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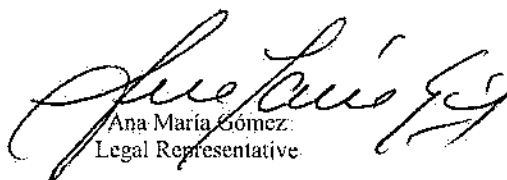
CEMEX Latam Holdings S.A. and Subsidiaries

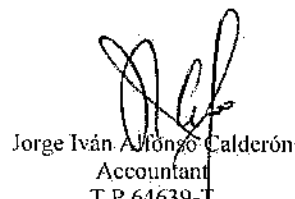
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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Income Statements
(Thousands of U.S. dollars)

	Notes	(Unaudited)	
		For the nine-month periods ended	
		September 30, 2016	September 30, 2015
Net sales.....	3	\$ 1,012,153	1,102,080
Cost of sales.....	2E	(516,042)	(580,765)
Gross profit.....		496,111	521,315
Administrative and selling expenses.....		(149,887)	(159,388)
Distribution expenses.....		(70,665)	(80,461)
		(220,552)	(239,849)
Operating earnings before other expenses, net.....		275,559	281,466
Other expenses, net.....	5	(2,707)	(12,907)
Operating earnings.....		272,852	268,559
Financial expense.....	3	(49,329)	(58,272)
Other financial expenses, net.....	3,6	(531)	(700)
Foreign exchange results.....		12,974	(17,222)
Earnings before income tax.....		235,966	192,365
Income tax.....	17A	(92,047)	(74,826)
CONSOLIDATED NET INCOME.....		143,919	117,539
Non-controlling interest net income.....		(518)	(415)
CONTROLLING INTEREST NET INCOME.....		\$ 143,401	117,124
BASIC EARNINGS PER SHARE.....	19	\$ 0.26	0.21
DILUTED EARNINGS PER SHARE.....	19	\$ 0.26	0.21

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


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

	Notes	(Unaudited)	
		For the nine-month periods ended	
		September 30, 2016	September 30, 2015
CONSOLIDATED NET INCOME		\$ 143,919	117,539
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Currency translation of foreign subsidiaries.....		45,571	(175,445)
Total other items of other comprehensive income for the period.....		45,571	(175,445)
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD		189,490	(57,906)
Non-controlling interest comprehensive income.....		(518)	(415)
CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD		\$ 188,972	(58,321)

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

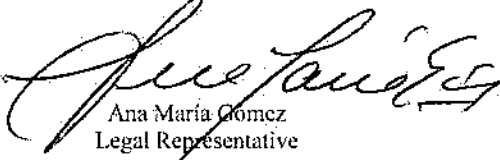

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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Balance Sheets
(Thousands of U.S. dollars)

		(Unaudited)	
		As of September 30, 2016	As of December 31, 2015
	Notes		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	\$ 46,761	53,635
Trade receivables less allowance for doubtful accounts	8	115,804	91,568
Accounts receivable from related parties	9	717	3,222
Other accounts receivable	10A	12,448	12,694
Taxes receivable		29,788	25,695
Inventories, net	11	70,867	86,134
Other current assets	12	13,563	14,421
Total current assets		289,948	287,369
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	28,411	20,868
Property, machinery and equipment, net	13	1,247,216	1,093,359
Goodwill, intangible assets and deferred assets, net	14	1,799,452	1,786,895
Deferred income taxes		11,580	8,439
Total non-current assets		3,086,659	2,909,561
TOTAL ASSETS		\$ 3,376,607	3,196,930
CURRENT LIABILITIES			
Short-term debt	15	\$ 24,936	8,067
Trade payables		129,445	120,274
Accounts payable to related parties	9	278,640	268,512
Taxes payable		56,108	50,634
Other accounts payable and accrued expenses	16	86,820	76,758
Total current liabilities		575,949	524,245
NON-CURRENT LIABILITIES			
Long-term debt	15	1,864	8,046
Long-term accounts payable to related parties	9	738,722	822,388
Employee benefits		38,236	32,384
Deferred income taxes		505,693	484,522
Other non-current liabilities	16	8,540	8,530
Total non-current liabilities		1,293,055	1,355,870
TOTAL LIABILITIES		1,869,004	1,880,115
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	18A	1,464,990	1,464,986
Other equity reserves	18B	(829,613)	(876,387)
Retained earnings	18C	722,887	627,396
Net income		143,401	95,491
Total controlling interest		1,501,665	1,311,486
Non-controlling interest	18E	5,938	5,329
TOTAL STOCKHOLDERS' EQUITY		1,507,603	1,316,815
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 3,376,607	3,196,930

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

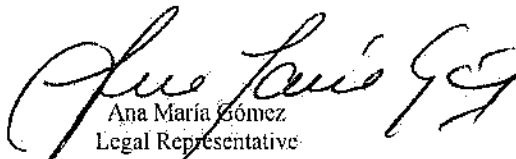

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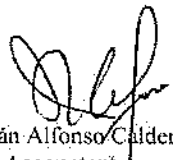

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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Cash Flows
(Thousands of U.S. dollars)

		(Unaudited)	
		For the nine-month periods ended	
	Notes	As of September 30, 2016	As of September 30, 2015
OPERATING ACTIVITIES			
Consolidated net income.....		\$ 143,919	117,539
Non-cash items:			
Depreciation and amortization of assets.....	4	64,024	64,817
Provisions and other expenses.....		(68)	3,219
Financial expense, other financial income and foreign exchange results.....		36,886	76,193
Income taxes.....	17A	92,047	74,826
Loss on the sale of fixed assets.....		1,211	6,818
Changes in working capital, excluding income taxes.....		16,953	24,362
Net cash flow provided by operating activities before interest and income taxes.....		354,972	367,774
Financial expense paid in cash.....		(47,929)	(52,639)
Income taxes paid in cash.....		(84,993)	(86,605)
Net cash flows provided by operating activities.....		222,050	228,530
INVESTING ACTIVITIES			
Property, machinery and equipment, net.....		(135,908)	(133,143)
Financial income.....		1,389	1,444
Intangible assets and other deferred charges.....		(5,011)	(4,242)
Long term assets and others, net.....		(108)	1,625
Net cash flows used in investing activities.....		(139,638)	(134,316)
FINANCING ACTIVITIES			
Related parties debt payments.....		(622,260)	(579,129)
Related parties debt.....		537,120	506,242
Non-current liabilities, net.....		(5,861)	(8,095)
Net cash flows used in financing activities.....		(91,001)	(80,982)
Increase (decrease) in cash and cash equivalents.....		(8,589)	13,232
Cash conversion effect, net.....		1,715	(6,556)
Cash and cash equivalents at beginning of the period.....		53,635	51,772
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD.....	7	\$ 46,761	58,448
Changes in working capital, excluding income taxes:			
Trade receivables, net.....		\$ (23,972)	13,542
Other accounts receivable and other assets.....		(1,874)	5,059
Inventories.....		15,071	11,241
Trade payables.....		9,170	(4,978)
Short-term related parties, net.....		8,654	(5,040)
Other accounts payable and accrued expenses.....		9,904	4,538
Changes in working capital, excluding income taxes.....		\$ 16,953	24,362

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

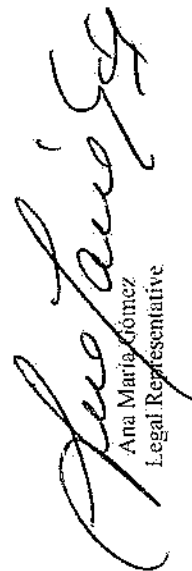

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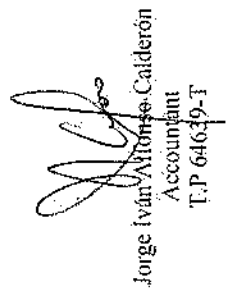

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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Changes in Stockholders' Equity
For the nine-month periods ended September 30, 2016 and 2015
(Thousands of U.S. dollars)

	Notes	Common stock	Additional paid-in capital	(Unaudited)			Total controlling interest	Non-controlling interest	Total stockholders' equity
				Other equity reserves	Retained earnings				
Balance as of December 31, 2014		\$ 718,124	745,225	(695,574)	627,396		1,395,171	5,762	1,400,933
Net income for the period		—	—	—	117,124		117,124	415	117,539
Total other items of comprehensive income for the period		—	—	(175,445)	—		(175,445)	—	(175,445)
Changes in non-controlling interest	18E	—	—	—	—		—	(963)	(963)
Stock-based compensation	18D	—	242	1,271	—		1,513	—	1,513
Balance as of September 30, 2015		\$ 718,124	745,467	(869,748)	744,520		1,338,363	5,214	1,343,577
Balance as of December 31, 2015		\$ 718,124	746,862	(876,387)	722,887		1,311,486	5,329	1,316,815
Net income for the period		—	—	—	143,401		143,401	518	143,919
Total other items of comprehensive income for the period		—	—	45,571	—		45,571	—	45,571
Changes in non-controlling interest	18E	—	—	—	—		—	91	91
Stock-based compensation	18D	—	4	1,203	—		1,207	—	1,207
Balance as of September 30, 2016		\$ 718,124	746,866	(829,613)	866,288		1,501,665	5,938	1,507,603

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 nine-month periods ended September 30, 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 November 9, 2016, prior favorable report of the Audit Committee.

