Cemex Latam Holdings, S.A. and subsidiaries

Consolidated Financial Statements

31 December 2015

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

INDEX

CEMEX Latam Holdings S.A. and Subsidiaries

KPMG Auditores S.L.
Edificio Torre Europa
Pº de la Castellana, 95
28046 Madrid

Independent Auditor's Report on Consolidated Financial Statements in accordance with International Standards on Auditing

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of
Cemex Latam Holdings, S.A.

We have audited the accompanying consolidated financial statements of Cemex Latam Holdings, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in Stockholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of the accompanying consolidated financial statements in such a way that they give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control that they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Cemex Latam Holdings, S.A. at 31 December 2015, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Auditores, S.L.

(*Signed on original in Spanish*)

David Hernanz Sayans

22 February 2016

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

	Notes		Years ended December 31 2015	2014
Revenues	2R,3	$	1,427,058	1,724,710
Cost of sales	2T		(749,646)	(869,388)
Gross profit			**677,412**	**855,322**
Administrative and selling expenses	2T		(208,918)	(240,731)
Distribution expenses	2T		(103,676)	(133,460)
			(312,594)	(374,191)
Operating earnings before other expenses, net			**364,818**	**481,131**
Other expenses, net	5,3		(83,360)	(2,758)
Operating earnings			**281,458**	**478,373**
Financial expense	3		(73,748)	(90,449)
Other financial expenses, net	6,3		(1,016)	(2,196)
Foreign exchange results			(18,173)	33,349
Earnings before income tax			**188,521**	**419,077**
Income tax	19		(92,469)	(144,706)
CONSOLIDATED NET INCOME			**96,052**	**274,371**
Non-controlling interest net income			561	973
CONTROLLING INTEREST NET INCOME		$	**95,491**	**273,398**
BASIC EARNINGS PER SHARE	21	$	**0.17**	**0.49**
DILUTED EARNINGS PER SHARE	21	$	**0.17**	**0.49**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Apoderado General

Víctor Ariel Hernández Quintero
Contador
T.P. 41028-T

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

	Notes		Years ended December 31 2015	2014
CONSOLIDATED NET INCOME		$	**96,052**	**274,371**
Items that will not be reclassified subsequently to profit or loss:				
Recalculation of the defined benefit liability	18		1,974	(273)
Items that will be reclassified subsequently to profit or loss when specific conditions are met				
Currency translation of foreign subsidiaries	2D		(184,894)	(223,719)
Other comprehensive loss			(182,920)	(223,992)
CONSOLIDATED COMPREHENSIVE LOSS (INCOME) FOR THE PERIOD			**(86,868)**	**50,379**
Non-controlling interest comprehensive income			561	973
CONTROLLING INTEREST COMPREHENSIVE LOSS (INCOME) FOR THE PERIOD		$	**(87,429)**	**49,406**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Apoderado General

Víctor Ariel Hernández Quintero
Contador
T.P. 41028-T

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

	Notes	Years ended December 31 2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	$ 53,635	51,772
Trade accounts receivable, net	8	91,568	122,003
Accounts receivable from related parties	9	3,222	270
Other accounts receivable	10A	12,694	19,523
Taxes receivable		25,695	13,959
Inventories, net	11	86,134	102,821
Other current assets	12	14,421	18,347
Total current assets		287,369	328,695
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	20,868	24,215
Property, machinery and equipment, net	13	1,093,359	1,114,921
Goodwill, intangible assets and deferred assets , net	14	1,786,895	2,005,474
Deferred income taxes	19B	8,439	10,635
Total non-current assets		2,909,561	3,155,245
TOTAL ASSETS		**$ 3,196,930**	**3,483,940**
CURRENT LIABILITIES			
Short-term debt	15A	$ 8,067	5,259
Trade payables		120,274	103,095
Accounts payable to related parties	9	268,512	165,246
Taxes payable		50,634	71,303
Other accounts payable and accrued expenses	16	76,758	62,010
Total current liabilities		524,245	406,913
NON-CURRENT LIABILITIES			
Long-term debt	15	8,046	10,510
Long-term accounts payable to related parties	9	822,388	1,037,923
Employee benefits	18	32,384	50,769
Deferred income taxes	19B	484,522	565,517
Other non-current liabilities	16	8,530	11,375
Total non-current liabilities		1,355,870	1,676,094
TOTAL LIABILITIES		**1,880,115**	**2,083,007**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	20A	1,464,986	1,463,349
Other equity reserves	20B	(876,387)	(695,574)
Retained earnings		627,396	353,998
Net income		95,491	273,398
Total controlling interest		1,311,486	1,395,171
Non-controlling interest	20D	5,329	5,762
TOTAL STOCKHOLDERS' EQUITY		**1,316,815**	**1,400,933**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 3,196,930**	**3,483,940**

The accompanying notes are part of these consolidate financial statements.

Camilo González Téllez
Apoderado General

Víctor Ariel Hernández Quintero
Contador
T.P. 41028-T

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

	Notes		Years ended December 31 2015	2014
OPERATING ACTIVITIES				
Consolidated net income		$	96,052	274,371
Non-cash items:				
Depreciation and amortization of assets	4		84,954	95,809
Provisions and others expenses	11,8		3,814	(1,271)
Financial expense, other financial income and foreign exchange results			92,935	59,296
Income taxes	19		92,469	144,706
Loss on the sale of fixed assets	5		6,900	1,312
Impairment losses assets	5		62,366	–
Changes in working capital, excluding income taxes			44,291	(62,733)
Net cash flow provided by operating activities before interest and income taxes			**483,781**	**511,490**
Financial expense paid in cash			(70,040)	(79,574)
Income taxes paid in cash			(106,962)	(110,098)
Net cash flows provided by operating activities			**306,779**	**321,818**
INVESTING ACTIVITIES				
Property, machinery and equipment, net	13		(186,628)	(134,401)
Financial income	6		1,747	2,317
Intangible assets and other deferred charges			522	(60,226)
Long term assets and others, net	10B		(3,347)	(5,593)
Net cash flows used in investing activities			**(187,706)**	**(197,903)**
FINANCING ACTIVITIES				
Related parties debt payments	9		(820,990)	(830,873)
Related parties debt			717,910	663,216
Non-current liabilities, net			(7,578)	26,294
Net cash flows used in financing activities			**(110,658)**	**(141,363)**
Increase (decrease) in cash and cash equivalents			8,415	(17,448)
Cash conversion effect, net			(6,552)	(7,471)
Cash and cash equivalents at beginning of the period			51,772	76,691
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	$	**53,635**	**51,772**
Changes in working capital, excluding income taxes:				
Trade receivables, net		$	26,635	42,949
Other accounts receivable and other assets			4,625	2,172
Inventories			16,687	1,376
Trade payables			17,179	(26,332)
Short-term related parties, net			(1,019)	(58,208)
Other accounts payable and accrued expenses			(19,816)	(24,690)
Changes in working capital, excluding income taxes		$	**44,291**	**(62,733)**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Apoderado General

Víctor Ariel Hernández Quintero
Contador
T.P. 41028-T

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
As of December 31, 2015 and 2014
(Thousands of U.S. dollars)

	Notes		Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balance as of December 31, 2013		$	**718,124**	**744,689**	**(473,821)**	**353,998**	**1,342,990**	**14,989**	**1,357,979**
Net income for the period			–	–	–	273,398	273,398	973	274,371
Total other items of comprehensive income for the period			–	–	(223,992)	–	(223,992)	–	(223,992)
Changes in non-controlling interest	20D		–	–	–	–	–	(10,200)	(10,200)
Stock-based compensation	20E		–	536	2,239	–	2,775	–	2,775
Balance as of December 31, 2014		$	**718,124**	**745,225**	**(695,574)**	**627,396**	**1,395,171**	**5,762**	**1,400,933**
Net income for the period			–	–	–	95,491	95,491	561	96,052
Total other items of comprehensive income for the period			–	–	(182,920)	–	(182,920)	–	(182,920)
Changes in non-controlling interest	20D		–	–	–	–	–	(994)	(994)
Stock-based compensation	20E		–	1,637	2,107	–	3,744	–	3,744
Balance as of December 31, 2015		$	**718,124**	**746,862**	**(876,387)**	**722,887**	**1,311,486**	**5,329**	**1,316,815**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Apoderado General

Víctor Ariel Hernández Quintero
Contador
T.P. 41028-T

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 S.A. ("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 financial statements was authorized by the management and the Board of Director of the Parent Company on February 18, 2016, prior favorable report of the Audit Committee.

2) SIGNIFICANT ACCOUNTING POLICIES

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statements and the accompanying notes as of December 31, 2015 and 2014 were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2015, as issued by the International Accounting Standards Board ("IASB").

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

Presentation currency and definition of terms

The presentation currency of the consolidated 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 realizes 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 19D and 23), which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of December 31, 2015. 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 December 31, 2015 and 2014, as well as for the years ended December 31, 2015 and 2014 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

CEMEX Latam includes the line item titled "Operating earnings before other expenses, net" considering that it is a relevant measure for CEMEX's management as explained in note 3. Under IFRS, the inclusion of certain subtotals such as "Operating earnings before other expenses, net" and the display of the income statement vary significantly by industry and company according to specific needs.

The line item "Other expenses, net" in the consolidated income statement 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 years ended December 31, 2015 and 2014, the consolidated statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transaction that did not represent sources or uses of cash:

- For the years ended December 31, 2015 and 2014, the increase in accounts payable to related parts to long-term \$30,825 and \$27,891, respectively, relative to the capitalization of interest on the debt with CEMEX companies.

- For the years ended December 31, 2015 and 2014, the net increase in other equity reserves of \$2,114 and \$2,239, respectively, and the increase in additional paid-in capital of \$1,637 in 2015 and \$536 in 2014, in connection with executive stock-based compensation (note 20E).

Going Concern

As of December 31, 2015, current liabilities, which include accounts payable to CEMEX companies of approximately \$268,512, exceed current assets in \$236,876.

The Parent Company's Board of Directors has approved these consolidated financial statements as of December 31, 2015 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 Board of Directors of the Parent Company considers that management would succeed in renegotiating the maturity of some short-term payables to such CEMEX' companies in case it is deemed necessary. For the years ended December, 31, 2015 and 2014, CEMEX Latam generated net cash flows from operations, after interest expense and income taxes, of \$306,779 and \$321,818, respectively.

2B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of CEMEX Latam Holdings, S.A. and those of the entities, including Special Purpose Entities ("SPEs"), 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 a SPE. 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 the participation of parent company in a subsidiary do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Therefore, adjustments to non-controlling interests, which are based on a proportionate amount of the net assets of the subsidiary, not result in adjustments to goodwill and / or recognition of gains or losses in the income statement.

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

The preparation of consolidated 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 transactions denominated in foreign currencies are initially recorded in the functional currency of each entity at the exchange rates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates in force at the date of the financial statements and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness associated to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency, which settlement is neither planned nor likely to occur in the foreseeable future and as a result, such balances are of a permanent investment nature. These fluctuations are recorded against "Other equity reserves", as part of the foreign currency translation adjustment (note 20B) until the disposal of the foreign net investment, at which time, the accumulated amount is recycled through the income statement as part of the gain or loss on disposal.

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to U.S. dollars at the closing exchange rate for balance sheet accounts, at the historical exchange rate for the stockholders' equity and additional paid-in capital accounts, and at the closing exchange rates of each month within the period for income statement's accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash. The corresponding translation adjustment is included within "Other equity reserves" and is presented in the statement of other comprehensive income (loss) for the period as part of the foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

(Thousands of U.S. dollars)

Foreign currency transactions and translation of foreign currency financial statements – continued

During the reported periods, CEMEX Latam had no subsidiaries operating in a hyperinflationary economy, which is generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds, 100%. In a hyperinflationary economy, the accounts of the subsidiary's income statement shall be restated to constant amounts as of the reporting date, in which case, both the balance sheet accounts and the income statement's accounts would be translated to dollars at the closing exchange rates of the year.

