CEMEX | LatAm Holdings

Consolidated Condensed Financial Statements

March 31, 2018

This is an unofficial translation into English of the condensed consolidated financial statements as of and for the three-month periods ended March 31, 2018 and 2017 issued in the Spanish language on April 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 three-month periods ended March 31, 2018 and 2017 issued in the Spanish language on April 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 three-month periods ended March 31, 2018	March 31, 2017
Revenues	3	$	301,081	328,683
Cost of sales	2E		(176,133)	(178,199)
Gross profit			**124,948**	**150,484**
Administrative and selling expenses			(52,681)	(53,304)
Distribution expenses			(26,750)	(25,706)
			(79,431)	(79,010)
Operating earnings before other expenses, net			**45,517**	**71,474**
Other expenses, net	5		(1,411)	(2,307)
Operating earnings			**44,106**	**69,167**
Financial expense	3		(14,755)	(16,649)
Financial income and other items, net	3, 6		(463)	(256)
Foreign exchange results			19,266	5,019
Earnings before income tax			**48,154**	**57,281**
Income tax	17A		(18,095)	(21,747)
CONSOLIDATED NET INCOME			**30,059**	**35,534**
Non-controlling interest net income			(68)	(114)
CONTROLLING INTEREST NET INCOME		$	**29,991**	**35,420**
BASIC EARNINGS PER SHARE	19	$	**0.05**	**0.06**
DILUTED EARNINGS PER SHARE	19	$	**0.05**	**0.06**

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

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

			(Unaudited) For the three-month periods ended	
	Notes		**March 31, 2018**	**March 31, 2017**
CONSOLIDATED NET INCOME		$	**30,059**	**35,534**
Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
Currency translation of foreign subsidiaries			21,667	14,714
Total other items of comprehensive income for the period			21,667	14,714
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD			**51,726**	**50,248**
Non-controlling interest comprehensive income			(68)	(114)
CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD		$	**51,658**	**50,134**

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 March 31, 2018	As of December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	$ 32,477	45,154
Trade accounts receivable, net	8	140,519	115,475
Accounts receivable from related parties	9	7,056	9,647
Other accounts receivable	10A	16,869	14,834
Prepaid taxes		36,270	33,757
Inventories, net	11	81,690	82,675
Other current assets	12	36,008	25,745
Total current assets		350,889	327,287
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	9,786	10,319
Property, machinery and equipment, net	13	1,291,436	1,250,521
Goodwill, intangible assets and deferred assets, net	14	1,699,210	1,694,998
Deferred income taxes assets		11,572	10,864
Total non-current assets		3,012,004	2,966,702
TOTAL ASSETS		$ **3,362,893**	**3,293,989**
CURRENT LIABILITIES			
Short-term debt	15	$ 14,854	17,523
Trade payables		150,595	165,969
Accounts payable to related parties	9	368,387	358,134
Taxes payable		26,479	31,341
Other accounts payable and accrued expenses	16	97,858	109,870
Total current liabilities		658,173	682,837
NON-CURRENT LIABILITIES			
Long-term accounts payable to related parties	9	596,346	584,684
Employee benefits		43,027	40,415
Deferred income taxes liabilities		453,257	427,382
Other liabilities	16	16,232	15,626
Total non-current liabilities		1,108,862	1,068,107
TOTAL LIABILITIES		**1,767,035**	**1,750,944**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	18A	1,467,992	1,467,987
Other equity reserves	18B	(817,325)	(838,603)
Retained earnings	18C	908,751	862,656
Net income		29,991	46,095
Total controlling interest		1,589,409	1,538,135
Non-controlling interest	18E	6,449	4,910
TOTAL STOCKHOLDERS' EQUITY		**1,595,858**	**1,543,045**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ **3,362,893**	**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 three-month periods ended As of March 31, 2018	As of March 31, 2017
OPERATING ACTIVITIES				
Consolidated net income		$	30,059	35,534
Non-cash items:				
Depreciation and amortization expense	4		20,387	21,134
Provisions and other non-cash expenses (revenue)			1,023	4,343
Financial expense, other financial income and foreign exchange results			(4,048)	11,886
Income taxes	17A		18,095	21,747
Loss on the sale of fixed assets			263	1,177
Changes in working capital, excluding income taxes			(60,253)	(23,025)
Net cash flow provided by operating activities before interest and income taxes			**5,526**	**72,796**
Long term assets and others, net			(11,990)	(11,510)
Income taxes paid in cash			(13,347)	(21,834)
Net cash flows provided by operating activities			**(19,811)**	**39,452**
INVESTING ACTIVITIES				
Property, machinery and equipment, net			(5,204)	(25,547)
Financial income, net			173	406
Intangible assets and other deferred charges			(230)	(74)
Long term assets and others, net			(176)	(1,714)
Net cash flows used in investing activities			**(5,437)**	**(26,929)**
FINANCING ACTIVITIES				
Related parties debt repayments			(132,404)	(841,141)
Loans with related parties			143,419	821,146
Loans (repayments), net			(3,339)	(3,186)
Non-current liabilities, net			3,774	481
Net cash flows used in financing activities			**11,450**	**(22,700)**
Decrease in cash and cash equivalents			(13,798)	(10,177)
Cash foreign currency translation effect, net			1,121	454
Cash and cash equivalents at beginning of the period			45,154	44,907
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	$	**32,477**	**35,184**
Changes in working capital, excluding income taxes:				
Trade receivables, net		$	(25,980)	(28,757)
Other accounts receivable and other assets			(1,689)	(12,350)
Inventories			900	(3,611)
Trade payables			(15,375)	5,649
Short-term related parties, net			(3,158)	2,748
Other accounts payable and accrued expenses			(14,951)	13,296
Changes in working capital, excluding income taxes		$	**(60,253)**	**(23,025)**

