



Consolidated Condensed Financial Statements

September 30, 2017

This is an unofficial translation into English of the condensed consolidated financial statements as of and for the nine-month periods ended September 30, 2017 and 2016 issued in the Spanish language on October 24, 2017. This translation is provided solely for the convenience of English-speaking readers. For any and all purposes, the condensed consolidated financial statements as of and for the nine-month periods ended September 30, 2017 and 2016 issued in the Spanish language on October 24, 2017 shall be considered the only official version of the document.

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CEMEX Latam Holdings S.A. and Subsidiaries

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

		(Unaudited)	
		<u>For the nine-month periods ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2017</u>	<u>2016</u>
	Notes		
Revenues	3	\$ 954,321	1,012,153
Cost of sales.....	2E	<u>(545,682)</u>	<u>(516,042)</u>
Gross profit		408,639	496,111
Administrative and selling expenses.....		(154,955)	(149,887)
Distribution expenses		<u>(76,457)</u>	<u>(70,665)</u>
		<u>(231,412)</u>	<u>(220,552)</u>
Operating earnings before other expenses, net		177,227	275,559
Other expenses, net	5	<u>(6,041)</u>	<u>(2,707)</u>
Operating earnings		171,186	272,852
Financial expense	3	(46,619)	(49,329)
Other financial expenses, net	3, 6	(1,416)	(531)
Foreign exchange results		<u>532</u>	<u>12,974</u>
Earnings before income tax		123,683	235,966
Income tax	17A	<u>(44,187)</u>	<u>(92,047)</u>
CONSOLIDATED NET INCOME		79,496	143,919
Non-controlling interest net income		<u>(288)</u>	<u>(518)</u>
CONTROLLING INTEREST NET INCOME		\$ 79,208	143,401
BASIC EARNINGS PER SHARE	19	\$ 0.14	0.26
DILUTED EARNINGS PER SHARE	19	\$ 0.14	0.26

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

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

		(Unaudited)	
		For the nine-month periods ended	
	Notes	September 30, 2017	September 30, 2016
CONSOLIDATED NET INCOME		\$ 79,496	143,919
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Currency translation of foreign subsidiaries		(3,855)	45,571
Total other items of comprehensive income for the period.....		(3,855)	45,571
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD		75,641	189,490
Non-controlling interest comprehensive income		(288)	(518)
CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD		\$ 75,353	188,972

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

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

		(Unaudited)	
		As of September 30, 2017	As of December 31, 2016
		Notes	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	\$ 41,401	44,907
Trade accounts receivable, net.....	8	125,287	100,344
Accounts receivable from related parties	9	1,296	4,484
Other accounts receivable	10A	16,619	16,854
Prepaid taxes		49,732	11,940
Inventories, net	11	78,236	71,595
Other current assets	12	14,929	11,247
Total current assets		327,500	261,371
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable.....	10B	10,117	13,186
Property, machinery and equipment, net	13	1,265,865	1,236,150
Goodwill, intangible assets and deferred assets, net	14	1,754,009	1,773,548
Deferred income taxes		10,002	10,391
Total non-current assets		3,039,993	3,033,275
TOTAL ASSETS		\$ 3,367,493	3,294,646
CURRENT LIABILITIES			
Short-term debt.....	15	\$ 20,006	24,050
Trade payables.....		153,798	151,447
Accounts payable to related parties	9	207,222	171,054
Taxes payable		42,345	41,493
Other accounts payable and accrued expenses	16	78,085	69,819
Total current liabilities		501,456	457,863
NON-CURRENT LIABILITIES			
Long-term debt.....	15	–	529
Long-term accounts payable to related parties	9	771,721	820,294
Employee benefits		38,310	38,401
Deferred income taxes		490,100	487,922
Other liabilities	16	15,302	15,726
Total non-current liabilities.....		1,315,433	1,362,872
TOTAL LIABILITIES		1,816,889	1,820,735
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital.....	18A	1,467,337	1,466,818
Other equity reserves	18B	(863,743)	(860,376)
Retained earnings	18C	862,656	722,887
Net income		79,208	139,769
Total controlling interest.....		1,545,458	1,469,098
Non-controlling interest.....	18E	5,146	4,813
TOTAL STOCKHOLDERS' EQUITY		1,550,604	1,473,911
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 3,367,493	3,294,646

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

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	
		September 30, 2017	September 30, 2016
	Notes		
OPERATING ACTIVITIES			
Consolidated net income		\$ 79,496	143,919
Non-cash items:			
Depreciation and amortization expense	4	61,339	64,024
Provisions and other non-cash expenses (revenue)		1,423	(68)
Financial expense, other financial income and foreign exchange results		47,503	36,886
Income taxes	17A	44,187	92,047
Loss on the sale of fixed assets		800	1,211
Changes in working capital, excluding income taxes.....		7,470	16,953
Net cash flow provided by operating activities before interest and income taxes		242,218	354,972
Financial expense paid in cash		(32,087)	(47,929)
Income taxes paid in cash.....		(83,497)	(84,993)
Net cash flows provided by operating activities		126,634	222,050
INVESTING ACTIVITIES			
Property, machinery and equipment, net		(63,227)	(135,908)
Financial income, net.....		(275)	1,389
Intangible assets and other deferred charges.....		20	(5,011)
Long term assets and others, net		3,451	(108)
Net cash flows used in investing activities		(60,031)	(139,638)
FINANCING ACTIVITIES			
Related parties debt repayments		(435,957)	(622,260)
Loans with related parties.....		369,043	537,120
Loans (repayments), net		(4,972)	9,179
Non-current liabilities, net.....		1,663	(15,040)
Net cash flows used in financing activities		(70,223)	(91,001)
Decrease in cash and cash equivalents		(3,620)	(8,589)
Cash foreign currency translation effect, net.....		114	1,715
Cash and cash equivalents at beginning of the period.....		44,907	53,635
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	\$ 41,401	46,761
Changes in working capital, excluding income taxes:			
Trade receivables, net		\$ (26,228)	(23,972)
Other accounts receivable and other assets		(10,064)	(1,874)
Inventories		(6,779)	15,071
Trade payables		2,353	9,170
Short-term related parties, net		40,458	8,654
Other accounts payable and accrued expenses.....		7,730	9,904
Changes in working capital, excluding income taxes		\$ 7,470	16,953

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

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

	(Unaudited)						
Notes	Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
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
Balance as of December 31, 2016	718,124	748,694	(860,376)	862,656	1,469,098	4,813	1,473,911
Net income for the period	–	–	–	79,208	79,208	288	79,496
Total other items of comprehensive income for the period	–	–	(3,855)	–	(3,855)	–	(3,855)
Changes in non-controlling interest..... 18E	–	–	–	–	–	45	45
Stock-based compensation..... 18D	–	519	488	–	1,007	–	1,007
Balance as of September 30, 2017	\$ 718,124	749,213	(863,743)	941,864	1,545,458	5,146	1,550,604

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the nine-month periods ended September 30, 2017 and 2016
(Thousands of U.S. dollars)

1) DESCRIPTION OF BUSINESS

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

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

The issuance of these consolidated condensed financial statements was authorized by Management and the Board of Directors of the Parent Company on October 24, 2017, considering the favorable report of the Audit Commission.

Recent developments Maceo project

In connection with the findings communicated during the fourth quarter of 2016 related to the deficiencies in the process for the acquisition of the lots of land where the cement plant is located in the municipality of Maceo, department of Antioquia in Colombia, which have not permitted the Company to be the legitimate owner of several assets, including land, the mining concession and the environmental permit, the common shares of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. (“Zomam”) (holder of the free trade zone concession), as well as other land adjacent to the plant and the access road; and which resulted in: a) an investigation and internal audit in accordance with the Company’s corporate governance policies and code of ethics; b) the dismissal of the executives involved in these transactions and the resignation of the then Chief Executive Officer; c) the appointment of new executives and the separation of the roles of Chairman of the Board of Directors, Chief Executive Officer of CEMEX Latam and Director of CEMEX Colombia in order to strengthen the levels of leadership, management and best corporate governance practices; and d) the assessments made during the fourth quarter of 2016 in relation to: (i) the Company’s low probability to recover advanced payments in Colombian pesos made under different mandates for the purchase of these assets for an amount of approximately \$14,257 that were recognized as part of investments in progress, resulting in such advanced payments being considered as contingent assets which cannot be maintained in the balance sheet and consequently, were reduced to zero recognizing an impairment loss for such amount against other expenses, net; (ii) certain purchases of equipment installed in the plant were considered exempt for VAT purposes under the benefits of the free trade zone, however, as those assets were actually installed outside of the free trade zone’s area, they lack of such benefits, therefore, investments in progress were increased against VAT accounts payable for approximately \$9,196; and (iii) the cancellation of the portion still payable in connection with the acquisition of the assets under the original agreements for approximately \$9,073 against a reduction in investments in progress. In the specific case of the aforementioned adjustments the Company considered the exchange rate outstanding at the date of the accounting recognition of 3,000.71 Colombian pesos per dollar. As of September 30, 2017, under the presumption that CEMEX Colombia acted in good faith, the Company considers that the rest of its investments made in the development of Maceo’s project are protected by Colombian law. During the first nine months of 2017, the investigations and legal proceedings are ongoing and as of September 30, 2017 no additional adjustments have been determined (see detail in note 21A).

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated condensed financial statements as of September 30, 2017, are the same as those applied in the consolidated financial statements as of December 31, 2016.

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated condensed financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards (“IFRS”) effective as of September 30, 2017, as issued by the International Accounting Standards Board (“IASB”), as well as with the International Accounting Standard 34, *Interim Financial Statements*.

The consolidated condensed balance sheets as of September 30, 2017 and as of December 31, 2016, as well as the consolidated condensed income statements, the consolidated condensed statements of comprehensive income, the consolidated condensed cash flows statements and the consolidated condensed statements of changes in stockholders’ equity for the nine-month periods ended September 30, 2017 and 2016, as well as their related disclosures included in the notes to the financial statements, have not been audited.

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the nine-month periods ended September 30, 2017 and 2016
(Thousands of U.S. dollars)

Basis of presentation and disclosure – continued

Presentation currency and definition of terms

The presentation currency of the consolidated condensed financial statements is the dollar of the United States of America (“United States”), which is also the functional currency of the Parent Company considering that is the main currency in which the Parent Company carries its operations and settles its obligations. The amounts in the financial statements and the accompanying notes are presented in thousands of dollars of the United States, except when specific references are made to other currency, 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, 2017. Consequently, despite any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates. These dollar translations should not be construed as representations that the dollar amounts were, could have been, or could be converted at the indicated exchange rates. Foreign currency translations as of September 30, 2017 and December 31, 2016, as well as for the nine-month periods ended September 30, 2017 and 2016 were determined using the closing and average exchange rates, as correspond, presented in the table of exchange rates included in note 2D.