Relevant event and administrative changes and corporate governance

Regarding the construction of the new cement plant in the municipality of Maceo, Antioquia province in Colombia (notes 13 and 21B), during the third quarter, the Company received reports through its anonymous reporting line, related to possible deficiencies in the purchase process of the land where the cement plant is located. The Company immediately initiated an internal audit in accordance with its corporate governance policies and its ethics code, and some irregularities were founded. As a result of this process, on September 23, 2016, the Company decided to finish the employment relationship with two executives involved in this transaction immediately: Edgar Ramírez, Vice President of Planning of CEMEX Latam and CEMEX Colombia, S.A. ("CEMEX Colombia"); And Camilo González, Legal Counsel of CEMEX Latam and CEMEX Colombia. In addition, Carlos Jacks, Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia resigns effective the same day September 23, 2016 to facilitate investigations. CEMEX and CEMEX Latam have made these findings known to the appropriate authorities in Colombia. Jaime Muguero, currently President of CEMEX South, Central America and the Caribbean and Chairman of the Board of Directors, temporarily assumed the functions of Chief Executive Officer of the Company, and President of CEMEX Colombia.

As a result of the events described in the previous paragraph, in order to strengthen levels of leadership, management and best practices of corporate governance, on October 4, 2016, the Board of Directors of the Holding Company, following a favorable report from the Commission Of Appointments and Remuneration, decided to separate the roles of Chairman of the Board of Directors, Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia. Consequently, the Commission agreed the follow appointments which were effective immediately:

- Juan Pablo San Agustín was appointed Chairman of the Board of Directors of the Parent Company.
- Jaime Muguero Domínguez was ratified as Chief Executive Officer of the Parent Company.
- Ricardo Naya Barba was appointed President of CEMEX Colombia.

Likewise, the aforementioned Board of Directors, following a favorable report from the Appointments and Remuneration Committee, agreed to the appointment of Francisco Aguilera Mendoza as Vice President of Planning of the Holding Company.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated condensed financial statements as of September 30, 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 September 30, 2016, as issued by the International Accounting Standards Board ("IASB"), as well as with the International Accounting Standard 34, *Interim Financial Statements*.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the nine-month periods ended September 30, 2016 and 2015
(Thousands of U.S. dollars)

Basis of presentation and disclosure - continued

The consolidated condensed balance sheets as of September 30, 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 nine-month periods ended September 30, 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 September 30, 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 September 30, 2016 and December 31, 2015, as well as for the nine-month periods ended September 30, 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 quetzales of the República de Guatemala ("Guatemala").

Income statements

The line item "Other 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 nine-month periods ended September 30, 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 September 30, 2016 and 2015, the increase in accounts payable to related parts to long-term \$23,687 and \$23,311, respectively, relative to the capitalization of interest on the debt with CEMEX companies.
- For the period ended September 30, 2016, the recognition of a granted guarantee on trust created to promote housing projects that represented an increased in short term debt for approximately \$7,436 in 2016 as describe in the notes 10B and 15.
- For the periods ended September 30, 2016 and 2015, the net increase in other equity reserves of \$1,203 and \$1,271, respectively, and the increase in additional paid-in capital of \$4 in 2016 and \$242 in 2015, were incurred in connection with executive stock-based compensation (note 18B and 18D).

Going Concern

As of September 30, 2016, current liabilities, which include accounts payable to CEMEX companies of approximately \$278,640 (note 9), exceeded current assets in \$286,001. The Parent Company's Board of Directors has approved these consolidated condensed financial statements as of September 30, 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 nine month period ended September 30, 2016 and 2015, CEMEX Latam generated net cash flows from operations, after interest expense and income taxes, of approximately \$222,050 and \$228,530 respectively.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the nine-month periods ended September 30, 2016 and 2015
(Thousands of U.S. dollars)

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 September 30, 2016 and December 31, 2015 for balance sheet purposes, and the average exchange rates per U.S. dollar for income statements purposes for the nine-month periods ended September 30, 2016 and 2015, are as follows:

Currency	2016		2015	
	Closing	Average	Closing	Average
Colombian pesos	2,879.95	3,038.63	3,149.47	2,678.91
Costa Rican colones.....	558.80	549.45	544.87	540.84
Nicaraguan cordobas.....	28.97	28.50	27.93	27.14
Guatemalan quetzales	7.52	7.63	7.63	7.66
Brazilian reales	3.25	3.51	3.90	3.23

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 nine-month periods ended September 30, 2016 and 2015, selling expenses included as part of the administrative and selling expenses line item amounted to \$24,152 and \$28,647 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 nine-month periods ended September 30, 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.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the nine-month periods ended September 30, 2016 and 2015
(Thousands of U.S. dollars)

Income statements

Selected consolidated condensed income statements' information by geographic operating segments for the nine-month periods ended September 30, 2016 and 2015 are as follow:

2016	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Other financial expenses, net
Colombia	\$ 511,821	(36)	511,785	176,054	(19,567)	156,487	387	(11,047)	(1,020)
Panama	199,609	—	199,609	90,364	(13,530)	76,834	417	(6,050)	691
Costa Rica	133,982	(14,447)	119,535	48,615	(4,689)	43,926	(15)	(305)	125
Rest of CLH	198,626	(1,465)	197,161	64,745	(4,175)	60,570	398	(2,267)	953
Others	(15,937)	—	(15,937)	(40,195)	(22,063)	(62,258)	(3,894)	(29,660)	(1,280)
Total	\$ 1,028,101	(15,948)	1,012,153	339,583	(64,024)	275,559	(2,707)	(49,329)	(531)

2015	Net Sales (including related parties)	Less: Related parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Other financial expenses, net
Colombia	\$ 551,439	(116)	551,323	188,502	(19,947)	168,555	2,104	(10,943)	(1,574)
Panama	224,083	(167)	223,916	91,526	(13,977)	77,549	7,667	(5,075)	88
Costa Rica	141,569	(10,610)	130,959	54,066	(4,805)	49,261	(113)	(275)	31
Rest of CLH	210,598	(2,049)	208,549	57,247	(3,679)	53,568	(265)	(3,199)	762
Others	(12,667)	—	(12,667)	(45,058)	(22,409)	(67,467)	(22,300)	(38,780)	(7)
Total	\$ 1,115,022	(12,942)	1,102,080	346,283	(64,817)	281,466	(12,907)	(58,272)	(700)

Net sales by product and geographic operating segments for the nine-month periods ended September 30, 2016 and 2015 are as follows:

2016	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	\$ 291,546	179,064	9,975	31,200	—	511,785
Panama	129,244	61,636	2,938	5,791	—	199,609
Costa Rica	76,506	12,688	17,258	13,083	—	119,535
Rest of CLH	170,840	13,671	1,775	10,875	—	197,161
Others	—	—	—	—	(15,937)	(15,937)
Total	\$ 668,136	267,059	31,946	60,949	(15,937)	1,012,153

2015	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	\$ 295,693	216,845	12,554	26,231	—	551,323
Panama	141,228	67,300	3,326	12,062	—	223,916
Costa Rica	88,318	14,772	13,363	14,506	—	130,959
Rest of CLH	157,976	19,447	3,411	27,715	—	208,549
Others	—	—	—	—	(12,667)	(12,667)
Total	\$ 683,215	318,364	32,654	80,514	(12,667)	1,102,080

