.

⁶ Includes commitments of the Company for the purchase of raw material, fuel and energy mainly from Colombia and Panama.

⁷ Correspond to commitments for the purchase of productive assets in Panama, Costa Rica, Nicaragua, Guatemala, Brazil, Salvador and Colombia and includes approximately \$6.5 million related to the replacement of mixer equipment and approximately \$1.3 million of equipment in the Maceo plant.

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Contractual obligations – continued

As of March 31, 2017, the Company has other significant contractual obligations. The descriptions of some of the most significant contracts are as follows:

- On December 22, 2014, CEMEX Colombia signed an agreement with FLSmidth, Inc., a global provider of equipment for the mining and cement industries, for the engineering of equipment, acquisition and supply of equipment for the new cement plant under construction in the municipality of Maceo (note 13), maturing in September 2016, for an amount of approximately \$42 million. The object of the contract has been fulfilled and is in the liquidation phase of the services provided.
- On June 25, 2014, CEMEX Colombia and Wärsilä Colombia S.A. signed a services agreement for the operation and maintenance of the natural gas electrical energy generating plant that provides energy under the modality of self-generation for the Caracolito plant, for a term of five years from the signing of the contract, for an amount of approximately \$9 million.
- On March 28, 2014, CEMEX Colombia signed an agreement with ExxonMobil Colombia S.A. for the supply of a variety of fuels, for a term of three years from the signing of the contract, for an amount of approximately \$26.5 million.
- On November 20, 2013, CEMEX Nicaragua, S.A. signed a contract with the National Cement Production Company which will in force from February 5, 2015 until 2026, which commits CEMEX Nicaragua, S.A. to pay a fee of \$0.90 per metric ton produced outside the San Rafael del Sur plant production up to 220 thousand tons per year by way of financial compensation for raw material consumption. The Annual estimate payments of \$198 and for the next five years to \$990.
- On November 1, 2013, CEMEX Colombia accepted an offer from Arenas y Gravas La Fontana Limitada, of the same date, by means of which Arenas y Gravas La Fontana Limitada will supply sand and/or gravel to CEMEX Colombia for a term of five years. Although the final calculation of the contract value will be determined considering the unitary prices and the goods actually supplied, the approximate amount is for \$3 million annually. Recently, this supplier has been in failing of agreed deliveries of materials, so CEMEX Colombia has analyzed different alternatives with the supplier that allow it to recover the advances granted for an approximate amount of \$0.3 million, without this having materialized as of March 31, 2017.
- On July 12, 2013, CEMEX Colombia entered into an agreement with B&F Constructores, S.A.S. by means of which B&F Constructores, S.A.S. will supply sand and/or gravel to CEMEX Colombia. The agreement has a term of five years. Although the final calculation of the contract's value will be determined considering the unitary prices and the raw materials effectively supplied to the Company, the annual estimated amount is of approximately \$2 million annually.
- On May 23, 2013, CEMEX Colombia accepted the offer of Mincivil, S.A., dated on May 22, 2013, by means of which Mincivil, S.A. will provide services for the development and mining exploitation of the *Suspiro* quarry owned by CEMEX Colombia, located in the municipality of los Patios (North of Santander - Colombia), under the supervision and immediate technical direction and approval of CEMEX Colombia. The contract has a term of five years without automatic extension. Although the final calculation of the contract value will be determined considering the unitary prices and the services effectively received, the annual estimated amount is of approximately \$2 million annually.
- On January 17, 2008, Cemento Bayano, S.A. and Generación Eléctrica, S.A. Company (now EN EL FORTUNA, S. A.) signed an agreement for electric energy supply for the cement utility of CEMEX Latam in Panama. The energy supply initiated on January 1, 2010 and is set to terminate on December 31, 2019. Cemento Bayano, S. A. will pay an average amount of approximately \$15 million per year.

20B) OTHER COMMITMENTS

In addition to the contracts described above, as of March 31, 2017, the Company had the followings significant commitments:

- In 2012, CEMEX Latam Holdings S.A. through its branch in Switzerland entered in to the following agreements:
 - i) Agreement with CEMEX, S.A.B de C.V. for the use of CEMEX's trademarks. This contract has a term of five years and is automatically renewable for equal periods, unless it is terminated by either party to the contract providing notice one month before the applicable termination date. The Company must pay annually the use of trademarks calculated based on annual net sales of goods and services and transfer prices. For the periods ended March 31, 2017 and 2016, the total expense for trademarks use recognized in the operating expenses amounted to \$2,036 and \$1,828, respectively.
 - ii) Agreement with CEMEX Research Group, A.G. for the use, operation and enjoyment of assets. This contract has a term of five years and is automatically renewable for equal periods, unless it is terminated by either party providing notice one month before the applicable termination date. The Company must pay royalties calculated annually based on annual net sales of goods and services. For the periods ended March 31, 2017 and 2016, the total royalty expense recognized in the operating expenses amounted to \$8,436 and \$8,180, respectively.
 - iii) Agreement for the rendering of administrative services with CEMEX Central, S.A. de C.V., for the technical, financial, marketing, legal, human resources and information technology areas. This contract has a term of five years, automatically renewable for equal periods, unless it is terminated by either party providing notice one month before the applicable termination date. The Company must pay annually the use of these administrative services based on annual net sales of goods and services. For the period ended March 31, 2017 and 2016, the total services expense recognized in the operating expenses amounted to \$5,962 and \$5,790, respectively.

