Consolidated Condensed Financial Statements

June 30, 2018

This is an unofficial translation into English of the condensed consolidated financial statements for the six-month periods ended June 30, 2018 and 2017 issued in the Spanish language on July 24, 2018. 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 six-month periods ended June 30, 2018 and 2018 issued in the Spanish language on July 24, 2018 shall be considered the only official version of the document.

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CEMEX Latam Holdings S.A. and Subsidiaries

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

	Notes		(Unaudited) For the six-month periods ended June 30, 2018	June 30, 2017
Revenues	3	$	571,903	626,470
Cost of sales	2E		(339,398)	(345,838)
Gross profit			**232,505**	**280,632**
Administrative and selling expenses			(92,008)	(100,975)
Distribution expenses			(52,342)	(50,848)
			(144,350)	(151,823)
Operating earnings before other expenses, net			**88,155**	**128,809**
Other expenses, net	5,3		(6,026)	(1,464)
Operating earnings			**82,129**	**127,345**
Financial expense	3B		(29,154)	(32,123)
Financial income and other items, net	3B, 6		(948)	(978)
Foreign exchange results			5,933	(7,327)
Earnings before income tax			**57,960**	**86,917**
Income tax	17A		(23,555)	(32,119)
Net income (loss) from continuing operations			34,405	54,798
Net income (loss) from discontinued operations			(724)	(3,477)
CONSOLIDATED NET INCOME			**33,681**	**51,321**
Non-controlling interest net income			79	190
CONTROLLING INTEREST NET INCOME		$	**33,602**	**51,131**
Basic earnings (loss) per share	19	$	**0.06**	**0.09**
Basic earnings (loss) per share of continuing operations	19		**0.06**	**0.10**
Diluted earnings (loss) per share	19	$	**0.06**	**0.09**
Diluted earnings (loss) per share of continuing operations	19		**0.06**	**0.10**

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)

	Notes		(Unaudited) For the six-month periods ended June 30, 2018	June 30, 2017
CONSOLIDATED NET INCOME		$	**33,681**	**51,321**
Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
Currency translation of foreign subsidiaries			(12,867)	(20,084)
Total other items of comprehensive income for the period			(12,867)	(20,084)
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD			**20,814**	**31,237**
Non-controlling interest comprehensive income			79	190
CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD		$	**20,735**	**31,047**
Out of which:				
COMPREHENSIVE LOSS OF DISCONTINUED OPERATIONS			(724)	(3,477)
COMPREHENSIVE INCOME OF CONTINUING OPERATIONS			**21,459**	**34,524**

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

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

	Notes	(Unaudited) As of June 30, 2018	As of December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	$ 39,222	45,154
Trade accounts receivable, net	8	112,400	115,475
Accounts receivable from related parties	9	822	9,647
Other accounts receivable	10A	18,995	14,834
Prepaid taxes		34,407	33,757
Inventories, net	11	84,454	82,675
Other current assets	12	30,372	25,745
Assets from operations held for sale	3A	54,519	–
Total current assets		375,191	327,287
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	6,013	10,319
Property, machinery and equipment, net	13	1,234,913	1,250,521
Goodwill, intangible assets and deferred assets, net	14	1,626,440	1,694,998
Deferred income taxes assets		4,940	10,864
Total non-current assets		2,872,306	2,966,702
TOTAL ASSETS		**$ 3,247,497**	**3,293,989**
CURRENT LIABILITIES			
Short-term debt	15	$ 15,498	17,523
Trade payables		139,293	165,969
Accounts payable to related parties	9	249,961	358,134
Taxes payable		31,243	31,341
Other accounts payable and accrued expenses	16	79,017	109,870
Liabilities from operations held for sale	3A	20,584	–
Total current liabilities		535,596	682,837
NON-CURRENT LIABILITIES			
Long-term accounts payable to related parties	9	685,514	584,684
Employee benefits		40,456	40,415
Deferred income taxes liabilities		405,493	427,382
Other liabilities	16	14,842	15,626
Total non-current liabilities		1,146,305	1,068,107
TOTAL LIABILITIES		**1,681,901**	**1,750,944**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	18A	1,468,271	1,467,987
Other equity reserves	18B	(851,395)	(838,603)
Retained earnings	18C	908,751	862,656
Net income		33,602	46,095
Total controlling interest		1,559,229	1,538,135
Non-controlling interest	18E	6,367	4,910
TOTAL STOCKHOLDERS' EQUITY		**1,565,596**	**1,543,045**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 3,247,497**	**3,293,989**

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)

	Notes		(Unaudited) For the six-month periods ended As of June 30, 2018	As of June 30, 2017
OPERATING ACTIVITIES				
Consolidated net income		$	34,405	54,798
Discontinued operations, net of tax			(724)	(3,477)
Net income (loss) from continuing operations			33,681	51,321
Non-cash items:				
Depreciation and amortization expense	4		39,568	41,089
Provisions and other non-cash expenses (revenue)			(2,110)	163
Financial expense, other financial income and foreign exchange results			24,169	40,318
Income taxes	17A		23,555	32,119
Loss on the sale of fixed assets			576	861
Changes in working capital, excluding income taxes			(34,493)	12,829
Net cash flow provided by operating activities from continuing operations before interest, and income taxes			**84,946**	**178,700**
Long term assets and others, net			(25,483)	(20,941)
Income taxes paid in cash			(25,060)	(64,967)
Net cash flow provided by operating activities of continuing operations			34,403	92,792
Net cash flow provided by operating activities of discontinued operations			(1,822)	624
Net cash flows provided by operating activities			**32,581**	**93,416**
INVESTING ACTIVITIES				
Property, machinery and equipment, net			(7,553)	(49,429)
Financial income, net			318	403
Intangible assets and other deferred charges			(730)	(1,768)
Long term assets and others, net			4,306	2,862
Net cash flows used in investing activities of continuing operations			(3,659)	(47,932)
Net cash flows used in investing activities of discontinued operations			876	1,810
Net cash flows used in investing activities			**(2,783)**	**(46,122)**
FINANCING ACTIVITIES				
Related parties debt repayments			(246,044)	(314,227)
Loans with related parties			215,640	274,315
Loans (repayments), net			(2,244)	(6,662)
Non-current liabilities, net			(2,966)	(5,330)
Net cash flows used in financing activities of continuing operations			(35,614)	(51,901)
Net cash flows used in financing activities of discontinued operations			202	(1,021)
Net cash flows used in financing activities			**(35,412)**	**(52,925)**
Decrease in cash and cash equivalents			(4,870)	(5,631)
Increase in cash and cash equivalents of discontinued operations			(744)	–
Cash foreign currency translation effect, net			(318)	(322)
Cash and cash equivalents at beginning of the period			45,154	44,907
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	$	**39,222**	**38,954**
Changes in working capital, excluding income taxes:				
Trade receivables, net		$	5,232	(12,603)
Other accounts receivable and other assets			2,679	(12,548)
Inventories			(1,826)	(3,547)
Trade payables			(26,677)	(1,110)
Short-term related parties, net			13,341	30,061
Other accounts payable and accrued expenses			(27,242)	12,576
Changes in working capital, excluding income taxes		$	**(34,493)**	**12,829**

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, 2016		**$**	**718,124**	**748,694**	**(860,376)**	**862,656**	**1,469,098**	**4,813**	**1,473,911**
Net income for the period			–	–	–	51,131	51,131	190	51,321
Total other items of comprehensive income for the period			–	–	(20,084)	–	(20,084)	–	(20,084)
Changes in non-controlling interest	**18E**		–	–	–	–	–	(42)	(42)
Stock-based compensation	**18D**		–	59	574	–	633	–	633
Balance as of June 30, 2017		**$**	**718,124**	**748,753**	**(879,886)**	**913,787**	**1,500,778**	**4,961**	**1,505,739**
Balance as of December 31, 2017			**718,124**	**749,863**	**(838,603)**	**908,751**	**1,538,135**	**4,910**	**1,543,045**
Effect from adoption of IFRS 9 (note 2F)			–	–	(853)	–	(853)	–	(853)
Balances as of January 1, 2018			**718,124**	**749,863**	**(839,456)**	**908,751**	**1,537,282**	**4,910**	**1,542,192**
Net income for the period			–	–	–	33,602	33,602	79	33,681
Total other items of comprehensive income for the period			–	–	(12,867)	–	(12,867)	–	(12,867)
Changes in non-controlling interest	**18E**		–	–	–	–	–	1,378	1,378
Stock-based compensation	**18D**		–	284	928	–	1,212	–	1,212
Balance as of June 30, 2018		**$**	**718,124**	**750,147**	**(851,395)**	**942,353**	**1,559,229**	**6,367**	**1,565,596**

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

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 (Note 3), 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 July 24, 2018, considering the favorable report of the Audit Commission.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated condensed financial statements as of June 30, 2018, are the same as those applied in the consolidated financial statements as of December 31, 2017, except as described in note 2F.