The most significant closing exchange rates per U.S. dollar as of December 31, 2015 and 2014 for balance sheet and for income statements purposes, and the average exchange rates per U.S. are as follows:

	2015		2014	
Currency	Closing	Average	Closing	Average
Colombian pesos	3,149.47	2,771.55	2,392.46	2,017.84
Costa Rican colones	544.87	540.97	545.53	546.48
Nicaraguan cordobas	27.93	27.31	26.60	26.01
Guatemalan quetzales	7.66	7.66	7.60	7.72
Brazilian reales	3.90	3.39	2.66	2.36

2E) CASH AND CASH EQUIVALENTS (note 7)

Includes available amounts of cash and cash equivalents, mainly represented by short-term investments, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Other investments which are easily convertible into cash are recorded at their market value. Gains or losses resulting from changes in market values and accrued interest are included in the income statement as part of "other financial expenses, net".

CEMEX Latam has centralized cash management arrangements whereby excess cash generated by the different companies is swept into a centralized cash pool with a related party, and the Company's cash requirements are met through withdrawals or borrowings from that pool. Deposits in related parties are considered highly liquid investments readily convertible to cash and presented as "Fixed-income securities and other cash equivalents" (note 7).

2F) FINANCIAL INSTRUMENTS

Trade accounts receivable and other current accounts receivable (notes 8 and 10A)

According to IFRS the items under this caption are classified as "loans and receivables", which are initially recorded at their market value and then are valued at its amortized cost. Due to their short-term nature, the Company initially recognizes these receivables at the original invoiced. Afterwards to initial recognition, it is evaluated its possible impairment recognizing an estimate of doubtful accounts when applicable. Allowances for doubtful accounts as well as impairment of other current accounts receivable are recognized against administrative and selling expenses.

Balances and transactions with related parties (note 9)

The Company discloses as related parties the balances and transactions within CEMEX Latam companies with CEMEX, in addition to people or entities that because of their relationship with CEMEX Latam may take advantage of these relationships having a benefit on their financial position and results of operations. These balances and transactions resulted primarily from: i) the sale and purchase of goods between group entities; ii) the invoicing of administrative services, rentals, trademarks and commercial name rights, royalties and other services rendered between group entities; and iii) loans between related parties. Transactions between related parties were conducted on arm's length terms based on market prices and conditions.

Other investments and non-current receivables (note 10B)

As part of the category of "loans and receivables", the non-current accounts receivable as well as investments classified as held to maturity are initially recognized at their amortized cost. The income resulting from the application of the amortized cost method is recognized in the income statement as part of "other financial expenses, net."

Investments in financial instruments held for trading, as well as those investments available for sale, are recognized at their estimated fair value, in the first case through the income stamen as part of other financial expenses, net, and in the last case, changes in valuation are recognized as part of other comprehensive income of the period within other equity reserves until their time of disposition, when all valuation effects accrued in equity are reclassified to other financial expenses, net. These investments are tested for impairment upon the occurrence of a significant adverse change or at least once a year during the last quarter.

Debt (notes 15A)

Bank loans and notes payable are initially recognized at their fair value and consequently recognized at its amortized cost. Interest accrued on financial instruments is recognized in the balance sheet within "Other accounts payable and accrued expenses" against financial expense. During the reported periods, CEMEX Latam did not have financial liabilities voluntarily recognized at fair value or associated to fair value hedge strategies with derivative financial instruments. Direct costs incurred in debt issuances or borrowings, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt, by considering: a) that the relevant economic terms of the new instrument are not substantially different to the replaced instrument; and b) the proportion in which the final holders of the new instrument are the same of the replaced instrument, adjust the carrying amount of related debt are amortized as interest expense as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements when the new instrument is substantially different to the old instrument according to a qualitative and quantitative analysis, are recognized in the statements of operations within financial expense as incurred.

Capital leases (notes 15A and 22A)

Capital leases, in which the Company has substantially all risks and rewards associated with the ownership of an asset, are recognized as financing liabilities against a corresponding fixed asset for the lesser between the market value of the leased asset and the net present value of future minimum payments, using the contract's implicit interest rate to the extent available, or the incremental borrowing cost. Among other elements, the main factors that determine a capital lease are: a) if ownership title of the asset is transferred to CEMEX Latam at the expiration of the contract; b) if CEMEX Latam has a bargain purchase option to acquire the asset at the end of the lease term; c) if the lease term covers the majority of the useful life of the asset; and/or d) if the net present value of minimum payments represents substantially all the fair value of the related asset at the beginning of the lease.

Fair value measurements

For its fair value measurements of financial assets and financial liabilities recognized or disclosed at fair value. Fair value represents an "Exit Value," which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation.

The concept of exit value is premised on the existence of a market and market participants for the specific asset or liability. When there is no market and/or market participants willing to make a market, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CEMEX Latam has the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.

- Level 2 inputs are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility, credit spreads and other market corroborated inputs, including inputs extrapolated from other observable inputs. In the absence of Level 1 inputs CEMEX Latam determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.

- Level 3 inputs are unobservable inputs for the asset or liability. CEMEX Latam used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial, discounted cash flows or multiples of Operative EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

2G) INVENTORIES (note 11)

Inventories are valued using the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The Company analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value. The positive and negative adjustments related with the valuation of inventory are recognized against the results of the period. Advances to suppliers of inventory are presented as part of other short-term accounts receivable.

(Thousands of U.S. dollars)

2H) PROPERTY, MACHINERY AND EQUIPMENT (note 13)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is recognized as part of cost and operating expenses (note 4), and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method.

As of December 31, 2014, the average useful lives by category of fixed assets are as follows:

	Years
Administrative buildings	35
Industrial buildings	33
Machinery and equipment	18
Ready-mix trucks and motor vehicles	8
Office equipment and other assets	6

The Company capitalizes, as part of the historical cost of fixed assets, interest expense arising from existing debt during the construction or installation period of significant fixed assets, considering the Company's corporate average interest rate and the average balance of investments in process for the period.

Stripping costs in the production phase surface mine, the costs of waste removal or stripping costs that are incurred in a quarry during the production, and result in better access to mineral reserves are recognized as part of the carrying amount of the related quarries. Capitalized amounts are amortized over the estimated exposed materials based on a unit of production life.

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Periodic maintenance on fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

2I) BUSSINES COMBINATIONS, GOODWILL, INTANGIBLE ASSETS AND DEFERRED ASSETS (note 14)

Business combinations are recognized using the purchase method, by allocating the purchase price consideration transferred to assume control of the entity to all assets acquired and liabilities assumed based generally on their estimated fair values as of the acquisition date. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 2L). Goodwill can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase whenever appropriate to circumstances existing at the time of acquisition decision. Costs associated with the acquisition are recognized in the income statement as they are incurred.

The Company capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated with the assets are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost, as applicable. Such assets are classified as having a definite or indefinite life; the latter are not amortized since the period cannot be accurately established in which the benefits associated with such intangibles will terminate. Amortization of intangible assets of definite life is calculated under the straight-line method and recognized as part of costs and operating expenses (note 4).

As of December 31, 2015, the Company's rights and licenses, clients' relationships and other intangible assets are amortized on a straight line basis over their useful lives that range on average from approximately 5 to 40 years. At expiration, certain permits can be extended for new periods of up to 40 years.

2J) IMPAIRMENT OF LONG LIVED ASSETS (notes 13 and 14B)

Impairment of property, machinery and equipment, intangible assets of definite life and other investments

Property, machinery and equipment, intangible assets and investments are tested for impairment upon the occurrence of factors such as a significant adverse event, changes in the Company's operating environment, changes in projected use or in technology, as well as expectations of lower operating results that could affect for each cash generating unit which are integrated, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recorded in income statement for the period when such determination is made within "Other expenses, net." The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher between the fair value of the asset, less costs to sell such asset, the latter represented by the net present value of estimated cash flows related to the use and eventual disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and values in use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to market information available and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year, by determining the recoverable amount of the group of cash-generating units ("CGUs") to which goodwill balances have been allocated, which consists of the higher of such group of CGUs fair value, less cost to sell and its value in use, represented by the discounted amount of estimated future cash flows to be generated by such CGUs to which goodwill has been allocated. Other intangible assets of indefinite life may be tested at the CGU or group of CGUs level, depending on their allocation. The Company determines discounted cash flows generally over periods of 5 years. In specific circumstances, when, according to the Company experience, actual results for a given cash-generating unit do not fairly reflect historical performance and most external economic variables provide the Company with confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to 10 years, to the extent the Company has detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. The number of additional periods above the standard period of 5 years of cash flow projections up to 10 years is determined by the extent to which future expected average performance resembles the historical average performance. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, the Company determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. An impairment loss is recognized within other expenses, net, if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

The geographic operating segments reported by the Company (note 3), represent the Company's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment. In arriving at this conclusion, the Company considered: a) that after the acquisition, goodwill was allocated at the level of the geographic operating segment; b) that the operating components that comprise the reported segment have similar economic characteristics; c) that the reported segments are used in CEMEX Latam to organize and evaluate its activities in its internal information system; d) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) that the compensation is based on the consolidated results of the geographic operating segment. In addition, the country level represents the lowest level within CEMEX Latam at which goodwill is monitored for internal management purposes.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, CEMEX Latam uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil. CEMEX Latam uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows related.

2K) PROVISIONS

The Company recognizes provisions for diverse items, including environmental remediation such as quarries reforestation when it has a legal or constructive present obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources. These provisions reflect the estimate disbursement's future cost and are generally recognized at its net present value, except when there is not clarity when disbursed or when the economic effect for time passing is not significant. Reimbursements from insurance companies are recognized as an asset only when the recovery is practically certain, and if necessary, such asset is not offset by the recognized cost provision. The entity does not have a constructive obligation to pay levies imposed by governments that will be triggered by operating in a future period; consequently, provisions for such levies imposed by governments are recognized until the critical event or the activity that triggers the payment of the levy has occurred, as defined in the legislation.

Restructuring

CEMEX Latam recognizes provisions for restructuring costs only when the restructuring plans have been properly finalized and authorized by management, and have been communicated to the third parties involved and/or affected by the restructuring prior to the balance sheet date. These provisions may include costs not associated with CEMEX Latam ongoing activities.

Asset retirement obligations (note 16)

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' book value. The increase to the assets' book value is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to "other financial income (expenses), net" in the income statement. Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively. These liabilities relate mainly to the future costs of demolition, cleaning and reforestation, to leave under certain conditions the quarries, the maritime terminals, as well as other productive sites.

Commitments and contingencies (notes 22 y 23)

Obligations or losses related to contingencies are recognized as liabilities in the consolidated balance sheet when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably; otherwise, a qualitative disclosure is included in the notes to the consolidated financial statement. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements considering the substance of the agreements based on an incurred or accrued basis. Relevant commitments are disclosed in the notes to the financial statement. The company does not recognize contingent revenues, income or assets, unless their realization is virtually certain.

2L) POSTRETIREMENT EMPLOYEE BENEFITS (note 18)

Defined contributions pension plans

The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating prospective obligations.

Defined benefit pension plans, other postretirement benefits and termination benefits

Considering that there is no defined benefit plan for active employees, CEMEX Latam recognizes the costs associated with employee benefits paid under the current plan during the period of payment of the benefits based on actuarial estimates of the present value of the obligations with the assistance of external actuaries. Actuarial assumptions consider the use of nominal rates. Actuarial gains or losses for the period, resulting from differences between projected actuarial assumptions and actual at the end of the period are recognized within "Other equity reserves" in stockholders' equity. The financial expense is recognized within "Other financial expenses, net." As of December 31, 2015 and 2014 there are no defined contribution plans for active employees.

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses during the period in which such modifications become effective with respect to the employees or without delay if changes are effective immediately. Likewise, the effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized within operating costs and expenses.