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Other commitments – continued

- In order to avoid potential conflicts of interest between the Parent Company and CEMEX, CEMEX España and the subsidiaries of both, on October 5, 2012, the Parent Company entered into a Framework Agreement which became effective upon closing of the initial offering, and which may be modified or terminated by written agreement between the Parent Company, CEMEX and CEMEX España, for which the Parent Company will require approval of its independent directors. At its meeting of March 28, 2017, following a favorable report from its Corporate Governance Commission, the Board of Directors unanimously agreed to amend the Framework Agreement to include a principle of common interest and reciprocity between the three companies in connection with the management and responses related to legal proceedings, administrative matters and investigations by authorities or governmental regulators. In addition, the Framework Agreement will cease to have effect if the Parent Company ceases to be a subsidiary of CEMEX, S.A.B. de C.V. or if CEMEX, S.A.B. de C.V. no longer has to account for its investment in the Holding Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).
- Pursuant to the Framework Agreement entered with CEMEX and CEMEX España, and in order to assist CEMEX to accomplish its debt agreements, the Parent Company will require the prior consent of CEMEX and CEMEX España for:
 - a) Any consolidation, merger or partnership with a third party.
 - b) Any sale, lease, exchange or other disposition, acquisition to any person other than CEMEX.
 - c) The issuance or sale of any shares or derivative equity securities or the adoption of any stock-based incentive plan, except for: (i) the issuance of shares by the Company to CEMEX, and (ii) the issuance of shares under the long-term incentives plan that does not exceed \$1.75 million.
 - d) The declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares other than (i) through the issuance of common stocks of the Parent Company or the issuance of the right to subscribe ordinary shares of the Parent Company to the shareholders of the Company proportionally, to the extent that is not paid or transferred to another person who is not part of CEMEX (other than the Parent Company), cash or other assets of CEMEX (or any interest in such cash or assets) in connection with such distribution or interest, and/or (ii) in proportion to the equity interest of each minority shareholder of the Parent Company, to the extent that each shareholder receives at the same time its proportional share in any dividend, distribution or interest payment.
 - e) The creation, negotiation, grant or guarantee by the Parent Company of any type of debt, and/or the creation of liens on any of its assets, for a total amount over \$25 million at any time for both concepts.
 - f) Provide loans or become creditor in connection with any type of debt, except: (i) with respect to commercial loans granted to customers on normal commercial terms and in the ordinary course of business, and (ii) as deferred compensation in respect of any sale, lease, exchange or other disposition that the Parent Company or any of its subsidiaries are authorized to execute without the consent of CEMEX S.A.B. de C.V. and CEMEX España.
 - g) Take any action that could result on default for CEMEX S.A.B. de C.V. under any contract or agreement, under its financing agreements and any refinancing, relocation or modifications thereto, to the extent that all CEMEX's S.A.B. de C.V. notification obligations included in the Framework Agreement are fulfilled for contracts or agreements other than: (i) the Credit Agreement and any refinancing, replacement or modification thereto, and (ii) the issuance of minutes of CEMEX S.A.B. de C.V. and any replacement or modification thereof.
- As mentioned in note 20A, there are other commitments derived from the Parent Company's lease of its corporate offices in Madrid with CEMEX España as lessor signed on September 29, 2015, as well as a lease contract for its research and development offices in Switzerland. In addition, the Company is subject to compliance with CEMEX's debt agreements, negotiated, among others, with CEMEX, S.A.B. de C.V. itself, each of which became effective upon the completion of the global offering.
- On June 23, 2015, in relation with the project Maceo (notes 13 y 21A), the National Roads Institute (*Instituto Nacional de Vías* or "INVÍAS") authorized CEMEX Colombia on its own account, risk and financing, to perform the necessary works for the development of a public transportation infrastructure project denominated "*Mejoramiento y Mantenimiento de la Vía de Acceso a la Zona de Uso Público y Zonas Anexas de la Zona Franca Permanente Especial Cementera del Magdalena Medio*", including the construction of two roads to the municipality of Maceo and the township of La Susana. The term for the completion of the works will be until December 31, 2016 and for the maintenance thereof the term shall extend during the economic exploitation of the Special Tax Zone denominated *Zona Franca Permanente Especial Cementera del Magdalena Medio*. The contract with INVÍAS ended on December 31, 2016, however, the process for the purchase of the plots and construction of the access road has been continued with the Municipality of Maceo, a public entity also authorized for these purposes, without having a date Definitive completion.

