



## INDEX

### **CEMEX Latam Holdings S.A. and Subsidiaries**

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

		(Unaudited)	
		For the three-month periods ended	
	Notes	March 31, 2016	March 31, 2015
Net sales.....	3	\$ 315,968	353,838
Cost of sales.....	2E	(163,303)	(183,606)
<b>Gross profit.....</b>		<b>152,665</b>	<b>170,232</b>
Administrative and selling expenses.....		(48,261)	(52,378)
Distribution expenses.....		(21,861)	(27,667)
		(70,122)	(80,045)
<b>Operating earnings before other income (expenses), net.....</b>		<b>82,543</b>	<b>90,187</b>
Other income (expenses), net .....	5	115	(1,980)
<b>Operating earnings.....</b>		<b>82,658</b>	<b>88,207</b>
Financial expense.....	3	(14,873)	(20,589)
Other financial expenses, net .....	3,6	(157)	(198)
Foreign exchange results.....		6,918	4,901
<b>Earnings before income tax .....</b>		<b>74,546</b>	<b>72,321</b>
Income tax.....	17A	(29,080)	(28,357)
<b>CONSOLIDATED NET INCOME.....</b>		<b>45,466</b>	<b>43,964</b>
Non-controlling interest net income .....		(150)	(173)
<b>CONTROLLING INTEREST NET INCOME.....</b>		<b>\$ 45,316</b>	<b>43,791</b>
<b>BASIC EARNINGS PER SHARE .....</b>	19	<b>\$ 0.08</b>	<b>0.08</b>
<b>DILUTED EARNINGS PER SHARE .....</b>	19	<b>\$ 0.08</b>	<b>0.08</b>

The accompanying notes are part of these consolidated condensed financial statements

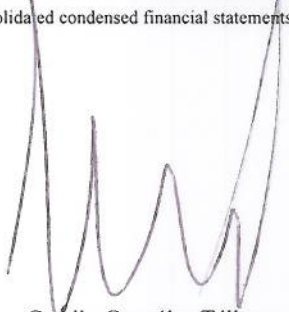
Camilo González Téllez  
Legal Representative

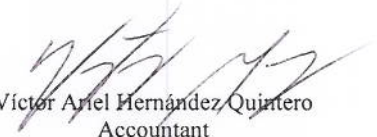
Víctor Ariel Hernández Quintero  
Accountant  
T.P. 41028-T

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

	Notes	(Unaudited)	
		For the three-month periods ended	
		March 31, 2016	March 31, 2015
<b>CONSOLIDATED NET INCOME .....</b>		<b>\$ 45,466</b>	<b>43,964</b>
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Currency translation of foreign subsidiaries .....		28,433	(62,757)
Total other items of other comprehensive income for the period .....		28,433	(62,757)
<b>CONSOLIDATED COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD .....</b>		<b>73,899</b>	<b>(18,793)</b>
Non-controlling interest comprehensive income .....		(150)	(173)
<b>CONTROLLING INTEREST COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>\$ 73,749</b>	<b>(18,966)</b>

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

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

		(Unaudited)	
		As of March 31, 2016	As of December 31, 2015
	Notes		
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents.....	7	\$ 43,279	53,635
Trade receivables less allowance for doubtful accounts .....	8	109,899	91,568
Accounts receivable from related parties .....	9	644	3,222
Other accounts receivable .....	10A	12,366	12,694
Taxes receivable .....		26,743	25,695
Inventories, net.....	11	86,583	86,134
Other current assets.....	12	24,049	14,421
Total current assets.....		<u>303,563</u>	<u>287,369</u>
<b>NON-CURRENT ASSETS</b>			
Other investments and non-current accounts receivable .....	10B	21,206	20,868
Property, machinery and equipment, net.....	13	1,145,106	1,093,359
Goodwill, intangible assets and deferred assets, net .....	14	1,801,272	1,786,895
Deferred income taxes .....		10,439	8,439
Total non-current assets.....		<u>2,978,023</u>	<u>2,909,561</u>
<b>TOTAL ASSETS .....</b>		<b>\$ 3,281,586</b>	<b>3,196,930</b>
<b>CURRENT LIABILITIES</b>			
Short-term debt .....	15	\$ 9,292	8,067
Trade payables .....		108,264	120,274
Accounts payable to related parties.....	9	288,800	268,512
Taxes payable .....		66,410	50,634
Other accounts payable and accrued expenses.....	16	86,356	76,758
Total current liabilities .....		<u>559,122</u>	<u>524,245</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt .....	15	7,375	8,046
Long-term accounts payable to related parties.....	9	785,037	822,388
Employee benefits.....		36,922	32,384
Deferred income taxes .....		494,065	484,522
Other non-current liabilities .....	16	7,874	8,530
Total non-current liabilities .....		<u>1,331,273</u>	<u>1,355,870</u>
<b>TOTAL LIABILITIES.....</b>		<b>1,890,395</b>	<b>1,880,115</b>
<b>STOCKHOLDERS' EQUITY</b>			
Controlling interest			
Common stock and additional paid-in capital .....	18A	1,464,990	1,464,986
Other equity reserves .....	18B	(847,538)	(876,387)
Retained earnings.....	18C	722,887	627,396
Net income.....		45,316	95,491
Total controlling interest.....		<u>1,385,655</u>	<u>1,311,486</u>
Non-controlling interest .....	18E	5,536	5,329
<b>TOTAL STOCKHOLDERS' EQUITY .....</b>		<b>1,391,191</b>	<b>1,316,815</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....</b>		<b>\$ 3,281,586</b>	<b>3,196,930</b>

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

Camilo González Téllez  
Legal Representative

Víctor Ariel Hernández Quintero  
Accountant  
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**CEMEX Latam Holdings, S.A. and Subsidiaries**  
**Consolidated Condensed Statements of Cash Flows**  
(Thousands of U.S. dollars)

		(Unaudited)	
		For the three-month periods ended	
	Notes	As of March 31, 2016	As of March 31, 2015
<b>OPERATING ACTIVITIES</b>			
Consolidated net income .....		\$ 45,466	43,964
Non-cash items:			
Depreciation and amortization of assets .....	4	20,871	22,239
Provisions and others expenses .....		623	3,403
Financial expense, other financial income and foreign exchange results.....		8,112	15,886
Income taxes.....	17A	29,080	28,357
Loss on the sale of fixed assets.....		104	623
Changes in working capital, excluding income taxes.....		(9,845)	(5,259)
<b>Net cash flow provided by operating activities before interest and income taxes.....</b>		<b>94,411</b>	<b>109,213</b>
Financial expense paid in cash .....		(15,823)	(8,524)
Income taxes paid in cash .....		(13,385)	(14,243)
<b>Net cash flows provided by operating activities.....</b>		<b>65,203</b>	<b>86,446</b>
<b>INVESTING ACTIVITIES</b>			
Property, machinery and equipment, net.....		(34,331)	(51,753)
Financial income.....		449	566
Intangible assets and other deferred charges .....		(6,374)	(2,766)
Long term assets and others, net .....		(338)	2,725
<b>Net cash flows used in investing activities .....</b>		<b>(40,594)</b>	<b>(51,228)</b>
<b>FINANCING ACTIVITIES</b>			
Related parties debt payments.....		(186,204)	(171,577)
Related parties debt.....		151,093	160,170
Non-current liabilities, net .....		(657)	(9,291)
<b>Net cash flows used in financing activities.....</b>		<b>(35,768)</b>	<b>(20,698)</b>
Increase (decrease) in cash and cash equivalents.....		(11,159)	14,520
Cash conversion effect, net.....		803	(3,730)
Cash and cash equivalents at beginning of the period .....		53,635	51,772
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD.....</b>	7	<b>\$ 43,279</b>	<b>62,562</b>
<b>Changes in working capital, excluding income taxes:</b>			
Trade receivables, net.....		\$ (17,679)	(13,475)
Other accounts receivable and other assets.....		(11,505)	(7,657)
Inventories.....		(420)	(5,274)
Trade payables.....		(12,009)	(3,421)
Short-term related parties, net .....		18,719	10,239
Other accounts payable and accrued expenses .....		13,049	14,329
<b>Changes in working capital, excluding income taxes.....</b>		<b>\$ (9,845)</b>	<b>(5,259)</b>