Balance sheets

As of September 30, 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	\$ 2,044,138	740,405	1,303,733	129,769
Panama	585,681	232,406	353,275	4,219
Costa Rica	121,892	42,247	79,645	1,221
Rest of CLH	284,801	155,840	128,961	3,579
Others	340,095	698,106	(358,011)	—
Total	\$ 3,376,607	1,869,004	1,507,603	138,788

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Balance sheets – continued

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 CLFH	237,768	173,360	64,408	11,364
Others	470,933	783,817	(312,884)	–
Total	\$ 3,196,930	1,880,115	1,316,815	195,917

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the nine-month periods ended September 30, 2016 and 2015 is detailed as follows:

	2016	2015
Depreciation and amortization expense of assets used in the production process	\$ 44,707	46,251
Depreciation and amortization expense of assets used in administrative and selling activities	19,317	18,566
	\$ 64,024	64,817

5) OTHER EXPENSES, NET

The detail of other expenses, net for the nine-month periods ended September 30, 2016 and 2015 is as follows:

	2016	2015
Results from the valuation and sale of assets, sale of scrap and other products and non-operating expenses, net	\$ 255	(9,953)
Damages recoveries	(43)	373
Severance payments and other personnel costs for reorganization	(181)	(2,448)
Assumed taxes, fines, and other penalties	(2,738)	(879)
	\$ (2,707)	(12,907)

6) OTHER FINANCIAL EXPENSES, NET

Other financial expenses detail, net for the nine-month periods ended September 30, 2016 and 2015 are as follows:

	2016	2015
Interest cost on employee benefits	\$ (1,920)	(2,144)
Financial income	1,389	1,444
	\$ (531)	(700)

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of September 30, 2016 and December 31, 2015 are as follows:

	2016	2015
Cash and bank accounts	\$ 42,631	47,386
Fixed-income securities and other cash equivalents	4,130	6,249
	\$ 46,761	53,635

8) TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable as of September 30, 2016 and December 31, 2015 are detailed as follows:

	2016	2015
Trade accounts receivable	\$ 121,237	97,265
Allowances for doubtful accounts	(5,433)	(5,697)
	\$ 115,804	91,568

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9) TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of September 30, 2016 and December 31, 2015 are detailed as follows:

	2016	2015
Short-term accounts receivable		
CEMEX, S.A.B. de C.V.	\$ 327	173
CEMEX Central, S.A. de C.V.	213	383
New Sunward Holding B.V.	82	76
CEMEX de Puerto Rico, Inc.	71	237
Business Material Funding SL	15	15
CEMEX Dominicana, S.A.	5	37
CEMEX Research Group, AG	4	1,674
CEMEX Denmark ApS.	—	627
	<u>\$ 717</u>	<u>3,222</u>
Short-term accounts payable		
New Sunward Holding B.V. ¹	\$ 144,443	144,027
CEMEX España, S.A. ²	113,349	113,245
CEMEX Holdings Inc. ³	10,499	2,488
CEMEX Central, S.A. de C.V. ⁴	4,659	540
CEMEX Research Group, AG ⁵	2,920	1,132
CEMEX, S.A.B. de C.V. ⁶	1,547	—
CEMEX Internacional, S.A. de C.V.	843	891
Fujur, S.A. de C.V.	124	174
CEMEX México, S.A. de C.V.	119	217
Pro Ambiente, S.A. de C.V.	66	71
Sunbulk Shipping N.V.	21	—
Latinamerican Trading S.A.	24	—
CEMEX Jamaica Limited	14	13
Beijing CXP Import & Export Co., Ltd.	9	—
CEMEX Perú, S.A.	—	22
CEMEX Trading, LLC	—	5,687
Otros	3	5
	<u>\$ 278,640</u>	<u>268,512</u>
Long-term accounts payable		
New Sunward Holding B.V. ¹	\$ 738,722	\$22,388
	<u>\$ 1,017,362</u>	<u>1,090,900</u>

1. The balances as of September 30, 2016 and December 31, 2015 include: a) loan agreement and accrued interest negotiated by Corporación Cementera Latinoamericana S.L.U. of \$305,285 in 2016 and \$349,978 in 2015; b) loan agreement and accrued interest negotiated by the Parent Company of \$56,487 in 2016 and \$85,020 in 2015, as well as a revolving credit of \$170,648 in 2016 and \$85,316 in 2015; c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of \$129,962 in 2016 and \$128,458 in 2015; and d), loan agreement and accrued interest negotiated by CEMEX Bogotá Investments B.V. of \$220,783 in 2016 and \$317,644 in 2015.

2. Refers to a loan originally negotiated by CEMEX Colombia with CEMEX España in October 2010. At its maturity in December 2014, this loan was renegotiated on market conditions at nine-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 gray cement.

4. Royalties payable pursuant to technical assistance agreements.

5. Royalties payable pursuant to technical assistance, use of licenses and brands, software and administrative processes agreements.

6. These balances are generated from technical assistance received by the Company.

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Transactions with related parties – continued

The maturities of non-current accounts payable as of September 30, 2016 are as follows:

Debtor	2017	2018	Total
CEMEX Bogotá Investments B.V. (7% annual).....	\$ 39,582	98,974	138,556
Corporación Cementera Latinoamericana, S.L.U. (7% annual).....	—	273,369	273,369
CEMEX Latam Holdings, S.A. (7% annual).....	—	198,247	198,247
Cemento Bayano, S.A. (3M LIBOR + 415 bps) ¹	—	128,550	128,550
	\$ 39,582	699,140	738,722

¹ The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in dollars. On September 30, 2016, 3 and 6-month LIBOR was 0.8536% and 1.2397% respectively. The contraction "bps" means basis points. One hundred bps equals 1%.

The Company's main transactions entered into with related parties for the nine-month periods ended September 30, 2016 and 2015 are shown below:

Purchases of raw materials	2016	2015
CEMEX Holdings Inc.....	\$ 29,902	—
CEMEX Internacional, S.A. de C.V.	4,644	314
CEMEX Trading, LLC	3,197	50,169
CEMEX España, S.A.	307	—
	\$ 38,050	50,483
Administrative and sale expenses	2016	2015
Neoris de México, S.A. de C.V.	\$ 12	—
CEMEX Central, S.A. de C.V.	2	—
	14	—
Royalties and technical assistance	2016	2015
CEMEX Research Group, AG.	\$ 27,339	27,564
CEMEX Central, S.A. de C.V.	17,330	20,075
CEMEX, S.A.B. de C.V.	5,938	7,451
	\$ 50,607	55,090
Financial expenses	2016	2015
New Sunward Holding B.V.	\$ 46,989	52,668
CEMEX España, S.A.	3,050	2,671
Construction Funding Corporation	—	95
CEMEX Hungary K.F.T. ¹	—	88
	\$ 50,039	55,522

¹ This company was merged with CEMEX España with an effective date on September 8, 2016.

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 nine-month periods ended September 30, 2016 and 2015, the members of the Parent Company's Board of Directors, in consideration for services rendered, accrued compensation of approximately \$181 and \$224, 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 nine-month periods ended September 30, 2016 and 2015, the aggregate compensation accrued by the Company's top management was approximately \$3,820 and \$4,539, respectively. Out of these totals, approximately \$3,761 in 2016 and \$3,969 in 2015 correspond to base remuneration plus performance bonuses including pensions and other postretirement benefits. In addition, approximately \$59 in 2016 and \$570 in 2015 of the aggregate compensation corresponded to allocations of shares under the executive compensation programs in CEMEX's and the Parent Company's shares.

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Transactions with related parties – continued

In the Company's cement operations in Panama, which represented approximately 13% of its consolidated sales during the nine-month period ended September 30, 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., which is an entity neither controlled nor consolidated by CEMEX.