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		–	–	–	35,420	35,420	114	35,534
Total other items of comprehensive income for the period		–	–	14,714	–	14,714	–	14,714
Changes in non-controlling interest	**18E**	–	–	–	–	–	83	83
Stock-based compensation	**18D**	–	34	292	–	326	–	326
Balance as of March 31, 2017		**$ 718,124**	**748,728**	**(845,370)**	**898,076**	**1,519,558**	**5,010**	**1,524,568**
Balance as of December 31, 2017		**718,124**	**749,863**	**(838,603)**	**908,751**	**1,538,135**	**4,910**	**1,543,045**
Effects from the adoption of IFRS 9 (note 2F)		–	–	(853)	–	(853)	–	(853)
Saldos al 1 de enero de 2018		**718,124**	**749,863**	**(839,456)**	**908,751**	**1,537,282**	**4,910**	**1,542,192**
Net income for the period		–	–	–	29,991	29,991	68	30,059
Total other items of comprehensive income for the period		–	–	21,667	–	21,667	–	21,667
Changes in non-controlling interest	**18E**	–	–	–	–	–	1,471	1,471
Stock-based compensation	**18D**	–	5	464	–	469	–	469
Balance as of March 31, 2018		**$ 718,124**	**749,868**	**(817,325)**	**938,742**	**1,589,409**	**6,449**	**1,595,858**

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, 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 April 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 March 31, 2018, are the same as those applied in the consolidated financial statements as of December 31, 2017.

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated condensed financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of March 31, 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 March 31, 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 three-month periods ended March 31, 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.

Report 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 March 31, 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 March 31, 2018 and December 31, 2017, as well as for the three-month periods ended March 31, 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.

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.

(Thousands of U.S. dollars)

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 three-month periods ended March 31, 2018 and 2017, the increase in long-term accounts payable to related parties for $11,837 and $6,361, respectively, resulted from the capitalization of interest accrued on debt owed to CEMEX's companies.

- For the three-month periods ended March 31, 2018 and 2017, other equity reserves increased approximately $464 and $292, respectively, and additional paid-in capital increased approximately $5 in 2018 and $34 in 2017, in connection with the executive stock-based compensation programs (notes 18B and 18D).

Going Concern

As of March 31, 2018, the balance of current liabilities, which includes accounts payable to CEMEX's companies of approximately $368,387 (note 9), exceeded total current assets in approximately $307,284. The Parent Company's Board of Directors approved these consolidated condensed financial statements as of March 31, 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, after interest expense and income taxes of $146,439. In case it is deemed necessary, as it was the case during the renegotiation of debt with CEMEX's companies on February 24, 2017 (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.

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

The most significant closing exchange rates per U.S. dollar as of March 31, 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 three-month periods ended March 31, 2018 and 2017 are as follows:

	2018		2017	
Currency	**Closing**	**Average**	**Closing**	**Average**
Colombian pesos	2,780.47	2,826.85	2,984.00	2,904.39
Costa Rican colones	569.31	571.47	572.56	565.64
Nicaraguan cordobas	31.16	31.04	30.79	29.56
Guatemalan quetzales	7.40	7.38	7.34	7.39
Brazilian reales	3.32	3.24	3.31	3.13

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 replaced IAS 39, *Financial instruments: recognition and measurement* ("IAS 39") in its entirety. Among other aspects, IFRS 9 changed 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 replaced them with categories that reflect the measurement method, the contractual cash flows characteristics and the entity's business model for managing the financial asset: 1) amortized cost, that significantly comprises 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 did not represent any significant effect on CEMEX Latam's operating results and 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 implemented 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 from the adoption of IFRS 9 on January 1, 2018 related to the new expected credit loss model which does represented an increase in the allowance for doubtful accounts as of January 1, 2018 of $853 which was 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 with 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.

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).

(Thousands of U.S. dollars)

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 March 31, 2018, CEMEX Latam has concluded an assessment of its main outstanding 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 currently quantifying the required adjustments for the proper recognition of the assets for the "right-of-use" and the corresponding financial liabilities, which are not considered to be material, aiming to adopt IFRS 16 on January 1, 2019. CEMEX Latam considers that upon the adoption of IFRS 16, most of its outstanding 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" and interest expense arising from the financial liability, which would replace the current rental expense without any significant initial effect on 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 (note 17B) CEMEX Latam does not expect any significant effect from the adoption of IFRIC 23.

3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS

The financial policies applied to elaborate the condensed financial information by geographic operating segments are consistent with those used in the preparation of the consolidated condensed financial statements for the three-month periods ended March 31, 2018 and 2017. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua, El Salvador and Brazil. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Selected consolidated condensed income statements' information by geographic operating segment for the three-month periods ended March 31, 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 ....$	136,143	–	136,143	24,780	(6,840)	17,940	(476)	(5,279)	(552)
Panama	61,296	(24)	61,272	20,262	(3,787)	16,475	244	(2,067)	99
Costa Rica............	35,699	(3,785)	31,914	9,524	(1,211)	8,313	(231)	(29)	324
Rest of CLH..........	72,045	(293)	71,752	21,611	(1,712)	19,899	(211)	(433)	555
Others	–	–	–	(10,273)	(6,837)	(17,110)	(737)	(6,947)	(889)
Total......................$	305,183	(4,102)	301,081	65,904	(20,387)	45,517	(1,411)	(14,755)	(463)

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 ....$	155,168	–	155,168	37,660	(6,850)	30,810	(2,363)	(4,322)	(260)
Panama	69,606	–	69,606	30,849	(4,625)	26,224	(119)	(2,125)	104
Costa Rica............	37,427	(5,908)	31,519	12,101	(1,246)	10,855	244	(72)	128
Rest of CLH..........	73,028	(638)	72,390	24,070	(1,335)	22,735	50	(558)	433
Others	–	–	–	(12,072)	(7,078)	(19,150)	(119)	(9,572)	(661)
Total......................$	335,229	(6,546)	328,683	92,608	(21,134)	71,474	(2,307)	(16,649)	(256)

(Thousands of U.S. dollars)

Selected financial information by geographic operating segments – continued

Net sales by product and geographic operating segment for the three-month periods ended March 31, 2018 and 2017 are as follows:

2018	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia $	72,646	48,333	2,356	12,808	–	136,143
Panama	36,361	19,131	967	4,837	(24)	61,272
Costa Rica	24,716	2,997	4,044	3,942	(3,785)	31,914
Rest of CLH	60,405	6,235	1,952	3,453	(293)	71,752
Total $	194,128	76,696	9,319	25,040	(4,102)	301,081