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

Camilo González Téllez  
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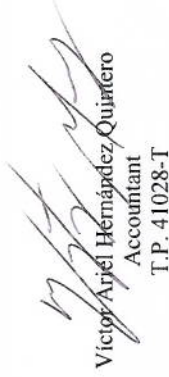


**CEMEX Latam Holdings, S.A. and Subsidiaries**  
**Consolidated Condensed Statements of Changes in Stockholders' Equity**  
(Thousands of U.S. dollars)

		(Unaudited)					
Notes	Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
<b>Balance as of December 31, 2014</b> .....	\$ 718,124	745,225	(695,574)	627,396	1,395,171	5,762	1,400,933
Net income for the period .....	—	—	—	43,791	43,791	173	43,964
Total other items of comprehensive income for the period .....	—	—	(62,757)	—	(62,757)	—	(62,757)
Changes in non-controlling interest .....	—	—	—	—	—	(335)	(335)
Stock-based compensation .....	—	167	226	—	393	—	393
<b>Balance as of March 31, 2014</b> .....	\$ 718,124	745,392	(758,105)	671,187	1,376,598	5,600	1,382,198
<b>Balance as of December 31, 2015</b> .....	\$ 718,124	746,862	(876,387)	722,887	1,311,486	5,329	1,316,815
Net income for the period .....	—	—	—	45,316	45,316	150	45,466
Total other items of comprehensive income for the period .....	—	—	28,433	—	28,433	—	28,433
Changes in non-controlling interest .....	—	—	—	—	—	57	57
Stock-based compensation .....	—	4	416	—	420	—	420
<b>Balance as of March 31, 2016</b> .....	\$ 718,124	746,866	(847,538)	768,203	1,385,655	5,536	1,391,191

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

  
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**CEMEX Latam Holdings, S.A. and Subsidiaries**  
**Notes to the Consolidated Condensed Financial Statements**  
**For the three month periods ended March 31, 2016 and 2015**  
**(Thousands of U.S. dollars)**

**1) DESCRIPTION OF BUSINESS**

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

The term the "Parent Company" used in these accompanying notes to the financial statements refers to CEMEX Latam Holdings, S.A. without its subsidiaries. The terms the "Company" or "CEMEX Latam" refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. When the term "CEMEX" is used, refers to CEMEX, S.A.B. de C.V. and/or some of its subsidiaries, which are not direct or indirect subsidiaries of the Parent Company. The issuance of these consolidated financial statements was authorized by the management and the Board of Director of the Parent Company on May 10, 2016, prior favorable report of the Audit Committee.

**2) SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied to these consolidated condensed financial statements as of March 31, 2016, are the same as those applied in the consolidated financial statements as of December 31, 2015.

**2A) BASIS OF PRESENTATION AND DISCLOSURE**

The consolidated condensed financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of March 31, 2016, as issued by the International Accounting Standards Board ("IASB"), as well as with the International Accounting Standard 34, *Interim Financial Statements*.

The consolidated condensed balance sheets as of March 31, 2016 and as of December 31, 2015, as well as the consolidated condensed income statements, the consolidated condensed statements of comprehensive income, the consolidated condensed cash flows statements and the consolidated condensed statements of changes in stockholders' equity for the three month periods ended March 31, 2016 and 2015, as well as their related disclosures included in the notes to the financial statements, have not been audited.

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

**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 17B and 21), which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of March 31, 2016. Consequently, despite any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates. These dollar translations should not be construed as representations that the dollar amounts were, could have been, or could be converted at the indicated exchange rates. Foreign currency translations as of March 31, 2016 and December 31, 2015, as well as for the three month periods ended March 31, 2016 and 2015 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").



**CEMEX Latam Holdings, S.A. and Subsidiaries**  
**Notes to the Consolidated Condensed Financial Statements**  
**For the three month periods ended March 31, 2016 and 2015**  
**(Thousands of U.S. dollars)**

**Income statements**

The line item "Other income (expenses), net" in the consolidated condensed 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 three month periods ended March 31, 2016 and 2015, the consolidated condensed 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 periods ended March 31, 2016 and 2015, the increase in accounts payable to related parts to long-term \$7,880 and \$7,676, respectively, relative to the capitalization of interest on the debt with CEMEX companies.
- For the periods ended March 31, 2016 and 2015 the net increase in other equity reserves of \$416 and \$226, respectively, and the increase in additional paid-in capital of \$4 in 2016 and \$167 in 2015, in connection with executive stock-based compensation (note 18B and 18D).

**Going Concern**

As of March 31, 2016, current liabilities, which include accounts payable to CEMEX companies of approximately \$288,800, exceed current assets in \$255,559 (note 9). The Parent Company's Board of Directors has approved these consolidated condensed financial statements As of March 31, 2016 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. If it is deemed necessary, 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. For the three month period ended March, 31, 2016 and 2015, CEMEX Latam generated net cash flows from operations, after interest expense and income taxes, of \$65,203 and \$86,446 respectively.

**2B) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include those of CEMEX Latam Holdings, S.A. and those of the entities, in which the Parent Company exercises control, by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity's common stock; b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity, or c) is the primary receptor of the risks and rewards. 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 condensed financial statement in accordance with IFRS requires management to make estimates and assumptions that affect amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of reporting, as well as the revenues and expenses of the period. These assumptions are continuously reviewed using available information. Actual results could differ from these estimates.

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

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

The most significant closing exchange rates per U.S. dollar as of March 31, 2016 and December 31, 2015 for balance sheet purposes, and the average exchange rates per U.S. dollar for income statements purposes for the three-month periods ended March 31, 2016 and 2015, are as follows:

Currency	2016		2015	
	Closing	Average	Closing	Average
Colombian pesos .....	3,022.35	3,205.22	3,149.47	2,504.71
Costa Rican colones.....	542.23	543.00	544.87	540.91
Nicaraguan cordobas.....	28.27	28.15	27.93	26.81
Guatemalan quetzales .....	7.71	7.69	7.63	7.64
Brazilian reales.....	3.56	3.86	3.90	2.92



**CEMEX Latam Holdings, S.A. and Subsidiaries**  
**Notes to the Consolidated Condensed Financial Statements**  
**For the three month periods ended March 31, 2016 and 2015**  
(Thousands of U.S. dollars)

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

Cost of sales represents the cost production of inventories at its selling time including 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, nevertheless 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.

For the three month periods ended March 31, 2016 and 2015, selling expenses included as part of the administrative and selling expenses line item amounted to \$7,337 and \$9,533 respectively.

**3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS**

The financial policies applied to elaborate the condensed financial information by geographic operative segments are consistent with those that are described in the consolidated condensed financial statements for the three month periods ended March 31, 2016 and 2015. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua, El Salvador and Brazil. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

**Income statements**

Selected consolidated condensed income statements' information by geographic operating segments for the three month periods ended March 31, 2016 and 2015 are as follow:

	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other income (expenses), net	Other income (expenses), net	Financial expenses	Other financial expenses, net
2016									
Colombia..... \$	156,741	(7)	156,734	54,746	(5,961)	48,785	(53)	(5,649)	(366)
Panama.....	62,509	—	62,509	24,621	(4,452)	20,169	(238)	(1,981)	152
Costa Rica.....	42,955	(4,018)	38,937	16,984	(1,549)	15,435	38	(83)	19
Rest of CLH.....	62,885	(539)	62,346	19,496	(1,400)	18,095	(117)	(907)	325
Others.....	(4,558)	—	(4,558)	(12,431)	(7,509)	(19,941)	485	(6,253)	(287)
<b>Total .....</b> \$	<b>320,532</b>	<b>(4,564)</b>	<b>315,968</b>	<b>103,416</b>	<b>(20,871)</b>	<b>82,543</b>	<b>115</b>	<b>(14,873)</b>	<b>(157)</b>

	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other income (expenses), net	Other income (expenses), net	Financial expenses	Other financial expenses, net
2015									
Colombia..... \$	176,297	(51)	176,246	59,313	(6,683)	52,629	747	(3,715)	(479)
Panama.....	71,915	—	71,915	32,462	(8,494)	23,968	408	(1,565)	25
Costa Rica.....	46,171	(3,128)	43,043	19,679	(1,670)	18,009	(48)	(44)	6
Rest of CLH.....	66,510	(371)	66,139	24,009	(5,392)	18,617	(130)	(758)	249
Others.....	(3,505)	—	(3,505)	(23,037)	—	(23,037)	(2,957)	(14,507)	1
<b>Total .....</b> \$	<b>357,388</b>	<b>(3,550)</b>	<b>353,838</b>	<b>112,426</b>	<b>(22,239)</b>	<b>90,186</b>	<b>(1,980)</b>	<b>(20,589)</b>	<b>(198)</b>