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

Income statements

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

Statements of cash flows

The consolidated condensed statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transactions that did not represent sources or uses of cash:

- For the nine-month periods ended September 30, 2017 and 2016, the increase in long-term accounts payable to related parties for \$23,761 and \$23,687, respectively, results from the capitalization of interest on debt with CEMEX’s companies.
- For the nine-month periods ended September 30, 2017 and 2016, other equity reserves increased approximately \$488 and \$1,203, respectively, and additional paid-in capital increased approximately \$519 in 2017 and \$4 in 2016, in connection with the executive stock-based compensation programs (notes 18B and 18D).

Going Concern

As of September 30, 2017, the balance of current liabilities, which includes accounts payable to CEMEX’s companies of approximately \$207,222 (note 9), exceeded total current assets in approximately \$173,958. The Parent Company’s Board of Directors approved these consolidated condensed financial statements as of September 30, 2017 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short term. In case it is deemed necessary, the Company’s management considers that it would be successful in renegotiating and extending the maturity of certain short-term payables to such CEMEX’s companies, as it was the case during the renegotiation of February 24, 2017 (note 9). For the nine-month periods ended September 30, 2017 and 2016, CEMEX Latam generated net cash flows from operations, after interest expense and income taxes, of approximately \$126,634 and \$222,050, respectively.

2B) PRINCIPLES OF CONSOLIDATION

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the nine-month periods ended September 30, 2017 and 2016
(Thousands of U.S. dollars)

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

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

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

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

The most significant closing exchange rates per U.S. dollar as of September 30, 2017 and December 31, 2016 for balance sheet and for income statements purposes, and the average exchange rates per U.S. dollar for income statements purposes for nine-month periods ended September 30, 2017 and 2016 are as follows:

Currency	2017		2016	
	Closing	Average	Closing	Average
Colombian pesos	2,941.07	2,943.68	3,000.71	3,038.63
Costa Rican colones.....	574.13	572.71	561.10	549.45
Nicaraguan cordobas	129.91	129.00	128.44	124.87
Guatemalan quetzales	7.34	7.35	7.52	7.63
Brazilian reals	3.17	3.18	3.26	3.51

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

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

3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS

The financial policies applied to elaborate the condensed financial information by geographic operating segments are consistent with those used in the preparation of the consolidated condensed financial statements for the nine-month periods ended September 30, 2017 and 2016. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua, El Salvador and Brazil. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Income statements

Selected consolidated condensed income statements' information by geographic operating segment for the nine-month periods ended September 30, 2017 and 2016 are as follow:

2017	Net Sales (including related parties)	Less: Related Parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other income (expenses), net	Financial expense	Other financial expenses, net
Colombia.....\$	432,019	(4)	432,015	82,663	(19,158)	63,505	(5,915)	(13,529)	(1,106)
Panama	211,792	(143)	211,649	87,475	(12,882)	74,593	104	(6,584)	708
Costa Rica.....	113,732	(16,138)	97,594	40,025	(3,944)	36,081	226	(214)	638
Rest of CLH.....	215,377	(2,314)	213,063	65,544	(4,558)	60,986	146	(1,593)	1,368
Others	—	—	—	(37,141)	(20,797)	(57,938)	(602)	(24,699)	(3,024)
Total.....\$	972,920	(18,599)	954,321	238,566	(61,339)	177,227	(6,041)	(46,619)	(1,416)

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
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(Thousands of U.S. dollars)

Selected consolidated condensed financial information by geographic operating segment – continued

2016	Net Sales (including related parties)	Less: Related Parties	Net Sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other income (expenses), net	Financial expense	Other financial expenses, net
Colombia	\$ 511,810	(25)	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.....	119,534	(14,447)	105,087	48,615	(4,689)	43,926	(15)	(305)	125
Rest of CLH.....	197,137	(1,465)	195,672	64,745	(4,175)	60,570	398	(2,267)	953
Others	–	–	–	(40,195)	(22,063)	(62,258)	(3,894)	(29,660)	(1,280)
Total.....	\$ 1,028,090	(15,937)	1,012,153	339,583	(64,024)	275,559	(2,707)	(49,329)	(531)

Net sales by product and geographic operating segment for the nine-month periods ended September 30, 2017 and 2016 are as follows:

2017	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	\$ 224,170	155,745	8,596	43,508	(4)	432,015
Panama	128,008	70,576	3,027	10,181	(143)	211,649
Costa Rica.....	76,158	10,904	13,569	13,101	(16,138)	97,594
Rest of CLH.....	183,406	15,794	3,317	12,860	(2,314)	213,063
Total.....	\$ 611,742	253,019	28,509	79,650	(18,599)	954,321

2016	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	\$ 291,546	179,064	9,975	31,225	(25)	511,785
Panama	129,244	61,636	2,938	5,791	–	199,609
Costa Rica.....	76,506	12,688	17,258	13,082	(14,447)	105,087
Rest of CLH.....	170,840	13,671	1,775	10,851	(1,465)	195,672
Total.....	\$ 668,136	267,059	31,946	60,949	(15,937)	1,012,153

Balance Sheets

As of September 30, 2017, and December 31, 2016, selected consolidated condensed balance sheets' information by geographic segments is as follows:

2017	Total Assets	Total Liabilities	Net assets by Segment	Capital Expenditures
Colombia	\$ 2,060,784	789,317	1,271,467	49,624
Panama	426,990	243,890	183,100	5,740
Costa Rica.....	150,712	56,657	94,055	4,482
Rest of CLH.....	216,926	174,622	42,304	6,171
Others	512,081	552,403	(40,322)	–
Total.....	\$ 3,367,493	1,816,889	1,550,604	66,017

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

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4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the nine-month periods ended September 30, 2017 and 2016 is detailed as follows:

	2017	2016
Depreciation and amortization expense of assets used in the production process.....	\$ 41,846	44,707
Depreciation and amortization expense of assets used in administrative and selling activities	19,493	19,317
	<u>\$ 61,339</u>	<u>64,024</u>

5) OTHER EXPENSES, NET

The detail of other expenses, net for the nine-month periods ended September 30, 2017 and 2016 is as follows:

	2017	2016
Results from valuation and sale of assets, sale of scrap and other non-operating or non-recurring revenue and expenses, net.....	\$ 546	212
Assumed taxes, fines and other penalties.....	(3,951)	(2,738)
Severance payments and other personnel costs for reorganization	(2,636)	(181)
	<u>\$ (6,041)</u>	<u>(2,707)</u>

6) OTHER FINANCIAL EXPENSES, NET

The detail of other financial expenses, net for the nine-month periods ended September 30, 2017 and 2016 is as follows:

	2017	2016
Interest cost on employee benefits.....	\$ (1,957)	(1,920)
Financial income	541	1,389
	<u>\$ (1,416)</u>	<u>(531)</u>

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of September 30, 2017 and December 31, 2016 are as follows:

	2017	2016
Cash and bank accounts.....	\$ 32,747	39,099
Fixed-income securities and other cash equivalents	8,654	5,808
	<u>\$ 41,401</u>	<u>44,907</u>

8) TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable as of September 30, 2017 and December 31, 2016 are detailed as follows:

	2017	2016
Trade accounts receivable.....	\$ 132,304	106,077
Allowances for doubtful accounts	(7,017)	(5,733)
	<u>\$ 125,287</u>	<u>100,344</u>

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of September 30, 2017 and December 31, 2016 are detailed as follows:

	2017	2016
Current accounts receivable		
CEMEX Research Group, AG.....	\$ 681	1,214
CEMEX, S.A.B. de C.V.	327	327
CEMEX Denmark ApS	96	-
New Sunward Holding B.V.....	92	84
CEMEX Central, S.A. de C.V.	59	257
Business Material Funding SL.....	15	15
CEMEX Dominicana, S.A.....	10	36
CEMEX España, S.A.	7	2,534
CEMEX Holdings Inc.	-	10
Others	9	7
Total assets with related parties.....	<u>\$ 1,296</u>	<u>4,484</u>

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Balances and transactions with related parties - continued

Short-term accounts payable	2017	2016
New Sunward Holding B.V. ¹	\$ 137,213	143,159
CEMEX Research Group, AG ²	27,058	857
CEMEX Holdings Inc. ³	19,184	17,393
CEMEX Central, S.A. de C.V. ⁴	15,898	599
CEMEX, S.A.B. de C.V. ⁴	4,648	–
CEMEX España, S.A. ⁵	1,982	7,694
CEMEX Internacional, S.A. de C.V. ⁶	862	705
CEMEX México, S.A. de C.V.....	139	179
Fujur, S.A. de C.V.....	98	205
Pro Ambiente, S.A. de C.V.....	80	137
Latinamerican Trading S.A.....	23	23
Beijing Import & Export Co., Ltd.....	19	34
CEMEX Jamaica Limited.....	14	13
CEMEX de Puerto Rico, Inc.....	–	42
Others.....	4	14
	\$ 207,222	171,054

Long-term accounts payable	2017	2016
New Sunward Holding B.V. ¹	\$ 599,711	708,284
CEMEX España, S.A. ⁵	172,010	112,010
	\$ 771,721	820,294
Total liabilities with related parties.....	\$ 978,943	991,348

- On February 24, 2017, before their maturity in 2018, the Parent Company and Corporación Cementera Latinoamericana S.L.U. ("CCL") refinanced their respective debt with New Sunward Holding, B.V., extending their maturity until 2023 and modifying the applicable interest rate, according to market conditions at the date of renegotiation, which decreased from 7% to 5.65%. As a result of such modification in the credit agreements and considering the original remaining period and the difference in interest rates, the Parent Company and CCL incurred in renegotiation costs for \$3,867 and \$8,132, respectively. These costs are presented net of the debt balance and will be amortized to financial expense over the term of the debt. The balances as of September 30, 2017 and December 31, 2016, include: a) loan agreement and accrued interest negotiated by CCL of \$405,320 in 2017 and \$487,584 in 2016; b) loan agreement and accrued interest negotiated by the Parent Company of \$14,614 in 2017 and \$57,664 in 2016, as well as a revolving credit of \$184,948 in 2017 and \$175,969 in 2016; and c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of \$132,042 in 2017 and \$130,226 in 2016.
- Balances related to royalties on technical assistance agreements, use of licenses and brands, software and administrative processes.
- The outstanding balances were generated by purchase of raw material, white cement by Guatemala, Costa Rica, Nicaragua, and Panama.
- Refer mainly to royalties under the outstanding agreements.
- The balance of accounts payable relates to a loan negotiated by CEMEX Colombia with CEMEX España originally in October 2010, subsequently renegotiated, which is outstanding until December 28, 2018, bearing 6-month LIBOR rate plus 255 basis points. On May 4, 2017, CEMEX Colombia increased its revolving credit line with CEMEX España in \$60 million, proceeds used to settle obligations with other related parties and therefore did not increase the total debt with these related parties