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 June 30, 2018, as issued by the International Accounting Standards Board ("IASB"), as well as with the International Accounting Standard 34, *Interim Financial Statements*.

The consolidated condensed Statements of Financial Position as of June 30, 2018 and as of December 31, 2017, 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 six-month periods ended June 30, 2018 and 2017, 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.

Discontinued Operations

On May 24, 2018, the Parent Company jointly with its subsidiary Corporación Cementera Latinoamericana, S.L.U. ("CCL") entered into binding agreements with Votorantim Cimentos N / NE S.A. ("Votorantim") for the sale of the Company's operations in Brazil (note 3A). The transaction initially was subject to the authorization of the economic defense authority, as well as the navigable waterways authorities and is expected to conclude during the fourth quarter of 2018. On June 14, 2018, the economic defense authority approved the transaction. Considering the full divestiture of this reportable operating segment, CEMEX Latam presents the Brazilian operating segment as discontinued operations in the income statements, as well as the statements of comprehensive income statements and statements of cash flows as of June 30, 2018 and 2017. As a result, the comparative financial statements and notes for the prior period, in which CEMEX Latam previously presented its consolidated operations in Brazil line by line, have been restated. Discontinued operations are presented net of income taxes. The balances of Brazil's operating segment in the statement of financial position as of June 30, 2018 are presented as assets and liabilities of operations held for sale. Based on IFRS, the information on the statement of financial position of the prior period is not restated.

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 June 30, 2018. 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 June 30, 2018 and December 31, 2017, as well as for the six-month periods ended June 30, 2018 and 2017 were determined using the closing and average exchange rates, as correspond, presented in the table of exchange rates included in note 2D.

Report currency and definition of terms – continued

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

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

The line item "Other expenses, net" in the consolidated 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 six-month periods ended June 30, 2018 and 2017, the increase in long-term accounts payable to related parties for $22,635 and $7,889, respectively, results from the capitalization of interest on debt with CEMEX's companies.
- For the six-month periods ended June 30, 2018 and 2017, other equity reserves increased approximately $928 and $574, respectively, and additional paid-in capital increased approximately $284 in 2018 and $59 in 2017, in connection with the executive stock-based compensation programs (notes 18B and 18D).

Going Concern

As of June 30, 2018, the balance of current liabilities, which includes accounts payable to CEMEX's companies of approximately $249,961 (note 9), exceeded total current assets in approximately $160,405. The Parent Company's Board of Directors approved these consolidated condensed financial statements as of June 30, 2018 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. For the year ended December 31, 2017, CEMEX Latam generated net cash from operations of $146,439, after interest expense and income taxes. In case it is deemed necessary, as it was the case during the renegotiation of February 2017 and June 2018, (note 9), 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.

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.

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.

(Thousands of U.S. dollars)

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

The most significant closing exchange rates per U.S. dollar as of June 30, 2018 and December 31, 2017 for statement of financial position and for income statements purposes, and the average exchange rates per U.S. dollar for income statements purposes for six-month periods ended June 30, 2018 and 2017 are as follows:

	2018		2017	
Currency	**Closing**	**Average**	**Closing**	**Average**
Colombian pesos	2,930.80	2,849.49	2,984.00	2,936.62
Costa Rican colones	570.08	570.26	572.56	571.27
Nicaraguan cordobas	31.55	31.23	30.79	29.74
Guatemalan quetzales	7.49	7.42	7.34	7.37
Brazilian reales	3.86	3.47	3.31	3.19

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 and the freight expenses of raw materials in the plants and the delivery expenses of the Company in the concrete business. 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.

2F) IFRS ADOPTED ON JANUARY 1, 2018

IFRS 9, *Financial Instruments: classification and measurement* ("IFRS 9")

IFRS 9 sets forth the guidance relating to the classification and measurement of financial assets and liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and will replace IAS 39, *Financial instruments: recognition and measurement* ("IAS 39") completely. Among other aspects, IFRS 9 changes the classification categories for financial assets under IAS 39 of: 1) held to maturity; 2) loans and receivables; 3) fair value through the income statement; and 4) available for sale; and replaces them with categories that reflect the measurement method, the contractual cash flow characteristics and the entity's business model for managing the financial asset: 1) amortized cost, that will significantly comprise IAS39 held to maturity and loans and receivables categories; 2) fair value through other comprehensive income, similar to IAS 39 held to maturity category; and 3) fair value through the income statement with the same IAS 39 definitions. The adoption of such classification categories under IFRS 9 will not have any significant effect on CEMEX Latam operating results, financial situation.

In addition, under the new impairment model based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognized on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if the loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. In this regard, CEMEX Latam developed an expected credit loss model applicable to its trade accounts receivable that considers the historical performance, as well as the credit risk and expected developments for each group of customers. The effects for adoption of IFRS 9 on January 1, 2018 related to the new expected credit loss model represented an increase in the allowance for doubtful accounts as of January 1, 2018 of approximately $853 recognized against equity.

In connection with hedge accounting under IFRS 9, among other changes, there is a relief for entities in performing: a) the retrospective effectiveness test at inception of the hedging relationship; and b) the requirement to maintain a prospective effectiveness ratio between 0.8 and 1.25 at each reporting date for purposes of sustaining the hedging designation, both requirements of IAS 39. Nonetheless, IFRS 9 maintains the same hedging accounting categories of cash flow hedge, fair value hedge and hedge of a net investment established in IAS 39, as well as the requirement of recognizing the ineffective portion of a cash flow hedge immediately in the income statement. CEMEX Latam does not maintain financial instruments for hedging purposes.

IFRS 15, *Revenues from contracts with customers* ("IFRS 15")

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, identifying: a) the contract(s) with a customer (agreement that creates enforceable rights and obligations); b) the different performance obligations (promises) in the contract and account for those separately; c) Determine the transaction price (amount of consideration an entity expects to be entitled in exchange for transferring promised goods or services); d) Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and e) Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time (typically for the sale of goods) or over time (typically for the sale of services and construction contracts). IFRS 15 was adopted on January 1, 2018, without representing any significant effect on the operating results and financial position of CEMEX Latam.

(Thousands of U.S. dollars)

IFRS 15, *Revenues from contracts with customers* (“IFRS 15”) – continued

Among other minor effects, the main changes under IFRS 15 as they apply to CEMEX Latam refer to several reclassifications that are required to comply with IFRS 15 new accounts in the statement of financial position aimed to recognize contract assets (costs to obtain a contract) and contract liabilities (deferred revenue for promises not yet fulfilled).

2G) NEWLY ISSUED IFRS NOT YET EFFECTIVE

There are a number of IFRS issued as of the date of issuance of these financial statements but which have not yet been adopted.

IFRS 16, *Leases* (“IFRS 16”)

IFRS 16 defines leases as any contract or part of a contract that conveys to the lessee the right to use an asset for a period of time in exchange for consideration and the lessee directs the use of the identified asset throughout that period. In summary, IFRS 16 introduces a single lessee accounting model, and requires a lessee to recognize, for all leases with a term of more than 12 months, unless the underlying asset is of low value, assets for the right-of-use the underlying asset against a corresponding financial liability, representing the NPV of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes amortization of the right-of-use asset and interest on the lease liability. A lessee shall present either in the statement of financial position, or disclose in the notes, right-of-use assets separately from other assets, as well as, lease liabilities separately from other liabilities. IFRS 16 is effective beginning January 1, 2019 and will supersede all current standards and interpretations related to lease accounting.

As of June 30, 2018, CEMEX Latam has concluded an assessment of its main lease contracts and other contracts that may have embedded the use of an asset, in order to inventory the most relevant characteristics of such contracts, and is quantifying the required adjustments for the correct recognition of the assets for the "right-of-use" and the corresponding financial liabilities, which are not considered to be material. Pursuant to the adoption of IFRS 16, most of the Company’s operating leases will be recognized in the statement of financial position, increasing assets and liabilities. In the income statement, there will be amortization of the assets for the "right-of-use", as well as interest expense of the financial liability, which would replace the current rental expense, without any significant initial effect in equity.