Net sales by product and geographic operating segments for the three month periods ended March 31, 2016 and 2015 are as follows:

2016	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia..... \$	94,012	52,950	3,111	6,661	—	156,734
Panama.....	41,454	18,878	706	1,471	—	62,509
Costa Rica.....	24,672	4,650	5,383	4,232	—	38,937
Rest of CLH.....	53,616	4,250	678	3,802	—	62,346
Others.....	—	—	—	—	(4,558)	(4,558)
<b>Total .....</b> \$	<b>213,754</b>	<b>80,728</b>	<b>9,878</b>	<b>16,166</b>	<b>(4,558)</b>	<b>315,968</b>

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**Net sales by product and geographic operating segment – continued**

2015	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia.....	\$ 91,258	73,069	4,354	7,565	–	176,246
Panama.....	44,712	22,685	866	3,652	–	71,915
Costa Rica.....	29,756	4,741	4,038	4,508	–	43,043
Rest of CLH.....	51,706	5,496	1,858	7,079	–	66,139
Others.....	–	–	–	–	(3,505)	(3,505)
<b>Total.....</b>	<b>\$ 217,432</b>	<b>105,991</b>	<b>11,116</b>	<b>22,804</b>	<b>(3,505)</b>	<b>353,838</b>

**Balance sheets**

As of March 31, 2016 and December 31, 2015, selected consolidated condensed balance sheets' information by geographic segments is as follows:

2016	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia.....	\$ 1,935,344	700,221	1,235,123	32,433
Panama.....	570,825	237,473	333,352	1,207
Costa Rica.....	99,358	35,179	64,179	(92)
Rest of CLH.....	248,541	160,213	88,328	1,026
Others.....	427,518	757,309	(329,791)	–
<b>Total.....</b>	<b>\$ 3,281,586</b>	<b>1,890,395</b>	<b>1,391,191</b>	<b>34,574</b>

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)	–
<b>Total.....</b>	<b>\$ 3,196,930</b>	<b>1,880,115</b>	<b>1,316,815</b>	<b>195,917</b>

**4) DEPRECIATION AND AMORTIZATION**

Depreciation and amortization expense for the three month periods ended March 31, 2016 and 2015 is detailed as follows:

	2016	2015
Depreciation and amortization expense of assets used in the production process.....	\$ 14,601	15,834
Depreciation and amortization expense of assets used in administrative and selling activities.....	6,270	6,405
	<b>\$ 20,871</b>	<b>22,239</b>

**5) OTHER INCOME (EXPENSES), NET**

The detail of other income (expenses), net for the three-month periods ended March 31, 2016 and 2015 is as follows:

	2016	2015
Results from the sale of assets, sale of scrap and other products and non-operating expenses, net.....	487	(573)
Damages recoveries.....	50	426
Assumed taxes, fines, and other penalties.....	\$ (402)	(616)
Severance payments for reorganization and other personnel costs.....	(20)	(831)
Impairment losses.....	–	(386)
	<b>\$ 115</b>	<b>(1,980)</b>

**6) OTHER FINANCIAL EXPENSES, NET**

Other financial expenses detail, net for the three-month periods ended March 31, 2016 and 2015 are as follows:

	2016	2015
Interest cost on employee benefits.....	\$ (606)	(765)
Financial income.....	449	567
	<b>\$ (157)</b>	<b>(198)</b>



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**7) CASH AND CASH EQUIVALENTS**

Consolidated cash and cash equivalents as of March 31, 2016 and December 31, 2015 are as follows:

	2016	2015
Cash and bank accounts .....	\$ 36,513	47,386
Fixed-income securities and other cash equivalents.....	6,766	6,249
	<u>\$ 43,279</u>	<u>53,635</u>

**8) TRADE ACCOUNTS RECEIVABLE**

Consolidated trade accounts receivable as of March 31, 2016 and December 31, 2015 are detailed as follows:

	2016	2015
Trade accounts receivable .....	\$ 114,945	97,265
Allowances for doubtful accounts.....	(5,046)	(5,697)
	<u>\$ 109,899</u>	<u>91,568</u>

**9) TRANSACTIONS WITH RELATED PARTIES**

Balances receivable from and payable to related parties as of March 31, 2016 and December 31, 2015 are detailed as follows:

<b>Short-term accounts receivable</b>		2016	2015
CEMEX España, S.A. ....	\$	256	—
CEMEX de Puerto Rico, Inc. ....		244	237
New Sunward Holding B.V. ....		78	76
CEMEX Dominicana, S.A. ....		37	37
Business Material Funding SL .....		15	15
CEMEX Central, S.A. de C.V. ....		10	383
CEMEX Research Group, AG .....		4	1,674
CEMEX Denmark ApS.....		—	627
CEMEX, S.A.B. de C.V. ....		—	173
	<u>\$</u>	<u>644</u>	<u>3,222</u>
<b>Short-term accounts payable</b>			
New Sunward Holding B.V. <sup>1</sup> .....	\$	144,595	144,027
CEMEX España, S.A. <sup>2</sup> .....		114,459	113,245
CEMEX Holdings Inc. <sup>3</sup> .....		10,000	2,488
CEMEX Research Group, AG <sup>4</sup> .....		6,473	1,132
CEMEX Central, S.A. de C.V. <sup>5</sup> .....		5,515	540
CEMEX Trading, LLC <sup>6</sup> .....		4,725	5,687
CEMEX, S.A.B. de C.V. <sup>7</sup> .....		1,820	—
CEMEX Internacional, S.A. de C.V. ....		903	891
Fujur, S.A. de C.V. ....		148	174
Pro Ambiente, S.A. de C.V. ....		69	71
CEMEX México, S.A. de C.V. ....		47	217
Latinamerican Trading S.A. ....		23	—
CEMEX Jamaica Limited .....		13	13
Latin Network Holdings, B.V. ....		4	—
CEMEX Perú, S.A. ....		—	22
Others.....		6	5
	<u>\$</u>	<u>288,800</u>	<u>268,512</u>
<b>Long-term accounts payable</b>			
New Sunward Holding B.V. <sup>1</sup> .....	\$	785,037	822,388
	<u>\$</u>	<u>785,037</u>	<u>822,388</u>

1. The balances as of March 31, 2016 and December 31, 2015 include: a) loan agreement and accrued interest negotiated by Corporación Cementera Latinoamericana S.L.U. of \$346,000 in 2016 and \$349,978 in 2015; b) loan agreement and accrued interest negotiated by CEMEX Latam Holdings, S.A. of \$69,951 in 2016 and \$85,020 in 2015, as well as a revolving credit of \$104,689 in 2016 and \$85,316 in 2015; c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of \$129,902 in 2016 and \$128,458 in 2015; and d), loan agreement and accrued interest negotiated by CEMEX Bogotá Investments B.V. of \$279,090 in 2016 and \$317,644 in 2015.

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**Transactions with related parties – continued**

2. Refers to 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 six-month LIBOR rate plus 275 basis points, and its new maturity is on December 28, 2016
3. The balances outstanding were generated from imports of cement gray.
4. Royalties payable pursuant to technical assistance, use of licenses and brands, software and administrative processes agreements.
5. Royalties payable pursuant to technical assistance agreements.
6. The balances outstanding were generated from imports of cement by CEMEX LAN Trading Corporation.
7. These balances are generated from technical assistance received by the Company.

The maturities of non-current accounts payable as of March 31, 2016 are as follows:

Debtor	2017	2018	Total
CEMEX Bogotá Investments B.V. (7% annual) .....	\$ 79,065	117,195	196,260
Corporación Cementera Latinoamericana, S.L.U. (7% annual) .....	15,517	298,589	314,106
CEMEX Latam Holdings, S.A. (7% annual) .....	13,737	132,384	146,121
Cemento Bayano, S.A. (3M LIBOR + 415 bps) <sup>1</sup> .....	—	128,550	128,550
	<u>\$ 108,319</u>	<u>676,718</u>	<u>785,037</u>

- <sup>1</sup> The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in dollars. On March 31, 2016, 3 and 6-month LIBOR was 0.628% and 0.899% respectively. The contraction “bps” means basis points. One hundred bps equals 1%.