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- On June 24, 2015, CEMEX Soluciones S.A.S., ISAGER S.A. and a third party subscribed a settlement agreement with Fiduciaria Bogotá S.A, in order to settle and resolve the claims between the parties concerning the design, execution and settlement of the urban infrastructure project *El Recuerdo* in the municipality of Monteria and especially in connection with a Fiduciary contract signed between the parties on July 9, 2013 for the development of this housing project.
- During the third quarter of 2015, CEMEX Colombia initiated seven housing projects in the state of the Cesar (*Departamento del Cesar*) in Colombia, currently for the construction of 2,746 houses, located in the municipalities of San Alberto, Aguachica, Curumani, Astrea, Beceril, San Diego and Gamarra. The agreements, signed in 2014, originally envisaged the construction of 2,861 houses but were reduced by common agreement between the parties. The estimated selling price of the project is for an amount of approximately Col\$128 billion (\$44.5 million). The houses will be delivered gradually as they are concluded. In connection with these projects, as of March 31, 2017, customers have made advance payments deposited with a trustee agent for an amount of approximately Col \$63 billion (\$22 million) that partially guarantee payment for the houses, and which will be released to CEMEX Colombia as houses are delivered to the satisfaction of such customers. As of March 31, 2017, these housing projects have a combined stage of completion of approximately 44%. Out of the funds that have been deposited, the legal delivery process over approximately Col\$11 billion (\$4 million) corresponding to 492 houses registered in the Sara Lucia project in the municipality of Curumani has been completed so funds can be released.

In addition, CEMEX Colombia has 6 projects for the construction of 2,752 houses in the department of Armenia, comprising the Villa Cecilia and San José projects, in the Pereira department comprised by the Juncos, San Marcos and Santa Clara projects, and in Cúcuta department related to the Arrayanes project. Of the projects mentioned above, only the Arrayanes project began construction in 2016, the other projects are in their pre-development stage. The estimated sale price of the projects is for an amount of approximately Col\$132 billion (\$45.8 million). The houses will be delivered gradually as they are concluded. In relation to these projects, as of March 31, 2017, they have a combined stage of completion of approximately 37%.

- On July 30, 2012, CEMEX signed a 10-year strategic agreement with IBM, which includes CEMEX Latam and its subsidiaries, pursuant to which IBM will provide business processes services and information technology ("IT"). Moreover, IBM will provide business consulting to detect and promote sustainable improvements in CEMEX's profitability. The 10-year contract assigned to IBM is expected to generate cost reductions to CEMEX, measured in respect to costs previously incurred in such activities, to the extent that processes efficiencies would be achieved during such 10-year period. The services from IBM include: data processing services (back office) in finance, accounting and human resources; as well as IT infrastructure services, support and maintenance of IT applications in the different countries in which CEMEX operates, including CEMEX Latam and its subsidiaries. The cost to be incurred by the Company with IBM under this agreement is of approximately \$4 million per year.
- On December 20, 2007, Cementos Bayano S.A. entered into a long-term clinker supply contract in the Republic of Panama with Cemento Panama, S.A. (currently Argos Panama, S.A.). The supply contract was established for a period of 10 years since the first supply which was made in 2010 and includes annual partial deliveries of clinker in metric tons ("MT") of 1,320,715 MT for the period from 2015 to 2016 and 1,414,783 MT for the period from 2017 to 2018.

21) CONTINGENCIES

21A) CONTINGENT LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various significant legal proceedings, other than the procedures associated with taxes detailed in note 17B, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam. Therefore, certain provisions or losses have been recorded in the financial statements, representing the best estimate of payments or impairment of assets thereof. Consequently, CEMEX Latam considers that there will not be significant payments or additional losses in excess of the amounts already recognized.

As of March 31, 2017, the detail of the most significant legal proceedings that have generated the recognition of provisions or losses is as follows:

- In relation to the construction of a new cement plant in the municipality of Maceo, Antioquia province in Colombia (note 13), on August 28, 2012, CEMEX Colombia signed a memorandum of understanding ("MOU") with the representative of the entity CI Calizas y Minerales S.A. ("CI Calizas"), which objective was the acquisition and transfer of assets comprising land (Monterrey farm in the municipality of Maceo), the mining concession and the environmental permit, the entirety of common shares of Zomam (holder of the free trade zone concession), as well as the beneficial rights of a trust entered between Acción Sociedad Fiduciaria S.A., CI Calizas (trustee) and Zomam (beneficiary), to execute the construction of the new cement plant. After signing the MOU, a former shareholder of CI Calizas, who presumptively transferred its shares of CI Calizas two years before the MOU was signed, was linked to an expiration of property process initiated by Colombia's Attorney General (*Fiscalía General de la Nación* or the "Attorney General"). Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU. The shares of Zomam were fully acquired by CEMEX Colombia before the beginning of such process; nonetheless the Attorney General decided to also include such shares in the expiration of property process. To protect its interests and defend its rights as a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process, attending promptly each procedural stages, under the policy of full cooperation with the Attorney General. Additionally, CEMEX Colombia requested the inadmissibility of the action of expiration of property against the assets subject to the MOU.

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In July 2013, CEMEX Colombia signed with the provisional depository of the assets, designated by the Drugs National Department (*Dirección Nacional de Estupefacientes*, then depository of the affected assets), which functions after its liquidation were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the “SAE”), a lease contract for a period of five years, which can be early terminated by the SAE, by means of which CEMEX Colombia was duly authorized to continue with the necessary works for the construction and operation of the plant (the “Lease Contract”). Moreover, the provisional depository granted a mandate to CEMEX Colombia for the same purpose.