2017	Cement	Concrete	Aggregates	Other products	Others	Net sales
Colombia $	80,651	56,035	3,333	15,149	–	155,168
Panama	41,883	24,197	877	2,649	–	69,606
Costa Rica	26,140	3,387	4,401	3,499	(5,908)	31,519
Rest of CLH	63,270	4,976	899	3,883	(638)	72,390
Total $	211,944	88,595	9,510	25,180	(6,546)	328,683

As of March 31, 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 $	2,148,364	841,128	1,307,236	3,668
Panama	379,318	235,440	143,878	2,414
Costa Rica	141,701	37,827	103,874	53
Rest of CLH	139,603	113,988	25,615	1,369
Others	553,907	538,652	15,255	–
Total $	3,362,893	1,767,035	1,595,858	7,504

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	135,806	119,322	16,484	7,826
Others	591,196	546,616	44,580	–
Total $	3,293,989	1,750,944	1,543,045	80,534

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three-month periods ended March 31, 2018 and 2017 is detailed as follows:

		2018	2017
Depreciation and amortization expense of assets used in the production process	$	14,220	14,789
Depreciation and amortization expense of assets used in administrative and selling activities		6,167	6,345
	$	20,387	21,134

5) OTHER EXPENSES, NET

The detail of other expenses, net for the three-month periods ended March 31, 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	$	(914)	(198)
Severance payments and other personnel costs for reorganization		(400)	(1,567)
Assumed taxes, fines and other penalties		(97)	(542)
	$	(1,411)	(2,307)

(Thousands of U.S. dollars)

6) FINANCIAL INCOME AND OTHER ITEMS, NET

The detail of financial income and other items, net for the three-month periods ended March 31, 2018 and 2017 is as follows:

		2018	2017
Interest cost on employee benefits	$	(636)	(661)
Financial income		173	406
	$	(463)	(256)

7) CASH AND CASH EQUIVALENTS

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

		2018	2017
Cash and bank accounts	$	21,208	28,105
Fixed-income securities and other cash equivalents		11,269	17,049
	$	32,477	45,154

8) TRADE ACCOUNTS RECEIVABLE

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

		2018	2017
Trade accounts receivable	$	148,014	122,033
Allowances for doubtful accounts		(7,495)	(6,558)
	$	140,519	115,475

9) TRANSACTIONS WITH RELATED PARTIES

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

Current accounts receivable		2018	2017
CEMEX México, S.A. de C.V	$	3,750	–
Mustang Re Limited		2,488	980
CEMEX, S.A.B. de C.V.		327	327
CEMEX Research Group, AG		176	3,188
Lomez International B.V.		98	–
CEMEX Central, S.A. de C.V		97	53
CEMEX Denmark ApS		96	96
Business Material Funding, S.L.		15	15
CEMEX España, S.A.		7	4,871
Others		2	2
New Sunward Holding B.V.		–	93
CEMEX Dominicana, S.A.		–	12
CEMEX Holdings Inc.		–	10
Total assets with related parties	$	7,056	9,647

Short-term accounts payable		2018	2017
CEMEX España, S.A. [1]	$	196,035	194,484
Lomez International B.V. [2]		139,268	–
CEMEX Holdings Inc. [3]		15,081	21,660
CEMEX Research Group, AG [4]		8,188	1,181
CEMEX Central, S.A. de C.V.		3,947	534
Torino Re Ltd.		2,627	–
CEMEX, S.A.B. de C.V.		1,720	–
CEMEX Internacional, S.A. de C.V.		1,161	531
Pro Ambiente, S.A. de C.V.		81	63
Beijing Import & Export Co., Ltd		78	197
CEMEX México, S.A. de C.V		63	171
Fujur, S.A. de C.V.		42	120
CEMEX Jamaica Limited		37	35
CEMEX Dominicana, S.A.		29	29
Latinamerican Trading S.A.		25	23
Others		5	10
New Sunward Holding B.V. [2]		–	139,084
CEMEX Central Europe GmbH		–	12
	$	368,387	358,134

(Thousands of U.S. dollars)

Transactions with related parties – continued

Long-term accounts payable		**2018**	**2017**
Lomez International B.V. [2]	$	596,346	–
New Sunward Holding B.V. [2]	$	–	584,684
	$	596,346	584,684
Total liabilities with related parties	$	964,733	942,818

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. On May 4, 2017, CEMEX Colombia increased its revolving credit line with CEMEX España in $60 million; proceeds used to settle obligations with other related parties. On December 18, 2017, the line of credit increased by $22 million.

2. On February 24, 2017, before their maturity in 2018, the Parent Company and Corporación Cementera Latinoamericana S.L.U. ("CCL") refinanced their respective debt with New Sunward Holding, B.V. ("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 in the credit agreements and considering the original remaining period and the difference in interest rates, the Parent Company and CCL incurred in renegotiation costs for $3,867 and $8,132, respectively. These costs are presented net of the debt balance and will be amortized to financial expense over the term of the debt. In addition, 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 balances as of March 31, 2018 and December 31, 2017, include: a) loan agreement and accrued interest negotiated by CCL of $409,260 in 2018 and $387,519 in 2017; b) loan agreement and accrued interest negotiated by the Parent Company of $91,184 in 2018 and $88,223 in 2017, as well as a revolving credit of $103,015 in 2018 and $115,951 in 2017; and c) loan agreement and accrued interest negotiated by Cemento Bayano, S.A. of $132,155 in 2018 and $132,075 in 2017.

3. The outstanding balances were generated mainly from imports of cement grey

4. Balances related to royalties on technical assistance agreements, use of licenses and brands, software and administrative processes.