The Company’s main transactions entered into with related parties for the three month periods ended March 31, 2016 and 2015 are shown below:

**Purchases of raw materials**

	2016	2015
CEMEX Holdings Inc. ....	\$ 11,325	—
CEMEX Internacional, S.A. de C.V. ....	1,444	—
CEMEX Trading, LLC .....	—	12,176
	<u>\$ 12,769</u>	<u>12,176</u>

**Administrative and sale expenses**

	2016	2015
Latin Network Holdings, B.V. ....	\$ 4	—
CEMEX Central, S.A. de C.V. ....	2	—
Fujur, S.A. de C.V. ....	—	3
	<u>6</u>	<u>3</u>

**Royalties and technical assistance**

	2016	2015
CEMEX Research Group, AG. ....	\$ 8,180	8,525
CEMEX Central, S.A. de C.V. ....	5,790	6,871
CEMEX, S.A.B. de C.V. ....	1,828	2,294
	<u>\$ 15,798</u>	<u>17,690</u>

**Financial expenses**

	2016	2015
New Sunward Holding B.V. ....	\$ 16,261	17,866
CEMEX España, S.A. ....	992	870
Construction Funding Corporation .....	—	95
CEMEX Hungary K.F.T. ....	—	88
	<u>\$ 17,253</u>	<u>18,919</u>



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**Transactions with related parties – continued**

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

During the three month periods ended March 31, 2016 and 2015, the members of the Parent Company's Board of Directors, in consideration for services rendered, accrued compensation of approximately \$59 and \$84, 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 three month periods ended March 31, 2016 and 2015, the aggregate compensation amounts accrued by members of the Company's top management were approximately \$1,082 and \$978, respectively, correspond with remuneration base plus performance bonuses including pensions and other postretirement benefits. During these periods, no allocations were made of shares to the executive compensation programs the Parent Company.

In its cement operations in Panama, which represented approximately 13% of the Company's consolidated sales during the three-month period ended March 31, 2016, 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., indirect parent of the Parent Company, has an equity interest of 25% in the common stock of Industrias Básicas, S.A.

**10) OTHER ACCOUNTS RECEIVABLE**

**10A) OTHER CURRENT ACCOUNTS RECEIVABLE**

Consolidated other accounts receivable As of March 31, 2016 and December 31, 2015 are as follows:

		2016	2015
Non-trade accounts receivable .....	\$	8,334	7,271
Restricted cash <sup>1</sup> .....		2,760	4,401
Loans to employees and others .....		1,272	1,022
	\$	<u>12,366</u>	<u>12,694</u>

<sup>1</sup> 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 March 31, 2016 and December 31, 2015 are detailed as follows:

		2016	2015
Loans and notes receivable <sup>1</sup> .....	\$	18,895	18,548
Guaranty deposits and VAT recoverable <sup>2</sup> .....		1,937	1,955
Other non-current assets <sup>3</sup> .....		374	365
	\$	<u>21,206</u>	<u>20,868</u>

<sup>1</sup> The combined balances of these lines items mainly include: a) a fund of CEMEX Panamá to secure seniority premium payments as of March 31, 2016 and December 31, 2015 of \$2,285 and \$2,270, respectively; b) Emission Reductions Certificates granted by the United Nations to qualified projects in Costa Rica for the reduction of CO2 emissions of \$1,783 as of March 31, 2016 and \$1,792 as of December 31, 2015; c) advance payments for the purchase of fixed assets of \$9,247 as of March 31, 2016 and \$8,464 as of December 31, 2015; d) accounts receivable from the sale of land of \$4,143 as of March 31, 2016 and e) advances for housing projects in Costa Rica of \$884 as of March 31, 2016 and \$1,408 as of December 31, 2015.

<sup>2</sup> Refers mainly to VAT receivable in El Salvador of \$1,235 as of March 31, 2016 and \$1,315 as of December 31, 2015 as well as legal deposits in Brazil of \$702 as of March 31, 2016 and \$640 as of December 31, 2015.

<sup>3</sup> Refer mainly to other investments of Colombia, Panama, Costa Rica Guatemala and Nicaragua of \$374 as of March 31, 2016 and \$365 as of December 31, 2015.

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**11) INVENTORIES**

Consolidated balances of inventories As of March 31, 2016 and December 31, 2015 are summarized as follows:

	2016	2015
Materials .....	\$ 29,666	31,994
Finished goods .....	11,309	13,289
Work-in-process.....	19,667	19,921
Raw materials.....	20,243	18,558
Inventory in transit.....	4,689	3,290
Other inventories.....	2,300	343
Allowance for obsolescence.....	(1,291)	(1,261)
	<b>\$ 86,583</b>	<b>86,134</b>

**12) OTHER CURRENT ASSETS**

As of March 31, 2016 and December 31, 2015 consolidated other current assets as follows

	2016	2015
Advance payments <sup>1</sup> .....	\$ 20,935	11,938
Assets held for sale <sup>2</sup> .....	3,114	2,483
	<b>\$ 24,049</b>	<b>14,421</b>

<sup>1</sup> As of March 31, 2016 and December 31, 2015, the line item of advance payments includes \$20,925 and \$11,904, respectively, associated with advances to suppliers of inventory and insurance premiums.

<sup>2</sup> Assets held for sale are stated at their estimated realizable value and include mainly properties received in payment of trade receivables by CEMEX Guatemala.

**13) PROPERTY, MACHINERY AND EQUIPMENT, NET**

As of March 31, 2016 and December 31, 2015 the consolidated balances of property, machinery and equipment, net as follows:

	2016				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress <sup>1,2</sup>	Total
Cost at the end of period .....	\$ 216,916	198,672	730,492	190,330	1,336,410
Accumulated depreciation and depletion .....	(22,241)	(33,743)	(135,320)	—	(191,304)
Net book value at end of period .....	<b>\$ 194,675</b>	<b>164,929</b>	<b>595,172</b>	<b>190,330</b>	<b>1,145,106</b>

	2015				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress <sup>1,2</sup>	Total
Cost at the end of 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 period .....	<b>\$ 191,228</b>	<b>163,183</b>	<b>591,233</b>	<b>147,715</b>	<b>1,093,359</b>

<sup>1</sup> 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 as of March 31, 2016 has invested \$216 million approximately.

<sup>2</sup> In addition, during 2014, the Company began the construction of a cement mill in Nicaragua with a potential milling capacity of 440,000 tons per year when the two phases of the project would be completed, with a total investment of approximately \$55 million. The first phase began milling operations in February 2015, with an investment of approximately \$22 million. As of March 31, 2016, the second phase has not started.



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**14) GOODWILL AND INTANGIBLE ASSETS**

**14A) BALANCES**

As of March 31, 2016 and December 31, 2015, consolidated goodwill, intangible assets and deferred assets is summarized as follows:

	2016			2015		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
<b>Intangible assets of indefinite useful life</b>						
Goodwill .....	\$ 1,579,898	—	1,579,898	1,575,396	—	1,575,396
<b>Intangible assets of definite useful life</b>						
Customer relations .....	192,421	(71,870)	120,551	192,753	(67,392)	125,361
Extraction permits and licenses .....	112,463	(16,596)	95,867	100,940	(15,616)	85,324
Industrial property and trademarks .....	1,434	(1,306)	128	1,410	(1,273)	137
Mining projects .....	1,647	(30)	1,617	705	(28)	677
Other intangibles and deferred assets .....	3,431	(220)	3,211	—	—	—
	<u>\$ 1,891,294</u>	<u>(90,022)</u>	<u>1,801,272</u>	<u>1,871,204</u>	<u>(84,309)</u>	<u>1,786,895</u>

**14B) ANALYSIS OF GOODWILL IMPAIRMENT**

As of March 31, 2016 and December 31, 2015, goodwill balances allocated by operating segment are as follows:

	2016	2015
Costa Rica .....	\$ 452,239	450,048
Panama .....	344,703	344,703
Colombia .....	310,698	303,971
Guatemala .....	235,585	237,297
Nicaragua .....	221,585	224,289
El Salvador .....	15,088	15,088
	<u>\$ 1,579,898</u>	<u>1,575,396</u>

During the last quarter of 2015, considering the economic deterioration in Brazil among other factors, the Company recognized impairment losses in the fourth quarter of 2015 associated with that operating segment for a total of \$62,366, corresponding to \$44,983 completely to the goodwill had had by that operating segment and \$17,383 for an operating license. The total amount of the loss corresponded to the excess of net book value of the operating segment on its value in use, represented by the present value of estimated cash flows. Based on the Company's policy under IFRS, during the fourth quarter of 2016, the Company will perform its annual impairment test of goodwill balances, at the level of the groups of cash generating units ("CGU") to which goodwill has been allocated, which are commonly comprised for the operating segments, corresponding to the Company's operations in each country.