The maturities of non-current accounts payable as of September 30, 2017 are as follows:

Debtor	2018	2023	Total
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual).....	\$ –	401,558	401,558
CEMEX Latam Holdings, S.A. (5.65% annual).....	–	198,153	198,153
CEMEX Colombia S.A. (6M LIBOR + 255 bps) ¹	172,010	–	172,010
	\$ 172,010	599,711	771,721

- The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in dollars. On September 30, 2017, 3-month and 6-month LIBOR rates were 1.33% and 1.50%, 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, 2017 and 2016 are as follows:

Purchases of raw materials	2017	2016
CEMEX Holdings Inc.....	\$ 47,537	29,902
CEMEX Internacional, S.A. de C.V.....	4,744	4,644
CEMEX Trading, LLC.....	–	3,197
CEMEX España, S.A.....	–	307
	\$ 52,281	38,050

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Balances and transactions with related parties – continued

	2017	2016
Administrative and selling expenses		
Neoris de México, S.A. de C.V.	\$ 5	12
CEMEX Central, S.A. de C.V.	1	2
	6	14
Royalties and technical assistance (note 22B)		
CEMEX Research Group, AG.....	\$ 27,233	27,339
CEMEX Central, S.A. de C.V.	15,717	17,330
CEMEX, S.A.B. de C.V.	4,764	5,938
	\$ 47,714	50,607
Financial expenses		
New Sunward Holding B.V.	\$ 36,937	46,989
CEMEX España, S.A.	4,294	3,050
	\$ 41,231	50,039

1 Out of the financial expense incurred with related parties during the nine-month period ended September 30, 2016 for \$50,039, an amount of \$7,408 of financial expense accrued during the construction period of the Maceo plant (note 13) was allocated and capitalized as part of the historical cost of such project in compliance with the applicable IFRS. During the same period in 2017, there was no capitalization of financial expenses considering that the construction of the plant has been substantially finalized.

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

During the nine-month periods ended September 30, 2017 and 2016, the members of the Parent Company's Board of Directors, in fulfillment of their functions, accrued compensation for a total of approximately \$268 and \$181, respectively, including remuneration and annual allowances. During 2016, as a result of the extraordinary meetings of the members of the Board of Directors, the portion related to the annual allowances exceeded in approximately \$29 the limit established by the General Shareholders' Meeting as payment for this concept during the period. These expenses incurred in 2016, which in 2017 are part of retained earnings, were approved by the General Shareholders' Meeting celebrated in Madrid on June 29, 2017. The Company's directors have not received advances or loans and the Company has not provided guarantee or assumed obligations for such directors.

In addition, for the nine-month periods ended September 30, 2017 and 2016, the aggregate compensation accrued by the members of the Company's top management was of approximately \$5,128 and \$3,820, respectively. Out of these amounts, approximately \$4,610 in 2017 and \$3,761 in 2016 corresponded to base compensation base plus performance bonuses including pensions and other post-employment benefits. In addition, approximately \$519 in 2017 and \$59 in 2016 of the aggregate amount in each period corresponded to allocations of shares to eligible executives under CEMEX's and the Parent Company's executive compensation programs.

In its cement operations in Panama, which represented approximately 13% of the consolidated sales during the nine-month period ended September 30, 2017, the Company carries out transactions with Industrias Básicas, S.A, competitor and local producer of cement, in market conditions and for not significant amounts. A subsidiary of CEMEX, S.A.B. de C.V. holds an ownership interest of 25% in the common stock of Industrias Básicas, S.A.

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of September 30, 2017 and December 31, 2016 consisted of:

	2017	2016
Non-trade accounts receivable ¹	\$ 12,572	13,751
Restricted cash ²	2,193	1,993
Loans to employees and others.....	1,854	1,110
	\$ 16,619	16,854

1 As of September 30, 2017, the balance includes the residual interest of CEMEX Colombia in a trust aimed at the promotion of housing projects, whose only asset is land in the municipality of Zipaquirá and its only liability is a bank credit of approximately \$7,281, guaranteed by CEMEX Colombia, obtained for the purchase of the land. The Company maintains this asset considering that the estimated fair value of the land in case of sale, determined by an external expert, covers the repayment of the debt. CEMEX Colombia actively seeks alternatives to transfer this project to a housing developer who acquires the assets of the trust and assume its obligations and/or the sale of the land with the consequent liquidation of the trust and repayment of the debt.

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

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10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of September 30, 2017 and December 31, 2016 are detailed as follows:

	2017	2016
Loans and notes receivable ¹	\$ 8,301	11,076
Guaranty deposits and VAT recoverable ²	1,438	1,736
Other non-current assets ³	378	374
	<u>\$ 10,117</u>	<u>13,186</u>

¹ This line items mainly include: a) fund of CEMEX Panama to secure seniority premium payments as of September 30, 2017 and December 31, 2016 of \$2,736 and \$2,319, respectively; b) advance payments for the purchase of fixed assets of \$3,922 as of September 30, 2017 and \$6,053 as of December 31, 2016, c) accounts receivable from the sale of land of \$346 as of September 30, 2017 and \$339 as of December 31, 2016; and e) advances for housing projects in Costa Rica of \$468 as of September 30, 2017 and \$646 as of December 31, 2016.

² Refers mainly to a VAT account receivable in El Salvador for \$628 as of September 30, 2017 and \$951 as of December 31, 2016 as well as guarantee deposits in Brazil for \$810 as of September 30, 2017 and \$785 as of December 31, 2016.

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

11) INVENTORIES

Consolidated balances of inventories as of September 30, 2017 and December 31, 2016 are summarized as follows:

	2017	2016
Materials	\$ 28,153	20,108
Finished goods	13,327	11,061
Work-in-process	12,997	14,676
Raw materials	17,731	15,380
Inventory in transit	6,480	10,124
Other inventories	243	804
Allowance for obsolescence	(695)	(558)
	<u>\$ 78,236</u>	<u>71,595</u>

12) OTHER CURRENT ASSETS

As of September 30, 2017, and December 31, 2016 consolidated other current assets consisted of:

	2017	2016
Advance payments ¹	\$ 13,543	9,883
Assets held for sale ²	1,386	1,364
	<u>\$ 14,929</u>	<u>11,247</u>

¹ As of September 30, 2017, and December 31, 2016, the line item of advance payments includes \$13,330 and \$8,685, respectively, associated with advances to suppliers of inventory and insurance premiums.

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

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of September 30, 2017, and December 31, 2016, the consolidated balances of property, machinery and equipment, net consisted of:

	2017				Total
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ^{1,2}	
Cost at end of the period	236,529	213,360	766,646	306,089	1,522,624
Accumulated depreciation and depletion	(34,665)	(43,464)	(178,630)	-	(256,759)
Net book value at end of the period	<u>\$ 201,864</u>	<u>169,896</u>	<u>588,016</u>	<u>306,089</u>	<u>1,265,865</u>

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Property, machinery and equipment, net – continued

	2016				Total
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress ¹	
Cost at end of the period.....	\$ 224,893	204,928	755,806	274,553	1,460,180
Accumulated depreciation and depletion.....	(28,345)	(38,347)	(157,338)	–	(224,030)
Net book value at end of the period.....	\$ 196,548	166,581	598,468	274,553	1,236,150

¹ In July 2014, the Company began the construction of a new cement plant in the municipality of Maceo in the Antioquia department in Colombia with an annual capacity of approximately 1.1 million tons. The first phase included the construction of a cement mill, which began operating in testing phase for some months in 2016 with the supply of clinker from the Caracolito plant in Ibagué, and the cement obtained has been used in its entirety in the construction of the plant. The next phase, which includes the construction of the kiln, has been completed. In connection with the access road to the plant, the works were suspended meanwhile CEMEX Colombia obtains the permits for its completion. The beginning of commercial operations is subject to the successful conclusion of several ongoing processes related to certain operating permits. The depreciation of the assets associated with this project, which started when it began operations in the test phase, was suspended in 2017 and such depreciation will resume upon the beginning of commercial operations. As a result of the investigations carried out for the deficiencies found (note 1), during the fourth quarter of 2016, the Company reduced construction in progress for approximately \$23,330, of which, approximately \$14,257 were recognized in such quarter as impairment losses against "other expenses, net" and approximately \$9,073 were recognized against "other accounts payable," considering that such assets, mainly advance payments for the purchase of land through a representative, were considered contingent assets due to the low possibility of recovering them pursuant to deficiencies that have derived in certain legal processes (note 21A). In addition, an amount of approximately \$1,500 related to the shares of Zomac, also recorded within construction in progress, was reclassified to other long-term assets. In the specific case of the aforementioned adjustments the Company considered the exchange rate outstanding at the date of the accounting recognition of 3,000.71 Colombian pesos per dollar. CEMEX Latam determined an initial total budget for the plant of \$340 million. As of September 30, 2017, the carrying amount of the project, net of adjustments, is for an amount in Colombian pesos equivalent to approximately \$335 million, considering the net invested amount and the exchange rate of Col\$2,941.07 as of September 30, 2017.

14) GOODWILL AND INTANGIBLE ASSETS

As of September 30, 2017, and December 31, 2016, consolidated balances are summarized as follows:

	2017			2016		
	Cost	Accumulated amortization	Net book value	Cost ¹	Accumulated amortization	Net book value
Intangible assets of indefinite useful life						
Goodwill	\$ 1,555,511	–	1,555,511	1,563,836	–	1,563,836
Intangible assets of definite useful life						
Customer relations.....	196,914	(101,361)	95,553	194,361	(86,598)	107,763
Extraction permits and licenses	124,441	(21,589)	102,852	120,963	(19,132)	101,831
Industrial property and trademarks	2,249	(2,156)	93	1,846	(1,754)	92
Mining projects.....	361	(361)	–	354	(354)	–
Other intangibles and deferred assets	–	–	–	26	–	26
	\$ 1,879,476	(125,467)	1,754,009	1,881,386	(107,838)	1,773,548

As of September 30, 2017, and December 31, 2016, goodwill balances allocated by operating segment are as follows:

	2017	2016
Costa Rica.....	\$ 427,112	437,031
Panama	344,703	344,703
Colombia	315,305	311,901
Guatemala.....	247,349	241,503
Nicaragua.....	205,954	213,610
El Salvador	15,088	15,088
	\$ 1,555,511	1,563,836

Upon existence of impairment indicators, for each intangible asset, including goodwill, CEMEX Latam determines projected revenues from such assets over their estimated useful life. In order to obtain the discounted cash flows, such revenues are adjusted for operating expenses, changes in working capital and other expenses, as applicable, and are discounted to present value using risk-adjusted discount rates. Management applies a high degree of judgment in order to determine the appropriate valuation method and to select the significant assumptions, among of which are: a) the useful life of the asset; b) the risk-adjusted discount rate; c) royalty rates; and d) long-term growth rates. The assumptions used for these cash flows are consistent with internal projections and industry practices. During the nine-month periods ended September 30, 2017 and 2016, in the absence of impairment indicators, the Company did not carried out impairment analysis on intangible assets and consequently did not determine impairment losses on intangible assets, including goodwill.