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

2M) INCOME TAXES (note 19)

The effects reflected in the income statement for income taxes include the amounts incurred during the period and the amounts of deferred income taxes, determined according to the income tax law applicable to each entity. consolidated deferred income taxes represent the addition of the amounts determined in each entity by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The measurement of deferred income taxes reflects the tax consequences that follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes for the period represent the difference between balances of deferred income taxes at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. All items charged or credited directly in stockholders' equity or as part of other comprehensive income for the period are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is considered that it would not be possible that the related tax benefit will be realized. In conducting such assessment, the Company analyzes the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where the Company believes, based on available evidence, that the tax authorities would not reject such tax loss carryforwards; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If the Company believes that it is probable that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if the Company believes that it would not be able to use a tax loss carryforward before its expiration or any other deferred tax asset, the Company would not recognize such deferred tax asset. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, the Company takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, the Company analyzes its actual results versus the estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect the Company statements of operations in such period.

Income tax – continued

The tax amounts and deferred income included in the statements of income for the period are highly variable, and are subject among other factors, to the determined taxable income in each jurisdiction in which CEMEX operates Latam. The amounts of taxable income depend on factors such as volumes and selling prices, costs and expenses, fluctuations in exchange rates and interest on debt, among others, as well as tax assets estimated at the end of the period based on the expected generation of future taxable income in each jurisdiction.

2N) STOCKHOLDERS' EQUITY

Common stock and additional paid-in capital (note 20A)

These items represent the value of stockholders' contributions, and include the recognition of executive compensation programs in CPOs.

Other equity reserves (note 20B)

This caption groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements presented in the statements of comprehensive income (loss) which reflects in the stockholders' equity, net in the period that do not result from investments by owners and distributions to owners. The most significant items within "Other equity reserves" during the reported periods are as follows:

- Currency translation effects from the consolidated financial statement of foreign entities;
- Actuarial gains and losses; and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity.

Retained earnings (note 20C)

Retained earnings represent the cumulative net results of prior accounting periods, net, as applicable, of the dividends declared to stockholders.

Non-controlling interest (note 20D)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated entities.

2O) REVENUE RECOGNITION

The Company's consolidated net sales represent the value, before tax on sales, of revenues originated by products and services sold by consolidated entities as a result of their ordinary activities, after the elimination of transactions between consolidated entities, and are quantified at the fair value of the consideration received or receivable, decreased by any trade discounts or volume rebates granted to customers. Revenue from the sale of goods and services is recognized when goods are delivered or services are rendered to customers, there is no condition or uncertainty implying a reversal thereof, and they have assumed the risk of loss.

Revenues and costs associated with construction contracts are recognized in the period in which the work is performed by reference to the stage of completion of the contract activity at the end of the period, considering that: a) each party's enforceable rights regarding the asset to be constructed; b) the consideration to be exchanged; c) the manner and terms of settlement; d) actual costs incurred and contract costs required to complete the asset are effectively controlled; and e) it is probable that the economic benefits associated with the contract will flow to the Company.

The percentage of completion of construction contracts represents the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or the surveys of work performed or the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Progress payments and advances received from customers do not reflect the work performed and are recognized as a short or long term advanced payments, as appropriate.

2P) EXECUTIVE STOCK-BASED COMPENSATION (note 20E)

The compensation programs granted to the Company's executives based on CEMEX, S.A.B de C.V. and CEMEX Latam Holdings S.A. are treated as equity instruments, considering that services received from such employees are settled delivering shares. The costs of equity instruments represent their fair value at the date of grant and are recognized in the income statement during the period in which the exercise rights of the employees become vested as services are rendered.

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

Cost of sales represents the production cost of inventories at the moment of sale. Such cost 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. In 2015 and 2014, selling expenses included as part of the administrative and selling expenses line item amounted to $37,448 and $$40,475, respectively.

2R) CONCENTRATION OF CREDIT

The Company sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Company operates. As of and for the years ended December 31, 2015 and 2014, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

2S) NEWLY ISSUED IFRS NOT YET EFFECTIVE

There are a number of IFRS issued as of the date of issuance of these financial statements but which have not yet been adopted, which are listed below. Except as otherwise indicated, CEMEX expects to adopt these IFRS when they become effective.

- IFRS 9, *financial instruments: classification and measurement* ("IFRS 9"). Phase 1: during 2009 and 2010, the IASB issued the chapters of IFRS 9 relating to the classification and measurement of financial assets and liabilities, and incorporated limited amendments in July 2014 for the classification and measurement of financial assets. Phase 2: in July 2014, the IASB added to IFRS 9 the impairment requirements related to the accounting for expected credit losses on an entity's financial assets and commitments to extend credits. Phase 3: in November 2013, the IASB added to IFRS 9 the requirements related to hedge accounting. As intended by the IASB, IFRS 9 will replace IAS 39 in its entirety. IFRS 9 requires an entity to recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, and includes a category of financial assets at fair value through other comprehensive income for simple debt instruments. In respect to impairment requirements, IFRS 9 eliminates the threshold set forth in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognized, instead, an entity always accounts for expected credit losses, and changes in those expected losses through profit or loss. In respect to hedging activities, the requirements of IFRS 9 align hedge accounting more closely with an entity's risk management through a principles-based approach. Nonetheless, the IASB provided entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 until the IASB completes its project on the accounting for macro hedging. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in this standard at the same time. The Company is currently evaluating the impact that IFRS 9 will have on the classification and measurement of its financial assets and financial liabilities, impairment of financial assets and hedging activities. Preliminarily, The Company does not expect a significant effect. Nonetheless, The Company is not considering an early application of IFRS 9.

- In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers* ("IFRS 15"). The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contracts(s) with a customer, which is an agreement between two or more parties that creates enforceable rights and obligations; Step 2: Identify the performance obligations in the contract, considering that if a contract includes promises to transfer distinct goods or services to a customer, the promises are performance obligations and are accounted for separately; Step 3: Determine the transaction price, which is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; Step 4: Allocate the transaction price to the performance obligations in the contract, on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation, by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). IFRS 15 also includes disclosure requirements that would provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will supersede all existing guidance on revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted considering certain additional disclosure requirements. The Company is currently evaluating the impact that IFRS 15 will have on the recognition of revenue from its contracts with customers. Preliminarily, The Company does not expect a significant effect. Nonetheless, The Company is not considering an early application of IFRS 15.

(Thousands of U.S. dollars)

Newly issued IFRS not yet effective – continued

- On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), which will supersede all current standards and interpretations related to lease accounting. IFRS 16 defines leases as any contract or part of a contract that conveys to the lessee the right to use an asset for a period of time in exchange for consideration and the lessee directs the use of the identified asset throughout that period. In summary, IFRS 16 introduces a single lessee accounting model, and requires a lessee to recognize, for all leases with a term of more than 12 months, unless the underlying asset is of low value,, assets for the "right-of-use" the underlying asset against a corresponding financial liability, representing the net present value of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability A lessee shall present either in the balance sheet, or disclose in the notes, right-of-use assets separately from other assets, as well as, lease liabilities separately from other liabilities. IFRS 16 is effective beginning January 1, 2019, with early adoption permitted considering certain requirements. CEMEX Latam is evaluating the impact that IFRS 16 will have on the recognition of its lease contracts. Preliminarily, it is considered that upon adoption of IFRS 16, most current operating leases will be recognized on balance sheet increasing assets and liabilities, with no significant initial effect on CEMEX Latam net assets. CEMEX Latam is not considering the early application of IFRS 16.

3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS

The operating Segments, are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

The Company's operations had been previously managed by a regional president who supervised and was responsible for all the business activities in the countries comprising the region. These activities refer to the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials, the allocation of resources and the review of their performance and operating results. The country manager, who is one level below the regional president in the organizational structure, reports the performance and operating results of its country to the regional president, including all the operating sectors. The Company's top management internally evaluates the results and performance of each country for decision-making purposes and allocation of resources, following a vertical integration approach considering: a) that the operating components that comprise the reported segment have similar economic characteristics; b) that the reported segments are used by the Company to organize and evaluate its activities in its internal information system; c) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; d) the vertical integration in the value chain of the products comprising each component; e) the type of clients, which are substantially similar in all components; f) the operative integration among components; and g) that the compensation system of a specific country is based on the consolidated results of the geographic segment and not on the particular results of the components. According to this approach, in the Company's daily operations, management allocates economic resources and evaluates operating results on a country basis rather than on an operating component basis.

Considering the financial information that is regularly reviewed by the Company's top management, each of the counties in which the Company operates represents reportable operating segments. However, for disclosure purposes in the notes to the financial statements, considering similar regional and economic characteristics and/or the fact that certain countries do not exceed the materiality thresholds included reported separately, such countries have been aggregated and presented as single line items as follows: a) "Rest of CLH" is mainly comprised of: a) operations in Guatemala, Nicaragua, El Salvador and Brazil. While the segment "Others" refers to the Parent Company, including the corporate offices of the Company in Spain and research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

The main indicator used by the Company management to evaluate the performance of each country is "Operating EBITDA", representing operating earnings before other expenses, net, plus depreciation and amortization, considering that such amount represents a relevant measure for the Company management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure the Company ability to service or incur debt. Operating EBITDA should not be considered as an indicator of the Company financial performance, as an alternative to cash flow, as a measure of liquidity, or as being comparable to other similarly titled measures of other companies. This indicator, which is presented in the selected financial information by geographic operating segment, is consistent with the information used by the Company's management for decision-making purposes. The accounting policies applied to determine the financial information by geographic operating segment are consistent with those described in note 2. The Company recognizes sales and other transactions between related parties based on market values.

Selected consolidated income statements' information by geographic operating segments for the years ended December 31, 2015 and 2014 are as follow:

2015	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Other financial expenses, net
Colombia ....$	724,826	(117)	724,709	248,153	(26,084)	222,069	4,067	(20,572)	(2,123)
Panama..................	284,694	(167)	284,527	117,241	(18,478)	98,763	10,983	(6,712)	142
Costa Rica.............	181,276	(14,345)	166,931	68,983	(6,331)	62,652	140	(515)	37
Rest of CLH..........	271,842	(3,299)	268,542	72,777	(5,124)	67,653	314	(4,320)	987
Others	(17,651)	–	(17,651)	(57,382)	(28,937)	(86,319)	(98,864)	(41,629)	(59)
Total.......................$	1,444,987	(17,929)	1,427,058	449,772	(84,954)	364,818	(83,360)	(73,748)	(1,016)

(Thousands of U.S. dollars)

Net sales by product and geographic operating segment – continued

2014	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Other financial expenses, net
Colombia $	993,386	(63)	993,323	313,259	(35,873)	277,386	(4,439)	(22,035)	(3,074)
Panama	315,244	–	315,244	124,135	(30,906)	93,229	844	(6,378)	128
Costa Rica	164,560	(12,057)	152,503	62,273	(6,952)	55,321	549	(462)	(308)
Rest of CLH	278,059	(1,230)	276,829	65,718	(22,078)	43,640	1,557	(234)	1,057
Others	(13,189)	–	(13,189)	11,555	–	11,555	(1,269)	(61,340)	1
Total $	1,738,060	(13,350)	1,724,710	576,940	(95,809)	481,131	(2,758)	(90,449)	(2,196)

Net sales by product and geographic operating segments for the years ended December 31, 2015 and 2014 are as follows:

2015	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia $	398,623	274,024	15,772	36,290	–	724,709
Panama	180,017	85,552	4,387	14,571	–	284,527
Costa Rica	111,354	18,742	18,267	18,568	–	166,931
Rest of CLH	207,831	25,145	4,952	30,614	–	268,542
Others	–	–	–	–	(17,651)	(17,651)
Total $	897,825	403,463	43,378	100,043	(17,651)	1,427,058

2014	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia $	565,283	366,677	18,558	42,805	–	993,323
Panama	193,417	92,716	3,045	26,066	–	315,244
Costa Rica	110,459	15,300	9,481	17,263	–	152,503
Rest of CLH	227,646	24,166	4,050	20,967	–	276,829
Others	–	–	–	–	(13,189)	(13,189)
Total $	1,096,805	498,859	35,134	107,101	(13,189)	1,724,710