On May 2, 2016, the Attorney General resolved to deny CEMEX’s Colombia inadmissibility request to the action for expiration of property mentioned above, considering that it should broaden obtaining evidentiary elements and its analysis in order to take a resolution according to law. Given on the nature of the process, despite the Colombian law has defined terms for the several procedural stages, as of March 31, 2017, it is estimated that the issuance of a final resolution in respect to the applicability or not for the action of expiration of property over the aforementioned assets may take between five and ten years. As of March 31, 2017, the expiration of property process is in its investigation stage, awaiting the appointment of the guardians *ad litem* designated by the Attorney General. The appointment of the guardian *ad litem* would open the evidentiary stage, in which evidence will be tested.

The maturity of the Lease Contract is July 15, 2018, therefore, subject to the resolution of the ongoing legal process, CEMEX Colombia plans to negotiate and extension to such Lease Contract. Moreover, in connection with Maceo’s project, CEMEX Colombia also engaged the same representative of CI Calizas to also represent CEMEX Colombia in the acquisition of land adjacent to the plant, signing a new memorandum of understanding with this representative (the “MOU with the Representative”). The internal audit initiated during 2016 revealed that CEMEX Colombia made cash advances to this representative for amounts in Colombian pesos equivalent to approximately \$13,412 and paid interest for approximately \$1,252, in both cases considering the Colombian peso to U.S. dollar exchange rate as of March 31, 2017. These advances were deposited in the representative’s personal bank account as advance payments under the MOU and the MOU with the Representative for CI Calizas’ assets and for the purchase in the name and on behalf of CEMEX Colombia of Maceo’s project adjacent land. Interest was paid by CEMEX Colombia according to the representative’s instructions. Pursuant to the expiration of property process of the assets subject to the MOU and the failures to legally formalize the purchases under the MOU with the Representative, as of the reporting date, CEMEX Colombia is not the legitimate owner of the aforementioned assets. The executives responsible for the implementation and execution of these payments were dismissed from the company on September 23, 2016 and the Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia resigned on the same date. Moreover, considering that payments made by CEMEX Colombia for the purchase of property, shares and transfer of the mining contract and the environmental permit, as well as the land adjacent to the manufacturing plant, were made in violation of CEMEX’s and CEMEX Latam’s internal policies, both the Parent Company and CEMEX Colombia reported these facts to the Attorney General, providing the findings obtained during the investigations and internal audits, in order for the Attorney General to take any actions it may deemed relevant. On December 20, 2016, CEMEX Colombia filed an extension of the original complaint of September 23, 2016 with information and findings obtained as of such date.

Pursuant to a requirement of CEMEX, S.A.B. de C.V.’s Audit Committee and of the Parent Company’s Audit Commission, an audit firm, experts in forensic audits, was engaged in order to perform an independent investigation of Maceo’s project. Additionally, CEMEX Colombia and the Parent Company engaged an external lawyers firm with the aim of assisting the Parent Company and CEMEX Colombia on the necessary collaboration with the Attorney General. Moreover, considering CEMEX Latam’s internal controls and usual best practices, management also engaged a team of external lawyers for its own legal advice. In relation to the irregularities detected in the purchase of CI Calizas’ assets and the aforementioned additional land, which led to the execution of the internal audit, the termination of employment of certain executives and the report of these findings, there is an ongoing investigation by the Attorney General. As of the financial statements date, the investigation by the Attorney General is in its initial stage (inquiry), in which, CEMEX Latam is neither able to predict the actions that the Attorney General could implement, nor the possibility and degree in which any of these possible actions, including the termination of employment of the aforementioned executives, could have a material adverse effect on CEMEX Latam’s results of operation, liquidity or financial position. At this respect, under the presumption that CEMEX Colombia conducted itself in good faith, and considering that the rest of its investments made in the development of Maceo’s project were made with the consent of the SAE and CI Calizas by virtue of the lease contract and the mandate, such investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land.

Considering this, CEMEX Latam estimates that, during the term of the Lease Contract, it will be able to use and enjoy the land in order to operate the plant. Moreover, CEMEX Latam considers that will be able to retain ownership of the plant and other refurbishments made. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard the project in Maceo. At this respect, there is the possibility that CEMEX Latam considers remote, in which, in the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, the SAE may decide not to sell the assets to CEMEX Colombia, or, the SAE may elect to maintain ownership of the assets and not extend the Lease Contract. In both cases, under Colombian law, CEMEX Colombia would be entitled to an indemnity for the amount of its incurred investments. Nonetheless, an adverse resolution at this respect could have a material adverse effect on the Company’s results of operations, liquidity or financial condition.

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In connection with the investigation and internal audit related to Maceo's project, and considering the findings and the legal opinions available, during the fourth quarter of 2016, as mentioned in note 1, during the fourth quarter of 2016, CEMEX Latam determined that: a) there is low probability of recover resources delivered under different memorandums of understanding for the purchase of the assets related to the project for an amount in Colombian pesos equivalent to approximately \$14,257, which were recognized as part of construction in progress, were reconsidered as contingent assets, resulting in the recognition of an impairment loss during the fourth quarter of 2016 by means of reducing construction in progress for such amount against other expenses, net (nonetheless, on December 19, 2016, the Company filed a claim in the civil courts aiming that all property rights related to the additional land, some of which were assigned to the representative, would be effectively transferred to CEMEX Colombia), this amount included approximately \$2,344 of losses not related with the MOU or the MOU with the Representative; b) certain purchases of equipment installed in the plant were considered exempt for VAT purposes under the benefits of the free trade zone, however, as those assets were actually installed outside of the free trade zone's area, they lack of such benefits, therefore, CEMEX Colombia increased construction in progress against VAT accounts payable for approximately \$9,196; and c) the cancellation of the balance payable to CI Calizas under the MOU in connection with the acquisition of the assets for approximately \$9,073 against a reduction in construction in progress. In the specific case of the aforementioned adjustments the Company considered the exchange rate outstanding at the date of the accounting recognition of 3,000.71 Colombian pesos per dollar. During the three-month period ended March 31, 2017, no additional adjustments or losses have been determined in relation to this project. CEMEX Colombia determined an initial total budget for the Maceo plant of \$340 million. As of March 31, 2017, the carrying amount of the project, net of adjustments, is of an amount in Colombian pesos equivalent to approximately \$300 million.

