Consolidated Condensed Financial Statements

March 31, 2019

This is an unofficial translation into English of the condensed consolidated financial statements as of and for the three-month periods ended March 31, 2019 and 2018 issued in the Spanish language on April 24, 2019. 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, 2019 and 2018 issued in the Spanish language on April 24, 2019 shall be considered the only official version of the document.

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

	Notas	(Unaudited) For the three-month periods ended March 31, 2019	March 31, 2018
Revenues	3	258,224	291,885
Cost of sales	2E	(154,663)	(167,253)
Gross profit		**103,561**	**124,632**
Administrative and selling expenses		(42,887)	(51,076)
Distribution expenses		(26,710)	(26,589)
		(69,597)	(77,665)
Operating earnings before other expenses, net		**33,964**	**46,967**
Other income (expenses), net		63	(1,372)
Operating earnings		**34,027**	**45,595**
Financial expense	3	(13,856)	(15,160)
Financial income and other items, net	3, 6	(303)	(479)
Foreign exchange results		3,075	19,100
Earnings before income tax		**22,943**	**49,056**
Income tax	17A	(7,303)	(18,187)
Net income from continuing operations		15,640	30,869
Net loss from discontinued operations		–	(858)
CONSOLIDATED NET INCOME		**15,640**	**30,011**
Non-controlling interest net income		39	68
CONTROLLING INTEREST NET INCOME		**15,601**	**29,943**
Basic earnings per share	19	**0.03**	**0.05**
Basic earnings per share of continuing operations	19	**0.03**	**0.06**
Diluted earnings per share	19	**0.03**	**0.05**
Diluted earnings per share of continuing operations	19	**0.03**	**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	
	Notas		**March 31, 2019**	**March 31, 2018**
CONSOLIDATED NET INCOME		$	**15,640**	**30,011**
Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
Currency translation of foreign subsidiaries			16,007	21,426
Total other items of comprehensive income for the period			16,007	21,426
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD			31,647	51,437
Non-controlling interest comprehensive income			39	68
CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD		$	**31,608**	**51,369**
Out of which:				
COMPREHENSIVE LOSS OF DISCONTINUED OPERATIONS			–	(858)
COMPREHENSIVE INCOME OF CONTINUING OPERATIONS			**31,608**	**52,227**

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, 2019	As of December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	$ 38,050	37,126
Trade accounts receivable, net	8	86,219	87,465
Accounts receivable from related parties	9	2,007	21,138
Other accounts receivable	10A	14,728	14,007
Prepaid taxes		31,552	29,696
Inventories, net	11	84,361	81,172
Other current assets	12	36,048	38,567
Total current assets		292,965	309,171
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	4,042	4,306
Property, machinery and equipment and assets for the right-of-use, net	13	1,183,429	1,177,623
Goodwill and other intangible assets, net	14	1,560,842	1,555,413
Deferred income tax assets		21,859	18,597
Total non-current assets		2,770,172	2,755,939
TOTAL ASSETS		**$ 3,063,137**	**3,065,110**
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt and other short-term financial liabilities	15	$ 12,138	10,055
Trade payables		138,967	149,523
Accounts payable to related parties	9	45,076	42,870
Taxes payable		23,886	29,555
Other accounts payable and accrued expenses	16	66,386	65,474
Total current liabilities		286,453	297,477
NON-CURRENT LIABILITIES			
Debt and other long-term financial liabilities		19,245	19,400
Long-term accounts payable to related parties	9	804,377	835,102
Employee benefits		37,216	36,661
Deferred income tax liabilities		353,419	346,612
Other liabilities	16	17,938	17,575
Total non-current liabilities		1,232,195	1,255,350
TOTAL LIABILITIES		**1,518,648**	**1,552,827**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	18A	1,469,843	1,469,732
Other equity reserves	18B	(911,454)	(927,970)
Retained earnings	18C	965,231	902,800
Net income		15,601	62,431
Total controlling interest		1,539,221	1,506,993
Non-controlling interest	18E	5,268	5,290
TOTAL STOCKHOLDERS' EQUITY		**1,544,489**	**1,512,283**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 3,063,137**	**3,065,110**