The maturities of non-current accounts payable as of March 31, 2018 are as follows:

Debtor		**2023**	**Total**
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)	$	404,239	404,239
CEMEX Latam Holdings, S.A. (5.65% annual)		192,107	192,107
	$	596,346	596,346

The Company's main transactions entered into with related parties for the three-month periods ended March 31, 2018 and 2017 are as follows:

Purchases of raw materials		**2018**	**2017**
CEMEX Holdings Inc.	$	7,337	13,892
CEMEX Internacional, S.A. de C.V.		1,860	1,529
Beijing Import & Export Co., Ltd		42	–
	$	9,239	15,421

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	$	9,448	8,436
CEMEX Central, S.A. de C.V.		3,852	5,962
CEMEX, S.A.B. de C.V.		1,755	2,036
	$	15,055	16,434

Financial expenses		**2018**	**2017**
New Sunward Holding B.V.	$	7,646	13,598
Lomez International B.V.		3,783	–
CEMEX España, S.A.		2,097	1,080
	$	13,526	14,678

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.

(Thousands of U.S. dollars)

Transactions with related parties – continued

During the three-month periods ended March 31, 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 $114 and $72, 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.

In addition, for the three-month periods ended March 31, 2018 and 2017, the aggregate compensation accrued by the members of the Company's top management was of approximately $2,170 and $1,315, respectively. Out of these amounts, approximately $1,971 in 2018 and $1,142 in 2017 corresponded to base compensation base plus performance bonuses including pensions and other post-employment benefits. In addition, approximately $199 in 2018 and $173 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 three-month period ended March 31, 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 amounts not deemed significant. 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 March 31, 2018 and December 31, 2017 consisted of:

		2018	2017
Non-trade accounts receivable [1]	$	15,292	13,591
Restricted cash [2]		1,577	1,243
	$	16,869	14,834

1 As of March 31, 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 $7,701, guaranteed by CEMEX Colombia and obtained for the purchase of the land. The Company maintains this asset considering that the estimated fair value of the land in case of sale, determined by an external expert, covers the repayment of the debt. CEMEX Colombia actively seeks alternatives to transfer this project to a housing developer who acquires the assets of the trust and assume its obligations and/or the sale of the land with the consequent liquidation of the trust and repayment of the debt.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

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

		2018	2017
Loans and notes receivable [1]	$	6,083	6,279
Guaranty deposits and VAT recoverable [2]		3,331	3,666
Other non-current assets [3]		392	374
	$	9,786	10,319

1 This line items mainly include: a) fund of CEMEX Panama to secure seniority premium payments as of March 31, 2018 and December 31, 2017 of $2,670 and $2,649, respectively; b) advance payments for the purchase of fixed assets of $2,392 as of March 31, 2018 and $2,555 as of December 31, 2017, c) receivables from the structured construction system used in Costa Rica $474 as of March 31, 2018 and $521 as of December 31, 2017.

2 Refers mainly to a VAT account receivable in El Salvador for $60 as of March 31, 2018 and $380 as of December 31, 2017 as well as guarantee deposits in Brazil for $3,271 as of March 31, 2018 and $3,286 as of December 31, 2017.

(Thousands of U.S. dollars)

11) INVENTORIES, NET

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

		2018	2017
Materials	$	24,673	23,723
Finished goods		11,070	11,491
Work-in-process		21,081	19,830
Raw materials		19,212	19,150
Inventory in transit		6,397	9,197
Other inventories		59	–
Allowance for obsolescence		(802)	(716)
	$	81,690	82,675

12) OTHER CURRENT ASSETS

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

		2018	2017
Advance payments [1]	$	26,233	19,539
Assets held for sale [2]		9,775	6,206
	$	36,008	25,745

1 As of March 31, 2018 and December 31, 2017, the line item of advance payments includes $24,664 and $19,463, respectively, mainly associated with insurance premiums and advances to inventory suppliers.

2 Assets held for sale are stated at their estimated realizable value and include mainly properties received as payment in the recovery of trade accounts receivable.

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of March 31, 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		244,245	221,852	803,102	298,696	1,567,895
Accumulated depreciation and depletion		(39,817)	(46,552)	(190,090)	–	(276,459)
Net book value at end of the period	$	204,428	175,300	613,012	298,696	1,291,436

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 cement plant in the municipality of Maceo in the Antioquia department in Colombia with an annual capacity of approximately 1.1 million tons. The first phase included the construction of a cement mill, which began operating in testing phase for some months in 2016 with the supply of clinker from the Caracolito plant in Ibague, and the cement obtained was used in its entirety in the construction of the plant. The next phase, which includes the construction of the kiln has been completed, meanwhile, the development of the access road to the plant has been suspended until the moment in which CEMEX Colombia would obtain the permits for its completion. The beginning of commercial operations is subject to the successful conclusion of several ongoing processes related to certain operating permits. The depreciation of the assets associated with this project, which started when it began operations in the test phase, for non significant amounts, was reversed and cancelled in 2017. These assets will start their depreciation upon the beginning of commercial operations. As a result of the investigations carried out for several deficiencies found, during 2016, the Company reduced construction in progress for approximately $14,134, which included a reduction of approximately $14,257 recognized as impairment losses against "Other expenses, net;" b) a reduction of approximately $9,073 recognized against "Other accounts payable;" and c) partially offset by an increase in investments in progress of approximately $9,196 recognized against VAT accounts payable in connection with certain purchases of equipment installed outside the free trade zone that were not exempt from this tax. Such deficiencies found have derived in certain legal proceedings (note 21A). In the specific case of the aforementioned adjustments the Company considered the exchange rate outstanding at the date of the accounting recognition of 3,000.71 Colombian Pesos per Dollar in 2016. As of March 31, 2018 and December 31, 2017, the carrying amount of the project, net of adjustments, is for an amount in Colombian Pesos equivalent to approximately $358 and $333 million, respectively, considering the exchange rates as of March 31, 2018 and December 31, 2017 respectively. Changes in the project's investment expressed in dollars during the three-month period ended March 31 was mainly due to the variation in the exchange rates.