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of September 30, 2016 and December 31, 2015 are as follows:

	2016	2015
Non-trade accounts receivable.....	\$ 8,704	7,271
Restricted cash ¹	2,174	4,401
Loans to employees and others.....	1,570	1,022
	\$ 12,448	12,694

¹ Restricted cash refers to guaranty deposits made by CEMEX Colombia to Liberty Seguros, S.A.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of September 30, 2016 and December 31, 2015 are detailed as follows:

	2016	2015
Loans and notes receivable ¹	\$ 18,749	18,548
Derechos en fideicomiso para desarrollo de proyectos de vivienda ²	7,436	—
Guaranty deposits and VAT recoverable ³	1,842	1,955
Other non-current assets ⁴	384	365
	\$ 28,411	20,868

¹ The combined balances of these lines items mainly include: a) a fund of CEMEX Panamá to secure seniority premium payments as of September 30, 2016 and December 31, 2015 of \$2,344 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 \$1,696 as of September 30, 2016 and \$1,792 as of December 31, 2015; c) advance payments for the purchase of fixed assets of \$8,824 as of September 30, 2016 and \$8,464 as of December 31, 2015; d) accounts receivable from the sale of land of \$3,970 as of September 30, 2016 and e) advances for housing projects in Costa Rica of \$924 as of September 30, 2016 and \$1,408 as of December 31, 2015.

² Starting from May 2014, and with the objective of promoting the development of housing projects, CEMEX Colombia participated on a joint Trust, together with a promoting partner. The Trusts only asset is one housing land located in the municipality of Zipaquirá with market value for approximately Col\$37,348 (US\$12,968) and its only liability, a bank loan for proximately Col\$21,414 (\$7,436), loan used to purchase the said land. In the interim, CEMEX Colombia, not a Trustee at the time, serves notice that the project is acquired by some developer, and in order to increase the viability of the project, guaranteed jointly and as contingent, payment for the debt's interests in return for rights over the Trusts' actives. To date, CEMEX Colombia has loaned the Trust for approximately Col\$4,545 millions (\$1,578), to cover interests for the said loan and kept on the books as a short term account receivable, to be recovered when the project is sold. In January 2016, the Trust received a binding offer for the totality of the project from another developer, and the Project was taken off the market, but nevertheless, during the third quarter of 2016, and arguing diverse factors, said developer decided to withdraw, accepting the penalty imposed by law, equivalent for approximately US\$347. From the constitution of the Trust, and up until the 30th of June 2016, and considering the temporary nature of CEMEX's participation and the interests shown by developers, CEMEX Colombia considered the guarantee it granted and its rights in the Trust as liabilities and contingent assets, respectively, both liabilities not recognised as accountable according to IFRS. Facing the withdrawal of the binding offer, up to the 30th of September 2016, it had been considered probable that CEMEX Colombia would remain for an indefinite amount of time as a project developer, and it has been considered, that the aforementioned assets and contingent liabilities were probable, and have been recognized in the financial statements of the company, again on the basis of the applicable IFRS. (See note 15). Nevertheless and as per the initial plans CEMEX Colombia actively collaborates with the Trustee on the identification of new partners. Currently, a new binding offer is being considered.

³ Refers mainly to VAT receivable in El Salvador of \$1,054 as of September 30, 2016 and \$1,315 as of December 31, 2015 as well as legal deposits in Brazil of \$788 as of September 30, 2016 and \$640 as of December 31, 2015.

⁴ Refer mainly to other investments of, Panama, Guatemala, Brazil and Nicaragua of \$384 as of September 30, 2016 and \$365 as of December 31, 2015.

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11) INVENTORIES

Consolidated balances of inventories as of September 30, 2016 and December 31, 2015 are summarized as follows:

	2016	2015
Materials and supplies	\$ 22,965	31,994
Finished goods	10,134	13,289
Work-in-process	15,037	19,921
Raw materials	14,953	18,558
Inventory in transit	8,106	3,290
Other inventories	1,130	343
Allowance for obsolescence	(1,458)	(1,261)
	<u>\$ 70,867</u>	<u>86,134</u>

12) OTHER CURRENT ASSETS

As of September 30, 2016 and December 31, 2015 consolidated other current assets are detailed as follows:

	2016	2015
Advance payments ¹	\$ 11,734	11,938
Assets held for sale ²	1,829	2,483
	<u>\$ 13,563</u>	<u>14,421</u>

¹ As of September 30, 2016 and December 31, 2015, the line item of advance payments includes \$11,649 and \$11,904, respectively, associated with advances to suppliers of inventory and insurance premiums.

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

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of September 30, 2016 and December 31, 2015 the consolidated balances of property, machinery and equipment, net were as follows:

	2016				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ¹	Total
Cost at the end of period	\$ 226,743	204,177	760,847	274,714	1,466,481
Accumulated depreciation and depletion	(27,312)	(37,916)	(154,037)	-	(219,265)
Net book value at end of period	<u>\$ 199,731</u>	<u>166,261</u>	<u>606,810</u>	<u>274,714</u>	<u>1,247,216</u>

	2015				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ^{1,2}	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	<u>\$ 191,228</u>	<u>163,183</u>	<u>591,233</u>	<u>147,715</u>	<u>1,093,359</u>

¹ In July 2014, the Company began the construction of a new cement plant in the municipality of Maceo in the Antioquia department in Colombia with an approximate capacity of 1.1 million tons. The first phase included the construction of a cement mill, which is in testing which has been tested to date with clinker supplies from the Caracolito plant in Itague, and the cement obtained has been used in its entirety within the same construction of the plant. The next phase, which includes the construction of the kiln and the access road to the plant, is expected to be completed in stages during the last quarter of 2016 and until the first half of 2017, in order to be able to start commercial operations in July 2017. Considering the successful conclusion of several ongoing processes associated with certain operating permits (note 22), CEMEX Latam estimates an investment of approximately \$340 million, of which, as of September 30, 2016, approximately \$280 million have been invested.

² 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 upon conclusion of the project's two phases, with a total investment of approximately \$55 million. The first phase was concluded and began milling operations in February 2015, with an investment of approximately \$22 million. The second phase is expected to start in 2017 subject to market conditions.

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14) GOODWILL AND INTANGIBLE ASSETS

14A) BALANCES

As of September 30, 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
Intangible assets of indefinite useful life						
Goodwill.....	\$ 1,575,353	—	1,575,353	1,575,396	—	1,575,396
Intangible assets of definite useful life						
Customer relations.....	194,386	(81,747)	112,639	192,753	(67,392)	125,361
Extraction permits and licenses.....	124,798	(18,323)	106,475	100,940	(15,616)	85,324
Industrial property and trademarks.....	1,807	(1,703)	104	1,410	(1,273)	137
Mining projects.....	1,385	(35)	1,350	705	(28)	677
Other intangibles and deferred assets.....	3,796	(265)	3,531	—	—	—
	\$ 1,901,525	(102,073)	1,799,452	1,871,204	(84,309)	1,786,895

14B) ANALYSIS OF GOODWILL IMPAIRMENT

As of September 30, 2016 and December 31, 2015, goodwill balances allocated by operating segment are as follows:

	2016	2015
Costa Rica.....	\$ 438,829	450,048
Panama.....	344,703	344,703
Colombia.....	318,940	303,971
Guatemala.....	241,547	237,297
Nicaragua.....	216,246	224,289
El Salvador.....	15,088	15,088
	\$ 1,575,353	1,575,396

During the last quarter of 2015, considering the economic downturn in Brazil among other factors, the Company recognized impairment losses in such quarter associated with its operating segment in Brazil for a total of \$62,366, out of which, \$44,983 was related with the full write-off of goodwill that had been allocated to the aforementioned operating segment, and \$17,383 was a reduction of an operating license. The total amount of the impairment loss corresponded to the excess of the net book value of the operating segment over its value in use, represented by the present value of estimated cash flows. According to its policy, the Company will perform its annual impairment analysis on goodwill balances during the fourth quarter, at the level of the groups of Cash Generating Units ("CGUs") to which goodwill balances have been allocated, relating to the Company's operations in each country. As of September 30, 2016, the Company has not identified additional impairment indicators that would suggest the need to anticipate the impairment tests in any country before the fourth quarter; however, the Company closely monitors the situation in Brazil for the remaining book value of the operating license mentioned above.