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15) SHORT-TERM AND LONG-TERM DEBT

As of September 30, 2017, and December 31, 2016, consolidated debt by type of financial instruments is summarized as follows:

	2017	2016
Foreign currency-denominated promissory notes, variable rate ¹	\$ 8,949	7,886
Trust guarantee for the development of housing projects ²	7,281	7,136
Promissory note due to Banco de Bogotá, annual rate 10.52% ³	2,912	4,166
Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 bps ^{4,5}	409	1,361
Helm Leasing, S.A., DTF anticipated quarterly plus 385 bps ^{4,5}	243	848
Leasing Bogotá, S.A., DTF anticipated quarterly plus 465 bps ^{4,5}	212	671
Leasing Bolívar, S.A., DTF anticipated quarterly plus 550 bps ^{4,5}	–	1,501
Leasing de Occidente, S.A., DTF anticipated quarterly plus 400 bps ^{4,5}	–	1,010
Total	\$ 20,006	24,579
Long-term debt	–	529
Short-term debt	\$ 20,006	24,050

The maturities of CEMEX Latam's consolidated short-term debt as of September 30, 2017, were as follows:

	Maturities
2017	\$ 143
2018	19,863
	\$ 20,006

- 1 Refers to notes payable with a maturity of one year negotiated by CEMEX Colombia with AV VILLAS bank for \$8,949 as of September 2017 bearing DTF rate plus 4% and \$7,886 in December 31, 2016 bearing DTF rate plus 3.0%.
- 2 Represents the maximum quantification of the guarantee granted by CEMEX Colombia on the amount borrowed through a promissory note by the trust for the development of housing projects as described in note 10A. Said promissory note is being renewed at maturity by the trust every 180 days until finding the developer who buys the project, or until, by agreement of the parties, it is decided to sell the asset in order to liquidate the debt and extinguish the trust. The loan accrues interest at DTF rate plus 4.5%.
- 3 In July 2017, CEMEX Colombia signed a promissory note with Banco de Bogotá associated with housing projects in process.
- 4 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, 2017, the anticipated quarterly DTF rate was 5.48%.
- 5 Refers to capital leases with commercial finance companies denominated in Colombian pesos negotiated in 2012 with a maturity of sixty months. For the nine-month and twelve-month periods ended September 30, 2017 and December 31, 2016, CEMEX Colombia incurred interest on these capital leases for an amount of \$244 and \$791, respectively.

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of September 30, 2017, and December 31, 2016 consolidated other current accounts payable and accrued expenses were as follows:

	2017	2016
Accrued expenses	\$ 23,599	17,102
Provisions for legal claims and other commitments	16,291	14,790
Advances from customers	14,974	16,142
Other provisions and liabilities	13,764	13,870
Provision for employee benefits	8,435	6,882
Others	1,022	1,033
	\$ 78,085	69,819

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

As of September 30, 2017, and December 31, 2016, consolidated other non-current liabilities were as follows:

	2017	2016
Other taxes payable	\$ 6,007	6,831
Provision for asset retirement obligations ¹	3,821	4,411
Other provisions and liabilities	3,688	3,439
Deferred income	1,786	1,045
	\$ 15,302	15,726

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

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17) INCOME TAXES

17A) INCOME TAXES FOR THE PERIOD

The recognition of income taxes during interim periods is based on the best estimate of the expected income tax rate for the entire year, applied to earnings before income taxes. For the nine-month periods ended September 30, 2017 and 2016, income tax expense recognized in the condensed consolidated income statements was as follows:

	2017	2016
Current income taxes	\$ 48,623	91,736
Deferred income taxes	(4,436)	311
	<u>\$ 44,187</u>	<u>92,047</u>
Out of which:		
Colombia ^{1,2}	\$ 10,064	48,777
Costa Rica	7,867	9,134
Panama	6,388	7,949
Rest of CLH and others ³	19,868	26,187
	<u>\$ 44,187</u>	<u>92,047</u>

1 Beginning January 1, 2015, a tax on wealth became effective in Colombia, which is calculated considering the net equity for tax purposes outstanding as of January 1, 2015. The aforementioned tax will be effective in 2015, 2016 and 2017. The effect of the nine-month periods ended September 30, 2017 and 2016 was approximately \$1,464 and \$3,535 respectively, which is included in the income tax expense.

2 In addition, as part of tax modifications effective January 1, 2015, a surcharge on the income tax rate (*Impuesto sobre la Renta para la Equidad* or "CREE") was implemented, which would be effective from 2015 to 2018 and would have generated an increase in the income tax rate in Colombia to the following tax rates: 39% in 2015, 40% in 2016, 42% in 2017 and 43% in 2018. Beginning January 1, 2017, as part of a package of tax modifications, this CREE tax and its surcharge was eliminated and remained only the regular income tax rate and its surcharge, with consolidated tax rates estimated for these two concepts combined of 40% in 2017 and 37% in 2018.

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

17B) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable adverse considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of September 30, 2017, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- On April 1, 2011, the Colombian Tax Authority (the "Tax Authority") notified CEMEX Colombia of a special proceeding rejecting certain deductions taken by CEMEX Colombia in its 2009 tax return. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia for an amount in Colombian pesos equivalent to approximately \$31 million and imposed a penalty in Colombian pesos for an amount equivalent to approximately \$49 million, both considering the exchange rate as of September 30, 2017. The Tax Authority argues that certain expenses are not deductible for tax purposes because they are not linked to direct revenues recorded in the same fiscal year, without considering that future revenue will be taxed under the income tax law in Colombia. CEMEX Colombia responded to the special proceeding on June 25, 2011. On December 15, 2011, the Tax Authority issued its final resolution, which confirmed the information in the special proceeding. CEMEX Colombia appealed such resolution on February 15, 2012. On January 17, 2013, the Tax Authority confirmed CEMEX Colombia its final resolution. On May 10, 2013, CEMEX Colombia appealed the final resolution before the Administrative Tribunal of Cundinamarca, which was admitted on June 21, 2013. On July 14, 2014, CEMEX Colombia was notified about an adverse resolution to its appeal, which confirms the official liquidation notified by the Tax Authority. On July 22, 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). On September 17, 2015, CEMEX Colombia presented arguments in second instance regarding this procedure. Currently, the process is in the authority's office for judgment since October 7, 2015. At this stage of the proceeding, as of September 30, 2017, CEMEX Latam does not consider is probable an adverse resolution in this proceeding; however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.
- On September 13, 2012, the Tax Authority notified CEMEX Colombia an ordinary request for the review of its income tax return for the fiscal year 2011, in connection with the amortization of goodwill of Lomas del Tempisque S.R.L., which was considered tax deductible in such tax return. On October 5, 2012, CEMEX Colombia rejected the Tax Authority's arguments and requested that the case be dismissed. On August 9, 2013, CEMEX Colombia received a verification notice from the Tax Authority; obtaining the faculty to review the aforementioned income tax return, which is currently being audited. Additionally, on June 28, 2013, CEMEX Colombia requested an amendment project increasing the amount of tax receivable, which was accepted on September 6, 2013. At this stage of the proceeding, as of September 30, 2017, CEMEX Latam does not consider is probable an adverse resolution in this proceeding; however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

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Uncertain tax positions and significant tax proceedings – continued

- The municipality of San Luis (the “Municipality”) has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the fiscal years from 1999 to 2013. The Municipality argues that the tax is generated as a result of CEMEX Colombia’s industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The combined amount of the proceedings in Colombian pesos is equivalent to approximately \$6 million as of September 30, 2017, of which, approximately \$2 million represent purported tax and \$4 million corresponds to penalties for inaccuracy.

In connection with the proceeding for fiscal year 1999, the Colombian State Council (the “State Council”) resolved in favor of the Company in final instance on July 18, 2013. For the years 2000 to 2005, the State Council resolved in favor of the Company in final instance on May 18, 2017. For the years 2006 to 2007, the State Council resolved in favor of the Company in final instance on March 6, 2017. For the year 2008, the State Council resolved in favor of the Company in final instance on May 25, 2017. For the years 2009 and 2010, the State Council resolved in favor of the Company in final instance on June 1, 2017. In all these previous cases, by virtue of these final resolutions, the proceedings finished.

In December 2014, the Municipality issued a settlement request with respect to fiscal year 2011 for amounts in Colombian pesos equivalent to approximately \$1 million of purported tax and approximately \$1 million of penalties, both as of September 30, 2017. In January 2015, CEMEX Colombia filed an appeal to the settlement request. The Municipality should have responded to the appeal no later than January 6, 2016, but considering there was no response, on January 26, 2016, the Company notified the Municipality of the positive administrative silence and requested a copy of the file, in order to evidence that there was no notification regarding the resolution of the appeal from the Municipality to CEMEX Colombia or its representative. As a result, CEMEX Colombia proceeded to register the positive administrative silence in the public deed, which was filed to the Municipality on July 1, 2016. Therefore, in this phase of the proceeding, any action of the Municipality in this process would not be valid.

On March 25, 2015 the Municipality issued a special request related to fiscal year 2012 considering the same arguments mentioned above. The amount in Colombian pesos of intended tax is equivalent to approximately \$2 million and the penalty for inaccuracy equivalent to approximately \$2 million, both considering the exchange rate as of September 30, 2017. CEMEX Colombia responded to the request on May 22, 2015. The Municipality had a deadline on January 4, 2016 to issue the official settlement request. Considering as in the aforementioned proceeding that CEMEX Colombia did not receive any settlement notification related to the outstanding process, during January 2016, CEMEX Colombia obtained and submitted a copy of the file in order to evidence that there was no notification regarding the official liquidation from the Municipality to CEMEX Colombia or its representative. On September 16, 2016, the Municipality held a hearing to reconstruct the files for both 2011 and 2012 arguing that the files were incomplete and there was a need to carry out this diligence. On December 14, 2016, the Municipality declared that the files related to the taxable years 2011 and 2012 mentioned above were reconstructed. Meanwhile, currently CEMEX Colombia expects the Municipality to pronounce on the request regarding the recognition of the positive administrative silence. Therefore, in this phase of the proceeding, any action of the Municipality in this process would not be valid.