(Thousands of U.S. dollars)

14) GOODWILL AND INTANGIBLE ASSETS

As of March 31, 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	$	1,562,235	–	1,562,235	1,551,684	–	1,551,684
Intangible assets of definite useful life							
Customer relations		196,020	(111,069)	84,951	197,506	(106,280)	91,226
Extraction permits and licenses		73,863	(22,661)	51,202	74,215	(22,867)	51,348
Industrial property and trademarks		2,119	(1,434)	685	2,938	(2,245)	693
Mining projects		382	(382)	–	356	(356)	–
Other intangibles and deferred assets		137	–	137	47	–	47
	$	1,834,756	(135,546)	1,699,210	1,826,746	(131,748)	1,694,998

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

		2018	2017
Costa Rica	$	430,728	428,283
Panama		344,703	344,703
Colombia		325,197	312,840
Guatemala		245,514	247,333
Nicaragua		201,005	203,437
El Salvador		15,088	15,088
	$	1,562,235	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 three-month periods ended March 31, 2018 and 2017, in the absence of impairment indicators, the Company did not carried out impairment analysis on intangible assets and consequently did not determine impairment losses on intangible assets, including goodwill.

15) SHORT-TERM AND LONG-TERM DEBT

As of March 31, 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]	$	6,813	8,085
Trust guarantee for the development of housing projects [2]		7,702	7,176
Leasing Bancolombia, S.A., DTF anticipated quarterly plus 390 bps [3, 5]		339	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	$	14,854	17,523
Short-term debt	$	14,854	17,523

1 Refers to notes payable with a maturity of one year negotiated by CEMEX Colombia with AV VILLAS bank for $6,813 as of March 2018 bearing DTF rate plus 3.58% 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. Such promissory note is being renewed at maturity by the trust every 180 days until finding the developer who buys the project, or until, by agreement of the parties, it is decided to sell the asset in order to liquidate the debt and extinguish the trust. The loan accrues interest at DTF rate plus 4.5%.

3 Refers to finance leases denominated in Colombian Pesos negotiated in 2012 with a maturity of sixty months. For the three and twelve-months periods ended March 31, 2018 and December 31, 2017, CEMEX Colombia incurred interest on these finance leases for an amount of $12 and $270, 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 March 31, 201*8, the anticipated quarterly DT*F rate was 4.89%.

(Thousands of U.S. dollars)

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

		2018	2017
Others provisions and liabilities		26,199	23,057
Accrued expenses	$	24,262	47,391
Advances from customers		20,229	17,283
Provisions for legal claims and other commitments		16,195	14,673
Provisions for employee benefits		9,711	6,544
Others		1,262	922
	$	97,858	109,870

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 accrued expenses payable includes the amount of the fine associated with the market investigation imposed by the SIC in Colombia 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 March 31, 2018 and December 31, 2017, consolidated other non-current liabilities were as follows:

		2018	2017
Other taxes	$	5,532	5,318
Provision for asset retirement obligations [1]		5,045	4,949
Other provisions and liabilities		3,816	3,698
Deferred income		1,839	1,661
	$	16,232	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.

17) INCOME TAXES

17A) INCOME TAXES FOR THE PERIOD

The recognition of income taxes during interim periods is based on the best estimate of the expected income tax rate for the entire year, applied to earnings before income taxes. For the three-month periods ended March 31, 2018 and 2017, income tax expense recognized in the condensed consolidated income statements was as follows:

		2018	2017
Current income taxes	$	12,823	18,993
Deferred income taxes		5,272	2,754
	$	18,095	21,747
Out of which:			
Colombia [1, 2]	$	9,071	5,949
Costa Rica		1,102	2,402
Panama		155	2,433
Rest of CLH and others [3]		7,767	10,963
	$	18,095	21,747

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 outstanding on the years 2015, 2016 and 2017. The effect of the three-month period ended as of March 31, 2017 was approximately $499 and is included in current income taxes. In 2018 such tax on wealth is no longer effective.

2 As part of a package of tax modifications effective beginning January 1, 2017, it was established a single income tax and its surcharge, 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, El Salvador and Brazil as well as the effects on income taxes of the Parent Company, other sub-holding companies and other consolidation adjustments.

17B) SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable adverse considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of March 31, 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

- In April, 2011, the Colombian Tax Authority (the "Tax Authority") notified CEMEX Colombia of a special proceeding rejecting certain deductions in the 2009 tax return. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia for an amount in Colombian Pesos equivalent to approximately $32 million and imposed a penalty in Colombian Pesos for an amount equivalent to approximately $52 million, both considering the exchange rate as of March 31, 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 accrued on these amounts until the payment date. As of March 31, 2018, at this stage of the proceeding, CEMEX Latam does not consider probable an adverse resolution; 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, which is currently being audited, in connection with the amortization of goodwill of Lomas del Tempisque S.R.L. that was considered tax deductible in such tax return. As of March 31, 2018, at this stage of the proceeding, CEMEX Latam does not consider probable an adverse resolution; 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 Tolima (the "Municipality") has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the fiscal years from 1999 to 2013. The Municipality argues that the tax is generated as a result of CEMEX Colombia's industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The processes from 1999 to 2012 have finalized without disbursements for CEMEX Colombia. In relation to the fiscal year of 2013, there is a requirement from the Municipality, which has been appealed by CEMEX Colombia, for amounts in Colombian pesos equivalent to approximately $6 million of tax and $9 million in fines, considering the exchange rate at March 31, 2018. As of the date of the financial statements, at 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 March 31, 2018. On March 31, 2018, the appeal is pending resolution. After the Administrative Fiscal Court would issue its resolution, the administrative process is considered exhausted. At this stage, CEMEX Latam does not consider probable that payments will be incurred in relation to this proceeding (see note 22 for subsequent events in relation to this proceeding).

(Thousands of U.S. dollars)

18) STOCKHOLDERS' EQUITY

18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of March 31, 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	(144,833)	749,868	894,701	(144,838)	749,863
	$	1,612,825	(144,833)	1,467,992	1,612,825	(144,838)	1,467,987

During the three-month periods ended March 31, 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 $5 and $34, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of March 31, 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	148,931,068	148,930,376
Total subscribed and paid shares	556,821,410	556,820,718

As of March 31, 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 21,456,932 in 2018 and 21,457,624 shares in 2017 held in the Company's treasury (treasury shares).

As of March 31, 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 March 31, 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]		(527,031)	(547,845)
Share-based payments [3]		10,128	9,664
	$	(817,325)	(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 in the statements of comprehensive income.

3 As of March 31, 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 March 31, 2018 and December 31, 2017, the Parent Company's legal reserve amounted to $20,612.