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) As of March 31, 2019	As of March 31, 2018
OPERATING ACTIVITIES				
Consolidated net income		$	15,640	30,869
Discontinued operations, net of tax			–	(858)
Net income from continuing operations			15,640	30,011
Non-cash items:				
Depreciation and amortization of assets	4		20,674	20,704
Provisions and other non-cash expenses (income)			381	(1,234)
Financial expense, financial income and foreign exchange results, net			11,084	(3,461)
Income taxes	17		7,303	18,187
Loss on the sale of fixed assets			797	262
Impairment losses			610	–
Changes in working capital, excluding income taxes			(23,257)	(66,140)
Net cash flow provided by (used in) operating activities from continuing operations before interest and income taxes			**33,232**	**(1,671)**
Financial expense paid in cash			(22)	(11,990)
Income taxes paid in cash			(13,041)	(13,347)
Net cash flow provided by (used in) operating activities of continuing operations			20,169	(27,008)
Net cash flow used in operating activities of discontinued operations			–	(2,109)
Net cash flows provided by (used in) operating activities			**20,169**	**(29,117)**
INVESTING ACTIVITIES				
Property, machinery and equipment and assets for the right-of-use, net	13		(3,380)	(5,352)
Financial income	6		263	157
Intangible assets and other deferred charges			2,378	(1,210)
Long term assets and others, net			264	3,805
Net cash flows used in investing activities of continuing operations			(475)	(2,600)
Net cash flows provided by investing activities of discontinued operations			–	707
Net cash flows used in investing activities			**(475)**	**(1,893)**
FINANCING ACTIVITIES				
Debt repayments to related parties			(111,785)	(132,405)
Loans from related parties			85,752	143,419
Debt repayments, net			(2,041)	(4,574)
Non-current liabilities, net			8,702	7,904
Net cash flows provided by (used in) financing activities of continuing operations			(19,372)	14,344
Net cash flows provided by financing activities of discontinued operations			–	960
Net cash flows provided by (used in) financing activities			**(19,372)**	**15,304**
Increase (decrease) in cash and cash equivalents			322	(15,264)
Decrease in cash and cash equivalents of discontinued operations			–	(442)
Cash foreign currency translation effect			602	1,121
Cash and cash equivalents at beginning of period			37,126	45,154
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	$	**38,050**	**30,569**
Changes in working capital, excluding income taxes:				
Trade accounts receivable, net		$	909	(21,708)
Other accounts receivable and other assets			1,339	(1,777)
Inventories			(3,233)	2,193
Trade accounts payable			(10,553)	(17,295)
Short-term related parties, net			(9,219)	(11,656)
Other accounts payable and accrued expenses			(2,500)	(15,897)
Changes in working capital, excluding income taxes		$	**(23,257)**	**(66,140)**

The accompanying notes are part of these consolidated financial statements.

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

	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, 2017		**$**	**718,124**	**749,863**	**(838,603)**	**908,751**	**1,538,135**	**4,910**	**1,543,045**
Effect from adoption of IFRS 9 (note 2A)			–	–	–	(608)	(608)	(3)	(611)
Effect from adoption of IFRS 16 (note 2A)			–	–	181	(5,343)	(5,162)	(6)	(5,168)
Balance as of January 1, 2018			**718,124**	**749,863**	**(838,422)**	**902,800**	**1,532,365**	**4,901**	**1,537,266**
Net income for the period			–	–	–	29,943	29,943	68	30,011
Total other items of comprehensive income for the period			–	–	21,426	–	21,426	–	21,426
Changes in non-controlling interest	**18E**		–	–	–	–	–	1,470	1,470
Stock-based compensation	**18D**		–	5	464	–	469	–	469
Balance as of March 31, 2018		**$**	**718,124**	**749,868**	**(816,532)**	**932,743**	**1,584,203**	**6,439**	**1,590,642**
Balance as of December 31, 2018		**$**	**718,124**	**751,608**	**(927,970)**	**965,231**	**1,506,993**	**5,290**	**1,512,283**
Net income for the period			–	–	–	15,601	15,601	39	15,640
Total other items of comprehensive income for the period			–	–	16,007	–	16,007	–	16,007
Changes in non-controlling interest	**18E**		–	–	–	–	–	(61)	(61)
Stock-based compensation	**18D**		–	111	509	–	620	–	620
Balance as of March 31, 2019		**$**	**718,124**	**751,719**	**(911,454)**	**980,832**	**1,539,221**	**5,268**	**1,544,489**