Moreover, on March 25, 2016, a special request was received for fiscal year 2013, which proposes an increase in the industry and commerce tax for amounts in Colombian pesos equivalent to approximately \$2 million for alleged tax and a penalty of inaccuracy for an amount equivalent to approximately \$4 million, both considering the exchange rate as of September 30, 2017. CEMEX Colombia responded to the special request on April 26, 2016. On October 6, 2016, the Municipality issued the revised official settlement request over the modified industry and commerce tax amounts. On November 25, 2016, CEMEX Colombia filed the corresponding appeal to this resolution. The Municipality should resolve the appeal within one year from its filing.

On June 13, 2016, CEMEX Colombia received a statement of objections from the Municipality purportedly for not sending information, which proposes a penalty for an amount in Colombian pesos equivalent to approximately \$0.2 million. CEMEX Colombia filed the response and provided evidence that the information was timely delivered within the legal term on July 1, 2016. The Municipality did not issue any sanction or resolution within the legal terms of nine months; therefore, the Municipality’s review faculties should be considered prescribed.

On November 30, 2016, the Municipality issued a payment requirement to CEMEX Colombia alluding lack of payment in connection with the industry and commerce withholding tax returns for bimesters 01 to 06 of 2011 and 01 and 02 of 2012. In addition to this request, on the same date, the Municipality issued a seizure resolution, which was delivered to several financial institutions. On December 27, 2016, CEMEX Colombia filed in the Municipality, a document listing the exemptions for the obligation of payment, by means of which CEMEX Colombia requested the Municipality the withdrawal of the payment procedure, a communication to the financial institutions in order of lifting the seizure considering that the CEMEX Colombia provided sufficient evidence of payment through offset in the aforementioned tax returns, as well as a communication by the Municipality accepting CEMEX Colombia’s request for offset. On January 30, 2017 CEMEX Colombia was notified of the resolution denying the exceptions to the payment order, for this reason, on February 21, 2017, the Company filed an appeal in the Municipality against such resolution. On March 29, 2017 CEMEX Colombia was notified of the appeal’s resolution which confirms the denial of the exceptions to the payment obligation. On July 14, 2017, CEMEX Colombia filed an appeal against the Municipality’s resolution of March 29, 2017. See note 22 for subsequent events regarding 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*) (the "Tax Department") informed the beginning of audits for the 2008 fiscal year in CEMEX (Costa Rica), S.A. ("CEMEX Costa Rica"), which include income tax, payroll withholding tax and sales tax. In August 2013, the Tax Department issued a provisional regularization proposal. During the same month, CEMEX Costa Rica filed an appeal against the provisional regularization proposal, arguing that the action has been time barred and rejecting the proposed adjustments considering that CEMEX Costa Rica applied correctly the applicable tax regulations at the time. In September 2013, CEMEX Costa Rica was notified of a settlement procedure by means of which the Tax Department dismissed the arguments presented by CEMEX Costa Rica and ratified the resolution of the provisional regularization proposal. In November 2013, CEMEX Costa Rica filed a legal resource to revoke the settlement procedure, which should 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. In September 2014, the Tax Department notified CEMEX Costa Rica of the annulment of the settlement procedure and the resolutions previously issued considering a constitutional challenge accepted by the Constitutional Court of Costa Rica (the "Constitutional Court") against the article of the tax regulation which served as the basis for issuing the settlement procedure. Nonetheless, simultaneously, the Tax Department notified CEMEX Costa Rica a new settlement procedure and sanctioning resolutions in accordance with the legal requirements of the new code of tax rules and procedures. In response, the Constitutional Court clarified that the Tax Department should not issue new settlement procedures until the Constitutional Court would issue a resolution regarding the constitutionality of the aforementioned article of the tax regulation. In October 2014, the Tax Department notified CEMEX Costa Rica the cancellation of the new (and last) settlement procedures and the corresponding sanctioning resolutions until the Constitutional Court would issue a resolution regarding the unconstitutionality action. As a result, the tax proceedings that were initiated against CEMEX Costa Rica were annulled and the settlement procedures were suspended. On August 31, 2016, the Constitutional Court declared the unconstitutionality of the challenged tax rules, eliminating the obligation to make the tax payment or to guarantee the purported amount of taxes determined. The Constitutional Court determined that the audits should be finalized under the applicable regulations before the new law, known as transfer of charges. As of the reporting date, the full text of such resolution has yet to be issued and the Tax Department has not informed about how it will implement what is indicated in the resolution. On October 11, 2016, the Tax Department notified CEMEX Costa Rica in respect to the renewal of the tax audits and the transfer of charges. On November 21, 2016, CEMEX Costa Rica filed an appeal to challenge the transfer of charges, alleging outright opposition among others due to serious legal deficiencies that affect taxpayer rights and guarantees. On December 23, 2016, the Tax Department notified CEMEX Costa Rica in respect of a resolution, rejecting the appeal against the aforementioned transfer of charges filed with reference to income tax, and accepting the challenge and revoking the transfer of charges in respect the general tax on sales. On the same date, the Tax Department notified CEMEX Costa Rica of a penalty associated to the proposed remeasurements of income tax and payroll withholding tax. CEMEX Costa Rica responded to the resolutions on February 2, 2017. On June 13, 2017, the General Direction of Taxation by resolution, notified the rejection of both the statute of limitations and the nullities formulated and at the same time declares without action, the revocation appeal filed against the determinative resolution. CEMEX Costa Rica had 30 working days from that date to file an appeal to the Administrative Tax Court, which was submitted within that period.

On July 17, 2017, the Tax Department confirmed by means of notification the sanctions imposed. In disagreement with such resolution, CEMEX Costa Rica filed an appeal with the Administrative Tax Court on August 23, 2017. The purported tax due and interest for these items if for an amount in colones equivalent to approximately \$6 million and the penalties determined in the resolution is for an amount in colones equivalent to approximately \$1 million, considering the exchange rate as of September 30, 2017. On September 7, 2017, CEMEX Costa Rica reiterated its arguments under the appeal with the Administrative Tax Court against the Tax Department's resolution. The appeal is pending resolution. Once the Administrative Fiscal Court issues its resolution, the administrative process is considered exhausted. At this stage, CEMEX Latam does not consider probable that payments will be incurred in relation to this proceeding.

18) STOCKHOLDERS' EQUITY

18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of September 30, 2017, and December 31, 2016, the line item common stock and additional paid-in capital was detailed as follows:

	2017			2016		
	Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	\$ 718,124	–	718,124	718,124	–	718,124
Additional paid-in capital	894,701	(145,488)	749,213	894,701	(146,007)	748,694
	\$ 1,612,825	(145,488)	1,467,337	1,612,825	(146,007)	1,466,818

During the nine-month periods ended September 30, 2017 and 2016 the Parent Company made physical deliveries of shares to the executives subject to the stock-based long-term incentive plan benefits (note 18D), which increased additional paid-in capital in the amount of \$519 and \$4, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

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Common stock and additional paid-in capital – continued

As of September 30, 2017, and December 31, 2016, the Parent Company's subscribed and paid shares by owner were as follows:

Stocks	2017	2016
Owned by CEMEX España	407,890,342	407,890,342
Owned by third-party investors	148,834,074	148,757,395
Total subscribed and paid shares	<u>556,724,416</u>	<u>556,647,737</u>

As of September 30, 2017, and December 31, 2016, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 euro per share. The number of subscribed and paid shares of CEMEX Latam Holdings presented in the table above excludes 21,553,926 in 2017 and 21,630,605 shares in 2016 held in the Company's treasury (treasury shares).

As of September 30, 2017, CEMEX España owned approximately 73.27%, of the Parent Company's common shares, excluding shares held in treasury.

18B) OTHER EQUITY RESERVES

As of September 30, 2017, and December 31, 2016, the balances of other equity reserves are summarized as follows:

	2017	2016
Reorganization of entities under common control and other effects ¹	\$ (300,422)	(300,422)
Translation effects of foreign subsidiaries ²	(573,265)	(569,409)
Share-based payments ³	9,944	9,455
	<u>\$ (863,743)</u>	<u>(860,376)</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 income.

³ As of September 30, 2017, and December 31, 2016, the line item other equity reserves includes effects associated with the stock-based long-term executive compensation programs (note 18D), and which costs are recognized in the results of each subsidiary during the vesting period of the awards against other equity reserves. Upon physical delivery of the Parent Company's shares, the amounts accrued in other equity reserves are reclassified to additional paid-in capital.

18C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its profit for the year, determined individually, to a legal reserve until it reaches at least an amount equivalent to 20% of the share capital. At September 30, 2017 and December 31, 2016, the Parent Company's legal reserve amounted to \$20,612 and \$13,045 respectively.

18D) EXECUTIVE STOCK-BASED COMPENSATION

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

In January 2013, the Parent Company's Board of Directors, considering the favorable report of its Nominations and Remuneration Commission, approved, effective January 1, 2013, long-term incentives program 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 subsidiaries of CEMEX Latam in which the executives subject to the benefits of such 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 long-term incentives program previously mentioned, some executives of the Company participated in CEMEX's stock-based long-term incentives program, by means of which, new shares of CEMEX, S.A.B. de C.V. are issued over a services period of four years under each annual program. Beginning January 1, 2013, all eligible executives at that date belonging to CEMEX Latam operations stopped receiving shares of CEMEX, S.A.B. de C.V. All eligible executives who join CEMEX Latam's operations from CEMEX start receiving shares of the Parent Company in the following grant date after their entry and cease to shares of CEMEX, S.A.B. de C.V.

During the nine-month periods ended September 30, 2017 and 2016, total compensation expense related to the stock-based long-term incentive programs described above amounted to \$1,007 and \$1,207, respectively, which was recognized in the operating results of each subsidiary against other equity reserves.

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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, 2017, and December 31, 2016, non-controlling interest in equity amounted to approximately \$5,146 and \$4,813, respectively.