As of December 31, 2015 and 2014, selected consolidated balance sheets' information by geographic segments is as follows:

2015	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia $	1,826,232	645,873	1,180,359	156,429
Panama	569,798	240,907	328,891	18,659
Costa Rica	92,199	36,158	56,041	9,465
Rest of CLH	237,768	173,360	64,408	11,364
Others	470,933	783,817	(312,884)	–
Total $	3,196,930	1,880,115	1,316,815	195,917

2014	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia $	2,161,327	739,046	1,422,281	103,615
Panama	521,661	193,934	327,727	10,345
Costa Rica	83,653	28,509	55,144	6,022
Rest of CLH	239,679	134,809	104,870	22,739
Others	477,620	986,709	(509,089)	16,005
Total $	3,483,940	2,083,007	1,400,933	158,726

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the years ended December 31, 2015 and 2014 is detailed as follows:

	2015	2014
Depreciation and amortization expense of assets used in the production process $	62,564	69,354
Depreciation and amortization expense of assets used in administrative and selling activities	22,390	26,455
$	84,954	95,809

(Thousands of U.S. dollars)

5) OTHER EXPENSES, NET

Other expenses detail net, in 2015 and 2014 is as follows:

		2015	2014
Damages recoveries	$	379	3,565
Impairment losses		(62,366)	(1,227)
Results from valuation the sale of assets, sale of scrap and other products and non-operating expenses, net		(13,107)	(161)
Severance payments for reorganization and other personnel costs		(6,243)	(2,943)
Assumed taxes, fines, and other penalties		(2,023)	(1,992)
	$	(83,360)	(2,758)

As described in 14A and 14B notes, during 2015, as a result of impairment testing and considering various unfavorable factors in Brazil, the Company recognized impairment losses in that country on assets such as operation licenses and goodwill for aggregate amount of approximately $ 62.366.

6) OTHER FINANCIAL EXPENSES, NET

Other financial expenses, net in 2015 and 2014 are as follows:

		2015	2014
Interest cost on employee benefits	$	(2,763)	(4,513)
Financial income		1,747	2,317
	$	(1,016)	(2,196)

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of December 31, 2015 and 2014 are as follows:

		2015	2014
Cash and bank accounts	$	47,386	38,223
Fixed-income securities and other cash equivalents		6,249	13,549
	$	53,635	51,772

8) TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable as of December 31, 2015 and 2014 are detailed as follows:

		2015	2014
Trade accounts receivable	$	97,265	123,900
Allowances for doubtful accounts		(5,697)	(1,897)
	$	91,568	122,003

Allowances for doubtful accounts are established according to the credit history and risk profile of each customer. Changes in the valuation of this caption allowance for doubtful accounts for the years ended December 31, 2015 and 2014 consists of:

		2015	2014
Allowances for doubtful accounts at beginning of the period	$	1,897	2,654
Charged to selling expenses		5,701	3,251
Deductions		(1,901)	(4,008)
Allowances for doubtful accounts at end of the period	$	5,697	1,897

(Thousands of U.S. dollars)

9) TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of December 31, 2015 and 2014 are detailed as follows:

Short-term accounts receivable		**2015**	**2014**
CEMEX Research Group, AG	$	1,674	–
CEMEX Denmark ApS		627	17
CEMEX Central, S.A. de C.V		383	67
CEMEX de Puerto Rico, Inc.		237	71
CEMEX, S.A.B. de C.V.		173	–
New Sunward Holding B.V.		76	–
CEMEX Dominicana, S.A.		37	33
Business Material Funding SL		15	15
Construction Funding Corporation		–	67
Total assets with related parties	$	3,222	270

Short-term accounts payable		**2015**	**2014**
New Sunward Holding B.V.[1]	$	144,027	–
CEMEX España, S.A. [2]		113,245	1,522
CEMEX Trading, LLC [3]		5,687	9,539
CEMEX Holdings Inc. [4]		2,488	–
CEMEX Research Group, AG [5]		1,132	5,876
CEMEX Internacional, S.A. de C.V.		891	–
CEMEX Central, S.A. de C.V.		540	2,294
CEMEX México, S.A. de C.V		217	–
Fujur, S.A. de C.V.		174	164
Pro Ambiente, S.A. de C.V.		71	38
CEMEX Perú, S.A.		22	–
CEMEX Jamaica Limited		13	–
Construction Funding Corporation		–	65,699
CEMEX, S.A.B. de C.V.		–	1,039
CEMEX Hungary K.F.T.		–	79,075
Others		5	–
	$	268,512	165,246

Long-term accounts payable		**2015**	**2014**
New Sunward Holding B.V. [1]	$	822,388	–
Construction Funding Corporation		–	554,280
CEMEX Hungary K.F.T.		–	371,633
CEMEX España, S.A.		–	112,010
	$	822,388	1,037,923
Total liabilities with related parties	$	1,090,900	1,203,169

1. On January 1, 2015, as a result of changes in CEMEX treasury structure, Construction Funding Corporation ("CFC") and CEMEX Hungary K.F.T. ("CEMEX Hungary") transferred to New Sunward Holding, B.V., a Dutch company also belonging to CEMEX, the outstanding credits and loans that had been granted by CFC and CEMEX Hungary to the Company. The terms and conditions of such credits and loans were not affected by the transfer. The balances as of December 31, 2015 and 2014 include: a) loan agreement and accrued interest negotiated by Corporación Cementera Latinoamericana S.L.U. of $349,978 in 2015 and $350,063 in 2014; b) loan agreement and accrued interest negotiated by CEMEX Latam Holdings, S.A. of $85,020 in 2015 and $112,725 in 2014, as well as a revolving credit of $85,315 in 2015 and $32,792 in 2014; c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of $128,458 in 2015 and $124,399 in 2014; and d), loan agreement and accrued interest negotiated by CEMEX Bogotá Investments B.V. of $317,644 in 2015 and $450,708 in 2014.
2. Of a loan originally negotiated by CEMEX Colombia with CEMEX España in October 2010. At its maturity in December 2014, this loan was renegotiated on market conditions at LIBOR to sox month rate plus 275 basis points, and its new maturity is on December 28, 2016.
3. The outstanding balances were generated mainly from imports of cement by CEMEX LAN Trading Corporation.
4. The outstanding balances were generated mainly from imports of cement grey.
5. Royalties on technical assistance agreements, use of licenses and brands, software and administrative processes.

(Thousands of U.S. dollars)

Transactions with related parties – continued

The maturities of non-current accounts payable as of December 31, 2015 are as follows:

Debtor		2017	2018	Total
CEMEX Bogotá Investments B.V. (7% annual)	$	79,065	159,348	238,413
Corporación Cementera Latinoamericana, S.L.U. (7% annual)		31,270	285,170	316,440
CEMEX Latam Holdings, S.A. (7% annual)		27,585	112,900	140,485
Cemento Bayano, S.A. (3M LIBOR + 415 bps) [1]		–	127,050	127,050
	$	137,920	684,468	822,388

1 The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in dollars. On December 31, 2015, 3 and 6-month LIBOR was 0.613% y 0.846%, respectively. The contraction "bps" means basis points. One hundred bps equals 1%.

The Company's main transactions entered into with related parties for the years ended December 31, 2015 and 2014 are shown below:

Purchases of raw materials		2015	2014
CEMEX Trading, LLC	$	57,584	89,568
CEMEX Holdings Inc.		3,892	–
CEMEX Internacional, S.A. de C.V.		1,820	–
CEMEX Denmark ApS.		–	553
	$	63,296	90,121

Administrative and sale expenses		2015	2014
CEMEX Central, S.A. de C.V.	$	36	52
Fujur, S.A. de C.V.		–	(20)
Otros		2	6
		38	38

Royalties and technical assistance (note 22B)		2015	2014
CEMEX Research Group, AG.	$	43,071	48,864
CEMEX Central, S.A. de C.V.		20,302	26,748
CEMEX, S.A.B. de C.V.		7,966	10,615
	$	71,339	86,227

Financial expenses		2015	2014
New Sunward Holding B.V.	$	69,316	–
CEMEX España, S.A.		3,603	6,352
Construction Funding Corporation		95	41,112
CEMEX Hungary K.F.T.		88	34,517
	$	73,102	81,981

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 years ended December 31, 2015 and 2014, the members of the Parent Company's Board of Directors, in consideration for services rendered, accrued compensation of approximately $297 and $318, respectively. There are no advances or loans granted by the Company to such directors and the Company has not provided guarantee on any directors' obligations. Moreover, the Company has not assumed obligations for pensions or insurance for such directors.

In addition, for the years ended December 31, 2015 and 2014, the aggregate compensation amounts accrued by members of the Company's top management were approximately $5,395 and $7,930, respectively. The following totals $4,885 for 2015 and $5,564 for 2014, correspond with remuneration base plus performance bonuses including pensions and other postretirement benefits. In addition, approximately $510 in 2015 and $2,366 in 2014 aggregate remuneration corresponded to allocations of shares to the executive compensation programs CEMEX and the Parent Company.

In the cement operations in Panama, which represented approximately 12% of consolidated sales in 2015, 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., indirectly parent Company, has a participation of a 25% in the capital of Industrias Básicas, S.A.

(Thousands of U.S. dollars)

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of December 31, 2015 and 2014 consisted of:

		2015	2014
Non-trade accounts receivable	$	7,271	13,757
Restricted cash [1]		4,401	4,924
Loans to employees and others		1,022	842
	$	12,694	19,523

1 Restricted cash refers to guaranty deposits made by CEMEX Colombia to Liberty Seguros, S.A. and by CEMEX Panama to Citibank, N.A. to secure the letter of credit acquired in the execution of the contract of the Panama Canal.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of December 31, 2015 and 2014 are detailed as follows:

		2015	2014
Loans and notes receivable [1]	$	18,548	17,537
Guaranty deposits and VAT recoverable [2]		1,955	3,224
Other non-current assets [3]		365	3,454
	$	20,868	24,215

1 The combined balances of these lines items mainly include: a) a fund of CEMEX Panama to secure seniority premium payments as of December 31, 2015 and 2014 of $2,270 and $2,205, respectively; b) Certified Emission Reductions ("CERs") granted by the United Nations to qualified projects in Colombia and Costa Rica for the reduction of CO2 emissions of $1,792 as of December 31, 2015 and $2,746 as of December 31, 2014; c) advance payments for the purchase of fixed assets of $8,464 as of December 31, 2015 and $4,347 as of December 31, 2014; and iv) accounts receivable from the sale of land of $3,433 as of December 31, 2015. e) Formwork for the construction of houses in Costa Rica $ 1.40.

2 Refers mainly to VAT account receivable in El Salvador of $1,315 as of December 31, 2015 and $1,589 as of December 31, 2014 as well as judicial deposits in Brazil of $640 as of December 31, 2015 and $943 as of December 31, 2014.

3 Refer main other investments of Colombia, Panama, Costa Rica Guatemala and Nicaragua for $365 as of December 31 , 2015 and to assets received as payments in kind of $3,025 as of December 31, 2014 for which there is no current plan to sell.

11) INVENTORIES

Consolidated balances of inventories as of December 31, 2015 and 2014 are summarized as follows:

		2015	2014
Materials	$	31,994	32,204
Finished goods		13,289	16,072
Work-in-process		19,921	20,612
Raw materials		18,558	18,763
Inventory in transit		3,290	16,075
Other inventories		343	343
Allowance for obsolescence		(1,261)	(1,248)
	$	86,134	102,821

12) OTHER CURRENT ASSETS

As of December 31, 2015 and 2014 consolidated other current assets consisted of:

		2015	2014
Advance payments [1]	$	11,938	14,397
Assets held for sale [2]		2,483	3,950
	$	14,421	18,347

1 As of December 31, 2015 and 2014, the line item of advance payments includes $11,954 and $14,056, 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 Guatemala.