In addition, the proposal for the distribution of the profit for the year ended on December 31, 2017 formulated by the Board of Directors in the meeting held on March 19, 2018 contemplates, among others, the allocation to the legal reserve of € 1,377 thousand euros ($ 1,562 considering the average exchange rate of the euro- dollar for the year 2017). Said proposal must be approved by the General Shareholders Meeting of the parent company, to be held in June 2018.

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 three-month periods ended March 31, 2018 and 2017, total compensation expense related to the stock-based long-term incentive programs described above amounted to $468 and $326, 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 March 31, 2018 and December 31, 2017, non-controlling interest in equity amounted to approximately $6,449 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 three-month periods ended March 31, 2018 and 2017 are as follows:

Denominator (thousands of shares)		**2018**	**2017**
Weighted average number of shares outstanding – Basic EPS		556,821	556,651
Effect of dilutive instruments – stock-based compensation		798	535
Weighted average number of shares outstanding – Diluted EPS		557,618	557,186
Numerator			
Consolidated net income	$	30,059	35,534
Less: non-controlling interest net income		(68)	(114)
Controlling interest net income	$	29,991	35,420
Controlling Interest Basic Earnings per Share ($ per share)	$	0.05	0.06
Controlling Interest Diluted Earnings per Share ($ per share)	$	0.05	0.06

20) COMMITMENTS

20A) CONTRACTUAL OBLIGATIONS

As of March 31, 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]	$	368,387	–	596,346	–	964,733	942,818
Interest payments on debt [2]		45,559	67,387	64,249	–	177,195	185,363
Operating leases [3]		2,413	4,826	4,773	6,288	18,300	19,463
Capital lease obligations [4]		339	–	–	–	339	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]		52,924	84,559	96,299	15,399	249,181	315,936
Investments in property, plant and equipment [7]		3,168	–	–	–	3,168	4,264
Total contractual obligations	$	476,453	164,104	768,904	38,757	1,448,218	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 March 31, 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, for $2,060 to less than one year, $4,120 from one to three years, $4,120 from three to five years and $8,240 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, $287 from three to five years and $108 to more than five years.

4 Refers to capital leases of machinery and equipment negotiated by CEMEX Colombia in 2012 with an original maturity of 60 months. (Note 15).

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

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

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

As of March 31, 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 March 31, 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 the subsidiaries of both, since November, 2012, the Parent Company entered into a Framework Agreement which may be modified or terminated by written agreement between the Parent Company, CEMEX S.A.B. de C.V, and CEMEX España, related to: 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, since 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 Holding 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 states (*departmentos*) del Cesar, Quindío, Risaralda y Norte de Santander, consisting of 5,344 low-income homes whose buyers were benefited with contributions from government entities in the form of subsidies and preferential interest rates. As of March 31, 2018, beneficiaries, government entities and financial entities have deposited in a trust funds for approximately Col $135 billion ($49 million), approximately 53.1% of the aggregate value of the projects, which partially guarantee the payment of the homes and that have been released to CEMEX Colombia as compensation for the projects considering that the technical and financial closure of the projects has occurred, title has been transferred and homes have been delivered to customers' satisfaction. The following are the regional breakdown according with the total number of units to be built:

Location	**Total homes**	**Estimated sale price**	**Progress of the projects as of March 31, 2018**	**Number of homes transferred**
Departamento del Cesar	2,746	Col$128 mil millones	94%	2,408
Departamentos de Quindío y Risaralda	1,578	Col$78 mil millones	97%	1,140
Departamento del Norte de Santander	1,020	Col$49mil millones	98%	841

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 March 31, 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 March 31, 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 started 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 various arrangements over the years, the Colombian Superintendence of Industry and Commerce (the "SIC") imposed a final fine on CEMEX Colombia for an amount in Colombian Pesos equivalent to approximately $25 million, amount that was accrued by CEMEX Colombia against "Other expenses, net" as of December 31, 2017. Considering its defense strategy, CEMEX Colombia will not appeal the resolution of the SIC and instead intends directly to file a claim for annulment and reestablishment of right before the Administrative Court within the four months after the resolution. The amount of the fine was liquidated on January 5, 2018. The final resolution regarding the legality of the resolution by the judicial authorities could take a considerable amount of time in being resolved. As of March 31, 2018, CEMEX Latam is not able to assess the likelihood for the recovery of the fine imposed by the SIC or the timeframe for the defense process.

- In relation to the construction of the cement plant in the municipality of Maceo, department of Antioquia in Colombia (note 13), In August, 2012, CEMEX Colombia signed a memorandum of understanding ("MOU") with the representative of the entity CI Calizas y Minerales S.A. ("CI Calizas"), which objective was the acquisition and transfer of assets comprising land, the mining concession and the environmental permit, the shares of Zomam (holder of the free trade zone concession), as well as the rights to execute the construction of the cement plant. After 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 (*Fiscalía General de la Nación* or the "Attorney General"). Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU. CEMEX Colombia acquired the shares of Zomam before the beginning of such process; nonetheless, the Attorney General decided to also include such shares in the expiration of property process. To protect its interests and defend its rights as a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process fully cooperating with the Attorney General. As of March 31, 2018, due to the nature of the expiration of property process and the different procedural stages, it is estimated that it may take between five and ten years for a final decision to be issued on the aforementioned process. The process is undergoing the investigation stage, waiting for the legal counsel of the defendants (curators *ad litem*) appointed by the Office of the Prosecutor to assume functions, which opens the evidentiary stage.

  In July 2013, CEMEX Colombia signed with the provisional depository of the assets, designated by the Drugs National Department (*Dirección Nacional de Estupefacientes*, then depository of the affected assets), which functions after its liquidation were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the "SAE"), a lease contract for a period of five years, which can be early terminated by the SAE, by means of which CEMEX Colombia was duly authorized to continue with the necessary works for the construction and operation of the plant (the "Lease Contract"). Likewise, the provisional depository granted a mandate to CEMEX Colombia for the same purpose. CEMEX Colombia is currently evaluating with the SAE different schemes that would allow the start up and operation of the plant during the expiration of property process.