15) SHORT-TERM AND LONG-TERM DEBT

As of September 30, 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 ^{1,2}	\$ 1,852	2,422
Leasing de Occidente, S.A., DTF anticipated quarterly plus 400 bps ^{1,2}	1,251	1,636
Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 bps ^{1,2}	1,685	2,204
Helm Leasing, S.A., DTF anticipated quarterly plus 385 bps ^{1,2}	1,045	1,367
Leasing Bogotá, S.A., DTF anticipated quarterly plus 465 bps ^{1,2}	828	1,082
Ordinary bonds in the Colombian market ³	—	3,175
Promissory note foreign currency variable rate ⁴	8,553	4,227
Promissory notes to Banco de Bogotá ⁵	4,150	—
Trust guarantee for the development of housing project ⁶	7,436	—
Total.....	\$ 26,800	16,113
Long-term debt.....	1,864	8,046
Short-term debt.....	\$ 24,936	8,067

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Short-term and long-term debt— continued

The maturities of CEMEX Latam's consolidated long-term debt as of September 30, 2016, were as follows:

	Maturities
2017.....	1,864
	\$ 1,864

- 1 The fixed-term deposit rate (*Tasa de Depósito a Término Fijo* or DTF) is the average interest rate paid by financial institutions in Colombia on fixed-term certificates. As of September 30, 2016 the quarterly DTF rate was 7.13%.
- 2 Refers to capital leases with commercial finance companies denominated in Colombian pesos, which were negotiated in 2012 with a maturity of sixty months. For the first nine months of 2016 and 2015, CEMEX Colombia incurred interest on these capital leases for an amount of \$646 and \$771, respectively. The assets acquired through these capital leases have been placed as guarantee for such financial obligations.
- 3 On July 8, 2015, CEMEX Colombia issued ordinary bonds maturing in 10 years with interest rate of 8.30% 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 Directors of CEMEX Colombia on April 29, 2015. On July 8, 2015, CEMEX Colombia issued on the secondary market, ordinary bonds with a 10-year maturity rate of 8.30% for the sum of ten thousand million Colombian pesos in order to comply with the duties of the company and maintain its status as a securities issuer in the Colombian market. Based on the established in the clause 4.10 of the prospectus for the issuance of such common bonds, since during the annual period between July 9, 2015 and July 8, 2016 the trading volume of the securities in the secondary market was less than Col \$5,000 million, on July 12, 2016, CEMEX Colombia made an offer to purchase the securities addressed to all the holders at a price equivalent to 100% of the principal amount outstanding plus interest caused and not paid. The previous offer was accepted by all holders of the securities on July 13, 2016. Notwithstanding the acquisition of the securities by CEMEX Colombia, the securities remain in force in the original term as established in the second paragraph of the article 2 of the Law 964 of 2005.
- 4 Refers to notes maturing in one year payable by CEMEX Colombia to AV Villas bank of \$8,553 as of September 30, 2016 bearing DTF rate plus 4.5% and \$4,227 as of December 31, 2015 bearing DTF rate plus 3.0%.
- 5 Refers to promissory notes maturing in one year payable by CEMEX Colombia to Banco de Bogotá of \$4,150 as of September 30, 2016.
- 6 Represents the maximum quantification of the guarantee granted by CEMEX Colombia on the amount exercised through a promissory note received by the Trust for the development of housing projects as described in note 10B. CEMEX Colombia also received as guarantee the assets property of the trust whose value significantly covers the amount of the debt. Said promissory note will be renewed until maturity by the trust every 180 days until finding the developer who buys the project, or until it is decided to extinguish the trust, in which case the debt would be assumed and in return we received the asset. The loan has an interest rate at a DTF plus 3.5%.

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of September 30, 2016 and December 31, 2015 consolidated other current accounts payable and accrued expenses were detailed as follows:

	2016	2015
Accrued expenses.....	\$ 29,482	17,569
Others provisions and liabilities.....	17,902	15,520
Advances from customers.....	17,529	18,166
Provisions for legal claims and other commitments.....	12,688	16,410
Provision for employee benefits.....	7,238	8,038
Others.....	1,981	1,055
	\$ 86,820	76,758

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 September 30, 2016 and December 31, 2015 consolidated other non-current liabilities were as follows:

	2016	2015
Provision for asset retirement obligations ¹	\$ 4,051	4,410
Others provisions and liabilities.....	3,614	3,639
Deferred revenue.....	875	481
	\$ 8,540	8,530

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

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17) INCOME TAXES

17A) INCOME TAXES FOR THE PERIOD

The recognition of income taxes 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 nine-month periods ended September 30, 2016 and 2015, income tax expense recognized in the consolidated condensed income statements was as follows:

		2016	2015
Current income taxes	\$	91,736	76,886
Deferred income taxes		311	(2,060)
	\$	92,047	74,826
Out of which:			
Colombia ^{1,2}	\$	48,777	43,411
Costa Rica		9,134	9,900
Panama		7,949	6,613
Rest of CLH and others ³		26,187	14,902
	\$	92,047	74,826

1 Beginning January 1, 2015, a tax on wealth became effective in Colombia, which is calculated considering the net equity for tax purposes outstanding as of January 1, 2015. The aforementioned tax will be effective in 2015, 2016 and 2017. The effect during the nine-month period ended September 30, 2016 was approximately \$3,535 and is included within income taxes.

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. At December 31, 2014, the aggregate rate of income tax in Colombia was 34%.

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

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 September 30, 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 Colombian Tax Authority (*Dirección de Impuestos Nacionales* or the "DIAN") notified CEMEX Colombia of a special proceeding rejecting certain deductions taken by CEMEX Colombia in its 2009 tax return. The DIAN assessed an increase in the income tax payable by CEMEX Colombia for an amount in Colombian pesos equivalent to approximately \$31 million and imposed a penalty in Colombian pesos for an amount equivalent to approximately \$50 million, both considering the exchange rate as of September 30, 2016. The DIAN 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 DIAN 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 DIAN 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 DIAN. On July 22, 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). On September 17, 2015, CEMEX Colombia presented arguments in second instance under this proceeding. Currently, the process is waiting for judgment since October 7, 2015. At this stage of the proceeding, as of September 30, 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.

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Uncertain tax positions and significant tax proceedings – continued

- On September 13, 2012, the DIAN 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 DIAN's arguments and requested that the case would be dismissed. On August 9, 2013, CEMEX Colombia received a verification notice from the DIAN, 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 in order to increase the amount of tax receivable, which was accepted on September 6, 2013. At this stage of the proceeding, as of September 30, 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.
- 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 \$23 million, considering the exchange rate as of September 30, 2016, of which, approximately \$9 million represent purported tax and \$14 million corresponds to penalties for inaccuracy. On July 18, 2013, the fiscal process for the year 1999, issued a final resolution in favor of CEMEX Colombia for the Colombian State Council, therefore this process finished. The fiscal process for the years 2000 to 2005 has been pending judgment in the State Council since March 25, 2015. The fiscal process for the years 2006 to 2007 has been pending judgment in the State Council since May 25, 2015. The fiscal process for the year 2008 received judgment in favor of the company in first instance in the Administrative Court on December 10, 2015. The municipality of San Luis filed an appeal to the State Council which was granted on April 25, 2016. The fiscal process for 2009 and 2010 is pending judgment in the State Council since June 3, 2015.

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 September 30, 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 received 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 not any notification by the Municipality to CEMEX Colombia or its legal representative in connection with the resolution of the appeal for reconsideration. On the occasion of the above, CEMEX proceeded to formalize through the public deed the positive administrative silence, which was filed before the municipality of San Luis (Tolima) on July 1, 2016. On September 16, 2016, the Municipality held a audience of reconstruction of the file for both 2011 and 2012, manifesting that the files were incomplete and was necessary to accomplish this diligence. 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 \$2 million and a penalty for inaccuracy in Colombian pesos equivalent to approximately \$2 million considering the exchange rate as of September 30, 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 received 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 not 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.

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 September 30, 2016. CEMEX Colombia responded this special requirement on April 26, 2016.

On June 13, 2016, CEMEX Colombia received a statement of objections by the Municipality for not providing information, which proposes a penalty for an amount in Colombian pesos equivalent to approximately \$0.25 million. CEMEX Colombia had one month to provide disclaimers and/or provide evidence in this process. Consequently, on July 1, 2016, CEMEX Colombia presented its response under this proceeding.

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Uncertain tax positions and significant tax proceedings -- continued

Costa Rica

- In January 2011, the Costa Rican Tax Department (*Dirección General de Tributación* or the "Tax Department") informed the beginning of audits for the 2008 fiscal year in CEMEX (Costa Rica), S.A. ("CEMEX Costa Rica"), which included 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 \$8 million, considering the exchange rate as of September 30, 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. On August 31, 2016, the Constitutional Court, by vote No 2016-12496, declared unconstitutional the contested rules, eliminating the obligation to make the advance payment or the guarantee of the determined taxes prior to the defense. The Constitutional Court determined that the audits should be finalized under the current legislation before Law No. 9069, known as transfer of charges. To date, yet to be issued the full text of the judgment, and the Tax Administration has not informed about how it will implement what is indicated in the judgment. As of September 30, 2016, there aren't officio liquidations in relation to the carry out inspection for the 2008 tax period against CEMEX Costa Rica.