(Thousands of U.S. dollars)

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2015 and 2014 the consolidated balances of property, machinery and equipment, net consisted of:

		2015				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress [1,2]	Total
Cost at beginning of the period	$	241,215	165,881	694,896	149,258	1,251,250
Capital expenditures [1, 2]		6,037	7,660	35,076	147,144	195,917
Total additions		6,037	7,660	35,076	147,144	195,917
Disposals		(666)	(801)	(7,822)	–	(9,289)
Reclassifications		532	43,654	83,323	(127,509)	–
Depreciation and depletion for the period		(7,554)	(8,840)	(46,170)	–	(62,564)
Foreign currency translation effects		(35,678)	(22,135)	(91,686)	(21,178)	(170,677)
Cost at end of the period		211,439	194,258	713,789	147,715	1,267,201
Accumulated depreciation and depletion		(20,212)	(31,076)	(122,554)	–	(173,842)
Net book value at end of the period	$	191,228	163,183	591,233	147,715	1,093,359

		2014				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress [1,2]	Total
Cost at beginning of the period		273,751	179,284	754,396	94,096	1,301,527
Capital expenditures		3,335	4,057	58,017	93.317	158,726
Total additions		3,335	4,057	58,017	93,317	158.726
Disposals		(1,003)	(620)	(6,695)	–	(8,318)
Impairment [3]		–	–	(1,227)	–	(1,227)
Depreciation and depletion for the period		(5,942)	(11,353)	(23,081)	–	(40,376)
Foreign currency translation effects		(34,868)	(16,840)	(109,595)	(38,155)	(199,458)
Cost at end of the period	$	241,215	165,881	694,896	149,258	1,251,250
Accumulated depreciation and depletion		(16,432)	(24,148)	(95,749)	–	(136,329)
Net book value at end of the period	$	224,783	141,733	599,147	149,258	1,114,921

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 approximate capacity of 1.1 million tons. The first phase included the construction of a cement mill, which is in testing and is considered to start commercial operations in the short term. The next phase is expected to be completed by the second half of 2016. CEMEX Latam estimated an approximately investment of $340 million, of which at December 31, 2015 has invested $185 million approximately.

2 In addition, during 2014, the Company began construction of a cement mill in Nicaragua with a milling capacity of 440,000 tons per year to complete the two phases of development with an estimated $50 million, of which the total investment December 31, 2015, have invested $22 million approximately. Grinding in the first phase began operations in February 2015.

3 During 2014, for replacement of some equipment, was recognized impairment losses of equipments in Nicaragua and Guatemala

14) GOODWILL AND INTANGIBLE ASSETS

14A) BALANCES

As of December 31, 2015 and 2014, consolidated goodwill, intangible assets and deferred assets is summarized as follows:

		2015			2014		
		Cost [1]	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Intangible assets of indefinite useful life							
Goodwill	$	1,575,396	–	1,575,396	1,704,635	–	1,704,635
Intangible assets of definite useful life							
Customer relations		192,753	(67,392)	125,361	193,545	(48,224)	145,321
Extraction permits and licenses		100,940	(15,616)	85,324	166,029	(12,426)	153,603
Industrial property and trademarks		1,410	(1,273)	137	1,959	(1,150)	809
Mining projects		705	(28)	677	444	(20)	424
Other intangibles and deferred assets		–	–	–	782	(100)	682
	$	1,933,570	(146,675)	1,786,895	2,067,394	(61,920)	2,005,474

1 Included impairment losses in goodwill $44,983 and extraction permits and licenses $17,383.

(Thousands of U.S. dollars)

Goodwill and intangible assets – continued

Changes in intangible assets during the year ended December 31, 2015 and 2013 are as follows:

		2015				
		Goodwill	Customer relations	Rights and licenses	Others	Total
Net book value at beginning of the period	$	1,704,635	145,321	153,603	1,915	2,005,474
Amortization during the period		–	(19,168)	(3,190)	(31)	(22,389)
Impairment losses		(44,983)	–	(17,383)	–	(62,366)
Foreign currency translation effects		(84,256)	(792)	(47,706)	(1,070)	(133,824)
Net book value at end of the period	$	1,575,396	125,361	85,324	814	1,786,895

		2014				
		Goodwill	Customer relations	Rights and licenses	Others	Total
Net book value at beginning of the period	$	1,802,149	160,372	189,460	2,671	2,154,652
Amortization during the period		–	(19,216)	(4,654)	(485)	(24,355)
Foreign currency translation effects		(97,514)	4,166	(31,203)	(271)	(124,823)
Net book value at end of the period	$	1,704,635	145,321	153,603	1,915	2,005,474

When impairment indicators exist, for each intangible asset, CEMEX Latam determines its projected revenue streams over the estimated useful life of the asset. In order to obtain discounted cash flows attributable to each intangible asset, such revenues are adjusted for operating expenses, changes in working capital and other expenditures, as applicable, and discounted to net present value using the risk adjusted discount rate of return. Significant management judgment is necessary to determine the appropriate valuation method and estimates under the key assumptions, among which are: a) the useful life of the asset; b) the risk adjusted discount rate of return; c) royalty rates; and d) growth rates. Assumptions used for these cash flows are consistent with internal forecasts and industry practices.

During the last quarter of 2015 for factors describes in the note 14B, the company recognized impairment losses about operating segment in Brazil for the total $62,366, corresponding $44,983 to goodwill and $17,383 the operation licenses. The total amount of losses corresponds to an excess in the book value of the operating segment over the value in use, represented by the present value of the estimated cash flows.

The fair values of intangible assets are very sensitive to changes in the significant assumptions used in their calculation. Certain key assumptions are more subjective than others. In respect of trademarks, CEMEX Latam considers that the most subjective key assumption in the determination of revenue streams is the royalty rate. In respect of extraction rights and customer relationships, the most subjective assumptions are revenue growth rates and estimated useful lives. CEMEX Latam validates its assumptions through benchmarking with industry practices and the corroboration of third party valuation advisors.

14B) ANALYSIS OF GOODWILL IMPAIRMENT

As of December 31, 2015 and 2014, goodwill balances allocated by operating segment are as follows:

		2015	2014
Costa Rica	$	450,048	449,504
Panama		344,703	344,703
Colombia		303,971	354,581
Guatemala		237,297	239,128
Nicaragua		224,289	235,504
El Salvador		15,088	15,088
Brazil		–	66,127
	$	1,575,396	1,704,635

The Company assesses impairment of goodwill balances at least once a year during the last quarter of the year, or sooner if there is evidence, at the level of groups of CGUs to which are assigned the balances of goodwill and are commonly made of the operation, segments corresponding to the operations of the Company in each country.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the Company products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the long-term growth rates applied.

(Thousands of U.S. dollars)

Goodwill and intangible assets – continued

CEMEX Latam cash flow projections to determine the value in use of its CGUs to which goodwill has been allocated consider the use of long-term economic assumptions. The Company believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering, among other factors that: a) the cost of capital reflects current risks and volatility in the markets; and b) the cost of debt represents the average of industry specific interest rates observed in recent transactions. Other key assumptions used to determine CEMEX Latam discounted cash flows are volume and price increases or decreases by main product during the projected periods. Volume increases or decreases generally reflect forecasts issued by trustworthy external sources, occasionally adjusted based on CEMEX Latam actual backlog, experience and judgment considering its concentration in certain sectors, while price changes normally reflect the expected inflation in the respective country. Operating costs and expenses during all periods are maintained as a fixed percent of revenues considering historic performance

During the last quarter of 2015, CEMEX Latam recognized impairment losses of goodwill in the CGU group which had been allocated to the operating segment of Brazil for $ 44.983. During 2015, in a very accelerated way and in a somewhat surprising in relation to the existing expectation at the end of 2014, several indications of deterioration in Brazil were materialized, among others: a) the continued devaluation of the real, that only in 2015, depreciated approximately 47%, b) the fall in international prices of raw materials and oil, c) high inflation and unemployment, d) fiscal deficit of the government, and e) political crisis, all these factors affect government expenses in infrastructure and construction, and therefore the sale of cement, conjugated and / or worsened during 2015, according to specialists, an economic recovery is not likely without the approval of structural reforms. According to International Monetary Fund data, in 2015, the growth rate of the economy was negative 3.8%, and it is estimated that by 2016 will be negative by 3.5% and 0% in 2017. This coincided with the mentioned annual impairment analysis of goodwill, through which, the Company determined the aforementioned impairment losses representing the entire goodwill allocated to the operating segment. They showed no impairment losses on other operating segments during 2015 and 2014.

As of December 31, 2015 and 2014, pre-tax discount rates and long-term growth rates used to determine the discounted cash flows in the group of CGUs with the main goodwill balances are as follows:

	Discount rates		Growth rates	
Groups of CGUs	**2015**	**2014**	**2015**	**2014**
Costa Rica	10.4%	10.4%	4.3%	4.3%
Colombia	9.8%	9.7%	4%	3.0%
Panama	9.8%	9.7%	3.0%	3.0%
Nicaragua	13.2%	11.6%	4.2%	4.0%
Guatemala	10.2%	10.3%	3.9%	3.5%
Brazil	10.2%	10.0%	1.6%	3.1%
El Salvador	11.3%	11.0%	2.3%	2.0%

As of December 31, 2015, the discount rates used by CEMEX Latam in its cash flows projections generally decreased from the values determined in 2014, mainly as a result of the reduction of the funding cost observed in the industry as compared to the prior year and the reduction in the risk free rate, significant assumptions in the determination of the discount rates. The funding cost increased from 6.1% in 2014 to 6.9% in 2015 while the risk-free rate increased from 3.1% in 2014 to 3.2% in 2015. In respect to long-term growth rates, following general practice under IFRS, CEMEX uses country specific rates, which are mainly obtained from the *Consensus Economics,* a compilation of analysts' forecast worldwide, or from the International Monetary Fund when the first are not available for a specific country.

In connection with the assumptions included in the table above, CEMEX Latam made sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs with an independent reasonable possible increase of 1% in the pre-tax discount rate, and an independent possible decrease of 1% in the long-term growth rate. In addition, CEMEX Latam performed cross-check analyses for reasonableness of its results using multiples of Operating EBITDA. In order to arrive at these multiples, which represent a reasonableness check of the discounted cash flow models, CEMEX Latam determined a weighted average multiple of Operating EBITDA to enterprise value observed in the industry. The average multiple was then applied to a stabilized amount of Operating EBITDA and the result was compared to the corresponding carrying amount for each group of CGUs to which goodwill has been allocated.

The Company considered an industry weighted average Operating EBITDA multiple of 10.2 times in 2015 and 9.5 times in 2014. CEMEX Latam own Operating EBITDA multiple was 5.8 times in 2015, 7.4 times in 2014. The lowest multiple observed in CEMEX Latam benchmark was 5.8 times in 2015 and 6.0 times in 2014, and the highest being 18.0 times in 2015, 16.4 times in 2014.

Except for Brazil in 2015, sensitivity analyzes did not indicated relative risk of impairment in the other operating segments of the Company.

15) SHORT-TERM AND LONG-TERM DEBT

15A) SHORT-TERM AND LONG-TERM DEBT

As of December 31, 2015 and 2014, consolidated debt by type of financial instruments is summarized as follows:

		2015	2014
Leasing Bolívar, S.A, DTF anticipated quarterly plus 550 bps [1, 2]	$	2,422	4,384
Leasing de Occidente, S.A., DTF anticipated quarterly plus 400 bps [1, 2]		1,636	2,962
Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 bps [1, 2]		2,204	3,989
Helm Leasing, S.A., DTF anticipated quarterly plus 385 bps [1, 2]		1,367	2,475
Leasing Bogotá, S.A., DTF anticipated quarterly plus 465 bps [1, 2]		1,082	1,960
Ordinary bonds in the Colombian market [3]		3,175	–
Promissory note foreign currency variable rate [4]		4,227	–
Total	$	16,113	15,770
Long-term debt		8,046	10,510
Short-term debt	$	8,067	5,259

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, 2015 the anticipated quarterly DTF rate was 5.24%.