**15) SHORT-TERM AND LONG-TERM DEBT**

As of March 31, 2016 and December 31, 2015, consolidated debt by type of financial instruments is summarized as follows:

	2016	2015
Leasing Bolívar, S.A., DTF anticipated quarterly plus 550 bps <sup>1,2</sup> .....	\$ 2,276	2,422
Leasing de Occidente, S.A., DTF anticipated quarterly plus 400 bps <sup>1,2</sup> .....	1,538	1,636
Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 bps <sup>1,2</sup> .....	2,071	2,204
Helm Leasing, S.A., DTF anticipated quarterly plus 385 bps <sup>1,2</sup> .....	1,285	1,367
Leasing Bogotá, S.A., DTF anticipated quarterly plus 465 bps <sup>1,2</sup> .....	1,017	1,082
Ordinary bonds in the Colombian market <sup>3</sup> .....	3,309	3,175
Promissory note foreign currency variable rate <sup>4</sup> .....	5,171	4,227
Total .....	<u>\$ 16,667</u>	<u>16,113</u>
Long-term debt .....	7,375	8,046
Short-term debt .....	<u>\$ 9,292</u>	<u>8,067</u>

<sup>1</sup> 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 March 31, 2016 the quarterly DTF rate was 6.35%.

<sup>2</sup> 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 three months of 2016 and 2015, CEMEX Colombia incurred interest on these capital leases for an amount of \$212 and \$336, respectively. The assets acquired through these capital leases have been placed as guarantee for such financial obligations.

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**Short-term and long-term debt— continued**

- 3 On July 8, 2015, CEMEX Colombia issued ordinary bonds maturing in 10 years in the amount of ten billion Colombian pesos. This issuance was approved on April 21, 2015 by the Shareholders Meeting of CEMEX Colombia that approved the issuance and the public offering of ordinary bonds for up to thirty billion Colombian pesos, in order to fulfill with CEMEX Colombia's corporate duties and to maintain its status as issuer of securities in the Colombian market. The issuance was regulated by the Board of Director of CEMEX Colombia on April 29, 2015.
- 4 On October 23, 2015 CEMEX Colombia signed a short-term promissory note with AV VILLAS bank for \$4.2 million with a DTF interest rate plus 3%.

The maturities of CEMEX Latam's consolidated long-term debt as of March 31, 2016, were as follows:

	<b>Maturities</b>
2017.....	3,090
2018.....	976
2025.....	3,309
	<b>\$ 7,375</b>

**16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

As of March 31, 2016 and December 31, 2015 consolidated other current accounts payable and accrued expenses were detailed as follows:

	<b>2016</b>	<b>2015</b>
Others provisions and liabilities .....	22,950	15,520
Accrued expenses.....	18,577	17,569
Advances from customers .....	\$ 17,857	18,166
Provisions for legal claims and other commitments .....	17,707	16,410
Provision for employee benefits.....	7,986	8,038
Others.....	1,279	1,055
	<b>\$ 86,356</b>	<b>76,758</b>

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.

As of March 31, 2016 and December 31, 2015 consolidated other non-current liabilities were as follows:

	<b>2016</b>	<b>2015</b>
Provision for asset retirement obligations <sup>1</sup> .....	\$ 3,896	4,410
Others provisions and liabilities.....	3,453	3,639
Deferred revenue.....	525	481
	<b>\$ 7,874</b>	<b>8,530</b>

- <sup>1</sup> 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) INCOME TAXES**

**17A) INCOME TAXES FOR THE PERIOD**

The recognition of income taxes for interim periods is based on the best estimate of the effective income tax rate expected for the full year, which is applied to the income before income taxes. For the three month periods ended March 31, 2016 and 2015, income tax expense recognized in the consolidated condensed income statements was as follows:

	<b>2016</b>	<b>2015</b>
Current income taxes .....	\$ 28,918	30,296
Deferred income taxes .....	162	(1,939)
	<b>\$ 29,080</b>	<b>28,357</b>
<b>Out of which:</b>		
Colombia <sup>1, 2</sup> .....	\$ 14,710	15,143
Costa Rica.....	2,954	3,653
Panama.....	1,455	1,861
Rest of CLH and others <sup>3</sup> .....	9,961	7,700
	<b>\$ 29,080</b>	<b>28,357</b>

- <sup>1</sup> Beginning January 1, 2015, a tax on wealth became effective in Colombia, which is calculated considering the net equity for tax purposes outstanding as of January 1, 2015. The aforementioned tax will be effective in 2015, 2016 and 2017. The effect of the three-month period ended March 31, 2016 was approximately \$1,155 and is included within income taxes.



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**Income taxes for the period – continued**

- 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.
- 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.

**17B) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS**

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable adverse considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of March 31, 2016, 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 considering the exchange rate as of March 31, 2016. 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. Currently, the process is for waiting for judgment since October 7, 2015 on this procedure. At this stage of the proceeding, as of March 31, 2016, CEMEX Latam does not consider probable an adverse resolution in this proceeding, however is difficult to assess with certainty the likelihood of an adverse result, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.
- On September 13, 2012, the Tax Authority notified CEMEX Colombia an ordinary request for the review of its income tax return for the fiscal year 2011, in connection with the amortization of goodwill of Lomas del Tempisque S.R.L., which was considered tax deductible in such tax return. On October 5, 2012, CEMEX Colombia rejected the Tax Authority's arguments and requested that the case be dismissed. On August 9, 2013, CEMEX Colombia received a verification notice from the Tax Authority; obtaining the faculty to review the aforementioned income tax return, which is currently being audited. Additionally, on June 28, 2013, CEMEX Colombia requested an amendment project increasing the amount of tax receivable, which was accepted on September 6, 2013. At this stage of the proceeding, as of March 31, 2016, 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 Tolima (the "Municipality") has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the fiscal years from 1999 to 2013. The Municipality argues that the tax is generated as a result of CEMEX Colombia's industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The combined amount of the proceedings in Colombian pesos is equivalent to approximately \$22 million, considering the exchange rate as of March 31, 2016, of which, approximately \$9 million represent purported tax and \$13 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 March 31, 2016. On May 28, 2014, CEMEX Colombia appealed this resolution before the Colombian State Council.



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**Uncertain tax positions and significant tax proceedings – continued**

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 considering the exchange rate as of March 31, 2016. On January 6, 2015, CEMEX Colombia filed an appeal to the official settlement. The Municipality should have responded to the appeal lodged no later than January 6, 2016. Considering that the Company did not receive any response, on January 26, 2016, CEMEX Colombia reported to the Municipality the recognition of the positive administrative silence and requested a copy of the file, which was submitted and whereas there is evidence that there was any notification by the Municipality to CEMEX Colombia or its legal representative in connection with the resolution of the appeal for reconsideration. Therefore, CEMEX Colombia currently expects the Municipality to decide on CEMEX Colombia's request of recognition of the positive administrative silence. At this stage, CEMEX Colombia considers that cash outflows in relation to this litigation are not probable.

On March 25, 2015, the Municipality issued a special requirement related to fiscal year 2012, considering the same arguments mentioned in the proceedings of previous years described above. The amount of purported tax in Colombian pesos for this year is equivalent to \$1 million and a penalty for inaccuracy in Colombian pesos equivalent to approximately \$2 million considering the exchange rate as of March 31, 2016. CEMEX responded to the request within the legal deadline on May 22, 2015. The Municipality should have issued the official liquidation no later than January 4, 2016. Considering similarly that CEMEX Colombia did not receive any notification of the official liquidation review, during January 2016, CEMEX Colombia requested a copy of the file, was submitted and whereas there is evidence that there was any notification by the Municipality to CEMEX Colombia or its legal representative in connection with the official liquidation. Therefore, CEMEX Colombia currently expects the Municipality to decide on the matter.