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 and El Salvador, 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, 2019, 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, 2019, are the same as those applied in the consolidated financial statements as of December 31, 2018, except as subsequently described in note 2A.

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, 2019, 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, 2019 and as of December 31, 2018, as well as the consolidated condensed income statements, the consolidated condensed statements of comprehensive income, the consolidated condensed statements of cash flows and the consolidated condensed statements of changes in stockholders' equity for the three-month periods ended March 31, 2019 and 2018, 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, except when reference is made to other specific date, all amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings, which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of March 31, 2019. 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. See table of the main exchange rates included in note 2D.

When reference is made to "$" or Dollar is to Dollars of the United States, when reference is made to "€" or Euros is to the currency in circulation in a significant number of European Union ("EU") countries. When reference is made to "¢" or Colons is to colones of the Republic of Costa Rica ("Costa Rica"). When reference is made to "Col$" or Pesos is to Pesos of the Republic of Colombia ("Colombia"). When reference is made to "C$" or Cordobas is to Cordobas of the Republic of Nicaragua ("Nicaragua"). When reference is made to "Q$" or Quetzals is to Quetzals of the Republic of Guatemala ("Guatemala").

Newly issued IFRS with impact on the reported periods

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

CEMEX Latam adopted IFRS 9 beginning January 1, 2018, which sets forth the guidance relating to the classification and measurement of financial assets and financial 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"). CEMEX Latam applied IFRS 9 prospectively. The Company's accounting policies were changed to comply with IFRS 9.

(Thousands of U.S. dollars)

Newly issued IFRS with impact on the reported periods – IFRS 9 – continued

Among other aspects of presentation that had no impact on the valuation or the book value of the Company's financial assets and liabilities and therefore on the retained earnings of CEMEX Latam, regarding the new impairment model under IFRS 9 based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognized on initial recognition of the asset, and in each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement the history of credit losses and current conditions, as well as reasonable and supportable forecasts affecting collectability. CEMEX Latam developed an expected credit loss model applicable to its trade accounts receivable that considers the historical performance and economic environment, as well as the credit risk and expected developments for each group of customers and applied the simplified approach upon adoption of IFRS 9. The effects of the adoption of IFRS 9 on January 1, 2018 related to the expected credit loss model represented an increase in the allowance of expected credit losses of $853 recognized against retained earnings, net of a deferred income tax asset of $242. The balances of such allowance of expected credit losses and deferred tax assets increased from the reported amounts as of December 31, 2017 of $6,558 and $10,864, respectively, to $7,411 and $11,106 as of January 1, 2018, respectively, after the adoption effects.