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 first nine months of 2015 and 2014, CEMEX Colombia incurred interest on these capital leases for an amount of $973 and $1,572, respectively. The assets acquired through these capital leases have been placed as guarantee for such financial obligations.

3 On July 8, 2015, CEMEX Colombia issued ordinary bonds maturing in 10 years in the amount of ten billion of Colombian pesos. This issuance was approved on April 21, 2015 by the Shareholders Meeting that approved the issuance and the public offering of ordinary bonds for up to thirty billion of Colombian pesos aimed to fulfill the duties of Company and to maintain its status of issuer of securities in the Colombian market. The issuance was regulated by the Board of CEMEX Colombia on April 29, 2015.

4 On October 23, 2015, CEMEX Colombia negotiated a loan with AVVILLAS bank for $4.2 million maturing in one year bearing DTF rate plus 3%.

The maturities of CEMEX Latam's consolidated long-term debt as of December 31, 2015, were as follows:

		Maturities
2017		3,871
2018		1,000
2025		3,175
	$	8,046

15B) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

CEMEX Latam carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity and revolving nature of these financial assets and liabilities. Temporary investments (cash equivalents) and certain long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of CEMEX Latam long-term debt is level 2, and is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX Latam to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to CEMEX Latam. The carrying amounts of assets and liabilities and their fair value estimated on December 31, 2015 and 2014 are as follows:

Thousands of U.S. dollars		2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
Financial assets					
Other assets and non-current accounts receivable (note 10B)	$	31,865	31,865	24,215	24,215
Financial liabilities					
Long-term payables to related parties	$	822,388	740,030	1,037,923	1,013,568
Long-term debt (note 15A)		8,046	8,046	10,510	10,510
Other non-current liabilities		8,530	8,530	11,375	11,375
	$	838,964	756,606	1,059,808	1,035,453

(Thousands of U.S. dollars)

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2015 and 2014 consolidated other current accounts payable and accrued expenses were as follows:

		2015	2014
Advances from customers	$	18,166	19,407
Accrued expenses		17,569	4,780
Provisions for legal claims and other commitments		16,410	17,612
Others provisions and liabilities		15,520	9,378
Provision for employee benefits		8,038	9,980
Others		1,055	853
	$	76,758	62,010

Current provisions primarily consist of employee benefits accrued at the balance sheet date, insurance and accruals related to legal and environmental assessments, 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.

For the years ended in 2015 and 2014, the combined balance of provisions for litigation and other commitments, provisions for staff remuneration and other provisions and liabilities were as follows:

		2015	2014
Balance at beginning of period	$	36,970	42,615
Increase of the period with new or increased obligations estimated		178,208	129,700
Decrease due to obligation expired or decrease in estimates		(167,185)	(125,708)
Adjustment for translation effects		(8,025)	(9,637)
	$	39,968	36,970

As of December 31, 2015 and 2014, consolidated other non-current liabilities were as follows:

		2015	2014
Provision for asset retirement obligations [1]	$	4,410	5,569
Others provisions and liabilities		3,639	3,720
Deferred income		481	2,086
	$	8,530	11,375

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.

17) RISK MANAGEMENT

Risk management framework

The Company's management has overall responsibility for the development, implementation and monitoring of the conceptual framework and policies for an effective risk management. The Company's risk management policies are intended to: a) identify and analyze the risks faced by the Company; b) implement appropriate risk limits and controls; and c) monitor the risks and the compliance with the limits. Policies and risk management systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations. On December 31, 2015 and 2014, the company has not entered into derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterpart of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2015 and 2014, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, the review includes external ratings, when references are available, and in some cases bank references. Threshold of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by CEMEX can only carry out transactions by paying cash in advance. As of December 31, 2015 and 2014, considering the Company´s best estimate of potential losses based on an analysis of age and considering recovery efforts, the allowance for doubtful accounts was $5,697 and $1,897, respectively.

(Thousands of U.S. dollars)

Risk management – continued

The aging of trade accounts receivable as of December 31, 2015 and 2014 are as follows:

		2015	2014
Neither past due, nor impaired portfolio	$	68,397	73,972
Past due less than 90 days portfolio		9,150	23,073
Past due more than 90 days portfolio		19,717	26,855
	$	97,264	123,900

Foreign currency risk

The Company has foreign currency exposures due to the relevant balances in each country in other currencies than their functional currency. The Company has not implemented any derivative financing instrument hedging strategy to address this foreign currency risk.

As of December 31, 2015 and 2014, excluding from the sensitivity analysis the impact of translating the net assets of foreign operations into the Company´s reporting currency, considering a hypothetic 10% strengthening of the U.S. dollar against the Colombian peso, with all other variables held constant, The Company´s net income for the years ended on December 31, 2015 and 2014 would have decreased by approximately $18,852 and $41,907, respectively, as a result of higher foreign exchange losses on the Company´s dollar-denominated net monetary liabilities held in consolidated entities with other functional currencies. Conversely, a hypothetic 10% weakening of the U.S. dollar against the Colombian peso would have the opposite effect.

Equity risk

On December 31, 2015 and 2014, the Company has no financial instruments or transactions related with the Parent Company shares, or of any subsidiary of CEMEX Latam or third parties, except by executive compensation programs (note 20E), whereby, there is no impairment in the expected cash flows of the Company for changes in the price of such shares.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. Although the Company has fulfilled its operational liquidity, debt service and capital expenditures needs through its own operations as mentioned in note 2, On December 31, 2015, current liabilities, includes accounts payables with CEMEX companies for $268,512 exceeds in $236,876 the current assets (note 9). The Company management considers that it will generate sufficient cash flows to enable it meet any liquidity risk in the short term. If necessary, the Company considers that would be successful in renegotiating the maturity of certain accounts payable to CEMEX, the Company's consolidated net flows provided by operating activities after financial expenses and income tax were of $306,779 in 2015 and $321,818 in 2014. The maturities of the Company's contractual obligations are included in note 22A.

18) POSTRETIREMENT EMPLOYEE BENEFITS

Defined contributions plans

The costs of defined contribution plans for the years ended December 31, 2015 and 2014 were approximately $10 and $10, respectively. The Company contributes periodically the amounts offered by the plan to the employee's individual accounts, not retaining any remaining liability as of the balance sheet date.

Defined benefit pension plans

The Company sponsors a defined contribution pension plan in Colombia, which is closed to new participants and whose beneficiaries are only retirees. For the years ended December 31, 2015 and 2014, the net period cost is recognized as follows:

		2015	2014
Recorded in other financial expenses, net			
Financial cost	$	2,724	4,340
Recorded in other comprehensive income, net			
Actuarial (gains) losses		(1,974)	273
Net period cost	$	750	4,613

(Thousands of U.S. dollars)

Postretirement employee benefits – continued

The reconciliation of the actuarial value of obligations as of December 31, 2015 and 2014 are presented as follows:

		2015	2014
Change in benefits obligations			
Benefits obligation at beginning of period	$	50,769	63,418
Financial cost		2,724	4,340
Benefits paid		(15,374)	(5,028)
Actuarial Gain (loss)		(1,974)	273
Foreign currency translation		(3,761)	(12,234)
Projected benefit obligations at end of period	$	32,384	50,769

As of December 31, 2015, estimated payments for postretirement benefits over the next ten years are as follows:

		Estimated payments
2016	$	3,399
2017		3,409
2018		3,374
2019		3,363
2020		3,335
2021–2025		16,007
	$	32,887

On December 2015 and 2014, the most significant assumptions used in the determination of the net periodic cost were as follows:

	2015	2014
Discount rates	7.2%	6.5%
Pension growth rates	3.0%	3.0%

Sensitivity analysis of pensions and other postretirement benefits

For the year ended December 31, 2015, CEMEX Latam performed sensitivity analyses on the most significant assumptions that affect the PBO, considering reasonable independent changes of plus or minus 50 basis points in each of these assumptions. The increase (decrease) that would have resulted in the PBO as of December 31, 2015 is shown below:

Variables:	+50bps	-50bps
Discount rates	(1,359)	1,461
Pension growth rate	1,597	(1,495)

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

For the years ended December 31, 2015 and 2014, income tax expense recognized in the consolidated income statements was as follows:

		2015	2014
Current income taxes	$	105,339	126,826
Deferred income taxes		(12,870)	17,880
	$	92,469	144,706
Out of which:			
Colombia [1, 2]	$	60,752	96,768
Costa Rica		12,182	12,270
Panama		5,567	10,911
Rest of CLH and others [3]		13,968	24,757
	$	92,469	144,706

(Thousands of U.S. dollars)

Income taxes – continued

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 the year 2015 was approximately $6,055.

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 will be effective from 2015 to 2018 and will 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. As of December 31, 2014, the aggregate income tax rate in Colombia was 34%.

3 Includes the Company's operations in Nicaragua, Guatemala, El Salvador and Brazil as well as the effects on income taxes of the Parent Company, other sub-holding companies and other consolidation adjustments.

As of December 31, 2015, the Company has consolidated tax loss carry forwards of $38,896, which have not been subject to accounting record. At the same date, the tax loss carry forwards can be offset against taxable income in any fiscal year before 2030.

19B) DEFERRED INCOME TAXES

As of December 31, 2015 and 2014, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

		2015	2014
Deferred tax assets:			
Tax carry forwards and other tax credits	$	449	166
Accounts payable and accrued expenses		7,675	8,200
Others		315	2,269
Total deferred tax assets		8,439	10,635
Deferred tax liabilities:			
Property, machinery and equipment		241,054	256,601
Goodwill		243,101	303,396
Others		367	5,520
Total deferred tax liabilities		484,522	565,517
Net deferred tax liabilities	$	476,083	554,882

The breakdown of changes in consolidated deferred income taxes during 2015 and 2014 were as follows:

		2015	2014
Deferred income tax benefit recognized in the income statement	$	(12,870)	17,880
Expense (income) for deferred taxes in the period in stockholders' equity		(12,712)	107
Change in deferred income tax for the period	$	(25,582)	17,987

The Parent Company has not provided for any deferred tax liability for the undistributed earnings generated by its subsidiaries recognized under the equity method, considering that such undistributed earnings are expected to be reinvested, and to not generate income tax in the foreseeable future. Likewise, the Parent Company does not recognize a deferred income tax liability related to its investments in subsidiaries considering that the Company controls the reversal of the temporary differences arising from these investments.

19C) EFFECTIVE TAX RATE

Differences between the financial basis and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, give rise to permanent differences between the average statutory tax rate of the entities included in this consolidated financial statement, and the effective tax rate presented in the consolidated income statement. For the years ended as of December 31, 2015 and 2014 were as follows:

	2015	2014
	%	%
Tax rate force in España [1]	28.0	30.0
Other non-taxable income	–	(1.6)
Expenses and other non-deductible items	8.1	3.6
Other tax non-accounting benefits	(0.8)	(0.4)
Effect of the rate exchange change [2]	6.0	0.9
Income tax	3.2	–
Others	4.5	2.0
Effective consolidated tax rate	49.0	34.5

1 As from January 1, 2015, amendments to the law of income tax in Spain reduced the tax rate from 30% to 28%.

2 Includes the effects of the different income tax rates in the countries that are part of this consolidated set of financial statement.

19D) 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 December 31, 2015, 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 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 $29 million and imposed a penalty in Colombian pesos for an amount equivalent to approximately $46 million, both as of December 31, 2015. The Tax Authority argues that certain expenses are not deductible for fiscal 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 presents arguments in second instance on this procedure. At this stage of the proceeding, as of December 31, 2015, CEMEX Latam is not able 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 December 31, 2015, CEMEX Latam is not able 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.