IFRIC 23, *Uncertainty over income tax treatments* (“IFRIC 23”)

IFRIC 23 clarifies the accounting for uncertainties in income taxes. Among other aspects, when an entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty. IFRIC 23 is effective beginning January 1, 2019. Considering CEMEX Latam current policy for uncertain tax positions CEMEX Latam does not expect any significant effect from the adoption of IFRIC 23.

3) DISCONTINUED OPERATIONS AND SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENT

3A) DISCONTINUED OPERATIONS

As mentioned in note 2A, on May 24, 2018, binding agreements were subscribed with Votorantim for the sale of the Company's operations in Brazil, consisting of a fluvial cement distribution terminal located in Manaus, Amazonas province, as well as the operation license. The sale price is approximately $30 million subject to adjustments for working capital.

The following table presents condensed information of the statement of operations of CLH discontinued operations in Brazil for the six-months period ended June 30, 2018 and the years ended December 31, 2017:

		2018	2017
Sales	$	17,749	16,285
Cost of sales and operating expenses		(18,510)	(20,499)
Other products (expenses), net		(77)	6
Financial expenses, net and others		(103)	110
Earnings before income tax		**(941)**	**(4,098)**
Income tax		217	621
Net income		**(724)**	**(3,477)**

As of June 30, 2018, the condensed statement of financial position of the discontinued operations of CEMEX Latam in Brazil was as follows:

		2018
Current assets	$	5,875
Property, machinery and equipment, net		5,060
Intangible assets, net and other non-current assets		43,584
Total assets held for sale		**54,519**
Current liabilities		3,196
Non-current liabilities		17,388
Total liabilities held for sale		**20,584**
Net assets	$	**33,935**

(Thousands of U.S. dollars)

3B) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENT

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 six-month periods ended June 30, 2018 and 2017. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua, and El Salvador. 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.

Selected consolidated condensed income statements' information by geographic operating segment for the six-month periods ended June 30, 2018 and 2017 are as follow:

2018		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	Financial income and other items, net
Colombia	$	264,975	–	264,975	46,448	(13,981)	32,467	(4,324)	(10,862)	(1,103)
Panama		111,480	(85)	111,395	34,693	(7,630)	27,063	805	(4,110)	250
Costa Rica		78,931	(6,636)	72,295	25,349	(2,433)	22,916	(173)	(47)	787
Rest of CLH		124,017	(779)	123,238	40,646	(3,389)	37,257	(264)	(838)	1,256
Others		–	–	–	(19,413)	(12,135)	(31,548)	(2,070)	(13,297)	(2,138)
Continuing operations		579,403	(7,500)	571,903	127,723	(39,568)	88,155	(6,026)	(29,154)	(948)
Discontinued operations		17,749	–	17,749	344	97	441	(77)	(15)	48
Total	$	597,152	(7,500)	589,652	128,067	(39,471)	88,596	(6,103)	(29,169)	(900)

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	Financial income and other items, net
Colombia	$	290,518	–	290,518	60,364	(14,003)	46,361	(2,440)	(9,038)	(720)
Panama		141,200	–	141,200	57,827	(9,079)	48,748	(101)	(4,472)	424
Costa Rica		76,563	(12,252)	64,311	27,008	(2,508)	24,500	295	(139)	381
Rest of CLH		131,889	(1,448)	130,441	48,170	(2,906)	45,264	181	(1,073)	798
Others		–	–	–	(23,471)	(12,593)	(36,064)	601	(17,401)	(1,861)
Continuing operations		640,170	(13,700)	626,470	169,898	(41,089)	128,809	(1,464)	(32,123)	(978)
Discontinued operations		16,285	–	16,285	(1,346)	(106)	(1,452)	(33)	(21)	72
Total	$	656,455	(13,700)	642,755	168,552	(41,195)	127,357	(1,497)	(32,144)	(906)

Net sales by product and geographic operating segment for the six-month periods ended June 30, 2018 and 2017 are as follows:

2018		Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	$	143,210	94,688	4,382	22,695	–	264,975
Panama		67,968	31,798	2,054	9,660	(85)	111,395
Costa Rica		56,149	7,381	7,309	8,092	(6,636)	72,295
Rest of CLH		101,007	12,001	3,212	7,797	(779)	123,238
Continuing operations		368,334	145,868	16,957	48,244	(7,500)	571,903
Discontinued operations		17,741	–	–	8	–	17,749
Total	$	386,075	145,868	16,957	48,252	(7,500)	589,652

2017		Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia	$	150,569	104,799	6,097	29,053	–	290,518
Panama		85,624	47,664	1,914	5,998	–	141,200
Costa Rica		52,537	6,856	9,257	7,913	(12,252)	64,311
Rest of CLH		109,447	11,014	2,161	9,267	(1,448)	130,441
Continuing operations		398,177	170,333	19,429	52,231	(13,700)	626,470
Discontinued operations		16,259	–	–	26	–	16,285
Total	$	414,436	170,333	19,429	52,257	(13,700)	642,755

(Thousands of U.S. dollars)

Selected financial information by geographic operating segments – continued

As of June 30, 2018, and December 31, 2017, selected consolidated condensed statement of financial position information by geographic segments is as follows:

2018		**Total Assets**	**Total Liabilities**	**Net assets by Segment**	**Capital Expenditures**
Colombia	$	2,043,815	794,534	1,249,281	9,145
Panama		382,566	239,480	143,086	4,306
Costa Rica		161,265	50,560	110,705	319
Rest of CLH		198,490	88,914	109,576	2,345
Others		406,842	487,829	(80,987)	–
Continuing operations		3,192,978	1,661,317	1,531,661	16,115
Discontinued operations		54,519	20,584	33,935	71
Total	$	3,247,497	1,681,901	1,565,596	16,186

2017		**Total Assets**	**Total Liabilities**	**Net assets by Segment**	**Capital Expenditures**
Colombia	$	2,047,992	807,795	1,240,197	62,287
Panama		379,984	238,737	141,247	8,123
Costa Rica		139,011	38,474	100,537	2,298
Rest of CLH		254,769	119,322	135,447	7,826
Others		472,233	546,616	(74,383)	–
Total	$	3,293,989	1,750,944	1,543,045	80,534

1 As of June 30, 2018 and December 31, 2017, the total assets of the "Colombia" operating segment for $ 2,043,815 and $ 2,047,992, respectively, includes its own goodwill, as well as the goodwill generated by the acquisition of Costa Rica and Nicaragua by CEMEX Colombia in 2009, for a total of $ 944,625 as of June 30, 2018 and $ 944,560 as of December 31, 2017 (note 14).

2 As of June 30, 2018 and December 31, 2017, the total assets operating segment of the "Other and eliminations" for $406,842 and $472,233, respectively, includes the goodwill generated by the acquisition of Panama, Guatemala and El Salvador by of CCL in 2012, for a total of $ 602,221 as of June 30, 2018 and $ 607,124 as of December 31, 2017 (note 14).

As mentioned in note 2A, based on IFRS, the information on the statement of financial position for prior periods is not restated to present assets held for sale and related liabilities.

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the six-month periods ended June 30, 2018 and 2017 is detailed as follows:

		2018	**2017**
Depreciation and amortization expense of assets used in the production process	$	28,304	29,550
Depreciation and amortization expense of assets used in administrative and selling activities		11,264	11,539
	$	39,568	41,089

5) OTHER EXPENSES, NET

The detail of other expenses, net for the six-month periods ended June 30, 2018 and 2017 is as follows:

		2018	**2017**
Results from valuation and sale of assets, sale of scrap and other non-operating revenue and expenses, net	$	(3,050)	1,459
Assumed taxes, fines and other penalties		(2,066)	(1,938)
Severance payments and other personnel costs for reorganization		(910)	(985)
	$	(6,026)	(1,464)

6) FINANCIAL INCOME AND OTHER ITEMS, NET

The detail of financial income and other items, net for the six-month periods ended June 30, 2018 and 2017 is as follows:

		2018	**2017**
Interest cost on employee benefits	$	(1,266)	(662)
Financial income		318	(316)
	$	(948)	(978)

(Thousands of U.S. dollars)

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of June 30, 2018 and December 31, 2017 are as follows:

		2018	2017
Cash and bank accounts	$	32,814	28,105
Fixed-income securities and other cash equivalents		6,408	17,049
	$	39,222	45,154

8) TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable as of June 30, 2018 and December 31, 2017 are detailed as follows:

		2018	2017
Trade accounts receivable	$	116,801	122,033
Allowances for doubtful accounts		(4,401)	(6,558)
	$	112,400	115,475

9) TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of June 30, 2018 and December 31, 2017 are detailed as follows:

Current accounts receivable		2018	2017
CEMEX, S.A.B. de C.V.	$	327	327
CEMEX Research Group, AG		176	3,188
CEMEX Central, S.A. de C.V		136	53
CEMEX Denmark ApS		104	96
Trinidad Cement L.T.D.		53	–
Business Material Funding, S.L.		15	15
CEMEX España, S.A.		7	4,871
CEMEX Dominicana, S.A.		4	12
Mustang Re Limited		–	980
Others		–	2
New Sunward Holding B.V.		–	93
CEMEX Holdings Inc.		–	10
Total assets with related parties	$	822	9,647

Short-term accounts payable		2018	2017
CEMEX España, S.A. [1]	$	194,526	194,484
CEMEX Holdings Inc. [2]		21,879	21,660
CEMEX Research Group, AG [3]		17,656	1,181
CEMEX Central, S.A. de C.V.		6,678	534
Lomez International B.V. [4, 5]		4,676	–
CEMEX, S.A.B. de C.V.		3,381	–
CEMEX Internacional, S.A. de C.V.		845	531
Beijing Import & Export Co., Ltd		96	197
Pro Ambiente, S.A. de C.V.		70	63
Fujur, S.A. de C.V.		37	120
CEMEX Jamaica Limited		35	35
CEMEX Dominicana, S.A.		29	29
Latinamerican Trading S.A.		23	23
CEMEX Central Europe GmbH		15	12
CEMEX México, S.A. de C.V.		10	171
Others		5	10
New Sunward Holding B.V. [4, 5]		–	139,084
	$	249,961	358,134

Long-term accounts payable		2018	2017
Lomez International B.V. [4, 5]	$	685,514	–
New Sunward Holding B.V. [4, 5]	$	–	584,684
	$	685,514	584,684
Total liabilities with related parties	$	935,475	942,818

(Thousands of U.S. dollars)

Transactions with related parties – continued

1. 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. In 2017, CEMEX Colombia increased its credit with CEMEX España; proceeds used to settle obligations with other related parties.
2. The outstanding balances were generated mainly from imports of cement grey.
3. Royalties on technical assistance agreements, use of licenses and brands, software and administrative processes.
4. On February 2017, the Parent Company and its subsidiary CCL refinanced their respective debt that expired in 2018 with New Sunward Holding, B.V. ("NSH"), 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, incurred in renegotiation costs for $11,999. 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 June 30, 2018 and December 31, 2017, include: a) loan agreement and accrued interest negotiated by CCL of $356,922 in 2018 and $387,519 in 2017; b) loan agreement and accrued interest negotiated by the Parent Company of $91,110 in 2018 and $88,223 in 2017, as well as a revolving credit of $111,963 in 2018 and $115,951 in 2017; and c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of $130,195 in 2018 and $132,075 in 2017. The last was renewed on June 29, 2018 and expires on June 29, 2020, and bears interest rate at 6-month LIBOR plus 250 basis points.
5. On March 1, 2018, NSH assigned to Lomez International, B.V., a Dutch company belonging to CEMEX, the loans that had been granted by NSH to the Parent Company and CCL. The conditions of these credits and loans were not affected by the referred assignment.

The maturities of non-current accounts payable as of June 30, 2018 are as follows:

Debtor		2020	2023	Total
Cemento Bayano, S.A. (6M Libor + 250 bps)	$	130,195	–	130,195
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)		–	354,103	354,103
CEMEX Latam Holdings, S.A. (5.65% annual)		–	201,216	201,216
	$	130,195	555,319	685,514

The Company's main transactions entered into with related parties for the six-month periods ended June 30, 2018 and 2017 are as follows:

Purchases of raw materials		2018	2017
CEMEX Holdings Inc.	$	22,941	32,096
CEMEX Internacional, S.A. de C.V.		3,196	3,183
Beijing Import & Export Co., Ltd		42	–
CEMEX de Puerto Rico, Inc		8	–
	$	26,187	35,279

Administrative and selling expenses		2018	2017
Neoris de México, S.A. de C.V.	$	4	5
CEMEX Central, S.A. de C.V.		–	1
	$	4	6

Royalties and technical assistance		2018	2017
CEMEX Research Group, AG	$	18,737	16,771
CEMEX Central, S.A. de C.V.		6,527	10,721
CEMEX, S.A.B. de C.V.		3,331	3,832
	$	28,595	31,324

Financial expenses		2018	2017
Lomez International B.V.	$	14,647	–
New Sunward Holding B.V.		7,646	25,505
CEMEX España, S.A.		4,282	2,548
	$	26,575	28,053

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 six-month periods ended June 30, 2018 and 2017, the members of the Parent Company's Board of Directors, who are members of the Board of Directors of such parent company, in fulfillment of their functions, accrued compensation including remuneration and annual allowances, for a total of approximately $229 and $191, respectively. The Company's directors have not received advances or loans from the Company has not provided guarantee or assumed obligations on pensions and insurance for such directors. There aren´t employees of the parent company such as members of senior management.

(Thousands of U.S. dollars)

Transactions with related parties – continued

In addition, for the six-month periods ended June 30, 2018 and 2017, the aggregate compensation accrued by the members of the Company's top management was of approximately $4,389 and $3,807, respectively. Out of these amounts, approximately $3,930 in 2018 and $3,642 in 2017 corresponded to base compensation base plus performance bonuses including pensions and other post-employment benefits. In addition, approximately $459 in 2018 and $345 in 2017 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 12% of the consolidated sales during the six-month period ended June 30, 2018, the Company carries out transactions with Cemento Interoceánico, S.A. (formerly 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 Cemento Interoceánico, S.A. During 2017, Cemento Interoceánico, S.A. and Comercial Interoceánico, S.A., then subsidiaries of Industrias Básicas, S.A. were merged and absorbed by this last entity, changing its corporate name to Cemento Interoceánico, S.A.

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of June 30, 2018 and December 31, 2017 consisted of:

		2018	2017
Non-trade accounts receivable [1]	$	17,389	13,591
Restricted cash [2]		1,606	1,243
	$	18,995	14,834

1 As of June 30, 2018, 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 $7,307, guaranteed by CEMEX Colombia and obtained for the purchase of the land (note 15). The Company maintains this asset considering that the estimated fair value of the land in case of sale, determined by quotations of real estate brokers, 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. As of June 30, 2018, proposals are evaluated in both directions.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of June 30, 2018 and December 31, 2017 are detailed as follows:

		2018	2017
Loans and notes receivable [1]	$	5,575	6,279
Guaranty deposits and VAT recoverable [2]		60	3,666
Other non-current assets [3]		378	374
	$	6,013	10,319

1 This line items mainly include: a) fund of CEMEX Panama to secure seniority premium payments as of June 30, 2018 and December 31, 2017 of $2,688 and $2,649, respectively; b) advance payments for the purchase of fixed assets of $2,236 as of June 30, 2018 and $2,555 as of December 31, 2017, c) receivables from the structured construction system used in Costa Rica for $521 as of December 31, 2017.

2 Refers mainly to a VAT account receivable in El Salvador for $60 as of June 30, 2018 and $380 as of December 31, 2017, as well as guarantee deposits in Brazil for $3,286 as of December 31, 2017.

11) INVENTORIES, NET

Consolidated balances of inventories as of June 30, 2018 and December 31, 2017 are summarized as follows:

		2018	2017
Materials	$	26,942	23,723
Finished goods		9,647	11,491
Work-in-process		22,689	19,830
Raw materials		18,840	19,150
Inventory in transit		7,093	9,197
Other inventories		6	–
Allowance for obsolescence		(763)	(716)
	$	84,454	82,675

(Thousands of U.S. dollars)

12) OTHER CURRENT ASSETS

As of June 30, 2018, and December 31, 2017 consolidated other current assets consisted of:

		2018	2017
Advance payments [1]	$	20,616	19,539
Assets held for sale [2]		9,756	6,206
	$	30,372	25,745

1 As of June 30, 2018, and December 31, 2017, the line item of advance payments includes $20,580 and $19,463, respectively, mainly associated with insurance premiums and advances for inventory suppliers.