19) BASIC EARNINGS PER SHARE

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

The amounts considered for calculations of earnings per share (“EPS”) for the nine-month periods ended September 30, 2017 and 2016 are as follows:

Denominator (thousands of shares)	2017	2016
Weighted average number of shares outstanding – Basic EPS	556,655	556,376
Effect of dilutive instruments – stock-based compensation	1,008	463
Weighted average number of shares outstanding – Diluted EPS	557,663	556,839
Numerator		
Consolidated net income	\$ 79,496	143,919
Less: non-controlling interest net income	(288)	(518)
Controlling interest net income	\$ 79,208	143,401
Controlling Interest Basic Earnings per Share (\$ per share)	\$ 0.14	0.26
Controlling Interest Diluted Earnings per Share (\$ per share)	\$ 0.14	0.26

20) COMMITMENTS

20A) CONTRACTUAL OBLIGATIONS

As of September 30, 2017, and December 31, 2016, the Company had the following contractual obligations:

(Thousands of dollars)	2017					2016
	Less than		More than 5		Total	Total
	1 year	1–3 years	3–5 years	years		
Debts						
Long-term debt with related parties ¹	\$ 207,222	172,010	599,711	–	978,943	991,348
Interest payments on debt ²	48,636	69,466	67,767	13,739	199,608	81,538
Operating leases ³	1,774	3,548	3,548	8,520	17,390	17,510
Capital lease obligations ⁴	864	–	–	–	864	5,391
Pension plans and other benefits ⁵	3,656	7,252	7,167	17,049	35,124	35,123
Raw materials, fuel and energy purchases ⁶	41,007	69,481	97,096	20,320	227,904	266,633
Investments in property, plant and equipment ⁷	5,073	–	–	–	5,073	21,818
Total contractual obligations	\$ 308,232	321,757	775,289	59,628	1,464,906	1,419,361

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

² Includes future interest payments under debt owed to third-party creditors, capital leases and debt owed to related parties using the current interest rates on the contracts as of September 30, 2017.

³ The amounts of payments under operating leases have been determined on the basis of nominal cash flows. This line item mainly refers to the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua for a term of 25 years, which includes the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A, for \$1,679 to less than one year, \$3,358 from one to three years, \$3,358 from three to five years and \$8,396 to more than five years. In addition, includes operating leases negotiated by the Parent Company with CEMEX España and CEMEX Research Group A.G. with terms of 5 years for its corporate offices in Spain and the research and development offices in Switzerland for \$95 to less than one year, \$ 190 from one to three years, \$190 from three to five years and \$124 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. (Note 15).

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

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

⁷ Correspond to the purchase of operating assets in Colombia, Panama, Costa Rica, Nicaragua, Guatemala, Brazil and El Salvador.

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Contractual obligations – continued

As of September 30, 2017, the Company has other significant contractual obligations. The descriptions of some of the most significant contracts are as follows:

- On September 28, 2017, CEMEX Colombia and Turgas S.A. E.S.P. signed a contract for the supply of natural gas to the Caracolito plant, with a maturity of four years from the signing of the contract. The annual amount in Colombian pesos is fully variable considering it depends of the amount of natural gas actually supplied multiplied by the agreed upon price per unit, notwithstanding the above, the approximate amount could be around \$10.1 million per year.
- On August 14, 2017, the Board of Directors of CEMEX Colombia resolve to authorize the legal representative or whoever holds its duties to continue the development of the projects named Tunjuelo and Suratá, the first in the city of Bogotá and the second in the city of Bucaramanga, to carry out the urban development of certain properties owned by CEMEX Colombia. Regarding Tunjuelo's project, CEMEX Colombia engaged the firm Pinilla González y Prieto Abogados Ltda (PGP Ltda) for advice in soil management and commercialization of the project with fees amounting to 0.25% of the sale price of the project. Regarding the Suratá project, CEMEX Colombia engaged the firm PGP Ltda, Grener cities SAS and Lorenzo Castro for the development and commercialization of the project for a fee of \$85 plus 1% of the sale price.
- On May 1, 2017, CEMEX Colombia signed with Excavaciones y Proyectos de Colombia S.A.S. A contract for the extraction of limestone in the quarry "La Esmeralda" and the transfer of raw materials at the Caracolito Plant (Tolima, Colombia), which is valid for five years from the signing of the contract. The annual amount in Colombian pesos is approximately \$7 million.
- On June 25, 2014, CEMEX Colombia and Wärtsilä Colombia S.A. signed a services agreement for the operation and maintenance of the natural gas electrical energy generating plant that provides energy under the modality of self-generation for the Caracolito plant, for a term of five years from the signing of the contract, the approximate annual amount is \$9 million.
- On March 28, 2014, CEMEX Colombia signed an agreement with Exxonmobil Colombia S.A. for the supply of various fuels, the original duration of which was three years from its signature and to date it was terminated. On July 28, 2017 a new contract will be signed where CEMEX Colombia is given the status of retail distributor. The term of the new contract will be four years for an annual amount in Colombian pesos equivalent to approximately \$10 million.
- On November 20, 2013, CEMEX Nicaragua, S.A. signed a contract with the National Cement Production Company which will in force from February 5, 2015 until 2026, which commits CEMEX Nicaragua, S.A. to pay a fee of \$0.90 per metric ton produced outside the San Rafael del Sur plant production up to 220 thousand tons per year by way of financial compensation for raw material consumption. Annual payments are estimated in approximately \$198.
- 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 payment is estimated in approximately \$2 million.
- On May 23, 2013, CEMEX Colombia accepted the offer of Mincivil, S.A., 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 payment is estimated in approximately \$2 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 of CEMEX Latam in Panama. The energy supply initiated on January 1, 2010 and is set to terminate on December 31, 2019. Cemento Bayano, S. A. will pay an average amount of approximately \$15 million per year.

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20B) OTHER COMMITMENTS

In addition to the contracts described above, as of September 30, 2017, the Company had the followings significant commitments:

- In 2012, CEMEX Latam Holdings S.A. through its branch in Switzerland entered in to the following agreements:
 - i) Agreement with CEMEX, S.A.B de C.V. for the use of CEMEX's trademarks. This contract has a term of five years from its effective date 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, 2017 and 2016, the total expense for trademarks use recognized in the operating expenses amounted to \$4,764 and \$5,938, respectively.
 - ii) Agreement with CEMEX Research Group, A.G. for the use, operation and enjoyment of assets novated subsequently with date January 1, 2014. This contract has a term of five years since its novation 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, 2017 and 2016, the total royalty expense recognized in the operating expenses amounted to \$27,233 and \$27,339, 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 from the effective date, automatically renewable for equal periods, unless it is terminated by either party providing notice one month before the applicable termination date. The Company must pay annually the use of these administrative services based on annual net sales of goods and services. For the period ended September 30, 2017 and 2016, the total services expense recognized in the operating expenses amounted to \$15,717 and \$17,330, respectively.

The mentioned contracts in subsections (i) and (iii) above have been renewed for a period of five years, that is, until July 1, 2022, in accordance with the stipulated in the agreement.

- 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, on October 5, 2012, the Parent Company entered into a Framework Agreement which became effective upon closing of the initial offering, and which may be modified or terminated by written agreement between the Parent Company, CEMEX S.A.B. de C.V, and CEMEX España, for which the Parent Company will require approval of its independent directors. At its meeting of March 28, 2017, following a favorable report from its Corporate Governance Commission, the Board of Directors unanimously agreed to amend the Framework Agreement to include a principle of common interest and reciprocity between the three companies in connection with the management and responses related to legal proceedings, administrative matters and investigations by authorities or governmental regulators. In addition, the Framework Agreement will cease to have effect if the Parent Company ceases to be a subsidiary of CEMEX, S.A.B. de C.V. or if CEMEX, S.A.B. de C.V. no longer has to account for its investment in the Holding Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).
- Pursuant to the Framework Agreement entered with CEMEX 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, and (ii) the issuance of shares under the long-term incentives plan that does not exceed \$1.75 million.
 - d) The declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares other than (i) through the issuance of common stocks of the Parent Company or the issuance of the right to subscribe ordinary shares of the Parent Company to the shareholders of the Company proportionally, to the extent that is not paid or transferred to another person who is not part of CEMEX (other than the Parent Company), cash or other assets of CEMEX (or any interest in such cash or assets) in connection with such distribution or interest, and/or (ii) in proportion to the equity interest of each minority shareholder of the Parent Company, to the extent that each shareholder receives at the same time its proportional share in any dividend, distribution or interest payment.
 - e) The creation, negotiation, grant or guarantee by the Parent Company of any type of debt, and/or the creation of liens on any of its assets, for a total amount over \$25 million at any time for both concepts.
 - f) Provide loans or become creditor in connection with any type of debt, except: (i) with respect to commercial loans granted to customers on normal commercial terms and in the ordinary course of business, and (ii) as deferred compensation in respect of any sale, lease, exchange or other disposition that the Parent Company or any of its subsidiaries are authorized to execute without the consent of CEMEX S.A.B. de C.V. and CEMEX España.

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Other commitments – continued

- g) Take any action that could result on default for CEMEX S.A.B. de C.V. under any contract or agreement, under its financing agreements and any refinancing, relocation or modifications thereto, to the extent that all CEMEX's 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. On June 12, 2017, the sublease contract has been modified reducing the leased area as well as the amount of the rent. The rest of the contract conditions remain and have not been modified. 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 of the Maceo plant (notes 13 y 21A), the National Roads Institute (*Instituto Nacional de Vías* or "INVÍAS") authorized CEMEX Colombia on its own account, risk and financing, to perform the necessary works for the development of a public transportation infrastructure project denominated "*Mejoramiento y Mantenimiento de la Vía de Acceso a la Zona de Uso Público y Zonas Anexas de la Zona Franca Permanente Especial Cementera del Magdalena Medio*", including the construction of two roads to the municipality of Maceo and the township of La Susana. The term for the completion of the works will be until December 31, 2016 and for the maintenance thereof the term shall extend during the economic exploitation of the Special Tax Zone denominated *Zona Franca Permanente Especial Cementera del Magdalena Medio*. The contract with INVÍAS ended on December 31, 2016, however, the process for the purchase of the plots and construction of the access road has been continued with the Municipality of Maceo, a public entity also authorized for these purposes, without having a definite date for completion. The works of the access road have been suspended since the last quarter of 2016 pending the resolution of various administrative processes and permits (note 21A).
 - During the third quarter of 2015, CEMEX Colombia initiated seven housing projects in the state of the Cesar (*Departamento del Cesar*) in Colombia, currently for the construction of 2,746 houses, located in the municipalities of San Alberto, Aguachica, Curumaní, Astrea, Becerril, San Diego and Gamarra, as part of the contracts signed in 2014, originally envisaged the construction of 2,861 houses but that were reduced by agreement between the parties. The estimated selling price of the project is for an amount of approximately Col\$128 billion (\$44 million). The houses are delivered gradually as they are concluded. In connection with these projects, as of September 30, 2017, customers have made advance payments deposited with a trustee agent for an amount of approximately Col\$63 billion (\$22 million) that partially guarantee payment for the houses, and which will be released to CEMEX Colombia as houses are delivered to the satisfaction of such customers. As of September 30, 2017, these housing projects have a combined stage of completion of approximately 62%. Out of the funds that have been deposited, the legal delivery process over approximately Col\$29 billion (\$9 million) corresponding to 1,213 houses registered in the municipalities of Curumaní, Becerril and San Alberto.
- In addition, CEMEX Colombia has six projects for the construction of 2,586 houses, number reduced from the original 2,752 houses after technical adjustments, located in the departments of Armenia, Pereira and Cúcuta. The estimated selling price of these projects is for an amount of approximately Col\$123 billion (\$43 million). Similarly, the houses are delivered gradually as they are concluded. As of September 30, 2017, 617 homes have been legally delivered and registered and these projects present a combined stage of completion of approximately 76%.
- On July 30, 2012, CEMEX signed by 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 services from IBM include: data processing services (back office) in finance, accounting and human resources; as well as IT infrastructure services, support and maintenance of IT applications in the different countries in which CEMEX operates, including CEMEX Latam and its subsidiaries. The cost to be incurred by the Company with IBM under this agreement is of approximately \$4 million per year.
 - On December 20, 2007, Cementos Bayano S.A. entered into a long-term clinker supply contract in the Republic of Panama with Cemento Panama, S.A. (currently Argos Panama, S.A.). The supply contract was established for a period of 10 years since the first supply which was made in 2010 and includes annual partial deliveries of clinker in metric tons ("MT") of 1,320,715 MT for the period from 2015 to 2016 and 1,414,783 MT for the period from 2017 to 2018.