In addition and specifically in connection with the continuous efforts aimed to remediate the irregularities that occurred in the purchase process of the land and other assets related to the construction of the plant, CEMEX Latam, considering the investigations and internal audits as well as the assessment of the advice received by external advisors, continues with activities oriented to remediate the internal control weakness related to unusual and significant transactions, and that CEMEX, S.A.B. de C.V. and CEMEX Latam have defined as material weakness. Among the remediation practices that CEMEX, S.A.B. de C.V. is initiating its implementation there is a new approval policy on significant unusual transactions, the creation of a committee that will oversee material investment projects, the strengthening of internal auditing procedures and the improvement of existing monitoring controls in order to operate in a satisfactory level of precision. The Audit Commission and the Board of Directors of the Parent Company foresee the approval and implementation of remediation practices for CEMEX Latam. In any case, the material weakness in internal controls will not be considered remediated until the remediation controls would have been in operation for a sufficient period and that CEMEX Latam's management would concluded, through tests, that these controls are operating in an effective way. The remediation activities are expected to be finalized before December 31, 2017. The Parent Company considers that this weakness does not affect the financial statements previously issued by CEMEX Latam.

On October 27, 2016, CEMEX Latam communicated its decision to postpone the start-up of the Maceo plant and the development of the access road considering findings obtained from the ongoing audits: (i) certain pending permits required to finalize the access road to the plant in Maceo are still pending, assuming that such permits are eventually obtained, using the only existing access to the plant instead of the road under construction would increase safety risks and would probably limit the capacity to transport products from the plant in Maceo; (ii) CEMEX Colombia has requested an expansion to the free trade zone; in the event of commissioning the new clinker line in Maceo without such expansion of the free trade zone would limit the benefits that would otherwise be available for CEMEX Colombia. It is possible that a final resolution with respect to the expansion of the free trade zone would not be taken due to the ongoing expiration of property process. As a result, with the objective of protecting the benefits associated with the free trade zone, CEMEX Latam will not commission the clinker line until the free trade zone is expanded to cover the totality of the Maceo cement plant; and (iii) a subsidiary of CEMEX Colombia holds the environmental permit for the Maceo project; however, the transfer of the mining concession was revoked by Antioquia Government's Mining Ministry in December 2013, assigning it back to CI Calizas. As a result, the environmental permit and the mining concession are in custody of different entities, contrary to the standard situation of having both in the same entity.

CEMEX Latam has also determined that the mining concession of the new plant partially overlaps with and Integrated Management District ("IMD"). CEMEX Colombia will also negotiate with the corresponding authorities the modification of the environmental permit in order to allow incrementing production up to the required 950 thousand tons per year. It is possible that this process could be also affected by the ongoing expiration of property process. CEMEX Colombia will continue working to address these matters as soon as possible. At this respect, on December 13, 2016, Corantioquia, the regional environmental agency, communicated its negative resolution to CEMEX Colombia's request to increase the mining concession to produce up to 950 thousand tons per year. This resolution was appealed by Central de Mezclas S. A. ("Central de Mezclas"), an indirect subsidiary of the Parent Company, within ten days of the date of notification. On March 28, 2017, Corantioquia notified Central de Mezclas its resolution regarding the appeal against the decision of the authority that denied the request to modify the environmental license of the Maceo project to 950,000 tons per year due to the overlap of the project with an IMD confirming the previous decision, and consequently denying the appeal filed by Central de Mezclas.

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As a result of this decision, CEMEX Latam is currently working on the zoning and compatibilization of the Maceo project with the IMD, as well as analyzing alternatives for partial subtraction of the IMD in order to avoid future discussions regarding the feasibility of achieving the expansion of the proposed activity in the project, above 950,000 tons of production. Once these alternatives are implemented, CEMEX Latam would reconsider submitting a new request for modification of the environmental license to expand its production to the initially envisaged 950,000 tons. Meanwhile, CEMEX Latam will limit its activities to those currently authorized for the currently effective environmental license and mining title.

During the second half of 2016, Corantioquia requested the authorization and consent of Central de Mezclas to reverse the environmental license of the Maceo project to CI Calizas, entity that holds the corresponding mining concession. At March 31, 2017, Central de Mezclas has made the request to evaluate the basis and legal grounds on which Corantioquia returned the environmental permit to CI Calizas.