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 June 30, 2018, and December 31, 2017, the consolidated balances of property, machinery and equipment, net consisted of:

		2018				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress [1,2]	Total
Cost at end of the period		237,170	208,648	780,045	283,394	1,509,257
Accumulated depreciation and depletion		(40,547)	(42,980)	(190,817)	–	(274,344)
Net book value at end of the period	$	196,623	165,668	589,228	283,394	1,234,913

		2017				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress [1]	Total
Cost at end of the period	$	235,870	212,375	768,621	289,747	1,506,613
Accumulated depreciation and depletion		(36,946)	(43,947)	(175,199)	–	(256,092)
Net book value at end of the period	$	198,924	168,428	593,422	289,747	1,250,521

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 other plant, and the cement obtained was used in its entirety in the construction of the plant. Within the next phase, the construction of the kiln has been completed, meanwhile the development of the access road to the plant and the beginning of commercial operations has been suspended until the successful conclusion of several ongoing processes related to operating permits and exploitation of mineral reserves, the evolution of certain legal proceedings in progress, as well as agreements with the authorities for the use of the assets of the plant that are included in the expiration of property process (note 21A). The assets will commence to be depreciated upon the start of commercial operations. As of June 30, 2018 and December 31, 2017, the carrying amount of the project, net of adjustments, is for an amount in Colombian Pesos equivalent to approximately $340 and $333 million respectively, considering the exchange rates as of June 30, 2018 and December 31, 2017, respectively. Changes in the project's investment expressed in dollars during the six-month period ended June 30 is mainly due to the variation in the exchange rates.

14) GOODWILL AND INTANGIBLE ASSETS

As of June 30, 2018, and December 31, 2017, consolidated balances are summarized as follows:

		2018			2017		
		Cost	Accumulated amortization	Net book value	Cost[1]	Accumulated amortization	Net book value
Intangible assets of indefinite useful life							
Goodwill	$	1,546,846	–	1,546,846	1,551,684	–	1,551,684
Intangible assets of definite useful life							
Customer relations		194,709	(115,902)	78,807	197,506	(106,280)	91,226
Extraction permits and licenses		–	–	–	74,215	(22,867)	51,348
Industrial property and trademarks		2,029	(1,346)	683	2,938	(2,245)	693
Mining projects		466	(362)	104	356	(356)	–
Other intangibles and deferred assets		113	(113)	–	47	–	47
	$	1,744,163	(117,723)	1,626,440	1,826,746	(131,748)	1,694,998

(Thousands of U.S. dollars)

Goodwill and intangible assets – continued

As of June 30, 2018, and December 31, 2017, goodwill balances allocated by operating segment are as follows:

		2018	2017
Costa Rica	$	430,146	428,283
Panama		344,703	344,703
Colombia		315,905	312,840
Guatemala		242,430	247,333
Nicaragua		198,574	203,437
El Salvador		15,088	15,088
	$	1,546,846	1,551,684

Upon existence of impairment indicators, for each intangible asset, including goodwill, CEMEX Latam determines projected revenues from such assets over their estimated useful live. 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 six-month periods ended June 30, 2018 and 2017, in the absence of conclusive 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. As of June 30, 2018, the Company maintains a close monitoring over its operating segment in Nicaragua as a result of the recent political turmoil occurring in the country and analyzes the evolution of the overall situation. However, it is not possible to conclude yet whether the present situation would affect the long-term business plan and the discounted cash flows associated to this country. If the current situation continues, the Company considers that impairment indicators could materialize during the third quarter of the year, in which case, the impairment test of goodwill over the operating segment in Nicaragua would be performed as of September 30, 2018.

15) SHORT-TERM AND LONG-TERM DEBT

As of June 30, 2018, and December 31, 2017, consolidated debt by type of financial instruments is summarized as follows:

		2018	2017
Foreign currency-denominated promissory notes, variable rate [1]	$	7,921	8,085
Trust guarantee for the development of housing projects [2]		7,307	7,176
Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 bps [3,5]		270	366
Promissory note due to Banco de Bogotá, annual rate 10.52% [4]		–	1,732
Helm Leasing, S.A., DTF anticipated quarterly plus 385 bps [3,5]		–	131
Leasing Bogotá, S.A., DTF anticipated quarterly plus 465 bps [3,5]		–	33
Total	$	15,498	17,523
Short-term debt	$	15,498	17,523

1 Refers to notes payable with a maturity of one year negotiated by CEMEX Colombia with AV VILLAS bank for $7,922 as of June 2018 bearing DTF rate plus 3.85% and $8,085 in December 31, 2017 bearing DTF rate plus 4%.

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 4.55%.

3 Refers to finance leases with commercial finance companies denominated in Colombian Pesos negotiated in 2012 with a maturity of sixty months in September, 2018. For the six months periods ended June 30, 2018 and 2017, CEMEX Colombia incurred interest on these finance leases for an amount of $19 and $200, respectively.

4 In July 2017, CEMEX Colombia signed a promissory note with Banco de Bogotá associated with housing projects in process, which was repaid in January 2018.

5 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 June 30, 2018, the anticipated quarterly DTF rate was 4.89%.

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2018, and December 31, 2017 consolidated other current accounts payable and accrued expenses were as follows:

		2018	2017
Others provisions and liabilities		20,710	23,057
Advances from customers	$	17,165	17,283
Accrued expenses		16,908	47,391
Provisions for legal claims and other commitments		16,093	14,673
Provisions for employee benefits		6,939	6,544
Others		1,202	922
	$	79,017	109,870

(Thousands of U.S. dollars)

Other accounts payable and accrued expenses – continued

As described in the different items of the table above, the amounts refer mainly to employee benefits accrued at the reporting date, insurance, litigation and environmental resolutions, for the portion that is expected to be settled in the short term. These are revolving amounts and are expected to be settled and replaced for similar amounts within the next 12 months. As of December 31, 2017, the accumulated expenses payable includes the amount of the fine associated with the market investigation imposed by the Colombian Superintendence of Industry and Commerce (the "SIC") for approximately $25 million, CEMEX Colombia made the payment of the fine on January 5, 2018 and will continue its defense process as described in note 21A.

As of June 30, 2018, and December 31, 2017, consolidated other non-current liabilities were as follows:

		2018	2017
Other taxes	$	4,655	5,318
Provision for asset retirement obligations [1]		4,535	4,949
Other provisions and liabilities		3,883	3,698
Deferred income		1,769	1,661
	$	14,842	15,626

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.

16) 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 six-month periods ended June 30, 2018 and 2017, income tax expense recognized in the condensed consolidated income statements was as follows:

		2018	2017
Current income taxes	$	20,587	32,631
Deferred income taxes		2,968	(512)
	$	23,555	32,119
Out of which:			
Colombia [1, 2]	$	8,501	3,577
Costa Rica		4,381	5,664
Panama		(261)	4,134
Rest of CLH and others [3]		10,934	18,744
	$	23,555	32,119

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 tax was valid on the years 2015, 2016 and 2017. The effect of the six month period as of June 30, 2017 was approximately $982 and is included in the income taxes. By 2018 it is no longer valid.

2 As of January 1, 2017, as part of a package of tax modifications, was established only the income tax and its surtax, with consolidated tax rates estimated by these two concepts of 40% in 2017 and 37% in 2018.

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

17B) 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 June 30, 2018, 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 6, 2018, CEMEX Colombia received a special proceeding from the Colombian Tax Authority (the "Tax Authority"), where certain deductions included in the 2012 income tax return were rejected. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia and imposed a fine for amounts in Colombian pesos equivalent to approximately $43 million and $43 million, respectively, considering the exchange rate as of June 30, 2018. On June 22, 2018, CEMEX Colombia filed a response to the special proceeding within the legal term. As a result, the Tax Authority has one year from the date of filing to issue the official settlement review. As of June 30, 2018, in this stage of the proceeding, CEMEX Latam does not consider probable an adverse resolution in this proceeding to be probable, 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 the operating results, liquidity or financial position of CEMEX Latam.

(Thousands of U.S. dollars)

Significant tax proceedings – continued

- In April, 2011, the Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions in the 2009 tax return arguing that they are not related to direct profits registered in the same fiscal year 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 June 30, 2018. After several appeals of CEMEX Colombia to the proceeding of the Tax Authority in the respective courts in which negative resolutions were obtained over the years, in July 2014, CEMEX Colombia filed an appeal against this resolution in the Colombian State Council (Consejo de Estado). If the appeal to the State Council is resolved adversely, CEMEX Colombia will have to pay the amounts determined in the official settlement, plus the interest caused on these amounts until the payment date. In this stage of the proceeding, as of June 30, 2018, CEMEX Latam does not consider 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.

- In September, 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 related the acquisition of its subsidiary Lomas del Tempisque S.R.L. that was considered tax deductible in such tax return, which is currently under audit. As of June 30, 2018, in this stage of the proceeding, CEMEX Latam does not consider 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.