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21) CONTINGENCIES

21A) CONTINGENT LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

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

As of September 30, 2017, the detail of the most significant legal proceedings that have generated the recognition of provisions or losses is as follows:

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

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

On May 2, 2016, the Attorney General resolved to deny CEMEX’s Colombia inadmissibility request to the action for expiration of property mentioned above, considering that it should broaden obtaining evidentiary elements and its analysis in order to take a resolution according to law. Given on the nature of the process, despite the Colombian law has defined terms for the several procedural stages, as of September 30, 2017, it is estimated that the issuance of a final resolution in respect to the applicability or not for the action of expiration of property over the aforementioned assets may take between five and ten years. As of September 30, 2017, the expiration of property process is in its investigation stage, awaiting the appointment of the guardians *ad litem* designated by the Attorney General. The appointment of the guardian *ad litem* would open the evidentiary stage, in which evidence will be tested.

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

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Pursuant to a requirement of CEMEX, S.A.B. de C.V.'s Audit Committee and of the Parent Company's Audit Commission, an audit firm, experts in forensic audits, was engaged in order to perform an independent investigation of Maceo's project. Additionally, CEMEX Colombia and the Parent Company engaged an external lawyers firm with the aim of assisting the Parent Company and CEMEX Colombia on the necessary collaboration with the Attorney General. Moreover, considering CEMEX Latam's internal controls and usual best practices, management also engaged a team of external lawyers for its own legal advice. In relation to the irregularities detected in the purchase of CI Calizas' assets and the aforementioned additional land, which led to the execution of the internal audit, the termination of employment of certain executives and the report of these findings, there is an ongoing investigation by the Attorney General. As of the financial statements date, the investigation by the Attorney General is in its finalize initial stage (inquiry) the process and has set a date (August 1, 2017) for the hearing of the filing of charges, which begins the second phase of the prosecution process (investigation phase), hearing has been postponed twice due to the absence of any of the accused or their lawyers, and to date is October 27. In case of a new absence, the judge could order the appearance with the support of the police in which, CEMEX Latam is neither able to predict the actions that the Attorney General could implement, nor the possibility and degree in which any of these possible actions, including the termination of employment of the aforementioned executives, could have a material adverse effect on CEMEX Latam's results of operation, liquidity or financial position. At this respect, under the presumption that CEMEX Colombia conducted itself in good faith, and considering that the rest of its investments made in the development of Maceo's project were made with the consent of the SAE and CI Calizas by virtue of the lease contract and the mandate, such investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land.

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

In connection with the investigation and internal audit related to Maceo's project, and considering the findings and the legal opinions available, during the fourth quarter of 2016, as mentioned in note 1, during the fourth quarter of 2016, CEMEX Latam determined that: a) there is low probability of recover resources delivered under different memorandums of understanding for the purchase of the assets related to the project for an amount in Colombian pesos equivalent to approximately \$14,257, which were recognized as part of construction in progress, were reconsidered as contingent assets, resulting in the recognition of an impairment loss during the fourth quarter of 2016 by means of reducing construction in progress for such amount against other expenses, net (nonetheless, on December 19, 2016, the Company filed a claim in the civil courts aiming that all property rights related to the additional land, some of which were assigned to the representative, would be effectively transferred to CEMEX Colombia), this amount included approximately \$2,344 of losses not related with the MOU or the MOU with the Representative; b) certain purchases of equipment installed in the plant were considered exempt for VAT purposes under the benefits of the free trade zone, however, as those assets were actually installed outside of the free trade zone's area, they lack of such benefits, therefore, CEMEX Colombia increased construction in progress against VAT accounts payable for approximately \$9,196; and c) the cancellation of the balance payable to CI Calizas under the MOU in connection with the acquisition of the assets for approximately \$9,073 against a reduction in construction in progress. In the specific case of the aforementioned adjustments the Company considered the exchange rate of 3,000.71 Colombian pesos per dollar as of December 31, 2016.

During the nine-month period ended September 30, 2017, no additional adjustments or losses have been determined in relation to this project. As mentioned in note 13. CEMEX Colombia determined an initial total budget for the Maceo plant of \$340 million. As of September 30, 2017, the carrying amount of the project, net of adjustments, is for an amount in Colombian pesos equivalent to approximately \$335 million, considering the net invested amount and the exchange rate of 2,941.07 as of September 30, 2017.

During the third quarter of 2017, in connection with imports of certain assets for the Maceo project, the DIAN required Zomam to correct some differences presented in the amounts invested within the free trade zone. To this effect, CEMEX Colombia corrected and made settlement payments for amounts in Colombian pesos equivalent to approximately \$1 million for import duties (tariff and VAT) and approximately \$4 million for penalties.

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

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

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

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

During the second half of 2016, Corantioquia requested the authorization and consent of Central de Mezclas to return the environmental license of the Maceo project to CI Calizas, entity that holds the corresponding mining concession. At September 30, 2017, Central de Mezclas has made the request to evaluate the basis and legal grounds on which Corantioquia returned the environmental permit to CI Calizas.

- In addition, in 2015, the Tax Authority informed that considering that CEMEX Colombia had made the majority of the Maceo project's investments of in its own name, CEMEX Colombia should proceed to transfer those investments to Zomam, entity that holds the free trade zone concession, and attest its status as shareholder of Zomam in order to validate the investments made in the construction project. In the event of a failed attestation, the entity Zomam would incur in breach of its commitments, and therefore, the Tax Authority would be obliged to declare this situation and the loss of the free trade zone status. Considering the above, CEMEX Colombia through an extraordinary Board of Directors' meeting held on December 11, 2015, approved: a) concluding the acquisition of all shares of the entity Zomam, and b) the capitalization of assets from CEMEX Colombia as shareholders of Zomam, in order to comply with the request of the Tax Authority. In connection with the aforementioned, all legal documentation and accounting records were made in CEMEX Colombia and Zomam, with which CEMEX Colombia is 100% owner of Zomam and the Tax Authority was informed regarding the compliance with the requirements in order to keep Zomam's status of special tax zone. However the above, for the prosecutor's disposition, Zomam's assets, and consequently the declaration of this free trade zone, are acquired within this company, are the extinction of property process of the assets subject to the MOU mentioned above.

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Contingent liabilities resulting from legal proceedings – continued

- In 1999, several companies belonging to the Laserna family filed an extra-contractual civil liability claim against CEMEX Colombia, by means of which the plaintiffs demanded compensation for alleged damages caused to their land with effects on costs and lower production of their rice crops as a result of solid pollutants expelled by the chimneys of the "Buenos Aires" and "Caracolito" cement production plants in the department of Tolima. In January 2004, the Fourth Circuit Civil Court of Ibagué issued a resolution ordering CEMEX Colombia a payment in favor of the plaintiff's equivalent to approximately \$12 million. CEMEX Colombia appealed this resolution. On September 10, 2010, the Superior Court of Ibagué fully revoked the resolution accepting the defense arguments of CEMEX Colombia. As of December 31, 2016, the process is in the Supreme Court of Justice, where the appeal resource filed by the plaintiffs is being processed. To this date there is a provision in Colombian pesos associated with this litigation for approximately \$12 million considering the exchange rate as of September 30, 2017.

21B) OTHERS CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

As of September 30, 2017, CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 17B), which have not required the recognition of accruals based on the evidence at its disposal. The Company considers the likelihood of an adverse resolution to be remote; nonetheless, it cannot assure that a favorable resolution in these proceedings will be obtained. The disclosure of facts of the most significant proceedings with a quantification of the potential loss is as follows:

Market related proceedings

- On March 7, 2016, the Competition Authority notified CEMEX Costa Rica, by instruction of the Ministry of Economy, Industry and Commerce of Costa Rica, of a request for information in order to initiate a customary preliminary investigation, to verify the existence of evidence in anticompetitive practices, determine the cement market shares and determine the geographical areas where cement companies operate. This request for information was issued as a result of a claim issued by a third party. CEMEX Costa Rica delivered the information requested on March 18, 2016. In July 2016, the Commission for the Promotion of Competition (COPROCROM) resolved that they did not find evidence of any anticompetitive practices, so the claim and the preliminary investigation were closed.
- On April 22, 2015, CEMEX Costa Rica, was notified by the Competition Authority (*Dirección de Apoyo a la Competencia*) of a request for information issued by the Ministry of Economy, Industry and Trade of Costa Rica in connection with an study in the cement market that would allow the evaluation of price changes as well as to identify possible distortions and market barriers among other issues in such country. The aforementioned information request relates to volumes, prices and production costs from 2010 to date. The Company delivered the requested information as of June 5, 2015 and collaborates as necessary with the study mentioned. As of September 30, 2017, the Company has not being informed of any recent developments in connection with this market study.
- On March 11, 2015, 14 members of the surrounding communities of the cement plant in Panama filed a claim against Cemento Bayano, S.A ("Cemento Bayano"), subsidiary of the Company in such country, for alleged breach of environmental regulations as a result of the non-metallic mineral exploration in its quarries. Moreover, they requested the review of the environmental impact' studies that protect new raw materials' quarries of the plant. These community members are being assisted by non-governmental organizations and environmentalist groups aimed to impose unfounded penalties to the Company and to try to encourage the cancellation of the new quarries' environmental impact studies. By ruling from April 13, 2015, it was resolved to declare that the allegations in connection with water pollution, erosion control, air quality, impact control of protected areas be worthy of investigation. Such resolution was notified on April 27, 2015; on May 5, 2015, a motion for reconsideration was presented thereof. The Environmental Authority (*Administración Regional Metropolitana del Ministerio de Ambiente*) resolved not to support the motion for reconsideration and continued the investigation. On June 15 and 16, 2015 the Environmental Authority conducted a physical inspection is corroborated that are not evidence of the allegations. By Technical Inspection Report of July 2, 2015, it was concluded that during the inspection there were no evidence in the field of the points of the complaint filed by the residents. By means of Edict of December 23, 2015 and withdrawn on December 24, 2015, the Metropolitan Regional Administration of the Ministry of Environment notified Cemento Bayano that it had a period of no more than ten (10) business days to present its allegations And proof of discharge. On January 11, 2016, the pleadings were presented and evidence was provided within the administrative process.