IFRS 16, Leases ("IFRS 16")

In summary, beginning January 1, 2019, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize, for all leases, allowing exemptions in case of leases with a term of less than 12 months or when the underlying asset is of low value, assets for the "right-of-use" the underlying asset against a corresponding financial liability, representing the net present value of the estimated fixed 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. After concluding the inventory and measurement of its lease contracts, CEMEX Latam adopted IFRS 16 using the full retrospective approach by means of which it determined an opening cumulative effect in its statement of financial position as of January 1, 2018, this is, at the beginning of the older reported period, as follows:

		As of January 1, 2018
Assets for the right-of-use (note 13B)	$	15,678
Deferred tax assets		2,786
Lease financial liabilities		(22,921)
Deferred tax liabilities		(705)
Retained earnings [1]	$	(5,162)

1 The initial effect refers to a temporary difference between the straight-line amortization expense of the right-of-use asset against the amortization of the financial liability under the effective interest rate method since origination of the contracts. This difference will reverse over the remaining term of the contracts.

CEMEX Latam modified the previously reported income statements for the three-month period ended March 31, 2018 and the year ended December 31, 2018 to give effect to the retrospective adoption of IFRS 16, as follows:

Condensed income statement information		March 31, 2018 (Original)	March 31, 2018 (Modified)	December 31, 2018 (Original)	December 31, 2018 (Modified)
Revenues	$	291,885	291,885	1,108,329	1,108,329
Cost of sales		(167,658)	(167,253)	(649,670)	(648,361)
Operating expenses		(77,751)	(77,665)	(290,848)	(290,142)
Other income (expenses), net		(1,372)	(1,372)	3,757	3,757
Financial income (expense), net and others		4,015	3,461	(62,469)	(64,885)
Earnings before income tax		49,119	49,056	109,099	108,698
Income tax		(18,202)	(18,187)	(36,593)	(36,532)
Earnings from continuing operations	$	30,917	30,869	72,506	72,166

CEMEX Latam established its accounting policy under IFRS 16 whereby: a) it applies the recognition exception for contracts of less than twelve months and of low-value assets, as well as the practical expedient of not separating the component of other services from the leasing component included in the same contract; b) presents the interest incurred in the financial liability for lease agreements within the line of "Financial expense" in the income statement; and c) presents the balances of the assets for the right of use in a single line together with properties, plant and equipment in the statement of financial position and includes the detail of each concept in the notes to the financial statements.

Discontinued Operations

Considering the disposal of its entire reportable operating segment in Brazil on September 27, 2018 (note 3B), CEMEX Latam presents such reportable segment as discontinued operations in the income statement, the statement of comprehensive income and the statement of cash flows for the three-month period ended March 31, 2018. As a result, the comparative financial statements and their notes for the prior period previously reported, in which CEMEX Latam reported is operations in Brazil consolidated line-by-line, have been restated. Discontinued operations are presented net of income tax.

Income statements

CEMEX Latam includes in its consolidated condensed income statements 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 their specific needs.

The line item "Other income (expenses), net" in the consolidated condensed income statements consists primarily of revenues and expenses not directly related to the CEMEX Latam's main activities, or which are of an unusual and/or non-recurring nature, such as the results on disposal of assets, damage recoveries from insurance companies, as well as certain employee 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 period ended March 31, 2018, the increase in long-term accounts payable to related parties for $11,837, resulting from the capitalization of interest accrued on debt owed to CEMEX's companies. For the period ended March 31, 2019 there was no capitalization of accrued interest from balances payable to related parties, and

- For the three-month periods ended March 31, 2019 and 2018, in connection with the executive stock-based compensation programs (notes 20D), the increases in other equity reserves for approximately $509 and $464, respectively, and the increases in additional paid-in capital for $111 in 2019 and $5 in 2018.

Going Concern

The Parent Company's Board of Directors has approved these consolidated condensed financial statements as of March 31, 2019 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. As of March 31, 2019, current assets exceeded current liabilities in $6,512. In order to reduce liquidity risks, during June 2018, the Company renegotiated to a two-year maturity the loan granted by LOMEZ International B.V. to Cemento Bayano, S.A. ("Cemento Bayano") for $130,195. In addition, in December 2018, CEMEX Colombia renewed its credit line with CEMEX España with a maturity of 2 years (note 9). The Company's management considers that CEMEX Latam will generate sufficient cash flows from operations in the future to allow it to cope with any liquidity risk in the short term. In case it is deemed necessary, CEMEX Latam considers that it would succeed in renegotiating on a long-term basis the maturity of some short-term payables to CEMEX. For the year ended December 31, 2018, net cash flows from operations after interest expense and income taxes amounted to $19,559.