- 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 processes from 1999 to 2012 have finalized without disbursements for CEMEX Colombia. In relation to the fiscal year 2013, there is a requirement from the Municipality that has been appealed by CEMEX Colombia, for amounts in Colombian pesos equivalent to approximately $6 million of presumptive tax and $9 million in fines, considering the exchange rate as of June 30, 2018. As of the date of the financial statements, in this stage of the proceeding, CEMEX Latam does not consider probable that it will have to make payments in relation to this requirement.

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. After various resolutions and appeals to them, actions of unconstitutionality, cancellation and replenishment of the processes over the years, In July, 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. 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 June 30, 2018. On April 9, 2018, the Administrative Tax Court issued an adverse resolution to the appeal filed by CEMEX Costa Rica in all its aspects. CEMEX Costa Rica has one year from the notice to appeal the resolution before the Administrative Contentious Court. As of June 30, 2018, in this stage, CEMEX Latam does not consider probable that an adverse resolution regarding this proceeding will be received after all available defense procedures are exhausted.

18) STOCKHOLDERS' EQUITY

18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of June 30, 2018, and December 31, 2017, the line item common stock and additional paid-in capital was detailed as follows:

		2018			2017		
		Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	$	718,124	–	718,124	718,124	–	718,124
Additional paid-in capital		894,701	(144,554)	750,147	894,701	(144,838)	749,863
	$	1,612,825	(144,554)	1,468,271	1,612,825	(144,838)	1,467,987

During the six-month periods ended June 30, 2018 and 2017 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 $284 and $59, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

(Thousands of U.S. dollars)

Common stock and additional paid-in capital – continued

As of June 30, 2018, and December 31, 2017, the Parent Company's subscribed and paid shares by owner were as follows:

Stocks	2018	2017
Owned by CEMEX España	407,890,342	407,890,342
Owned by third-party investors	148,972,498	148,930,376
Total subscribed and paid shares	556,862,840	556,820,718

As of June 30, 2018, and December 31, 2017, 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 21,415,502 in 2018 and 21,457,624 shares in 2017 held in the Company's treasury (treasury shares).

As of June 30, 2018, CEMEX España owned approximately 73.25%, of the Parent Company's common shares, excluding shares held in treasury.

18B) OTHER EQUITY RESERVES

As of June 30, 2018, and December 31, 2017, the balances of other equity reserves are summarized as follows:

		2018	2017
Reorganization of entities under common control and other effects [1]	$	(300,422)	(300,422)
Translation effects of foreign subsidiaries [2]		(561,565)	(547,845)
Share-based payments [3]		10,592	9,664
	$	(851,395)	(838,603)

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. The effects generated during the periods ended June 30, 2018 and 2017 are included in the statements of comprehensive income.

3 As of June 30, 2018, and December 31, 2017, 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 June 30, 2018 and December 31, 2017, the Parent Company's legal reserve amounted to $22,174 and $20,612, 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. 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 six-month periods ended June 30, 2018 and 2017, total compensation expense related to the stock-based long-term incentive programs described above amounted to $928 and $633, respectively, which was recognized in the operating results of each subsidiary against other equity reserves.

18E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of June 30, 2018, and December 31, 2017, non-controlling interest in equity amounted to approximately $6,367 and $4,910, 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 six-month periods ended June 30, 2018 and 2017 are as follows:

Denominator (thousands of shares)		**2018**	**2017**
Weighted average number of shares outstanding – Basic EPS		556,829	556,652
Effect of dilutive instruments – stock-based compensation		743	675
Weighted average number of shares outstanding – Diluted EPS		557,572	557,327
Numerator			
Consolidated net income from continuing operations	$	34,406	51,321
Less: non-controlling interest net income		(79)	(190)
Controlling interest net income (loss) from continuing operations		34,327	51,131
Controlling interest net income (loss) from continuing operations	$	(724)	(3,477)
Controlling Interest Basic Earnings per Share ($ per share)	$	0.06	0.09
Controlling Interest Basic Earnings (Loss) Per Share from continuing operations		0.06	0.10
Controlling Interest Basic Earnings (Loss) Per Share from discontinued operations		0.00	(0.01)
Controlling Interest Diluted Earnings per Share ($ per share)	$	0.06	0.09
Controlling Interest Diluted Earnings (Loss) Per Share from continuing operations		0.06	0.10
Controlling Interest Diluted Earnings (Loss) Per Share from discontinued operations		0.00	(0.01)

20) COMMITMENTS

20A) CONTRACTUAL OBLIGATIONS

As of June 30, 2018, and December 31, 2017, the Company had the following contractual obligations:

(Thousands of dollars)		**2018**					**2017**
Debts		**Less than 1 year**	**1–3 years**	**3–5 years**	**More than 5 years**	**Total**	**Total**
Long-term debt with related parties [1]	$	249,961	130,195	555,319	–	935,475	942,818
Interest payments on debt [2]		43,151	69,264	52,006	–	164,421	185,363
Operating leases [3]		2,413	4,827	4,743	6,827	18,810	19,463
Capital lease obligations [4]		270	–	–	–	270	530
Pension plans and other benefits [5]		3,663	7,332	7,237	17,070	35,302	35,302
Raw materials, fuel and energy purchases [6]		38,992	70,542	37,596	–	147,130	315,936
Investments in property, plant and equipment [7]		8,537	–	–	–	8,537	4,264
Total contractual obligations	$	346,987	282,160	656,901	23,897	1,309,945	1,503,676

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 June 30, 2018.

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. This contract can be renewed at its maturity by agreement of the parties. The Company determined payments under this contract for $2,243 to less than one year, $4,487 from one to three years, $4,487 from three to five years and $6,730 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 $170 to less than one year, $340 from one to three years, $256 from three to five years and $97 to more than five years.

4 Refers to capital leases of machinery and equipment negotiated by CEMEX Colombia in 2012 a term of 60 months with expiration in September the 2018 (note 15).

Contractual obligations – continued

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 in Colombia and Panama.

7 Corresponds to commitments for the purchase of operating assets as part of the Company's capital investments (note 3B).

As of June 30, 2018, the summary of certain concepts related to the contracts for the purchase of raw materials, inputs and others presented in the previous table, which are negotiated in the local currency of each subsidiary, is as follows:

		(Millions of dollars)			
Counterpart	**Contractor**	**Concept**	**Start date**	**Term**	**Annual approximate amount**
Turgas S.A. E.S.P.	CEMEX Colombia	Natural gas	September 2017	4 years	$ 10.0
Exxonmobil Colombia S.A.	CEMEX Colombia	Fuels	July 2017	4 years	11.0
Excavaciones y Proyectos de Colombia S.A.S.	CEMEX Colombia	Raw materials	May 2017	5 years	7.0
Wärtsilä Colombia S.A.	CEMEX Colombia	Energy	June 2014	5 years	9.6
B&F Constructores, S.A.S.	CEMEX Colombia	Raw materials	July 2013	5 years	2.0
Mincivil, S.A.	CEMEX Colombia	Raw materials	May 2013	5 years	2.0
IBM	Various subsidiaries	Administrative services	July 2012	10 years	4.0
En el Fortuna, S.A.	Cemento Bayano, S.A.	Energy	January 2010	10 years	15.0

20B) OTHER COMMITMENTS

In addition, as of June 30, 2018, the parent company had the following relevant contracts with CEMEX entities for several concepts, the amounts of which, except for the leasing of offices, are based on fixed percentages over the life of the contracts on consolidated net sales based on market conditions, which are summarized below:

		(Millions of dollars)			
Counterpart	**Contractor**	**Concept**	**Start date**	**Term**	**Annual approximate amount**
CEMEX, S.A.B de C.V.	Parent Company	Trademarks use	July 2017	5 years	$ 5.5
CEMEX Research Group, A.G.	Parent Company	Use, operation and enjoyment of assets	January 2014	5 years	40.0
CEMEX Central, S.A. de C.V.	Parent Company	Administrative services	July 2017	5 years	16.0

The relationship between the Parent Company and CEMEX S.A.B. de C.V, CEMEX España and their subsidiaries, is regulated by a Framework Agreement effective since November 2012, which includes limits and restrictions for the Parent Company, entity that needs the previous authorization of CEMEX S.A.B. de C.V. and CEMEX España, in connection with: 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 of shares and equity securities; d) the declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares; e) grant or guarantee any type of debt, and/or the creation of liens outside the ordinary business course; and f) take any action that could result on default for CEMEX S.A.B. de C.V. breach any contract or agreement. Moreover, beginning March 28, 2017, the Framework Agreement includes 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 Parent Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).