As part of the same proceedings with the Municipality mentioned above, on December 10, 2015, a first instance resolution was issued in favor of CEMEX Colombia for the fiscal year 2008. On March 26, 2016, an edict was issued confirming the first instance resolution that rejected the purported deficiencies of CEMEX Colombia and ratified the resolution of the industry and commerce tax for fiscal year 2008. CEMEX Colombia currently expects the Municipality to appeal the decision.

In addition, on March 25, 2016, CEMEX Colombia received a special request for fiscal year 2013 by means of which the Municipality requires an increase in the industry and commerce tax for an amount in Colombian pesos equivalent to approximately \$2 million and a penalty for inaccuracy for an amount in Colombian pesos equivalent to approximately \$4 million, both considering the exchange rate as of March 31, 2016. CEMEX Colombia is preparing the response to this request.

**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, considering the exchange rate as of March 31, 2016, 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 unconstitutionality resource 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 March 31 2016, there are no settlement procedures regarding the audit for the 2008 fiscal year against CEMEX Costa Rica.



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**18) STOCKHOLDERS' EQUITY**

**18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL**

As of March 31, 2016 and December 31, 2015, the line item common stock and additional paid-in capital was detailed as follows:

		2016			2015		
		Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock .....	\$	718,124	—	718,124	718,124	—	718,124
Additional paid-in capital .....		894,701	(147,835)	746,866	894,701	(147,839)	746,862
	\$	1,612,825	(147,835)	1,464,990	1,612,825	(147,839)	1,464,986

During the three-month periods ended March 31, 2016 and 2015 the Parent Company performed physical deliveries of shares to the executives subject to the benefits of the long-term stock-based compensation plan (note 18D), which increased additional paid-in capital in the amount of \$4 and \$167, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of March 31, 2016 and December 31, 2015, the Parent Company's subscribed and paid shares by owner were distributed as follows:

Shares	2016	2015
Owned by CEMEX España.....	407,890,342	407,890,342
Owned by third-party investors.....	148,486,588	148,485,934
Total subscribed and paid shares .....	556,376,930	556,376,276

As of March 31, 2016 and December 31, 2015, 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 21,901,412 and 21,902,066 shares held in the Company's treasury (treasury shares), respectively.

On March 31, 2016, CEMEX España owns approximately 73.31% of the common shares of the Parent Company, excluding shares held in treasury.

**18B) OTHER EQUITY RESERVES**

As of March 31, 2016 and December 31, 2015, the balances of other equity reserves are summarized as follows:

	2016	2015
Reorganization of entities under common control and other effects <sup>1</sup> .....	\$ (300,422)	(300,422)
Translation effects of foreign subsidiaries <sup>2</sup> .....	(555,355)	(583,788)
Share-based payments <sup>3</sup> .....	8,239	7,823
	\$ (847,538)	(876,387)

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> As of March 31, 2016 and December 31, 2015, 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 18D), 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.

**18C) RETAINED EARNINGS**

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its annual profit, determined on a stand-alone basis, to a legal reserve until such reserve reaches at least an amount equivalent to 20% of the Parent Company's common stock. As of March 31, 2016, the legal reserve of the Parent Company amounted to \$8,626.

In addition, the proposed distribution of benefit for the year ended December 31, 2015 formulated by the Board of Directors at its meeting held on March 29, 2016 includes, among others, the allocation to the legal reserve of €4,012 euros. This proposal must be approved by the General Meeting of Shareholders of the Parent Company, to be held in June 2016.



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**18D) EXECUTIVE STOCK-BASED COMPENSATION**

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

On January 16, 2013, the Parent Company's Board of Directors, considering the favorable report of its Nominations and Remuneration 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 three month periods ended March 31, 2016 and 2015, 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 each subsidiaries against other equity reserves amounted to \$420 and \$393, respectively.

**18E) NON-CONTROLLING INTERESTS**

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of March 31, 2016 and December 31, 2015, non-controlling interest in equity amounted to approximately \$5,536 and \$5,329, respectively.

**19) 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 three month periods ended March 31, 2016 and 2015 are as follows:

	<b>Denominator (thousands of shares)</b>	<b>2016</b>	<b>2015</b>
Weighted average number of shares outstanding – Basic EPS.....		556,168	556,150
Effect of dilutive instruments – stock-based compensation.....		434	295
Weighted average number of shares outstanding – Diluted EPS .....		556,602	556,445
	<b>Numerator</b>		
Consolidated net income .....	\$	45,466	43,964
Less: non-controlling interest net income .....		(150)	(173)
Controlling interest net income .....	\$	45,316	43,791
Controlling Interest Basic Earnings per Share (\$ per share) .....	\$	0.08	0.08
Controlling Interest Diluted Earnings per Share (\$ per share) .....	\$	0.08	0.08



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**20) COMMITMENTS**

**20A) CONTRACTUAL OBLIGATIONS**

As of March 31, 2016 and December 31, 2015, the Company had the following contractual obligations:

(Thousands of dollars)	March 31, 2016					2015
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total	Total
Debts						
Long-term debt with related parties <sup>1</sup>	288,800	785,037	—	—	1,073,837	1,090,900
Interest payments on debt <sup>2</sup>	59,327	70,907	—	—	130,234	146,020
Operating leases <sup>3</sup>	1,869	3,576	3,495	10,414	19,354	17,697
Capital lease obligations <sup>4</sup>	9,292	7,375	—	—	16,667	16,113
Pension plans and other benefits <sup>5</sup>	3,399	6,784	6,697	16,007	32,887	32,887
Raw material, fuel and energy purchase <sup>6</sup>	44,811	138,917	100,547	21,725	306,000	253,080
Investments in property, plant and equipment <sup>7</sup>	47,980	—	—	—	47,980	60,751
Total contractual obligations..... \$	453,561	1,012,596	110,739	48,146	1,626,959	1,617,448

<sup>1</sup> This line item refers to the Company's liabilities with related parties described in note 9.

<sup>2</sup> Includes future interest payments under debt owed to third-party creditors, capital leases and debt owed to related parties using the interest rates outstanding on the contracts As of March 31, 2016.

<sup>3</sup> The amounts of payments under operating leases have been determined on the basis of nominal cash flows. This line item mainly refers to the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua for a term of 25 years, which includes the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A. for \$1,700 to less than one year, \$3,400 from one to three years, \$3,400 from three to five years and \$10,200 to more than five years. In addition, includes operating leases negotiated by the Parent Company in 2012 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, \$176 from one to three years, \$95 from three to five years and \$214 to more than five years, which are renewable at maturity by agreement of the parties.

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

<sup>5</sup> Represents the estimated annual payments under defined benefit plans over the next 10 years

<sup>6</sup> Includes commitments of the Company for the purchase of raw material, fuel and energy mainly from Colombia and Panama for \$245, for \$61.

<sup>7</sup> Includes purchase of productive assets mainly for Maceo plant in Colombia.

In addition to the contractual obligations described in the preceding table, As of March 31, 2016, are as follows:

- On November 20, 2013, according to Memorandum Scripture 11, CEMEX Nicaragua, SA signed a contract with the National Cement Production Company which will be effective from February 5, 2015 until 2026, and commits CEMEX Nicaragua, S.A. to pay a fee of \$0.90 per metric ton produced outside the San Rafael del Sur plant up to a production of 220 thousand metric tons per year, as economic compensation for raw material consumption. Annual payments are estimated in \$198 and for the next five years in \$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 Wärsilä Colombia S.A. signed a services agreement for the operation and maintenance of the natural gas electrical energy generating plant that provides energy under the modality of self-generation for the Caracolito plant, for a term of five years from the signing of the contract, for an amount of approximately \$9 million.
- On March 28, 2014, CEMEX Colombia signed an agreement with ExxonMobil Colombia S.A. for the supply of a variety of fuels, for a term of three years from the signing of the contract, for an amount of approximately \$25 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 \$3 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 \$2 million annually.