- The municipality of San Luis 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 2011. 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 $12 million as of December 31, 2015, of which, approximately $5 million represent purported tax and $7 million corresponds to penalties for inaccuracy. On July 18, 2013, the Colombian State Council issued a final resolution in favor of CEMEX Colombia in the process for the fiscal year 1999. Moreover, on December 3, 2013, first instance resolutions in favor of CEMEX Colombia were notified for the fiscal years 2009 and 2010, which the municipality appealed on December 13, 2013. In addition, on May 15, 2014, first instance resolutions against CEMEX Colombia were notified by the Court of Tolima for the fiscal years 2006 and 2007. The amount of purported taxes for such years in Colombian pesos is equivalent to approximately $1 million plus a penalty for inaccuracy in Colombian pesos equivalent to approximately $1 million, both as of December 31, 2015. On May 28, 2014, CEMEX Colombia appealed this resolution before the Colombian State Council.

  On December 10, 2014, the municipality issued an official settlement request with respect to the fiscal year 2011, for amounts in Colombian pesos equivalent for this year to approximately $1 million of purported tax and approximately $1 million of penalties, both as of December 31, 2015. On January 6, 2015, CEMEX Colombia filed an appeal to the official settlement. At this stage, CEMEX Colombia considers that cash outflows in relation to this litigation are not probable.

  On March 25, 2015 the San Luis municipality produced a special requirement related to fiscal year 2012. This requirement resulted from the same arguments mentioned in the proceedings of previous years with such municipality. The alleged tax in Colombian pesos for this year is equivalent to $1 million and a penalty in Colombian pesos equivalent to approximately $2 million. CEMEX responded to the request within the legal opportunity last May 22, 2015.

  On December 10, 2015, first instance judgment was issued in favor of CEMEX Colombia for the fiscal year 2008 in the municipality of San Luis. As of December 31, 2015, the Company is awaiting notification by edict of this administrative act. Once notified the counterparty is expected to appeal the decision.

(Thousands of U.S. dollars)

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. On August 9, 2013, the Tax Department issued a provisional regularization proposal for an amount in Costa Rican colones equivalent to approximately $9 million, as of December 31, 2015, which includes tax, interest and penalties. On August 23, 2013, CEMEX Costa Rica filed a legal resource against the provisional regularization proposal, arguing that the action has been time barred and rejecting the proposed adjustments considering that CEMEX Costa Rica has acted in accordance with the applicable tax regulations. On September 30, 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. On November 7, 2013, CEMEX Costa Rica filed a legal resource to revoke the settlement procedure, which should have 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. On September 24, 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 new legal requirements of the new code of rules and tax procedures. Following the notification of the new settlement procedure, the Constitutional Court clarified that the Tax Department should not issue new settlement procedures until the Constitutional Court would issue a rule on the constitutionality of the article of the tax regulation. On October 10, 2014, the Tax Department notified CEMEX Costa Rica the cancellation of the new (and last) settlement procedure and the corresponding sanctioning resolutions, arguing that the Constitutional Court admitted an unconstitutionality action brought by a third party against the payment obligation or guaranty in a tax proceeding, prior to its defense, which is provided for in the new tax regulation; suspending its application until the Constitutional Court rules on the merits of this action. In view of the above, the Tax Department cannot issue new settlement procedures or sanctioning resolutions until the Constitutional Court resolves the aforementioned unconstitutionality action. Therefore, the tax proceeding initiated against CEMEX Costa Rica was annulled and the issuance of the settlement procedure against CEMEX Costa Rica was suspended. As of December 31 2015, there are no settlement procedures regarding the audit for the 2008 fiscal year against CEMEX Costa Rica.

20) STOCKHOLDERS' EQUITY

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2015 and 2014, the line item common stock and additional paid-in capital was detailed as follows:

		2015			2014		
		Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	$	718,124	–	718,124	718,124	–	718,124
Additional paid-in capital		894,701	(147,839)	746,862	894,701	(149,476)	745,225
	$	1,612,825	(147,839)	1,464,986	1,612,825	(149,476)	1,463,349

During the years ended December 31, 2015 and 2014 the Parent Company performed physical deliveries of shares to the executives subject to the benefits of the stock-based long-term incentive plan (note 20E), which increased additional paid-in capital in the amount of $1,637 and $536, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of December 31, 2015 and 2014, the Parent Company's subscribed and paid shares by owner were as follows:

Stocks	2015	2014
Owned by CEMEX España:		
Initial contribution by CEMEX España on April 17, 2012	60,000	60,000
CEMEX España capital increase on July 31, 2012	407,830,342	407,830,342
	407,890,342	407,890,342
Owned by third-party investors	148,485,934	148,243,316
Total subscribed and paid shares	556,376,276	556,133,658

As of December 31, 2015 and 2014, 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 21,902,066 in 2015 and 22,144,684 shares in 2014 held in the Company's treasury (treasury shares).

On December 31, 2015, CEMEX España owns approximately 73.31% of the common shares of the Parent Company, excluding shares held in treasury.

(Thousands of U.S. dollars)

20B) OTHER EQUITY RESERVES

As of December 31, 2015 and 2014, the balances of other equity reserves are summarized as follows:

		2015	2014
Reorganization of entities under common control and other effects [1]	$	(300,422)	(300,422)
Translation effects of foreign subsidiaries [2]		(583,788)	(400,868)
Share-based payments [3]		7,823	5,716
	$	(876,387)	(695,574)

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 and includes in 2015 an expense of $12,712 and in 2014 an income of $107 for deferred income tax related to currency translation effects on non-monetary assets recognized directly in equity.

3 As of December 31, 2015 and 2014, the line item other equity reserves includes effects associated with the executive compensation programs based on CEMEX's and the Parent Company's shares (note 20E), and which costs are recognized in the results of each subsidiary during the vesting period 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.

20C) 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 December 31, 2015, the legal reserve of the Parent Company amounted to $8,626.

20D) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of December 31, 2015 and 2014, non-controlling interest in equity amounted to approximately $5,329 and $5,762, respectively.

20E) EXECUTIVE STOCK-BASED COMPENSATION

On January 16, 2013, the Parent Company's Board of Directors, considering the favorable report of its Nominations and Remuneration Committee, 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 incentives plan previously mentioned, some executives of the Company participated in CEMEX's stock-based long-term incentives program, by means of which, new Ordinary Participation Certificates ("CPOs") of CEMEX are issued, which are delivered during a services period of four years under each annual programs. Effective January 1, 2013, all eligible executives from CEMEX Latam operations stopped receiving CEMEX CPOs.

For the years ended December 31, 2015 and 2014, compensation expense related to the long-term incentive plans based on shares of CEMEX and the Parent Company described above, which was recognized in the results of operations, amounted to $2,107 and $2,775, respectively.

Under the annual long term incentive plan with CEMEX Latam Holdings shares, the Parent Company delivered rights on its own shares to the executives subject to the plan's benefits for 356,976 shares in 2015 and 189,877 shares in 2014 relative to 100% of the potential benefits to be accrued within each annual program. During 2015 and 2014 the Company made the physical delivery of 242,618 and 79,316 shares, , respectively corresponding to the accrued portion of last year's program, including shares provided to executives who left the Company. Based on the aforementioned As of December 31, 2015, there are approximately 434,408 shares of the Parent Company corresponding to the portion shares to be accrued under these annual programs that are expected to deliver physically in the following years as the executives render services. The weighted average prices of the shares of CLH granted in the period were for amounts equivalent in Colombian pesos of approximately 4.54 dollars per share in 2015 and 6.30 dollars per share in 2014.

On December 31, 2015 and 2014, the Company has no commitments to make cash payments to executives based on changes in the share prices of CEMEX, S.A.B de C.V. or the Parent Company.

21) BASIC EARNINGS PER SHARE

Based on IAS 33, *Earnings per share* ("IAS 33"), basic earnings (loss) per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. 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 (loss) 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 years ended December 31, 2015 and 2014 are as follows:

Denominator (thousands of shares)		**2015**	**2014**
Weighted average number of shares outstanding – Basic EPS		556,168	556,054
Effect of dilutive instruments – stock-based compensation		434	323
Weighted average number of shares outstanding – Diluted EPS		556,602	556,377
Numerator			
Consolidated net income	$	95,065	274,371
Less: non-controlling interest net income		(561)	(973)
Controlling interest net income	$	94,504	273,398
Controlling Interest Basic Earnings per Share ($ per share)	$	0.17	0.49
Controlling Interest Diluted Earnings per Share ($ per share)	$	0.17	0.49

22) COMMITMENTS

22A) CONTRACTUAL OBLIGATIONS

As of December 31, 2015 and 2014, the Company had the following contractual obligations:

(Thousands of dollars)		2015				
Debts		Less than 1 year	1–3 years	3–5 years	More than 5 years	Total
Long-term debt with related parties [1]	$	268,512	822,388	–	–	1,090,900
Interest payments on debt [2]		65,233	80,787	–	–	146,020
Operating leases [3]		169	3,607	3,495	10,426	17,697
Capital lease obligations [4]		8,046	8,067	–	–	16,113
Pension plans and other benefits [5]		3,399	6,784	6,697	16,007	32,887
Raw material, fuel and energy purchase [6]		52,919	142,492	35,990	21,679	253,080
Investments in property, plant and equipment [7]		60,751	–	–	–	60,751
Total contractual obligations	$	**459,029**	**1,064,125**	**46,182**	**48,112**	**1,617,448**

1 This line item refers 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 December 31, 2015.

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 $3,400 from one to three years, $3,400 from three to five years and $10,200 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 $169 to less than one year, $207 from one to three years, $95 from three to five years and $226 to more than five years., which are renewable at maturity by agreement of the parties.

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 for $ 191, for $ 61.

7 Includes purchase of productive assets mainly for Maceo plant in Colombia.

Commitments – continued

As of December 31, 2015, the Company has other significant contractual obligations. The descriptions of some of the most significant contracts are as follows:

- On November 20, 2013 was subscribed the Memorandum Scripture 11 according to CEMEX Nicaragua, SA 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 tones 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 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.

- On June 25, 2014, CEMEX Colombia and Wärtsilä 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 $10 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 $30 million.

- 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 $4 million annually.

- 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 $3 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, 2007, 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.

22B) OTHER COMMITMENTS

In addition to the contracts described above, as of December 31, 2015, 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 December 31, 2015 and 2014, the total expense for trademarks use recognized in the operating expenses amounted to $7,966 and $10,615, 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 December 31, 2015 and 2014, the total royalty expense recognized in the operating expenses amounted to $43,071 and $48,864, 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 December 31, 2015 and 2014, the total services expense recognized in the operating expenses amounted to $20,302 and $26,748, respectively.

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. In addition, the Framework Agreement shall cease to apply if the Company ceases to be subsidiary of CEMEX or if CEMEX is no longer required to account for its investment in the Parent Company either on a consolidated basis or under the equity method (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 and CEMEX España.

  g) Take any action that could result on default for CEMEX under any contract or agreement, under its financing agreements and any refinancing, relocation or modifications thereto, to the extent that all CEMEX's 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 and any replacement or modification thereof.

- In addition, as mentioned in note 20A, there are other commitments derived from the Parent Company's leases of its corporate offices in Madrid and of the 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, the National Roads Institute (INVÍAS) authorized by CEMEX Colombia for himself, risk and financing necessary to forward the development of transport infrastructure project of interest works called *"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 variants 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 shall extend the term as the economic exploitation of the free trade zone permanent Especial Cementera of the Magdalena Medio.

- On June 24, 2015, was subscribed the settlement agreement with CEMEX Soluciones S.A.S., ISAGER S. A. and a third with the Fiduciaria Bogotá S.A, in order to settle and resolve the differences between the parties concerning the design, execution and settlement of the El Recuerdo project in the Monteria city and especially with regard contract Fiduciary agreement between the parties to the project on 9 July 2013.