CEMEX Colombia has been developing thirteen social interest housing projects in the departments of Cesar, Quindío, Risaralda and Norte de Santander, consisting of 5,344 units whose buyers were benefited with contributions from government entities in the form of subsidies and preferential interest rates with an aggregate selling price of approximately Col $254 billion ($87 million). As of June 30, 2018, beneficiaries, government entities and financial entities have deposited in a trust funds for approximately Col $162 billion ($54 million) which partially guarantee the payment of the homes, and that have been released to CEMEX Colombia as advance payment as the technical and financial closure of the projects has occurred considering the documentation and delivery of the homes to the customers satisfaction. As of June 30, 2018, the construction of the homes has a weighted average advance of 98% and a total of 4,418 homes have been documented in the public registry.

In December, 2007, Cemento 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 1,414,783 MT for the period from 2017 to 2018 and by an approximate amount of 805,018 MT from 2019 to 2020. The contract expires in February 2020 and until June 30, 2018; the parties are in review the parties to extend the contract.

21) LEGAL PROCEEDINGS

21A) 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 June 30, 2018, the detail of the most significant legal proceedings that have generated the recognition of provisions or losses is as follows:

- On December 26, 2017, in the context of a market investigation initiated in 2013 against five cement companies and 14 executives of said companies, including two former executives of CEMEX Colombia, for alleged practices against free competition, and after several procedures over the years, the SIC imposed CEMEX Colombia a fine for an amount in Colombian pesos equivalent to approximately $25 million, which was accrued against "Other expenses, net" as of December 31, 2017. CEMEX Colombia decided not to appeal the resolution of the SIC, paid the fine on January 5, 2018, and filed an annulment and reestablishment of right claim before the Administrative Court. As of June 30, 2018, CEMEX Latam is not able to assess with certainty the likelihood for the recovery of the fine imposed by the SIC or the timeframe for the defense process.

- In connection with the construction of the cement plant in the municipality of Maceo in Colombia (note 13), in August, 2012, CEMEX Colombia signed a memorandum of understanding ("MOU") with the representative of CI Calizas y Minerales S.A. ("CI Calizas"), for the acquisition of assets consisting of land, the mining concession and environmental permit, the shares of Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam") (holder of the free trade zone concession) and the rights to develop the cement plant. After the signing of the MOU, a former shareholder of CI Calizas, who presumptively transferred its shares of CI Calizas two years before the signing of the MOU, was linked to a process of expiration of property initiated by Colombia's Attorney General (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, including the shares of Zomam acquired by CEMEX Colombia before the beginning of such process. As a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process and fully cooperates with the Attorney General. As of June 30, 2018, it is estimated that it may take between five and ten years for a final resolution to be issued on the aforementioned process, which is in the investigatory stage, waiting for the legal counsels of the defendants appointed by the Attorney General to assume functions, which opens the evidentiary stage.

  In July 2013, CEMEX Colombia signed with the Drugs National Department (*Dirección Nacional de Estupefacientes* or the "DNE") (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, 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 in 2014, the provisional depository granted a mandate to CEMEX Colombia for the same purposes. See note 22 for subsequent events related to these processes.

  In addition, in 2012, CEMEX Colombia also engaged the same representative of CI Calizas to represent in the name and on behalf of CEMEX Colombia in the acquisition of land adjacent to the plant, signing a new memorandum of understanding (the "Land MOU").

  During 2016, through an investigation and internal audit in accordance with the corporate governance policies and code of ethics of CEMEX and CEMEX Latam considering reports of deficiencies in the purchasing process received in CEMEX's anonymous reporting line, and after confirming the irregularities, in September, 2016, CEMEX Latam and CEMEX Colombia terminated the employment relationship with the Vice President of Planning of CEMEX Latam and CEMEX Colombia; with the Vice President of Legal Counsel of CEMEX Latam and CEMEX Colombia; and accepted the resignation of the Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia. In order to strengthen the levels of leadership, management and best practices of corporate governance, in October 2016, the Parent Company's Board of Directors separated the roles of Chairman of the Board of Directors, Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia, and made the corresponding appointments. Moreover, CEMEX, S.A.B. de C.V.'s Audit Committee and the Parent Company's Audit Commission performed an independent investigation of the Maceo project through experts in forensic audit. Additionally, the management of CEMEX Colombia and the Parent Company engaged legal advisors for the required collaboration with the Attorney General and other purposes.

  The investigation and internal audit initiated during 2016 found that under the MDE and the Land MDE, CEMEX Colombia made deposits in the representative's bank account for advances and paid interests, settled in kind following its instructions, for amounts in Colombian pesos equivalent to approximately $13,412 and $1,252, respectively, considering the exchange rate as of December 31, 2016. These payments were made in breach of CEMEX's and CEMEX Latam's policies. As a result, both, the Parent Company and CEMEX Colombia reported these facts to the Attorney General, providing the findings on hand. In December 2016, CEMEX Colombia filed a claim in the civil courts aiming that all property rights of the land acquired under de Land MOU, some of which were assigned to the representative, would be transferred to CEMEX Colombia. As of June 30, 2018, due to the process of expiration of property of the assets under the MDE and the deficient formalization of the acquisitions under the Land MDE, CEMEX Colombia is not the rightful owner of the aforementioned assets.

  As a result, considering the legal opinions available and low probability of recovering such advances, in December 2016, the Company reduced investments in process for a net amount in Colombian pesos equivalent to approximately $14,134, which included: a) a reduction of $14,257 for impairment of assets against "Other expenses, net," including approximately $2,344 of impairment losses not related with the MOU or the Land MOU; b) a reduction of $9,073 against "Other accounts payable" for the cancellation of the remaining account payable to CI Calizas under the MOU; and c) an increase in investments in process for $9,196 recognized against VAT accounts payable related with certain purchases of equipment installed outside the polygon of the free zone that were not exempted from this tax. All these amounts considering the exchange rate as of December 31, 2016. During 2017, CEMEX Colombia further determined an adjustment and payment of additional VAT in the free zone for approximately $5 million (note 13).

Liabilities resulting from legal proceedings - continued

Moreover, there is an ongoing criminal investigation by the Attorney General which is in its second investigatory stage. The hearing for indictments was held between June 12 and 29, 2018, whereas charges were brought against two of the former executives of CEMEX Colombia and the representative of CI Calizas, and pretrial detention of the defendants was determined. CEMEX Latam cannot predict the actions that the General Attorney could implement or the possibility and degree in which any of these actions could have a material adverse effect on CEMEX Latam's results of operation, liquidity or financial position. Under the presumption that CEMEX Colombia acted in good faith, CEMEX Latam considers that it will retain ownership of the plant and that the rest of its 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 paying indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard the project in Maceo. At this respect, 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. However, even when is not considered probable by CEMEX Colombia, an adverse resolution at this respect could have a material adverse effect on the Company's results of operations, liquidity or financial condition.

In addition and specifically in connection with the deficiencies occurred in the purchase process of the land and other assets related to the construction of the plant and considering the investigations and internal audit as well as the advice received from external advisors, CEMEX Latam continue with the efforts and 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 defined as material weakness. As of June 30, 2018, among the remediation practices implemented in 2017, with the approval of the Parent Company's Audit Commission and Board of Directors, there is the approval policy on significant unusual transactions, the creation of a committee that oversees material investment projects, the strengthening of internal audit procedures and the improvement of existing monitoring controls in order to operate in a satisfactory level of precision. As of June 30, 2018, the remediation activities have been fully implemented. Nonetheless, the effectiveness of such remediation activities is still under evaluation; therefore, the material weakness in internal controls will not be considered remediated until the Company's management concludes that the remediation controls have been operating for a sufficient period in an effective way. The Parent Company considers that this weakness has not materially affected in any significant aspect the financial statements issued by CEMEX Latam in prior periods.

As of June 30, 2018, mainly considering certain permits required to finalize the access road, as well as ongoing requests and procedures with the applicable authorities oriented to: a) obtain the expansion to the free trade zone to cover the entirety of the cement plant; b) resolve the ownership of the environmental license and the mining title which transfer to a subsidiary of CEMEX Colombia was revoked by the regional environmental authority; c) modify the environmental license to expand permitted production up to 950 thousand tons per year; and d) resolve any overlap of the project with an Integrated Management District ("IMD"); the start-up of the Maceo plant and the construction of the access road remain suspended until progress is achieved in these processes. CEMEX Colombia continues working to address these issues as soon as possible, including the zoning and harmonization of the Maceo project with the IMD, and is analyzing alternatives for partial extraction of the IMD aiming to evidence the feasibility of achieving the expansion of the proposed activity in the project. Meanwhile, CEMEX Colombia will limit its activities to those currently authorized under the environmental license and mining title.