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**Commitments – continued**

- 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 \$9 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 in Panama. The energy supply initiated on January 1, 2010 and is set to terminate on December 31, 2019. Cemento Bayano, S. A. will pay an average amount of approximately \$15 million per year.

**20B) OTHER COMMITMENTS**

In addition to the contracts described above, As of March 31, 2016, the Company had the followings significant commitments:

- In 2012, CEMEX Latam Holdings S.A. through its branch in Switzerland entered in to the following agreements:
  - i) Agreement with CEMEX, S.A.B de C.V. for the use of CEMEX's trademarks. This contract has a term of five years and is automatically renewable for equal periods, unless it is terminated by either party to the contract providing notice one month before the applicable termination date. The Company must pay annually the use of trademarks calculated based on annual net sales of goods and services and transfer prices. For the periods ended March 31, 2016 and 2015, the total expense for trademarks use recognized in the operating expenses amounted \$1,828 and \$2,294, respectively.
  - ii) Agreement with CEMEX Research Group, A.G. for the use, operation and enjoyment of assets. This contract has a term of five years and is automatically renewable for equal periods, unless it is terminated by either party providing notice one month before the applicable termination date. The Company must pay royalties calculated annually based on annual net sales of goods and services. For the periods ended March 31, 2016 and 2015, the total royalty expense recognized in the operating expenses amounted to \$8,180 and \$8,525, 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 part 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 periods ended March 31, 2016 and 2015, the total services expense recognized in the operating expenses amounted to \$5,790 and \$6,871, respectively.
- In order to avoid potential conflicts of interest between the Parent Company and CEMEX, S.A.B de C.V., CEMEX España and the subsidiaries of both, in October 2012, the Parent Company entered into a Framework Agreement which became effective in November 2012, 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, S.A.B de C.V., or if CEMEX, S.A.B de C.V., 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, S.A.B de C.V. and CEMEX España, and in order to assist CEMEX, S.A.B de C.V. to accomplish its debt agreements, the Parent Company will require the prior consent of CEMEX, S.A.B de C.V. 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, S.A.B de C.V., and (ii) the issuance of shares under the long-term incentives plan that does not exceed \$1.75 million.
  - d) The declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares other than (i) through the issuance of common stocks of the Parent Company or the issuance of the right to subscribe ordinary shares of the Parent Company to the shareholders of the Company proportionally, to the extent that is not paid or transferred to another person who is not part of CEMEX (other than the Parent Company), cash or other assets of CEMEX (or any interest in such cash or assets) in connection with such distribution or interest, and/or (ii) in proportion to the equity interest of each minority shareholder of the Parent Company, to the extent that each shareholder receives at the same time its proportional share in any dividend, distribution or interest payment.
  - e) The creation, negotiation, grant or guarantee by the Parent Company of any type of debt, and/or the creation of liens on any of its assets, for a total amount over \$25 million at any time for both concepts.
  - f) Provide loans or become creditor in connection with any type of debt, except: (i) with respect to commercial loans granted to customers on normal commercial terms and in the ordinary course of business, and (ii) as deferred compensation in respect of any sale, lease, exchange or other disposition that the Parent Company or any of its subsidiaries are authorized to execute without the consent of CEMEX, S.A.B de C.V. and CEMEX España.



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**Other commitments – continued**

- g) Take any action that could result on default for CEMEX, S.A.B de C.V. under any contract or agreement, under its financing agreements and any refinancing, relocation or modifications thereto, to the extent that all CEMEX, S.A.B de C.V. notification obligations included in the Framework Agreement are fulfilled for contracts or agreements other than: (i) the Credit Agreement and any refinancing, replacement or modification thereto, and (ii) the issuance of minutes of CEMEX, S.A.B de C.V. and any replacement or modification thereof.

As mentioned in note 19A, there are other commitments derived from the Parent Company's lease of its corporate offices in Madrid with CEMEX España as lessor signed on September 29, 2015, as well as a lease contract for its research and development offices in Switzerland. In addition, the Company is subject to compliance with CEMEX's debt agreements, negotiated, among others, with CEMEX, S.A.B. de C.V. itself, each of which became effective upon the completion of the global offering.

- On June 23, 2015, the National Roads Institute (*Instituto Nacional de Vías* or "INVÍAS") authorized CEMEX Colombia on its own account, risk and financing, to perform the necessary works for the development of a public transportation infrastructure project denominated "*Mejoramiento y Mantenimiento de la vía de acceso a la Zona de Uso público y Zonas Anexas de la Zona Franca Permanente Especial Cementera del Magdalena Medio*", including the construction of two roads to the municipality of Maceo and the township of La Susana. The term for the completion of the works will be until December 31, 2016 and for the maintenance thereof the term shall extend during the economic exploitation of the Special Tax Zone denominated *Zona Franca Permanente Especial Cementera del Magdalena Medio*.
- On June 24, 2015, CEMEX Soluciones S.A.S., ISAGER S. A. and a third party subscribed a settlement agreement with Fiduciaria Bogotá S.A. in order to settle and resolve the claims between the parties concerning the design, execution and settlement of the urban infrastructure project *El Recuerdo* in the municipality of Montería and especially in connection with a Fiduciary contract signed between the parties on July 9, 2013 for the development of this housing project.
- During the third quarter of 2015, CEMEX Colombia initiated seven housing projects for the construction of 2,861 homes in the state of the Cesar (*Departamento del Cesar*) in Colombia, located in the municipalities of San Alberto, Aguachica, Curumaní, Astrea, Becerril, San Diego and Gamarra, as part of agreements signed in 2014. The estimated selling price of the project is for an amount of approximately Col\$128 billion (\$42 million). The houses will be delivered gradually as they are concluded. In connection with these projects, as of March 31, 2016, customers have made advance payments deposited with a trustee agent for an amount of approximately Col \$46 billion (\$15 million) that partially guarantee payment for the houses, and which will be released to CEMEX Colombia as houses are delivered to the satisfaction of such customers. As of March 31, 2016, these housing projects have a combined stage of completion of approximately 15.4%.
- 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 Panamá, S.A. (currently Argos Panamá, 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.

**21) CONTINGENCIES**

**21A) 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 17B, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam. Therefore, certain provisions 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 March 31, 2016, 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 Ibagué 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 Ibagué fully revoked the resolution accepting the defense arguments of CEMEX Colombia. As of March 31, 2016, there is a provision associated with this litigation for approximately \$8 million (note 16) considering the exchange rate at the same date, and the process is in the Supreme Court of Justice, where the appeal resource filed by the plaintiffs is being processed.



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**21B) OTHERS CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS**

As of March 31, 2016, CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 17B), which have not required the recognition of accruals based on the judgment elements 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 Industry and Commerce Authority (*Superintendencia de Industria y Comercio* or 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 March 31, 2016 of up to \$21 million for each violation, and an equivalent of up to \$0.4 million against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. It is expected that in during the course of the first quarter of 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 considers the likelihood of an adverse resolution to be remote; nonetheless, is not able to assess with certainty the likelihood of the SIC imposing any measures and/or penalties against CEMEX Colombia, but if imposed, they could have a material adverse effect on the Company's results of operations, liquidity or financial condition.
- On 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 March 31, 2016, the Company has not being informed of any recent developments in connection with this market study.
- On March 7, 2016, CEMEX Costa Rica was notified by the Directorate of Support to Competition by order of the Ministry of Economy, Industry and Trade of Costa Rica, of a request for information in order to initiate a customary preliminary investigation, to verify the existence of evidence in anticompetitive practices, determine market shares in the cement market and document the geographical areas where cement companies operate. This request for information was issued as a result of a claim issued by a third party. The company delivered the information requested on March 18, 2016 and works as necessary in relation to the aforementioned requirement.

**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 March 31, 2016 of approximately \$99 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 considers the likelihood of an adverse resolution to be remote; nonetheless, is not able to assess with certainty the likelihood 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 subsidiary of the Company 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 non-governmental organizations and environmentalist groups aimed to impose unfounded penalties to the Company and to try to encourage the cancellation of the new quarries' environmental impact studies. By ruling from April 13, 2015, it was resolved to declare that the allegations in connection with water pollution, erosion control, air quality, impact control of protected areas be worthy of investigation. Such resolution was notified on April 27, 2015; on May 5, 2015, a motion for reconsideration was presented thereof. The Environmental Authority (*Administración Regional Metropolitana del Ministerio de Ambiente*) resolved not to support the motion for reconsideration and continued the investigation. On June 15 and 16, 2015 the Environmental Authority conducted a physical inspection.