  Moreover, CEMEX Colombia also engaged the same representative of CI Calizas to also 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 internal investigation and internal audit in accordance with their corporate governance policies and code of ethics, CEMEX and CEMEX Latam confirmed the irregularities in such process as mentioned below. As a result, in September, 2016, CEMEX Latam and CEMEX Colombia decided to terminate the employment relationship with the Vice President of Planning of CEMEX Latam and of CEMEX Colombia; with the 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 Board of Directors of the Parent Company decided to separate the roles of Chairman of the Board of Directors, Chief Executive Officer of CEMEX Latam and President of CEMEX Colombia, and immediately made the respective appointments. Moreover, pursuant to a requirement of CEMEX, S.A.B. de C.V.'s Audit Committee and of the Parent Company's Audit Commission, an audit firm, experts in forensic audits, was engaged in order to perform an independent investigation of the Maceo project. Additionally, CEMEX Colombia and the Parent Company engaged an external firm to assist them on the necessary collaboration with the Attorney General and management also engaged a team of external lawyers for its own legal advice.

  The internal audit initiated during 2016 found that under the MDE and the MDE of the Land, CEMEX Colombia made cash advances and paid interest to this representative for amounts in Colombian Pesos equivalent to approximately $13,412 and $1,252, respectively, in both cases considering the Colombian Peso to U.S. Dollar exchange rate as of December 31, 2016. Pursuant to the expiration of property process of the assets subject to the MOU and the failures to legally formalize the purchases under the Land MOU, as of the reporting date, CEMEX Colombia is not the legitimate owner of the aforementioned assets. Moreover, considering that payments made by CEMEX Colombia under the MOU and the Land MOU were made in breach of CEMEX's and CEMEX Latam's internal policies; both the Parent Company and CEMEX Colombia reported these facts to the Attorney General, providing the findings obtained during the investigation and internal audits. In December 2016, CEMEX Colombia filed a claim in the civil courts aiming that all property rights related to the additional land under de MOU, some of which were assigned to the representative, would be effectively transferred to CEMEX Colombia.

Liabilities resulting from legal proceedings – continued

In relation to the aforementioned deficiencies, the formalization of transactions, and considering the findings and the legal opinions available, in December, 2016, CEMEX Latam determined low probability of recovering resources, and reduced its investments in progress for an amount in Colombian Pesos equivalent to approximately $14,133 including: a) a reduction of $14,257 from advances that were reduced to zero recognizing an impairment loss for such amount against "Other expenses, net," including approximately $2,344 of losses not related with the MOU or the Land MOU; b) a reduction of approximately $9,073 of investments in progress against "Other accounts payable" for the cancellation of the remaining account payable to CI Calizas under the MOU; and c) partially offset by an increase in investments in progress against VAT accounts payable for $9,196 related with certain purchases of equipment installed in the plant outside the free zone designated area that were not exempt from this tax. All these amounts considering the Colombian Pesos to the dollar exchange rate as of December 31, 2016. During 2017, CEMEX Colombia further determined an adjustment and payment of VAT in the free zone for approximately $5 million. As of March 31, 2018, the carrying amount of the project, net of adjustments, is for an amount in Colombian Pesos equivalent to approximately $358 million, considering the exchange rate as of March 31, 2018.

In connection, there is an ongoing criminal investigation by the Attorney General. As of March 31, 2018, the investigation by the Attorney General is finalizing its initial stage (inquiry) and a hearing to present charges and it was rescheduled to April 24, 2018 which would initiate the second stage of the proceeding (investigation). CEMEX Latam is neither able to predict the actions that the General Attorney could implement, nor the possibility and degree in which any of these possible actions, including the termination of employment of the aforementioned executives, could have a material adverse effect on CEMEX Latam's results of operation, liquidity or financial position. Under the presumption that CEMEX Colombia conducted itself in good faith, and considering that the rest of its investments made, are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land. Consequently, Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard the project in Maceo. At this respect, there is the possibility that CEMEX Latam considers remote, in which, in the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, the SAE may decide not to sell the assets to CEMEX Colombia, or, the SAE may elect to maintain ownership of the assets and not extend the Lease Contract. In both cases, under Colombian law, CEMEX Colombia would be entitled to an indemnity for the amount of its incurred investments. However, 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 continuous efforts aimed to remediate the irregularities that occurred in the purchase process of the land and other assets related to the construction of the plant, CEMEX Latam, considering the investigations and internal audits as well as the assessment of the advice received by external advisors, continues with activities oriented to remediate the internal control weakness related to unusual and significant transactions, and that CEMEX, S.A.B. de C.V. and CEMEX Latam have defined as material weakness. As of March 31, 2018, among the remediation practices that CEMEX, S.A.B. de C.V. and the Parent Company implemented in 2017, with the approval of the Audit Commission and the Board of Directors of the Parent Company, there is the new approval policy on significant unusual transactions, the creation of a committee that oversees material investment projects and the strengthening of internal auditing procedures and the improvement of existing monitoring controls in order to operate in a satisfactory level of precision. As previously mentioned, as of March 31, 2018, the remediation activities have been fully implemented. Nonetheless, these remediation activities are being evaluated in their effectiveness; 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 the financial statements issued by CEMEX Latam in prior periods.

As of March 31, 2018, mainly considering certain permits required to finalize the access road, as well as requests and procedures in progress with the respective authorities to: a) obtain the expansion of the free trade zone to cover the totality of the cement plant; b) resolve the ownership of the environmental license and the mining title whose transfer to a subsidiary of CEMEX Colombia was revoked by the regional environmental authority; c) modify the environmental license to expand plant's 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 have been suspended until progress would be 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 proposed activity expansion in the project. Meanwhile, CEMEX Colombia will limit its activities to those currently authorized under the outstanding environmental license and mining title.