- During the third quarter of 2015, CEMEX Colombia began work related to various contracts signed in 2014, for the construction of 2,861 homes in the Cesar department, located in the municipalities of San Alberto, Aguachica, Curamani, Astrea, Becerril, San Diego and Gamarra in Colombia, in seven different projects. The estimated selling price of the project is for an approximately amounting to Col $124 billion ($40 million). The houses are delivered as they become gradually concluding. At the end of the fourth quarter of 2015 until the second quarter of 2016. In connection with these projects, to December 31, 2015, customers have deposited with a trustee funds Colombian pesos for approximately Col $46 billion ($15 million) which partially guaranteed the price of the houses, and to be released to CEMEX Colombia them to the satisfaction of those customers are delivered. At 30 September 2015, projects have a combined estimated advance of 7.3%.

Other commitments – continued

- On November 25, 2014, CEMEX Colombia and Consorcio PCP, formed by Constructora OAS and CI Grodco S.C.A., signed a contract for the supply and installation of hydraulic ready-mix pavements for the infrastructure project "*Proyecto Mejoramiento, Gestión Social, Predial y Ambiental del Proyecto Corredor Transversal del Libertador Fase II, para el Programa Corredores Prioritarios para la Prosperidad*", with a term of 27 months from the beginning of the works, and which estimated amount is of approximately $13 million.

- 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 and includes annual partial deliveries of clinker in metric tons ("MT") of 1,277,000 MT for the period from 2014 to 2015 and 2,086,498 MT for the period from 2016 to 2018.

23) CONTINGENCIES

23A) CONTINGENT LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various significant legal processes, other than the tax-related procedures which are described in note 19D, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam. Therefore, certain provisions have been recorded in the financial statements, representing the best estimate of payments thereof. As a result, CEMEX Latam considers that there will not be significant payments in excess of the amounts already recognized.

As of December 31, 2015, the only significant case considered individually is as follows:

- 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 Ibague issued a resolution ordering CEMEX Colombia a payment in favor of the plaintiff's equivalent to approximately $10 million. CEMEX Colombia appealed this resolution. On September 10, 2010, the Superior Court of Ibague fully revoked the resolution accepting the defense arguments of CEMEX Colombia. As of December 31, 2015, 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 $8 million (note 16).

23B) OTHERS CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

As of December 31, 2015, CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 19D), 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 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, its former legal representative and the current President of CEMEX Colombia, 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, 2015 of up to $20 million for each violation, and an equivalent of up to $0.5 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 first quarter 2016, 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.

Contingent liabilities resulting from legal proceedings – continued

- On April 22, 2015, CEMEX Costa Rica, indirect subsidiary of the parent company, 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 December 31, 2015, the Company not had had new developments in relation to this market study.

Environmental proceedings

- 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 December 31, 2015 of approximately $95 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.
- 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"), a Company's subsidiary in such country, for alleged breach on 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 NGOs 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 Regional Metropolitan Administration from the Ministry of Environment (*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 Ministry of Environment conducted inspection in response to the claim. In the inspection technical document on July 2, 2015, was left evidence that the allegations could not be demonstrated. As of December 31, 2015, the case is expecting the preparation of the Technical Inspection Report that will serve for determining whether the claim is dismissed or the investigation continues on. The fines on environmental matters do not have a limit in the Standard, but depend on the damage severity, recidivism, investment grade and the offender's economic status. At this stage, Cemento Bayano considered remote the probability and adverse ruling but is not able to asses with certainty the likelihood of an adverse result or potential damages which could be borne by the Company. An adverse resolution in this case could have a material adverse impact on the company results of operations, liquidity or financial condition.

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

- In August 2005, a lawsuit was filed against CEMEX Colombia and other members of the Colombian Ready-mix Producers Association (*Asociación Colombiana de Productores de Concreto* or "ASOCRETO"). The lawsuit claimed that CEMEX Colombia and other ASOCRETO members were liable for the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the Transmilenio bus rapid transit system in Bogotá in which ready-mix concrete and flowable fill supplied by CEMEX Colombia and other ASOCRETO members was used. The plaintiffs alleged that the base material supplied for the road construction failed to meet the quality standards offered by CEMEX Colombia and the other ASOCRETO members and/or that they provided insufficient or inaccurate information in connection with the product. The plaintiffs seek compensation for damages for an amount in Colombian pesos equivalent as of December 31, 2015 to approximately $32 million. In 2008, as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings, the Superior Court of Bogotá allowed CEMEX to present and insurance policy for an amount in Colombian pesos equivalent as of December 31, 2015 to approximately $6 million pursuant to which the attachment over certain assets was lifted.

Contingent liabilities resulting from legal proceedings – continued

On October 10, 2012, a court resolution convicted the former director of the Urban Development Institute ("UDI"), the legal representatives of the builder and the auditor to a prison term of 85 months and a fine equivalent to approximately $10, and ordered a restart of the proceeding against the ASOCRETO officers. On August 30, 2013, after an appeal by the UDI, the Superior Court of Bogotá issued a resolution that, among other matters, reduced the prison term imposed to the former UDI officers to 60 months, imposed the UDI officers to severally pay an amount in Colombian pesos equivalent as of December 31, 2015 to $35 million, overturned the sentence imposed to the builder's legal representatives and auditor because the criminal action against them was time barred, revoked the annulment in favor of the ASOCRETO officers and ordered the first instance judge to render a judgment regarding the ASOCRETO officers' liability or lack thereof.

On January 21, 2015, the Penal Court of the Bogotá Circuit declared the prescription of penal action initiated against officials ASOCRETO. The judge accepted the arguments presented by CEMEX Colombia under which the investigation were not public servants, and therefore declared prescription since 2012. The decision was subject to appeal and was subsequently confirmed by the Penal Chamber of the High Court Bogotá. Being prescribed action ceases proceedings against officials ASOCRETO, and therefore also stops the action against CEMEX Colombia in its capacity liable third course.

In addition, six processes related to premature damage were raised against CEMEX Colombia, of which, the Administrative Court of Cundinamarca annulled five and only one remains active. Also, the IDU issued another procedure arguing that CEMEX Colombia made misleading promotion on the characteristics of the fluid filler used in the construction of the line. CEMEX Colombia participated in this project only and exclusively as a supplier of concrete and flowable fill, which gave satisfaction fulfilling the technical specifications constructor, and not involved or had responsibility for the design or technical specifications of construction. As of December 31, 2015, CEMEX Latam considered remote the likelihood of an adverse ruling, however, an unfavorable resolution could have an adverse effect on operating results, liquidity and financial position of the Company.

- In connection with the construction of the new cement plant in the municipality of Maceo (Antioquia) in Colombia (note 13), in August 28, 2012, CEMEX Colombia signed a memorandum of understanding ("MDE") with CALIZAS CI S.A. for the transfer to CEMEX Colombia of the land, the mining title and the free zone for the construction of the new cement plant. After the execution of the MDE, one of CI CALIZAS S.A.'s partners was linked to a legal process for expiration of property and, as a result, the Attorney General's Office, among other measures, suspended CI CALIZAS S.A.'s rights to dispose of the assets offered to CEMEX Colombia. In order to protect its interests, CEMEX Colombia presented to the competent authorities the information of the cement project under development and explained how this measure affected the transfer of full ownership rights of the related assets under negotiation. Considering CEMEX Colombia's efforts, and as a temporary solution while the request for the revocation of the measures against CI CALIZAS is resolved, CEMEX Colombia entered into a lease contract with the National Department of Anti-narcotics (*Dirección Nacional de Estupefacientes*) (depository of the affected assets) pursuant to which CEMEX Colombia is authorized to continue with the necessary works for the construction of the cement plant and consequently to protect all the infrastructure works and investments already made by CEMEX Colombia. Additionally, CEMEX Colombia became part in the legal proceeding to enforce its rights resulting from the MDE and to conclude the negotiation once the proceeding. As of December 31, 2015, CEMEX Colombia has made investments of approximately $185 million in the new plant in Maceo. As of December 31, 2015, CEMEX Colombia considers that its investments in the development of the plant are protected by virtue of the lease contract. Nonetheless, if there is a final adverse resolution of the authority with respect to CI CALIZAS S.A.'s rights to dispose of the land, the mining title and the free zone, and if CEMEX Colombia exhausts all legal resources available against the adverse resolution, in such event that the lease could not be extended, the resolution could have a material adverse effect on the Company's results of operations, liquidity or financial condition.

- The Tax autority in Colombia (Dirección de Impuestos Nacionales or DIAN) inform, considering that CEMEX Colombia has made most investments in their own name, the company should proceed to move the Zona Franca Especial Cementera del Magdalena Medio SAS (ZOMAM) and accredit therefore, as a shareholder of it, so that the investment made in that company was justified. Not credited to the above, the company ZOMAM incurred in breach of its commitments, and therefore the tax Autority would be obliged to declare this situation and declare the loss of the free trade zone declaration.

  Given this risk, CEMEX Colombia through special meeting of the Board held eleven (11) December 2015, approved:

  i) improving the acquisition of all shares of the company ZOMAM, and

  ii) la the capitalization of assets in kind belonging to CEMEX Colombia as ZOMAM shareholder in order to comply with the request of the tax autority DIAN.

  As a consequence of the above, the accounting records were made and CEMEX Colombia and ZOMAM informed to the tax Autority "DIAN" about the compliance with the requirements requested to keep the declaration of free zone.

(Thousands of U.S. dollars)

Contingent liabilities resulting from legal proceedings – continued

- Panamanian Height Restriction Litigation. 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, to this date waiting the resolution replenishment the expedient since it was stray. As of December 31, 2015, the AAC had not yet issued a ruling regarding the request to review the remaining 9 structures.

  To this date, the risk has decreased substantially since the buildings have been built and are running, the likelihood of their being stopped by the authorities is very low, and is considered remote the probability of an adverse ruling but would be mitigated completely when Cemento Bayano obtains the approval of the authority, which is expected to be accomplish during this new Government administration. However, if adversely resolved, and after exhausting all available recourses, the Company cannot predict the resolutions that may be issued or whether such resolutions would have an adverse impact on its results of operations, liquidity or financial condition. Moreover, the Company is unable to assess with certainty the likelihood of any incident or accident occurring as a result of the aforementioned constructions, and the responsibility, if any, that would be allocated to Cemento Bayano, but if any major incident or accident were to occur and if Cemento Bayano were to be held liable, any responsibility that would be formally allocated to Cemento Bayano could have a material adverse impact on the results of operations, liquidity and financial condition of the Company.

In addition, as of December 31, 2015, 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.

24) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of December 31, 2015 and 2014 are as follows:

Subsidiary	Country	Activity	% of interest 2015	% of interest 2014
Corporación Cementera Latinoamericana, S.L.U. [1]	Spain	Parent	100.0	100.0
CEMEX Bogotá Investments, B.V. [1]	The Netherlands	Parent	100.0	100.0
CEMEX Colombia S.A.	Colombia	Operative	99.7	99.7
CEMEX (Costa Rica), S.A.	Costa Rica	Operative	99.1	99.1
CEMEX Nicaragua, S.A.	Nicaragua	Operative	100.0	100.0
CEMEX Caribe II Investments, B.V. [2]	The Netherlands	Parent	-	100.0
CEMEX Finance Latam, B.V. [2]	The Netherlands	Finance	100.0	-
Cemento Bayano, S.A.	Panamá	Operative	99.5	99.5
Cimentos Vencemos do Amazonas, Ltda.	Brasil	Operative	100.0	100.0
CEMEX Guatemala, S.A.	Guatemala	Operative	100.0	100.0
Equipos para Uso en Guatemala, S.A.	Guatemala	Operative	100.0	100.0
CEMEX El Salvador, S.A.	El Salvador	Operative	100.0	100.0
Inversiones SECOYA, S.A.	Nicaragua	Operative	100.0	100.0

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

2 Cemex Latam Finance B.V. was constituted on July 3, 2015 with the approval of Board of Directors at its meeting held on May 7, 2015, prior favorable report of the Audit Committee. The new subsidiary will assume in the near future for define, the loan contracts with companies of the CLH Group currently has in force CEMEX Caribe II Investments, B.Vemex Finance Latam B.V. In turn, CEMEX Caribbean II Investments B.V. It has been dissolved without liquidation by merger by absorption made with Latin American Cement Corporation, S.L.U. as the absorbing company.