- In addition, in 2015, the Tax Authority informed that considering that CEMEX Colombia had made the majority of the Maceo project's investments of in its own name, CEMEX Colombia should proceed to transfer those investments to Zomam, entity that holds the free trade zone concession, and attest its status as shareholder of Zomam in order to validate the investments made in the construction project. In the event of a failed attestation, the entity Zomam would incur in breach of its commitments, and therefore, the Tax Authority would be obliged to declare this situation and the loss of the free trade zone status. Considering the above, CEMEX Colombia through an extraordinary Board of Directors' meeting held on December 11, 2015, approved: a) concluding the acquisition of all shares of the entity Zomam, and b) the capitalization of assets from CEMEX Colombia as shareholders of Zomam, in order to comply with the request of the Tax Authority. In connection with the aforementioned, all legal documentation and accounting records were made in CEMEX Colombia and Zomam, with which CEMEX Colombia is 100% owner of Zomam and the Tax Authority was informed regarding the compliance with the requirements in order to keep Zomam's status of special tax zone. However the above, for the prosecutor's disposition, Zomam's assets, that is the free trade zone, are within the extinction of property process of the assets subject to the MOU mentioned above.
- In 1999, several companies belonging to the Laserna family filed an extra-contractual civil liability claim against CEMEX Colombia, by means of which the plaintiffs demanded compensation for alleged damages caused to their land with effects on costs and lower production of their rice crops as a result of solid pollutants expelled by the chimneys of the "Buenos Aires" and "Caracolito" cement production plants in the department of Tolima. In January 2004, the Fourth Circuit Civil Court of Ibagué issued a resolution ordering CEMEX Colombia a payment in favor of the plaintiff's equivalent to approximately \$12 million. CEMEX Colombia appealed this resolution. On September 10, 2010, the Superior Court of Ibagué fully revoked the resolution accepting the defense arguments of CEMEX Colombia. As of December 31, 2016, the process is in the Supreme Court of Justice, where the appeal resource filed by the plaintiffs is being processed. To this date there is a provision associated with this litigation for approximately \$12 million, considering the exchange rate as of March 31, 2017.

21B) OTHERS CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

As of March 31, 2017, CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 17B), which have not required the recognition of accruals based on the evidence at its disposal. The Company considers the likelihood of an adverse resolution to be remote; nonetheless, it cannot assure that a favorable resolution in these proceedings will be obtained. The disclosure of facts of the most significant proceedings with a quantification of the potential loss is as follows:

Market related proceedings

- On March 7, 2016, the Competition Authority notified CEMEX Costa Rica, by instruction of the Ministry of Economy, Industry and Commerce of Costa Rica, of a request for information in order to initiate a customary preliminary investigation, to verify the existence of evidence in anticompetitive practices, determine market shares in the cement market and document the geographical areas where cement companies operate. This request for information was issued as a result of a claim issued by a third party. CEMEX Costa Rica delivered the information requested on March 18, 2016. In July 2016, the Commission for the Promotion of Competition (COPROCROM) resolved that they did not find evidence of any anticompetitive practices, so the claim and the preliminary investigation were closed.
- On April 22, 2015, CEMEX Costa Rica, was notified by the Competition Authority (*Dirección de Apoyo a la Competencia*) of a request for information issued by the Ministry of Economy, Industry and Trade of Costa Rica in connection with an study in the cement market that would allow the evaluation of price changes as well as to identify possible distortions and market barriers among other issues in such country. The aforementioned information request relates to volumes, prices and production costs from 2010 to date. The Company delivered the requested information as of June 5, 2015 and collaborates as necessary with the study mentioned. As of March 31, 2017, the Company has not being informed of any recent developments in connection with this market study.

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(Thousands of U.S. dollars)

Others contingencies resulting from legal proceedings – continued

- On March 11, 2015, 14 members of the surrounding communities of the cement plant in Panama filed a claim against Cemento Bayano, S.A (“Cemento Bayano”), subsidiary of the Company in such country, for alleged breach of environmental regulations as a result of the non-metallic mineral exploration in its quarries. Moreover, they requested the review of the environmental impact studies that protect new raw materials’ quarries of the plant. These community members are being assisted by non-governmental organizations and environmentalist groups aimed to impose unfounded penalties to the Company and to try to encourage the cancellation of the new quarries’ environmental impact studies. By ruling from April 13, 2015, it was resolved to declare that the allegations in connection with water pollution, erosion control, air quality, impact control of protected areas be worthy of investigation. Such resolution was notified on April 27, 2015; on May 5, 2015, a motion for reconsideration was presented thereof. The Environmental Authority (*Administración Regional Metropolitana del Ministerio de Ambiente*) resolved not to support the motion for reconsideration and continued the investigation. On June 15 and 16, 2015 the Environmental Authority conducted a physical inspection is corroborated that are not evidence of the allegations. By Technical Inspection Report of July 2, 2015, it was concluded that during the inspection there were no evidence in the field of the points of the complaint filed by the residents. By means of Edict of December 23, 2015 and withdrawn on December 24, 2015, the Metropolitan Regional Administration of the Ministry of Environment notified Cemento Bayano that it had a period of no more than ten (10) business days to present its allegations And proof of discharge. On January 11, 2016, the pleadings were presented and evidence was provided within the administrative process.