2B) PRINCIPLES OF CONSOLIDATION

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

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

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

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

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

(Thousands of U.S. dollars)

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

The most significant closing exchange rates per U.S. dollar as of March 31, 2019 and December 31, 2018 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, 2019 and 2018 are as follows:

	2019		2018	
Currency	**Closing**	**Average**	**Closing**	**Average**
Colombian Pesos	3,174.79	3,136.75	3,249.75	2,826.85
Costa Rican Colons	602.36	609.08	611.75	571.47
Nicaraguan Cordobas	32.72	32.59	32.33	31.04
Guatemalan Quetzals	7.68	7.72	7.74	7.38

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) NEWLY ISSUED IFRS NOT YET ADOPTED

IFRS issued as of the date of issuance of these financial statements which have not yet been adopted are described as follow:

Standard	Main topic	Effective date
Amendments to IFRS 10, *Consolidated financial statements* and IAS 28	Clarify the recognition of gains or losses in the Parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture	Has yet to be set
IFRS 17, *Insurance contracts*	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4, *Insurance Contracts*. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.	January 1, 2021

3) REVENUES, DISCONTINUED OPERATIONS AND SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENT AND LINE OF BUSINESS

3A) REVENUES

CEMEX Latam's revenues are mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates and other construction materials and services in the construction industry. CEMEX Latam grants credit to its customers for terms ranging from 15 to 45 days depending on the type of project and the credit risk of each customer. For the periods ended March 31, 2019 and 2018, revenues, after eliminations between related parties, are detailed as follows:

		2019	2018
From the sale of cement	$	170,562	184,932
From the sale of ready-mix concrete		67,181	76,696
From the sale of aggregates		6,926	9,319
From the sale of other products and eliminations [1]		13,555	20,938
	$	258,224	291,885

1 Refers mainly to revenues generated in other business lines, multiproduct sales and infrastructure and housing projects.

Information of revenues by reportable segment and line of business for the periods ended March 31, 2019 and 2018 is presented in note 3C.

(Thousands of U.S. dollars)

3B) DISCONTINUED OPERATIONS

On September 27, 2018, the Parent Company jointly with its subsidiary Corporación Cementera Latinoamericana, S.L.U. ("CCL"), disposed off the operations of the Company in Brazil, which consisted of a fluvial cement distribution terminal located in Manaus, Amazonas province, as well as the operating license, through the sale of all the shares of the Brazilian entity Cimento Vencemos Do Amazonas Ltda, as part of the binding agreements signed with Votorantim Cimentos N/NE S.A. on May 24, 2018 for an amount of approximately $31 million. The proceeds from this sale after considering withholding taxes were used to reduce debt with related parties.

The following table presents condensed information of the statement of operations of CLH' discontinued operations in Brazil for the three-month period ended March 31, 2018:

		March 31, 2018
Revenues	$	9,196
Cost of sales and operating expenses		(10,156)
Other expenses, net		(53)
Financial income (expenses), net and others		34
Loss before income tax		**(979)**
Income tax		121
Net loss of discontinued operations	$	**(858)**

3C) SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENTS AND LINE OF BUSINESS

The financial policies applied to elaborate the condensed financial information by reportable segments are consistent with those used in the preparation of the consolidated condensed financial statements for the three-month periods ended March 31, 2019 and 2018. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua and El Salvador. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Selected consolidated condensed information of income statement by reportable segment for the three-month periods ended March 31, 2019 and 2018 are as follow:

2019	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating Earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia $	128,066	–	128,066	21,885	(6,996)	14,889	1,076	(6,056)	(341)
Panama	50,024	–	50,024	13,842	(4,675)	9,167	313	(1,878)	28
Costa Rica	27,757	(4,142)	23,615	9,880	(1,214)	8,666	18	(15)	664
Rest of CLH	56,571	(52)	56,519	17,110	(1,845)	15,265	5	(648)	1,051
Others	–	–	–	(8,079)	(5,944)	(14,023)	(1,349)	(5,259)	(1,705)
Total $	262,418	(4,194)	258,224	54,638	(20,674)	33,964	63	(13,856)	(303)

2018	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia $	136,143	–	136,143	25,244	(7,253)	17,991	(476)	(4,683)	84
Panama	61,296	(24)	61,272	20,620	(4,021)	16,599	245	(2,174)	99
Costa Rica	35,699	(3,785)	31,914	9,563	(1,238)	8,325	(232)	(41)	324
Rest of CLH	62,863	(307)	62,556	22,060	(2,018)	20,042	(137)	(672)	539
Others	–	–	–	(9,816)	(6,174)	(15,990)	(772)	(7,590)	(1,525)
Continuing operations	296,001	(4,116)	291,885	67,671	(20,704)	46,967	(1,372)	(15,160)	(479)
Discontinued operations	9,196	–	9,196	(243)	(717)	(960)	(53)	(10)	(17)
Total $	305,197	(4,116)	301,081	67,428	(21,421)	46,007	(1,425)	(15,170)	(496)

(Thousands of U.S. dollars)

Selected financial information by reportable segments – continued

Net sales by product and geographic operating segment for the three-month periods ended March 31, 2019 and 2018 are as follows:

2019	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia $	72,028	47,244	1,615	7,179	–	128,066
Panama	31,357	12,443	820	5,404	–	50,024
Costa Rica	18,162	3,928	4,045	1,622	(4,142)	23,615
Rest of CLH	49,015	3,566	446	3,544	(52)	56,519
Total $	170,562	67,181	6,926	17,749	(4,194)	258,224

2018	Cement	Concrete	Aggregates	Other products	Others	Revenues
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	51,209	6,235	1,952	3,467	(307)	62,556
Continuing operations	184,932	76,696	9,319	25,054	(4,116)	291,885
Discontinued operations	9,196	–	–	–	–	9,196
Total $	194,128	76,696	9,319	25,054	(4,116)	301,081

As of March 31, 2019 and December 31, 2018, selected consolidated condensed statement of financial position information by reportable segments is as follows:

2019	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia [1] $	1,942,008	716,136	1,225,872	2,699
Panama	355,035	239,789	115,246	1,513
Costa Rica	146,474	33,265	113,209	29
Rest of CLH	219,151	95,791	123,360	606
Others [3]	400,469	433,667	(33,198)	–
Total $	3,063,137	1,518,648	1,544,489	4,847

2018	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia [1] $	1,920,173	714,899	1,205,274	22,230
Panama	349,968	234,541	115,427	12,031
Costa Rica	143,233	36,015	107,218	3,098
Rest of CLH	217,895	102,838	115,057	9,437
Others [2]	433,841	464,534	(30,693)	–
Total $	3,065,110	1,552,827	1,512,283	46,796

1 As of March 31, 2019 and December 31, 2018, total assets of the "Colombia" reportable segment for $1,942,008 and $1,920,173, respectively, includes goodwill related to the same segment, as well as goodwill generated in the acquisition of the operations in Costa Rica and Nicaragua by CEMEX Colombia in 2009, for a total of $901,224 as of March 31, 2019 and $893,631 as of December 31, 2018 (note 14).

2 As of March 31, 2019 and December 31, 2018, total assets of the operating segment "Other and eliminations" for $400,469 and $433,841, respectively, includes goodwill generated in the acquisition of Panama, Guatemala and El Salvador by CCL in 2012 for a total of $596,296 in March 31, 2019 and $594,585 in December 31, 2018 (note 14).