- In 1999, several companies belonging to the Laserna family filed a civil liability claim against CEMEX Colombia, demanding compensation for alleged damages caused to their rice crops as a result of solid pollutants expelled by the "Buenos Aires" and "Caracolito" cement production plants in the department of Tolima. In January 2004, the Fourth Circuit Civil Court of Ibague issued a resolution ordering CEMEX Colombia a payment in favor of the plaintiff's equivalent to approximately $13 million. CEMEX Colombia appealed this resolution. In September, 2010, the Superior Court of Ibague fully revoked the resolution accepting the defense arguments of CEMEX Colombia. As of June 30, 2018, the process is in the Supreme Court of Justice, where the appeal resource filed by the plaintiffs is being processed. At the same date there is a provision in Colombian pesos associated with this proceeding for approximately $12.7 million.

21B) CONTINGENCIES FROM LEGAL PROCEEDINGS

As of June 30, 2018, 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 low the likelihood of an adverse resolution; 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:

Contingencies from market related proceedings

- On June 12, 2018, the Consumer Protection and Defense of Competition Authority in Panama initiated an administrative investigation of officio to Cemento Bayano, S.A. ("Cemento Bayano") and another local producer for the presumed commission of practices against free competition in the market of gray concrete and ready-mix concrete. As a result of the investigation, the authority determined that there are elements that serve as a basis to consider the possible existence of absolute monopolistic practice, such as pricing and / or restriction of production in the gray cement market sold to companies producing ready-mix concrete, as well as other elements that serve as a basis for considering the possible existence of a relative monopolistic practice such as the execution of acts aimed at causing harm or removing a competitor from the relevant market of concrete, or preventing a potential competitor from entering that market. Cemento Bayano considers not have committed improper acts and will defend its position before the relevant authorities. In this stage of the procedure CEMEX Latam considers low the probability of obtaining an adverse resolution at the end of all defense instances that could impute potential damages to Cement Bayano, however, an adverse resolution in this procedure could have a material adverse effect on the CEMEX Latam's operating results, its liquidity or its financial position.

Contingencies from market related proceedings - continued

- On April 22, 2015, CEMEX Costa Rica, was notified by the Competition Support Authority (the "Competition Authority") 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 in June 2015 and collaborates as necessary with the aforementioned study. As of June 30, 2018, the Company has not being informed of any recent developments in connection with this market study and does not considered probable an adverse material result in its operating results, liquidity or financial position.

Contingencies from environmental proceedings

- On March 11, 2015, certain members of the surrounding communities of the cement plant in Panama filed a claim against Cemento Bayano, S.A ("Cemento Bayano") for alleged breach of environmental regulations in the operation of its quarries and requested the review of the environmental impact' studies that support the new raw material quarries of the plant. These community members are being assisted by non-governmental organizations and environmentalist groups with the purpose of achieving fines to Cemento Bayano and the cancellation of the new quarries' environmental impact studies. In April 2015, the authorities resolved that the allegations in connection with water pollution, erosion control, air quality and impact control of protected areas, sustained the investigation. In June 2015, the Environmental Authority conducted a physical inspection in attention to the plaintiffs, and by means of a Technical Inspection Report of July 2015, it was concluded that during the inspection there were no physical evidence of the issues related with the claim. Nonetheless, in January 2016, the process was referred to the Panama North Regional Administration of the Environment Ministry (the "Regional Administration"), which in November 2016, requested the Environmental Economic Unit to calculate the fine to be imposed to Cemento Bayano. As of June 30, 2018, Cemento Bayano is awaiting for the final resolution. Fines related to environmental matters do not have an established limit and depend on the severity of the damage, the recidivism, the investments level and the economic situation of the offender. At this stage of the proceeding, although is not able to assess with full certainty, Cemento Bayano considers low the probability of an adverse resolution or potential damages that could be imposed. An adverse resolution in this proceeding could have a material adverse effect on the Company´s results of operations, liquidity or financial position.

- In June 2010, the District Environmental Secretary of Bogota (the "District Secretary"), ordered the suspension of the mining activities of CEMEX Colombia and other two companies in the quarry El Tunjuelo, located in Bogotá, The District Secretary alleged that over the past 60 years, CEMEX Colombia and the other companies, illegally changed the course of the Tunjuelo River, used the underground waters without permission and improperly invaded the edge of the Tunjuelo river for mining activities. CEMEX Colombia considers that its mining activities at El Tunjuelo quarry were supported by the appropriate authorizations required by the applicable environmental laws, and that all the environmental impact studies submitted by CEMEX Colombia were reviewed and authorized by the Ministry of Environment and Sustainable Development. Since June 2010, the local authorities closed down the quarry and prohibited the removal of aggregates inventory. Although the District Secretary publicly declared that it could impose a fine. As of the date of the financial statements, CEMEX Colombia is not able to assess with certainty the probability that such fine could be imposed, and if applicable, how much its quantification could be. At this stage of the proceeding, CEMEX Latam considers low 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 position. See note 22 for subsequent events regarding this proceeding.

In addition, 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 legal proceedings

- As a result of the premature damages presented in the slabs of Transmilenio's North Highway, six civil claims were filed against CEMEX Colombia. The Administrative Litigation Court decided to declare the nullity of five claims and, currently, the claim filed by a citizen is under process and is pending of judgment in the first instance. As of June 30, 2018, CEMEX Latam considers remote the probability of an adverse resolution 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 position.

In addition, as of June 30, 2018, 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.

(Thousands of U.S. dollars)

22) SUBSEQUENT EVENTS

On July 6, 2018, in connection with the tax proceeding related to the 2008 fiscal year in Costa Rica (note 17B), CEMEX Costa Rica filed a precautionary measure before the Administrative Litigation Court, in which requested the non-execution of the resolution issued by the administrative authority and proposed a letter of credit as guarantee while the proceeding is handled in the courts. The above with the purpose of preventing any seizure order.

On July 15, 2018, the initial term of the Lease Agreement signed by CEMEX Colombia with the DNE in July 2013 was met (note 21A). Nonetheless, according to Colombian law, this type of contract have the prerogative of renewal, which is reiterated in clause twenty-fourth of such contract in which there is an specific reference to the article in which such renewal is envisaged. Furthermore, as of June 30, 2018, remains outstanding the mandate granted in 2014 to CEMEX Colombia for the start-up and operation of the plant by the provisional depositary of the DNE, which is indefinite, however, the SAE challenges its validity after having assumed the functions of the former DNE. As of June 30, 2018, CEMEX Colombia is under negotiations with the SAE aiming to find a new long-term scheme to the satisfaction of the parties that would allow the operation of the plant during the expiration of property process. However, CEMEX Colombia reserves all its legal rights to defend the validity of the contracts signed with the former depositary designated by the DNE.

On July 16, 2018, the Colombian Supreme Court of Justice issued a final ruling favorable to CEMEX Colombia in relation to the proceeding initiated in 1999 by several companies belonging to the Laserna family, in which it was sought the declaration of non-contractual civil responsibility and consequently the corresponding compensation for alleged damages caused by emissions from the Caracolito plant to rice-growing land (note 21A). As a result of this resolution, during the third quarter of 2018, CEMEX Colombia will reverse the provision it had accrued in prior years related to this proceeding for approximately $12.7 million.

On July 19, 2018, the District Secretary of Bogotá notified CEMEX Colombia of the imposition of a fine in Colombian pesos equivalent to approximately $429, in connection with the suspension of the mining activities of CEMEX Colombia and two other companies in El Tunjuelo quarry, located in Bogotá (note 21B). The fine is imposed based on the risk of having provoked affectation or harm in the use of the underground waters in the Tunjuelo river's middle basin, without the corresponding permit issued by the environmental authority. CEMEX Colombia was exonerated from the other initial charges of conduct against the water resource, as it was found that there was no effective use of the waters, nor was any damage caused. With the imposition of this fine, all the proceedings and possible claims against CEMEX Colombia related to this matter were finalized, which could have resulted in sanctions with a significant impact on the Company's financial statements.

23) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of June 30, 2018 and December 31, 2017 are as follows:

Subsidiary	Country	Activity	% of interest 2018	2017
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. [4]	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

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 On November 27, 2017, Apollo RE, Ltd., merged and absorbed Maverick RE, Ltd., with the extinction of the absorbed entity and the transfer to the merging entity of all its rights and obligations.

4 As mentioned in note 2A, on May 24, 2018, binding agreements were signed with Votorantim for the sale of the Company's operations in Brazil.