In connection with the aforementioned inspection to Cemento Bayano, at the end of January 2016, the process was referred to the recently created Regional Administration of North Panamá the Ministry of the Environment, (*Administración Regional Panamá Norte del Ministerio de Ambiente*) which, by Resolution of September 12, 2016, admitted and rejected evidence. By means of a Memorandum dated November 24, 2016, the North Regional Administration of the Ministry of the Environment requests the Environmental Economic Unit, to calculate the fine to be imposed to the company. As of March 31, 2017, the authorities have not issued any recent developments. Fines on environmental matters do not have a limit in the norm, but depend on the severity of the damage, recidivism, investments level and the economic situation of the offender. At this stage, Cemento Bayano considers remote the probability and adverse ruling; nonetheless, is not able to asses with certainty the likelihood of an adverse result or potential damages which could be determined to the Company. An adverse resolution in this case could have a material adverse impact on the Company’s results of operations, liquidity or financial condition

- On September 5, 2013, the Colombian Superintendence of Industry and Commerce (the “SIC”) issued a resolution pursuant to which the SIC opened an investigation against five cement companies and 14 directors of those companies, including CEMEX Colombia, and two former officials for allegedly breaching rules which prohibit: a) to limit free competition and/or determining or maintaining unfair prices; b) direct or indirect price fixing agreements; and c) any market sharing agreements between producers or distributors. In connection with the 14 executives under investigation, the SIC may sanction any individual who collaborated, facilitated, authorized, executed or tolerated behavior that violates free competition rules. On October 7, 2013, CEMEX Colombia responded the resolution and submitted evidence in its relief. If the alleged infringements are substantiated, aside from any measures that could be ordered to remediate the alleged practices, penalties may be imposed by the SIC against each company being declared in breach of the competition rules for an equivalent amount in Colombian pesos as of December 31, 2016 of up to \$21 million for each violation, and an equivalent of up to \$0.4 million against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. It is expected that in during the course of the second quarter 2017, the Superintendent Delegate for Competition Protection will issue a non-binding report of the investigation, which could provide a recommendation to impose sanctions or to close the investigation. CEMEX Latam considered remote the probability of an adverse ruling is not able to assess with certainty the likelihood of the SIC imposing any measures and/or penalties against CEMEX Colombia, but if imposed, they could have a material adverse effect on the Company’s results of operations, liquidity or financial condition.
- On June 5, 2010, the District of Bogota’s Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá* or the “Environmental Secretary”), ordered the suspension of CEMEX Colombia’s mining activities at El Tunjuelo quarry, located in Bogotá, as well as those of other aggregates producers in the same area. The Environmental Secretary alleged that during the past 60 years CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the injunction, on June 5, 2010, CEMEX Colombia received a notification from the Environmental Secretary informing the initiation of proceedings to impose fines against CEMEX Colombia based on the above mentioned alleged environmental violations. CEMEX Colombia responded to the injunction by requesting that it be revoked based on the fact that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*). On June 11, 2010, the local authorities in Bogotá, in compliance with the Environmental Secretary’s decision, sealed off the mine to machinery and prohibited the removal of CEMEX’s aggregates inventory. Although there is not an official quantification of the possible fine, the Environmental Secretary has publicly declared that the fine could be up to the equivalent amount in Colombian pesos as of March 31, 2017 of approximately \$100 million. The temporary injunction has not compromise the production and supply of ready-mix concrete to the Company’s clients in Colombia. At this stage, CEMEX Latam considered remote the probability of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution in this case could have a material adverse impact on CEMEX Latam’s results of operations, liquidity or financial condition.

CEMEX Latam Holdings, S.A. and Subsidiaries
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Others contingencies resulting from legal proceedings – continued

In the ordinary course of business, the Company is subject to extensive laws and regulations on environmental issues in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards regarding air pollutant emissions, wastewater discharges, the use and handling of hazardous materials or waste disposal practices and the remediation of pollution or environmental damage. Among other things, these laws and regulations expose the Company to a risk of substantial environmental costs and responsibilities, including responsibilities associated with divested assets and past activities and, in some cases, to the acts and omissions of prior owners or operators of a property or plant. Also, in some jurisdictions, certain environmental laws and regulations impose obligations without regard the fault or the legality of the original activity *at* the moment of the actions which gave rise to the responsibility.

Other proceedings legal

- Related with a claim filed in 2005 against CEMEX Colombia, on July 28, 2015, the Superior Court of Bogotá upheld its ruling that CEMEX Colombia had no responsibility for the premature damage of the Transmilenio Public transport in Bogota at the time, for an amount in Colombian pesos equivalent to approximately \$33 million, which ended the demand.

In addition, six cases related to the premature damage were filed against CEMEX Colombia, of which, the Administrative Tribunal of Cundinamarca annulled five and only one remained active. Likewise, the Institute of Urban Development (IDU) issued another procedure arguing that CEMEX Colombia made a misleading promotion of the characteristics of the fluid filling used in the construction of the line. CEMEX Colombia participated in this project only and exclusively as a supplier of concrete and fluid fill, which was delivered to the satisfaction of the builder in compliance with the technical specifications, and did not participate and had no responsibility in the design or technical specifications of the construction.