In connection with the aforementioned inspection to Cemento Bayano, at the end of January 2016, the process was referred to the recently created Regional Administration of North Panamá the Ministry of the Environment, (*Administración Regional Panamá Norte del Ministerio de Ambiente*) which, by Resolution of September 12, 2016, admitted and rejected evidence. By means of a Memorandum dated November 24, 2016, the North Regional Administration of the Ministry of the Environment requests the Environmental Economic Unit, to calculate the fine to be imposed to the company. As of September 30, 2017, the authorities have not issued any recent developments. Fines on environmental matters do not have a limit in the norm, but depend on the severity of the damage, recidivism, investments level and the economic situation of the offender. At this stage, Cemento Bayano considers remote the probability and adverse ruling; nonetheless, is not able to asses with certainty the likelihood of an adverse result or potential damages which could be determined to the Company. An adverse resolution in this case could have a material adverse impact on the Company's results of operations, liquidity or financial condition.

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Others contingencies resulting from legal proceedings – continued

- On September 5, 2013, the Colombian Superintendence of Industry and Commerce (the “SIC”) issued a resolution pursuant to which the SIC opened an investigation against five cement companies and 14 directors of those companies, including CEMEX Colombia, and two former officials for allegedly breaching rules which prohibit: a) to limit free competition and/or determining or maintaining unfair prices; b) direct or indirect price fixing agreements; and c) any market sharing agreements between producers or distributors. In connection with the 14 executives under investigation, the SIC may sanction any individual who collaborated, facilitated, authorized, executed or tolerated behavior that violates free competition rules. On October 7, 2013, CEMEX Colombia responded the resolution and submitted evidence in its relief. If the alleged infringements are substantiated, aside from any measures that could be ordered to remediate the alleged practices, penalties may be imposed by the SIC against each company being declared in breach of the competition rules for an equivalent amount in Colombian pesos as of September 30, 2017 of up to \$25 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 half of 2017, the Superintendent Delegate for Competition Protection will issue a non-binding report of the investigation, which could provide a recommendation to impose sanctions or to close the investigation. Although it is not possible to assess with full certainty, CEMEX Colombia does not exclude the possibility that sanctions could be imposed by the SIC, an adverse resolution to the possible actions or resources is not considered probable in the final phase of this proceeding. Nonetheless, an adverse resolution in this proceeding could have a material adverse effect on the Company’s results of operations, liquidity or financial condition.
- On June 5, 2010, the District of Bogota’s Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá* or the “Environmental Secretary”), ordered the suspension of CEMEX Colombia’s mining activities at El Tunjuelo quarry, located in Bogotá, 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, 2017 of approximately \$102 million. The temporary injunction has not compromise the production and supply of ready-mix concrete to the Company’s clients in Colombia. At this stage, CEMEX Latam considered remote the probability of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution in this case could have a material adverse impact on CEMEX Latam’s results of operations, liquidity or financial condition.

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

Other proceedings legal

- As a result of the premature damages presented in the Transmilenio slabs - North Highway, six popular actions were filed against CEMEX Colombia. The Administrative Litigation Court decided to declare the nullity of five lawsuits and, currently, the lawsuit is filed by a citizen, which is pending judgment of the first instance. In addition to this claim, the Urban Development Institute (“IDU”) presented another popular action arguing that CEMEX Colombia allegedly made misleading advertising about the characteristics and properties of the fluid filler. An Administrative Court of Bogotá, by means of a judgment of the first instance, considering most of the arguments presented in the defense of CEMEX Colombia, acknowledged that the fluid filler (material supplied by CEMEX Colombia) had not been the cause of the damages, and that the they were due to failures in the planning, execution and supervision of the work. The decision of first instance was appealed, therefore, the Superior Court of Bogotá heard of the appeal and on December 7, 2016 issued a judgment of second instance, confirming in all its parts the previously decided.
- In connection with the criminal proceedings against several officials of some participating companies on the occasion of the premature damage of the slabs of the Transmilenio Norte Highway and to which CEMEX Colombia was linked as a third party civilly responsible, On January 21, 2008, the judge of knowledge ordered and practiced the embargo of the mine Tunjuelo. CEMEX Colombia, at the time, pledged an amount in Colombian pesos equivalent to September 30, 2017 of \$ 6.8 million, for which it constituted a CDAT for an approximate amount in Colombian pesos equivalent to September 30, 2017 of \$ 2.2 million, as warranty. The embargo was lifted on July 29, 2009. On October 10, 2012, the 45 Circuit Criminal Court convicted some of those implicated; however, there was no conviction against CEMEX Colombia and Asocreto, who were linked as third-party civilly responsible, declared a rupture of the procedural unit, and referred the proceedings to the knowledge prosecutor, to reopen the process against the officials of Asocreto.

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Others contingencies resulting from legal proceedings – continued

- The criminal court of the Bogotá Circuit, On January 21, 2015, declared the prescription criminal action filed against two functionaries of the Asocreto, in the process as a consequence of the premature damages of the slabs of the North Highway Transmilenio. The judge accepted the CEMEX Colombia arguments according to which the investigated ones were not civil servants, and consequently declared the prescription since the year 2012. The decision was object of appeal and later it was confirmed by the Criminal Chamber of the Superior Court of Bogotá. As the action was prescribed, the proceedings against the officers of Asocreto ceased, and therefore also the action brought against CEMEX Colombia as a third party civilly responsible.
- In the case of the Transmilenio slabs - North Highway, CEMEX Colombia acted solely and exclusively as a supplier of fluid and concrete fillings, which were delivered and received to the satisfaction of the builder of the work, complying with all technical specifications required. Likewise, the Company did not participate nor had any responsibility in the definition of road designs, nor in the definition of the materials to be used and their corresponding technical specifications.

In addition, as of September 30, 2017, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions; 4) other similar claims brought against us that have arisen in the ordinary course of business.

22) SUBSEQUENT EVENTS

- In connection with the tax proceeding related to the industry and commerce tax in Colombia for the years 2006 to 2007 described in note 17B, on October 3, 2017, the Municipality filed a proceeding with the Fifth Section of the State Council against the ruling issued by the Fourth Section of the State Council in favor of CEMEX Colombia. In the proceeding, the Municipality argues that its fundamental rights for due process and defense were violated. CEMEX Colombia will participate in the roll of interested third party in with the proceeding against the resolution issued by the Fourth Section (note 17B).
- Moreover, in connection with the same procedure with the Municipality in which they refer to the non-payment of withholding tax returns in the source for Industry and Commerce of the bi-monthly periods 01 to 06 of 2011 and 01 and 02 of 2012, on 12 October 2017, the Administrative Court of Tolima issued a payment order in favor of CEMEX Colombia, in which the Municipality is requested to pay the amount resulting after the offsetting of the aforementioned tax returns, as well as interest accrued by said obligation (note 17B).
- In relation to the process initiated by the SIC in which it issued a resolution whereby an investigation was initiated over five cement companies and 14 executives of these companies, including CEMEX Colombia and two former employees of the company, due to presumably they did not observe the regulation that prohibits: a) to limit the free competition and to determine or to maintain unfair prices; (b) to agree on pricing directly or indirectly; and/or c) to agree on the distribution of the market between producers or distributors. On October 12, 2017, CEMEX Colombia was notified that a report was issued by the Superintendent Delegate for the Protection of Competition in which it is recommended to sanction CEMEX Colombia, in addition to other entities and individuals, for purported restrictive practices of competition. It should be noted that the report has a recommendation character, which closes the investigation stage and does not imply to date the culmination of the process or a final resolution imposing penalties and payment obligations. This report must be studied by the Superintendent of Industry and Commerce, who will determine if economic sanctions are imposed according to the recommendations contained in the aforementioned report. CEMEX Colombia has a period of 20 working days to submit comments on the report. In addition, once the corresponding resolution would be issued by the Superintendent of Industry and Commerce, deciding in respect of imposing penalties, CEMEX Colombia would have the right to access the administrative route in order to file an appeal for replacement against any such adverse resolution. Moreover, if an adverse resolution is confirmed, CEMEX Colombia would have still the right to appeal before the administrative contentious jurisdiction (note 21B).

23) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of September 30, 2017 and December 31, 2016 are as follows:

Subsidiary	Country	Activity	% of interest	
			2017	2016
Corporación Cementera Latinoamericana, S.L.U. ¹	Spain	Parent	100.0	100.0
CEMEX Colombia S.A.	Colombia	Operating	99.7	99.7
Zona Franca Especial Cementera del Magdalena Medio S.A.S. ²	Colombia	Operating	100.0	100.0
CEMEX (Costa Rica), S.A.	Costa Rica	Operating	99.1	99.1
CEMEX Nicaragua, S.A.	Nicaragua	Operating	100.0	100.0
CEMEX Finance Latam, B.V.	Holland	Finance	100.0	100.0
Cemento Bayano, S.A.	Panama	Operating	99.5	99.5
Cimentos Vencemos do Amazonas, Ltda.	Brazil	Operating	100.0	100.0
CEMEX Guatemala, S.A.	Guatemala	Operating	100.0	100.0
Equipos para Uso en Guatemala, S.A.	Guatemala	Operating	100.0	100.0
CEMEX El Salvador, S.A.	El Salvador	Operating	100.0	100.0
Inversiones SECOYA, S.A.	Nicaragua	Operating	100.0	100.0
Apollo RE, Ltd. ³	Barbados	Reinsurance	100.0	100.0
Maverick RE, Ltd. ³	Bermuda	Reinsurance	100.0	100.0

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Main subsidiaries– continued

- 1 CEMEX Latam Holdings, S.A., indirectly controls through Corporación Cementera Latinoamericana, S.L.U. the Parent Company's operations in Colombia, Costa Rica, Panama, Nicaragua, Brazil, Guatemala and El Salvador.
- 2 This entity, which shares are included in the expiration of property process (note 21A), holds a significant portion of the investments in the Maceo plant project and is the holder of the free trade zone concession.
- 3 Apollo RE, Ltd was incorporated on November 14, 2016 with the approval of the Board of Directors at its meeting held on July 27, 2016, considering the favorable report of the Audit Commission. The new subsidiary will assume the reinsurance contracts of CEMEX Latam companies which currently hold Maverick, RE, Ltd. By means of this internal reorganization, on December 30, 2016, the Company sold 100% of its equity interest in Maverick RE, Ltd. to Apollo RE, Ltd.