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**Others contingencies resulting from legal proceedings – continued**

In connection with the aforementioned inspection to Cemento Bayano, pursuant to the Technical Inspection Report issued on July 2, 2015, it was concluded that the purported claims were not evidenced during the physical inspection. By means of an edict posted from December 23 to December 24, 2015, the Environmental Authority notified Cemento Bayano a ten working days period to present its allegations and exculpatory evidence. On January 11, 2016, Cemento Bayano filed the written arguments and presented evidence within the administrative process. As of March 31, 2016, the authorities have not issued any recent developments. Fines on environmental matters do not have a limit in the norm, but depend on the severity of the damage, recidivism, investments level and the economic situation of the offender. At this stage, Cemento Bayano considers remote the probability and adverse ruling; nonetheless, is not able to assess with certainty the likelihood of an adverse result or potential damages which could be determined to the Company. An adverse resolution in this case could have a material adverse impact on the Company's results of operations, liquidity or financial condition.

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 a proceeding where CEMEX Colombia was indicated as a civil responsible third party in connection with the premature damages of the concrete slabs in the Main North Highway of Transmilenio's public transport system in Bogota, on October 10, 2012, a Circuit Criminal Court in Bogota sentenced the former director of the Institute of Urban Development (the "IDU"), and two former officials of the IDU to 85 months in prison and a fine equivalent to approximately \$10, as a result of the purported offenses of culpable speculation and unlawful negotiation of contracts, in the execution of the works of the aforementioned Main North Highway of Transmilenio's public transport system, and declared the invalidity of any charges against two officials of the Colombian Association of Concrete Producers ("ASOCRETO"). On August 30, 2013, as a result of an appeal by the IDU, the Superior Court of Bogota resolved, among other things: to reduce to 60 months the sentence, to impose a collective fine on those officials in Colombian pesos for an amount equivalent to approximately \$36 million at the exchange rate as of March 31, 2016, and to revoke the nullity decreed in favor of ASOCRETO's officers, and ordered the first instance judge to issue a judgment concerning the guilt or innocence of such ASOCRETO's officers.

On January 21, 2015, the Circuit Criminal Court of Bogotá declared the prescription of the criminal action initiated against the ASOCRETO officers. The judge accepted the arguments presented by CEMEX Colombia in respect that the accused officers were not public servants; therefore, declared the prescription of the criminal action since 2012. As a result of the criminal action against the ASOCRETO officers being prescribed, also ceased the action against CEMEX Colombia in its condition of supposedly civil responsible third party.

In addition to this criminal action, two popular actions were promoted as follows:

- 1) In August 2005, a class action was filed against CEMEX Colombia, another ready-mix producer and ASOCRETO, whereby it is intended that these defendants repair the aforementioned premature damages, where it was used ready-mix concrete and flowable fill supplied by CEMEX Colombia and the other producer. The plaintiffs argue that the material supplied did not meet the quality standards offered by CEMEX Colombia and the other defendants, and that information about the qualities and properties of the products offered was insufficient and inadequate. The costs of repair works of the road have been calculated in an amount in Colombian pesos equivalent to approximately \$33 million at the exchange rate as of March 31, 2016. As of 31 March 31, 2016 this process was in the final part of the evidentiary stage.
- 2) The Administrative Tribunal of Cundinamarca declared the nullity of five class actions filed in connection with the aforementioned damages, and decided to proceed with the popular action filed by a citizen. To this class action are linked the IDU, the Mayor of Bogotá, the builder, the controller and the material suppliers of this work.

CEMEX Colombia participated in this project solely and exclusively as a supplier of materials, which were received by the builder to satisfaction of the work, and no quality claims have been raised to the date of these financial statements. As of March 31, 2016, CEMEX Latam considers the likelihood of an adverse resolution to be remote; nonetheless, an unfavorable resolution could have an adverse effect on its results of operations, liquidity or financial position.



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**Others contingencies resulting from legal proceedings – continued**

- In connection with the construction of the new cement plant in the municipality of Maceo, Department of Antioquia, in Colombia (note 13), on August 28, 2012, CEMEX Colombia signed a memorandum of understanding ("MOU") with the entity 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. Subsequent to the signing of the MOU, one of CI CALIZAS S.A.'s former partners (he had transferred his shares two years before signing the MOU) was linked to a legal process for expiration of ownership and, as a result of this proceeding, 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 joined the expiration of ownership proceeding, requesting the inadmissibility of the measures that affected the transfer of full ownership rights of the related assets and the rights acquired pursuant to the MOU. Considering CEMEX Colombia's efforts, and as a temporary solution while the request for the inadmissibility of the measures against CI CALIZAS is resolved, CEMEX Colombia entered into a lease contract with the Drugs National Department (*Dirección Nacional de Estupefacientes*), in its character as depository of the affected assets, pursuant to which CEMEX Colombia is authorized to continue with the necessary works for the construction and operation of the cement plant, and consequently the lease protects all the infrastructure works and investments already made by CEMEX Colombia. After the closing of the Drugs National Department, its functions were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or "SAE"). As of March 31, 2016, CEMEX Colombia has made investments of approximately \$216 million in the new plant in Maceo. 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 affecting the assets subject to the expiration of ownership proceeding, and if CEMEX Colombia exhausts all legal resources available against the adverse resolution, any such resolution could have a material adverse effect on the Company's results of operations, liquidity or financial condition.
- The Tax Authority in Colombia (*Dirección de Impuestos Nacionales* or "DIAN") informed that considering that CEMEX Colombia has made the majority of the investments in its own name, CEMEX Colombia should proceed to transfer those investments to the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("ZOMAM"), and attest its status as shareholder of ZOMAM, in order to justify the investments made in the construction project. In the event of a failed attestation, the entity ZOMAM would incur in breach of its commitments, and therefore, the DIAN would be obliged to declare this situation and the loss of the special tax zone status of ZOMAM.

Considering the above, CEMEX Colombia through an extraordinary Board of Directors' meeting held on December 11, 2015, approved:

- i) concluding the acquisition of all shares of the entity ZOMAM, and
- ii) the transfer of assets from CEMEX Colombia to ZOMAM as an in-kind equity contribution in order to comply with the request of the DIAN.

In connection with the above, all legal documentation and accounting records were made in CEMEX Colombia and ZOMAM, and the DIAN was informed regarding the compliance with the requirements in order to keep ZOMAM's status of special tax zone.

- 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 Large 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 Large 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 Large 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 March 31, 2016, 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, 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.



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**Others contingencies resulting from legal proceedings – continued**

In addition, as of March 31, 2016, 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.

**22) MAIN SUBSIDIARIES**

The Parent Company's main direct and indirect subsidiaries as of March 31, 2016 and December 31, 2015 are as follows:

<b>Subsidiary</b>	<b>Country</b>	<b>Activity</b>	<b>% of interest</b>
Corporación Cementera Latinoamericana, S.L.U. <sup>1</sup>	Spain	Parent	100.0
CEMEX Bogotá Investments, B.V. <sup>1</sup>	The Netherlands	Parent	100.0
CEMEX Colombia S.A.	Colombia	Operative	99.7
CEMEX (Costa Rica), S.A.	Costa Rica	Operative	99.1
CEMEX Nicaragua, S.A.	Nicaragua	Operative	100.0
CEMEX Finance Latam, B.V. <sup>2</sup>	The Netherlands	Finance	100.0
Cemento Bayano, S.A.	Panama	Operative	99.5
Cimentos Vencemos do Amazonas, Ltda.	Brazil	Operative	100.0
CEMEX Guatemala, S.A.	Guatemala	Operative	100.0
Equipos para uso en Guatemala, S.A.	Guatemala	Operative	100.0
CEMEX El Salvador, S.A.	El Salvador	Operative	100.0
Inversiones SECOYA, S.A.	Nicaragua	Operative	100.0

<sup>1</sup> 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.

<sup>2</sup> Cemex Latam Finance B.V. was constituted on July 3, 2015 with the approval of the Company's Board of Directors at its meeting held on May 7, 2015, prior favorable report of the Audit Committee.