18) STOCKHOLDERS' EQUITY

18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of September 30, 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 nine month periods ended September 30, 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 \$242, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of September 30, 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 September 30, 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 September 30, 2016, CEMEX España owns approximately 73.31% of the common shares of the Parent Company, excluding shares held in treasury.

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18B) OTHER EQUITY RESERVES

As of September 30, 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 ¹	\$ (300,422)	(300,422)
Translation effects of foreign subsidiaries ²	(538,217)	(583,788)
Share-based payments ³	9,026	7,823
	<u>\$ (829,613)</u>	<u>(876,387)</u>

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

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

³ As of September 30, 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 September 30, 2016, the legal reserve of the Parent Company amounted to \$13,045.

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 implementation of the incentives plan previously mentioned, some executives of the Company participated in CEMEX's stock-based long-term incentives program, by means of which, new CEMEX's Ordinary Participation Certificates ("CPOs") are issued, which are vested and 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, S.A.B. de C.V. CPOs.

For the nine-month periods ended September 30, 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 \$1,207 and \$1,513, 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 September 30, 2016 and December 31, 2015, non-controlling interest in equity amounted to approximately \$5,938 and \$5,329, respectively.

19) 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.

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Earnings per share—continued

The amounts considered for calculations of earnings per share ("EPS") for the nine-month periods ended September 30, 2016 and 2015 are as follows:

Denominator (thousands of shares)	2016	2015
Weighted average number of shares outstanding – Basic EPS	556,376	556,161
Effect of dilutive instruments – stock-based compensation	463	647
Weighted average number of shares outstanding – Diluted EPS	556,839	556,808
Numerator		
Consolidated net income	\$ 143,919	117,539
Less: non-controlling interest net income	(518)	(415)
Controlling interest net income	\$ 143,401	117,124
Controlling Interest Basic Earnings per Share (\$ per share)	\$ 0.26	0.21
Controlling Interest Diluted Earnings per Share (\$ per share)	\$ 0.26	0.21

20) COMMITMENTS

20A) CONTRACTUAL OBLIGATIONS

As of September 30, 2016 and December 31, 2015, the Company had the following contractual obligations:

(Thousands of dollars)	September 30, 2016					2015
Debts	Less than 1 year	1–3 years	3–5 years	More than 5 years	Total	Total
Long-term debt with related parties ¹	278,640	738,722	–	–	1,017,362	1,090,900
Interest payments on debt ²	56,658	38,989	–	–	95,647	146,020
Operating leases ³	1,853	3,484	3,464	10,286	19,087	17,697
Capital lease obligations ⁴	17,500	1,864	–	–	19,364	16,113
Pension plans and other benefits ⁵	3,399	6,784	6,697	16,007	32,887	32,887
Raw material, fuel and energy purchase ⁶	44,597	127,036	87,596	23,559	282,788	253,080
Investments in property, plant and equipment ⁷	25,833	–	–	–	25,833	60,751
Total contractual obligations	\$ 428,480	916,879	97,757	49,852	1,492,968	1,617,448

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

² Includes future interest payments under debt owed to third-party creditors, capital leases and debt owed to related parties using the interest rates outstanding on the contracts as of September 30, 2016.

³ The amounts of payments under operating leases have been determined on the basis of nominal cash flows. This line item mainly refers to the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua for a term of 25 years, which includes the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A. for \$1,679 to less than one year, \$3,359 from one to three years, \$3,359 from three to five years and \$10,076 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 \$174 to less than one year, \$125 from one to three years, \$105 from three to five years and \$210 to more than five years.

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

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

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

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

In addition to the contractual obligations described in the preceding table, As of September 30, 2016, are as follows:

- On December 22, 2014, CEMEX Colombia signed an agreement with FLSmidth, Inc., a global provider of equipment for the mining and cement industries, for the engineering of equipment, acquisition and supply of equipment for the new cement plant under construction in the municipality of Maceo (note 13), maturing in September 2016, for an amount of approximately \$42 million. The object of the contract has been complied and is in the liquidation phase of the services provided.
- On June 25, 2014, CEMEX Colombia and Wärtsilä Colombia S.A. signed a services agreement for the operation and maintenance of the natural gas electrical energy generating plant that provides energy under the modality of self-generation for the Caracolito plant, for a term of five years from the signing of the contract, for an amount of approximately \$9 million.

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Contractual obligations—continued

- 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 \$27 million.
- 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 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 annual amount is of approximately \$3 million. Recently, this supplier has been in failing of agreed deliveries of materials, so CEMEX Colombia has analyzed different alternatives with the supplier that allow it to recover the advances granted for an approximate amount of \$ 0.4 million, without this having materialized on the 30th of September 2016.
- 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.
- 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.
- On January 17, 2008, Cemento Bayano, S.A. and Generación Eléctrica, S.A. Company (now EN EL FORTUNA, S. A.) signed an agreement for electric energy supply for the cement utility 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 September 30, 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 September 30, 2016 and 2015, the total expense for trademarks use recognized in the operating expenses amounted \$5,938 and \$7,451, 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 September 30, 2016 and 2015, the total royalty expense recognized in the operating expenses amounted to \$27,339 and \$27,564, 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 September 30, 2016 and 2015, the total services expense recognized in the operating expenses amounted to \$17,330 and \$20,075, 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).

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Other commitments – continued

- 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.
 - 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 20A, there are other commitments derived from the Parent Company's lease of its corporate offices in Madrid with CEMEX España as lessor signed on September 29, 2015, as well as a lease contract for its research and development offices in Switzerland. In addition, the Company is subject to compliance with CEMEX's debt agreements, negotiated, among others, with CEMEX, S.A.B. de C.V. itself, each of which became effective upon the completion of the global offering.
- On June 23, 2015, in relation with the project Maeco (notes 13, 21B y 22), 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 Maeco 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 2,636 homes in the state of the Cesar (*Departamento del Cesar*) in Colombia, located in the municipalities of San Alberto, Aguachica, Curumani, Astrea, Becerril, San Diego and Gamarra, as part of agreements signed in 2014, which originally envisaged the construction of 2861 houses but were reduced by common agreement between the parties. The estimated selling price of the project is for an amount of approximately Col\$123 billion (\$43 million). The houses will be delivered gradually as they are concluded. In connection with these projects, as of September 30, 2016, customers have made advance payments deposited with a trustee agent for an amount of approximately Col\$51 billion (\$18 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 September 30, 2016, these housing projects have a combined stage of completion of approximately 30%.

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Other commitments – continued

- 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 1,320,715 MT for the period from 2015 to 2016 and 1,414,783 MT for the period from 2017 to 2018.

21) CONTINGENCIES

21A) CONTINGENT LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various significant legal 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 September 30, 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 \$9 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 September 30, 2016, there is a provision associated with this litigation for approximately \$9 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.

21B) OTHERS CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

As of September 30, 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. And two ex employees of the company, for allegedly breaching rules which prohibit: a) to limit 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 September 30, 2016 of up to \$22 million for each violation, and an equivalent of up to \$0.4 million against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. It is expected that in during the course of the second quarter 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.

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Others contingencies resulting from legal proceedings – continued

- On April 22, 2015, CEMEX Costa Rica, was notified by the Competition Authority (*Dirección de Apoyo a la Competencia*) of a request for information issued by the Ministry of Economy, Industry and Trade of Costa Rica in connection with an study in the cement market that would allow the evaluation of price changes as well as to identify possible distortions and market barriers among other issues in such country. The aforementioned information request relates to volumes, prices and production costs from 2010 to date. The Company delivered the requested information as of June 5, 2015 and collaborates as necessary with the study mentioned. As of September 30, 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 Competition Authority 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. In July 2016, the Commission for the Promotion of Competition (COPROCOM) resolved that they can't found evidence of an anticompetitive practice, so the was filed and the preliminary investigation were closed.