- In 1999, several companies belonging to the Laserna family filed an extra-contractual civil liability claim against CEMEX Colombia, by means of which the plaintiffs demanded compensation for alleged damages caused to their land with effects on costs and lower production of their rice crops as a result of solid pollutants expelled by the chimneys of the "Buenos Aires" and "Caracolito" cement production plants in the department of Tolima. In January 2004, the Fourth Circuit Civil Court of Ibague issued a resolution ordering CEMEX Colombia a payment in favor of the plaintiff's equivalent to approximately $13 million. CEMEX Colombia appealed this resolution. On September 10, 2010, the Superior Court of Ibague fully revoked the resolution accepting the defense arguments of CEMEX Colombia. As of March 31, 2018, the process is in the Supreme Court of Justice, where the appeal resource filed by the plaintiffs is being processed. To this date there is a provision in Colombian Pesos associated with this litigation for approximately $13 million considering the exchange rate as of March 31, 2018.

21B) OTHERS RESULTING FROM LEGAL PROCEEDINGS

As of March 31, 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 the likelihood of an adverse resolution to be remote; nonetheless, it cannot assure that a favorable resolution in these proceedings will be obtained. The disclosure of facts of the most significant proceedings with a quantification of the potential loss is as follows:

Market related proceedings

- On April 22, 2015, CEMEX Costa Rica, was notified by the Competition Authority (*Dirección de Apoyo a la Competencia*) of a request for information issued by the Ministry of Economy, Industry and Trade of Costa Rica in connection with an study in the cement market that would allow the evaluation of price changes as well as to identify possible distortions and market barriers among other issues in such country. The aforementioned information request relates to volumes, prices and production costs from 2010 to date. The Company delivered the requested information on June 5, 2015 and collaborates as necessary with the aforementioned study. As of March 31, 2018, the Company has not being informed of any recent developments in connection with this market study. Likewise on March 7, 2016, the Competition Authority notified CEMEX Costa Rica request information in order to initiate a customary preliminary investigation, to verify the existence of evidence in anticompetitive practices, This request for information was issued as a result of a claim issued by a third party. In July 2016, the Commission for the Promotion of Competition (COPROCROM) resolved that they did not find evidence of any anticompetitive practices, so the claim and the preliminary investigation were closed.

Contingencies by Environmental procedures

- On March 11, 2015, 14 members of the surrounding communities of the cement plant in Panama filed a claim against Cemento Bayano, S.A ("Cemento Bayano"), subsidiary of the Company in such country, for alleged breach of environmental regulations as a result of the non-metallic mineral exploration in its quarries. Moreover, they requested the review of the environmental impact' studies that protect new raw materials' quarries of the plant. These community members are being assisted by non-governmental organizations and environmentalist groups aimed to impose unfounded penalties to the Company and to try to encourage the cancellation of the new quarries' environmental impact studies. By ruling from April 13, 2015, it was resolved to declare that the allegations in connection with water pollution, erosion control, air quality, impact control of protected areas be worthy of investigation. In June, 2015 the Environmental Authority conducted a physical inspection is corroborated that are not evidence of the allegations. By Technical Inspection Report of July 2, 2015, it was concluded that during the inspection there were no evidence in the field of the points of the complaint filed by the residents. Nonetheless in January 2016, the process was referred to the Regional Administration of North Panama of the Environment Ministry (*Administración Regional Panamá Norte del Ministerio de Ambiente* or the "Regional Administration"), which in November, 2016, requested the Environmental Economic Unit to calculate the fine to be imposed to Cemento Bayano. As of March 31, 2018, Cemento Bayano is waiting for the final resolution. Fines related to environmental matters do not have a limit in the code and depend on the severity of the damage, on the recidivism, on the investments level and on the economic situation of the offender. At this stage, Cemento Bayano considers remote the probability and adverse ruling; nonetheless, is not able to asses with certainty the likelihood of an adverse result or potential damages which could be determined to the Company. An adverse resolution in this case could have a material adverse impact on the Company´s results of operations, liquidity or financial condition.

- In June, 2010, the District of Bogota's Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá* or the "Environmental Secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogotá, The Environmental Secretary alleged that during the past 60 years CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. CEMEX Colombia consider that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*). Since June, 2010, the local authorities sealed off the mine to machinery and prohibited the removal of CEMEX's aggregates inventory. The Environmental Secretary has publicly declared that the fine could be imposed, nonetheless as of the date of the financial statements, CEMEX Colombia can´t measure the probability that said fine will be imposed, and if applicable, how much its quantification could be. At this stage, CEMEX Latam considered remote the probability of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial condition.

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

(Thousands of U.S. dollars)

Other proceedings legal

- As a result of the premature damages presented in the Transmilenio slabs - North Highway, six popular actions were filed against CEMEX Colombia. The Administrative Litigation Court decided to declare the nullity of five lawsuits and, currently, the lawsuit is filed by a citizen, which is pending judgment of the first instance. As of March 31, 2018, CEMEX Latam considered remote the probability of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial condition.

In addition, as of March 31, 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; 4) other similar claims brought against us that have arisen in the ordinary course of business.

22) SUBSEQUENT EVENTS

- On April 6, 2018, CEMEX Colombia received a special request from the Tax Authority, where certain deductions included in the income tax declaration for the tax year 2012 are rejected. The Tax Authority determined an increase in taxes and imposed a fine for amounts in Colombian pesos equivalent to approximately $45 million and $45 million, respectively, considering the exchange rate as of March 31, 2018. CEMEX Colombia will appeal this resolution. As of March 31, 2018, at this stage of the procedure, CEMEX Latam does not consider an adverse resolution in this proceeding to be probable, however it is difficult to measure with certainty the probability of an adverse result; but if it is resolved adversely, this procedure may have a negative material impact on the operating results, liquidity or financial position of CEMEX Latam.

- On April 9, 2018, in relation to the fiscal procedure for 2008 in Costa Rica (note 17B), the Administrative Tax Court issued an adverse resolution regarding the appeal made by CEMEX Costa Rica and rejected all the arguments made against the adjustments proposed by the Tax Department, both the arguments made to procedural deficiencies as well as the more background arguments. As a result, CEMEX Costa Rica has one year from the notification to appeal before the Contentious Administrative Tribunal. CEMEX Costa Rica will timely appeal this resolution before the relevant authorities. As of March 31, 2018, CEMEX Latam does not consider probable that after all available instances of defense would be exhausted there will be an unfavorable resolution regarding this proceeding.

23) MAIN SUBSIDIARIES

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

			% of interest	
Subsidiary	**Country**	**Activity**	**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.	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.