On May 31, 2016, in Juzgado Civil de Bogotá ruled that the fluid fill was not the cause of the damage to the line, but the changes in the design made without consulting the original designer and the lack of drains and ended the IDU, who appealed this decision of the court. On December 7, 2016, the Superior Court of Bogotá supported the decision of the Civil Court of Bogotá. As of March 31, 2017, CEMEX Latam considers that the likelihood of an adverse result in these proceedings is remote; however, an unfavorable resolution could have an adverse effect on CEMEX Latam's results of operations, liquidity and financial position.

- On July 30, 2008, the Panamanian Authority of Civil Aeronautics (Autoridad de Aeronáutica Civil de Panama), or AAC initially refused the application of Cemento Bayano, to erect structures above the permitted height restriction applicable to certain areas surrounding the Calzada Larga Airport which affected the construction of the cement plant's second line. On October 14, 2008, as per Cemento Bayano's request for reconsideration, the AAC granted permission for the construction of the tallest building of the second line, under the following conditions: that (a) Cemento Bayano assumes any liability arising from any incident or accident caused by the construction of such building, and (b) there would be no further permissions for additional structures. In connection with the construction of the remaining 12 buildings of the second line of the plant, on March 13, 2009, the AAC issued an explanatory note stating that: (a) should an accident occur in the Calzada Larga Airport's perimeter, an investigation shall be conducted in order to determine the cause and further responsibility; and (b) there will be no further permissions for additional structures of the same height as the tallest structure already authorized. As a result, additional permits may be obtained as long as the structures are lower than the tallest building, on a case by case analysis to be conducted by the authority. Cemento Bayano filed an authorization request for the construction of the project's 12 remaining structures. On September 11, 2009, the AAC issued a resolution authorizing 3 of the 12 remaining structures and denying permits to 9 additional structures above the permitted height restriction applicable to certain areas surrounding Calzada Larga Airport. On September 16, 2009, Cemento Bayano requested the AAC to reconsider its denial. On May 20, 2010, the AAC issued a report stating that all vertical structures erected by Cemento Bayano complied with the applicable signaling and lighting requirements in order to receive the respective authorization; nonetheless. On July 17, 2015 was held meeting with the Legal Services of AAC in order to give impetus to proceedings pending approval, by note dated August 9, 2016, the AAC accepts the existence of all the structures built and dictates the obligation of Cemento Bayano to illuminate with special lamps all the structures and to give them the proper maintenance. This letter contains the final AAC decision.

In addition, as of March 31, 2017, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions; 4) other similar claims brought against us that have arisen in the ordinary course of business.

CEMEX Latam Holdings, S.A. and Subsidiaries
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22) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of March 31, 2017 and December 31, 2016 are as follows:

| Subsidiary | Country | Activity | % of interest | |
|--|-------------|---------------|---------------|-------|
| | | | 2017 | 2016 |
| Corporación Cementera Latinoamericana, S.L.U. ¹ | España | Tenedora | 100.0 | 100.0 |
| CEMEX Colombia S.A. | Colombia | Operativa | 99.7 | 99.7 |
| Zona Franca Especial Cementera del Magdalena Medio S.A.S. ² | Colombia | Operativa | 100.0 | 100.0 |
| CEMEX (Costa Rica), S.A. | Costa Rica | Operativa | 99.1 | 99.1 |
| CEMEX Nicaragua, S.A. | Nicaragua | Operativa | 100.0 | 100.0 |
| CEMEX Finance Latam, B.V. ³ | Holanda | Financiera | 100.0 | 100.0 |
| Cemento Bayano, S.A. | Panamá | Operativa | 99.5 | 99.5 |
| Cimentos Vencemos do Amazonas, Ltda. | Brasil | Operativa | 100.0 | 100.0 |
| CEMEX Guatemala, S.A. | Guatemala | Operativa | 100.0 | 100.0 |
| Equipos para Uso en Guatemala, S.A. | Guatemala | Operativa | 100.0 | 100.0 |
| CEMEX El Salvador, S.A. | El Salvador | Operativa | 100.0 | 100.0 |
| Inversiones SECOYA, S.A. | Nicaragua | Operativa | 100.0 | 100.0 |
| Apollo RE, Ltd. ⁴ | Barbados | Reaseguradora | 100.0 | 100.0 |
| Maverick RE, Ltd. ⁴ | Bermuda | Reaseguradora | 100.0 | 100.0 |

¹ CEMEX Latam Holdings, S.A., indirectly controls through Corporación Cementera Latinoamericana, S.L.U. the operations of the Parent Company in Colombia, Costa Rica, Panama, Nicaragua, Brazil, Guatemala and El Salvador.

² This entity, which shares are included in the expiration of property process (note 21A), holds a significant portion of the investments in the Maceo plant project and is the holder of the free trade zone concession.

³ CEMEX Latam Finance B.V. was constituted on July 3, 2015 with the approval of the Board of Directors at its meeting held on May 7, 2015, considering the favorable report of the Audit Commission.

⁴ Apollo RE, Ltd was incorporated on November 14, 2016 with the approval of the Board of Directors at its meeting held on July 27, 2016, considering the favorable report of the Audit Commission. The new subsidiary will assume the reinsurance contracts of CEMEX Latam companies which currently hold Maverick RE, Ltd. By means of this internal reorganization, on December 30, 2016, the Company sold 100% of its equity interest in Maverick RE, Ltd. to Apollo RE, Ltd.