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 September 30, 2016 of approximately \$104 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"), subsidiary of the Company in such country, for alleged breach of environmental regulations as a result of the non-metallic mineral exploration in its quarries. Moreover, they requested the review of the environmental impact studies that protect new raw materials' quarries of the plant. These community members are being assisted by non-governmental organizations and environmentalist groups aimed to impose unfounded penalties to the Company and to try to encourage the cancellation of the new quarries' environmental impact studies. By ruling from April 13, 2015, it was resolved to declare that the allegations in connection with water pollution, erosion control, air quality, impact control of protected areas be worthy of investigation. Such resolution was notified on April 27, 2015; on May 5, 2015, a motion for reconsideration was presented thereof. The Environmental Authority (*Administración Regional Metropolitana del Ministerio de Ambiente*) resolved not to support the motion for reconsideration and continued the investigation. On June 15 and 16, 2015 the Environmental Authority conducted a physical inspection is corroborated that are not evidence of the allegations.

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, 2015 and removed on 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. At the end of January 2016, the process was referred to the recently created Regional Administration of North Panamá the Ministry of the Environment, (*Administración Regional Panamá Norte del Ministerio de Ambiente*) which, by Resolution of September 12, 2016, admitted and rejected evidence. As of September 30, 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 asses with certainty the likelihood of an adverse result or potential damages which could be determined to the Company. An adverse resolution in this case could have a material adverse impact on the Company's results of operations, liquidity or financial condition.

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.

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Other proceedings legal

- In respect to the proceedings initiated in August 2005 whereas 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 Bogotá, where it was used ready-mix concrete and flowable fill supplied by CEMEX Colombia and other members of the Colombian Association of Concrete Producers ("ASOCRETO"). 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; on October 10, 2012, a Circuit Criminal Court in Bogotá 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 \$11, as a result of the purported offenses of culpable speculation and unlawful negotiation of contracts, in the execution of the works of the aforementioned and declared the invalidity of any charges against two officials of ("ASOCRETO"). On August 30, 2013, as a result of an appeal by the IDU, the Superior Court of Bogotá 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 \$38 million at the exchange rate as of September 30, 2016, and to revoke the nullity decreed in favor of ASOCRETO officers, and ordered the first instance judge to issue a judgment concerning the guilt or innocence of such ASOCRETO 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. The decision was subject to appeal and was subsequently confirmed by the Criminal Chamber of the Superior Court of Bogotá. 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 connection with these proceedings related with the premature damages of Transmilenio's public transport system, in which the costs of repair works have been calculated in an amount in Colombian pesos equivalent to approximately \$35 million at the exchange rate as of September 30, 2016, an Administrative Court in Bogotá issued a first instance resolution, considering most of the arguments raised in its defense by CEMEX Colombia, recognizing that the flowable fill (supplied by CEMEX Colombia) is not the cause of the purported damages, and that the aforementioned damages resulted from failures in planning, execution and supervision of the work. The first instance resolution was appealed; nonetheless, considering conditions precedent of the case, it would be difficult for the second instance judge to revoke the previous resolution.

Likewise, in related proceedings, 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 suppliers of materials for 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 September 30, 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.

- In relation to the construction of a new cement plant at the municipality of Maceo (Department of Antioquia, Colombia, see (note 13), in August of 2012, CEMEX Colombia signed a memorandum of understanding (MOU) with the legal representative of the selling entity CI Calizas y Minerales S.A. ("CI Calizas"). The MOU's objective was the acquisition and concession of assets consistent of lands (Monterrey Farm at municipality of Maceo, Antioquia), the mining title, environmental permit, and the totality of shares of Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam"), this entity being the holder of the special tax and trade zone concession, as well as the derivative rights of the Trust contract between Acción Sociedad Fiduciaria S.A., CI Calizas and Zomam, to execute the construction of the new cement plant. After signing the MOU, a former shareholder of CI Calizas who had transferred its shares two years before the MOU was signed, was linked to an expiration of property legal process, initiated by the Fiscalía General de la Nación (Colombia's General Attorney), based on a complaint presented by the DIAN, and in consequence of the initiation of this process, the General Attorney, amongst other measures, suspended the powers granted to CI Calizas, to dispose of assets offered to CEMEX Colombia. To protect its interests, CEMEX Colombia made itself part of the expiration of property legal process, and requested for the measures that affected the assets to be inadmissible. In consequence, on July 2013, CEMEX Colombia signed a lease contract with Dirección Nacional de Estupefacientes (a government institution, interim custodian of the assets "DNE") for a duration of five years unless terminated in anticipation; DNE was later liquidated and its functions taken by Sociedad de Activos Especiales S.A.S. ("SAE"). The lease contract authorised the construction and start-up of the cement plant, protecting in this way, all works and investments that CEMEX Colombia had been executing to date, and equally, a similar mandate was granted to CI Calizas with the same purpose. On May 3, 2016, The General Attorney Resolved to negate the inadmissibility of the expiration of property legal process that affects the assets, the mining title, and the special tax and trade zone concession, all of them part of Project Maceo already mentioned in MOU, signed with CI Calizas. The process can be extended in time, estimated between 2 and 4 years. For the General Attorney, it is necessary to produce proofs that clearly demonstrate the origin of the funds with which the assets were acquired, meaning those assets subject to expiration of property legal process, and manifests, that even then it is not clear how the old CI Calizas shareholder could be un-linked, and in contrary, considers that there are indications that there was intervention from the old shareholder on the businesses of CI Calizas, even after its retirement from the partnership in 2010. Subject to this legal process being resolved, CEMEX Colombia plans to negotiate and extension to the lease terms.

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Other proceedings legal – continued

As of September 30, 2016, CEMEX Colombia has made investments for approximately \$280 million in Maceo project. CEMEX Colombia considers that its investments in the development of the plant was effected with the consent of the SAE and CI Calizas by virtue of the lease contract and mandate based on the legislation of Colombia; Nevertheless, if there is a final adverse resolution of the authority affecting the assets subject to the expiration of property legal process, 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 position.

In relation to the MOU, CEMEX Colombia also contracted the same representative from the selling entity to represent CEMEX Colombia in the acquisition of lands adjacent to project Maceo, then signing a new MOU. An internal audit revealed that CEMEX Colombia made payments equivalent for approximately \$20.5 million to said person representing both CI Calizas and CEMEX Colombia. Such payments were deposited in the person's account as advances payments for the MOU, and for the purchase of land (both directly for project Maceo and the additional adjacent land), the mining title, the special tax and trade zone and the environmental license that CEMEX Colombia intended to acquire, this without the mentioned MOUs being the legal instruments that according to law should have been formalized for the respective acquisitions, given that such MOU's only disclose that the parties (case for the MOU subscribed with CI Calizas) will do their best effort to culminate the necessary process for the acquisition and transfer of rights of the mentioned assets, and respect to the MOU subscribed with Mr. Eugenio Correa (acting as representative for the MOU with CI Calizas); this constituted a mandate for this person to acquire, on his own and on CEMEX Colombia's behalf, land adjacent to project Maceo; in consequence, CEMEX Colombia is not, to this date, the legitimate owner of the already cited assets. As described in note 1, the executives responsible for the implementation and execution of such payments, were recently dismissed from the company, and the CEO of CEMEX Latam and President of CEMEX Colombia resigned. Payments made by CEMEX Colombia for the purchase of assets, shares and transfer of the lease contract for mining with the environmental permit, as well as the adjacent lands to the cement plant, were made in violation of CEMEX's and CEMEX Latam internal policies. In consequence, CEMEX Latam and CEMEX Colombia, made these facts be known, as well as the elements founds during the internal audit, for the General Attorney to take appropriate actions. According to the requisites from the audit committee of CEMEX, S.A.B. de C.V., and from the audit commission of CEMEX Latam Holdings, external attorneys have been contracted to assist CEMEX Latam and CEMEX Colombia on the necessary collaboration with the General Attorney. According to internal controls of CEMEX Latam and common practice, a team of external auditors experts in forensic audits has been incorporated, and such team to collaborate with the externally contracted attorneys; the external auditors are already in the process of revision of the documentation produced by the internal audit. In relation to the irregularities detected in the purchase process of assets, property of CI Calizas, and additional land already mentioned, that led to the activation of the internal audit, the dismissal of implicated executives and the filed complaints, we were informed by the General Attorney of the activation of an investigation on their part about the facts and the filed complaints. To the date of the financial statements, the investigation led by General Attorney is on the initial phase, in which, the company is not able to predict actions that this office could implement, nor the probability or grade that whichever of these actions, including the dismissal of the already referenced executives, could have adverse effects, material to the results of operation, liquidity or financial situation of CEMEX Latam. The company will collaborate with the Colombia's General Attorney in everything necessary for the investigation.

In relation to project Maceo and the facts mentioned in previous paragraphs, to the date of the financial statements, the elements of judgment available to the Company, do not allow to determine if it has incurred on any loss with respect to investments, already mentioned, made in the project as of September 30, 2016, and that include the investments by means of the MOU in the purchase of land, the lease contract for the mining operation together with the environmental permit, the special tax and trade zone by means of the Zomam society, investments for which no provision has been made for losses on the financial statements, and as such the investment are kept at their historic cost, pending the outcome of ongoing investigations, gathering of more evidence and the resolutions pronounced by the authorities. It is important to mention that under Colombian law, if a person is authorized to utilize and build on the property of a third party, it being the government through domain processes, or the seller, if the processes are declared unfounded, the person is subject to compensation for all the improvements and buildings constructed, in case that the owner would prefer to recover land possession, or by other means, to sell the land to the person in reference. Because of this, the company considers that it will be able to secure both the land ownership and the mining title, in order to operate the plant with normality. Notwithstanding, had this not been the case, CEMEX Colombia will take all necessary actions to safeguard the project in Maceo.

- In addition, The 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: a) Concluding the acquisition of all shares of the entity ZOMAM, and b) the capitalization of assets from CEMEX Colombia as a shareholders of ZOMAM, in order to comply with the request of the DIAN. In connection with the aforementioned, all legal documentation and accounting records were made in CEMEX Colombia and ZOMAM, with which CEMEX Colombia is 100% owner of ZOMAM and the DIAN was informed regarding the compliance with the requirements in order to keep ZOMAM's status of special tax zone (note 22). The assets of ZOMAM, the Free Trade Zone, are within the domain extinction process mentioned above.

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Other proceedings legal – continued

- 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 build structures above the permitted height restriction applicable to certain areas surrounding the *Calzada Larga* Airport which affected the construction of the cement plant's second line. On October 14, 2008, as per Cemento Bayano's request for reconsideration, the AAC granted permission for the construction of the tallest building of the second line, under the following conditions: that (a) Cemento Bayano assumes any liability arising from any incident or accident caused by the construction of such building, and (b) there would be no further permissions for additional structures. In connection with the construction of the remaining 12 buildings of the second line of the plant, on March 13, 2009, the AAC issued an explanatory note stating that: (a) should an accident occur in the *Calzada Larga* Airport's perimeter, an investigation shall be conducted in order to determine the cause and further responsibility; and (b) there will be no further permissions for additional structures of the same height as the tallest structure already authorized.

As a result, additional permits may be obtained as long as the structures are lower than the tallest building, on a case by case analysis to be conducted by the authority. Cemento Bayano filed an authorization request for the construction of the project's 12 remaining structures. On September 11, 2009, the AAC issued a resolution authorizing 3 of the 12 remaining structures and denying permits to 9 additional structures above the permitted height restriction applicable to certain areas surrounding Calzada 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 September 30, 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 operating, and the likelihood of such buildings being closed down by the authorities is very low, but would be fully mitigated when Cemento Bayano obtains the approval of the authority, which is expected to be accomplishing during this new Government administration. However, if adversely resolved, and after exhausting all available recourses, the Company cannot predict the resolutions that may be issued or whether such resolutions would have an adverse impact on its results of operations, liquidity or financial condition. Moreover, the Company is unable to assess with certainty the likelihood of any incident or accident occurring as a result of the aforementioned constructions, and the responsibility, if any, that would be allocated to Cemento Bayano, but if any major incident or accident were to occur and if Cemento Bayano were to be held liable, any responsibility that would be formally allocated to Cemento Bayano could have a material adverse impact on the results of operations, liquidity and financial condition of the Company.

In addition, as of September 30, 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) indemnity claims relating to acquisitions; and 4) other similar claims brought against us that have arisen in the ordinary course of business.

22) SUBSEQUENT EVENTS

As of October 10, 2016, CEMEX Colombia received a request for information, issued by Superintendencia Financiera de Colombia (Financial Superintendence of Colombia, "SPF"), in relation to the communications made by the Company to Registro Nacional de Valores y Emisores (National Registry of Securities and Issuers, "RNVE") in relation to the construction of the plant at Maceo, the MOU subscribed with CI Calizas; and about the lease contract, subscribed with the holder of certain assets, as described in note 1 and 21B of the financial statements. The company replied to the request on October 24, 2016, and awaits for any other additional requests.

On October 27, 2016, CEMEX Latam Holdings communicated its decision to postpone the start-up of plant Maceo, for the following reasons that emerged from the audits already in progress: (i) there are pending permits required to finalise the road access to the plant at Maceo. In the event that those permits are obtained, CEMEX Latam Holdings estimates that road access could be concluded and be ready for use until July 2017. Using the only existing access to the plant instead of the one under construction, would risk the safety of the operation and would probably limit the capacity to transport products from the plant at Maceo; (ii) CEMEX Colombia has requested an expansion to the special tax and trade zone; to commission the new clinker line at Maceo without such expansion would risk CEMEX's capability to consolidate the fiscal benefits that would otherwise be available for CEMEX Colombia. It is possible that a final decision cannot be taken, with respect to the expansion of the free trade zone, due to the expiration of property proceeding already on course. With the objective of protecting the benefits to be had with the special tax and trade zone, CEMEX Latam Holdings will not commission the clinker line until the special tax and trade zone is expanded to cover the totality of the cement plant at Maceo; and (iii) one of CEMEX Latam Holdings subsidiaries, Central de Mezclas S.A., holds the environmental permit for project Maceo, however, the transfer of the mining concession was not formalised, because the registry of transfer was not completed in the mining registry. In consequence, the environmental permit and the mining concession are in custody of different entities, contrary to common practice. In any case, CEMEX Colombia will continue use and benefit of the land, and exercise the environmental and the mining rights, under the contracts in place, subscribed with the custodian designated by the SAE. CEMEX Latam Holdings has also determined that the mining permit issued for Project Maceo, partially overlaps with integrally managed district. CEMEX Colombia will seek, with the corresponding authorities, if conforming to Colombian normative applicable, the environmental rights from the permit can continue to be exercised as such, and on the basis of the principle of presumption of legality. Moreover, CEMEX Colombia has also confirmed that the environmental permit needs modifications in order to allow increments of production of up to 950,000 tons per year of mineral exploitation, as required. It is possible that this process could be affected by the expiration of property legal process currently on course. CEMEX Colombia will continue to work to address these matters as soon as possible.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the nine-month periods ended September 30, 2016 and 2015
(Thousands of U.S. dollars)

Subsequent events -- continued

According to projected consumption determined by CEMEX Latam Holdings, and market growth in Colombia, and taking into account existing capacity (excluding the plant at Maceo), CEMEX Latam Holdings does not anticipate negative effects over its commercial operations, from postponing the start-up of the plant at Maceo. However, CEMEX Latam Holdings will continue to work on the start-up of the plant as soon as reasonably possible, with the objective of protecting the complete benefits of this installation, in its operational efficiencies in Colombia, and to contribute to the development of the region.

23) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of September 30, 2016 and December 31, 2015 are as follows:

Subsidiary	Country	Activity	% of interest
Corporación Cementera Latinoamericana, S.L.U. ¹	Spain	Parent	100.0
CEMEX Bogotá Investments, B.V. ¹	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. ²	The Netherlands	Finance	100.0
Cemento Bayano, S.A.	Panama	Operative	99.5
Cimentos Venicmos 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

¹ CEMEX Latam Holdings, S.A., indirectly controls through Corporación Cementera Latinoamericana, S.L.U. and CEMEX Bogotá Investments, B.V., the operations of the Parent Company in Colombia, Costa Rica, Nicaragua, Panama, Brazil, Guatemala and El Salvador. On June 22, 2016, the management of Cemex Bogotá Investments B.V. and Corporación Cementera Latinoamericana, S.L.U. signed a joint merger project by absorption of the first entity by the second company. The said merger will be effective from October 3, 2016.

² 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.