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense by main activity for the three-month periods ended March 31, 2019 and 2018 is detailed as follows:

	2019	2018
Depreciation and amortization expense of assets used in the production process $	14,613	15,043
Depreciation and amortization expense of assets used in administrative and selling activities	6,061	5,661
$	20,674	20,704

(Thousands of U.S. dollars)

5) OTHER INCOME (EXPENSES), NET

The detail of other income (expenses), net for the three-month periods ended March 31, 2019 and 2018 is as follows:

		2019	2018
Results from valuation and sale of assets, sale of scrap and other non-operating products and expenses, net	$	877	(875)
Impairment losses [1]		(610)	–
Assumed taxes, fines and other penalties		(161)	(97)
Severance payments and other personnel costs for reorganization		(53)	(400)
	$	63	(1,372)

1 During the three-month period ended March 31, 2019, the Company recognized impairment losses in Colombia related to certain mining equipment.

6) FINANCIAL INCOME AND OTHER ITEMS, NET

The detail of financial income and other items, net for the three-month periods ended March 31, 2019 and 2018 is as follows:

		2019	2018
Interest cost on employee benefits	$	(566)	(636)
Other financial income, net		263	157
	$	(303)	(479)

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of March 31, 2019 and December 31, 2018 are as follows:

		2019	2018
Cash and bank accounts	$	29,158	26,068
Fixed-income securities and other cash equivalents		8,892	11,058
	$	38,050	37,126

8) TRADE ACCOUNTS RECEIVABLE

Consolidated trade accounts receivable as of March 31, 2019 and December 31, 2018 are detailed as follows:

		2019	2018
Trade accounts receivable	$	94,860	95,769
Allowances for expected credit losses		(8,641)	(8,304)
	$	86,219	87,465

Beginning January 1, 2018, pursuant to IFRS 9, allowances for expected credit losses are measured upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") and are recognized over the tenure of the trade accounts receivable (note 2A).

Under this ECL model, CEMEX Latam segments its trade accounts receivable in a matrix by country, type of client or homogeneous credit risk and days past due and determines for each segment an average rate of ECL, considering actual credit losses incurred over the last 24 months and the probability of future delinquency. This ECL rate is applied to the balance of accounts receivable. The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days past due or more.

As of March 31, 2019 and December 31, 2018, balances of trade accounts receivable and the allowances for ECL were as follows:

		As of March 31, 2019			As of December 31, 2018		
		Accounts receivable	ECL allowance	ECL average rate	Accounts receivable	ECL allowance	ECL average rate
Colombia	$	38,281	751	2.00%	34,851	652	1.90%
Panama		28,240	2,843	10.10%	28,611	2,623	9.20%
Costa Rica [1]		13,298	4,788	36.00%	12,992	4,719	36.30%
Rest of CLH		15,041	259	1.70%	19,315	310	1.60%
	$	94,860	8,641		95,769	8,304	

1 Balances of clients and the estimate of PCE include approximately $3.7 million of trade receivables in process of legal recovery that were fully provisioned.

(Thousands of U.S. dollars)

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of March 31, 2019 and December 31, 2018 are detailed as follows:

Current accounts receivable		**2019**	**2018**
CEMEX Central, S.A. de C.V.	$	615	2,149
CEMEX, S.A.B. de C.V.		592	509
Trinidad Cement Limited		214	214
CEMEX Research Group, AG		182	199
CEMEX España, S.A.		175	3,735
Lomez International B.V. [4]		88	–
Beijing Import & Export Co., Ltd		63	25
CEMEX Denmark ApS		52	53
CEMEX de Puerto Rico, Inc.		20	20
CEMEX Dominicana, S.A.		6	54
Torino RE Limited		–	14,165
Others		–	15
Total assets with related parties	$	2,007	21,138

Short-term accounts payable		**2019**	**2018**
CEMEX Holdings, Inc. [1]	$	18,890	22,441
Lomez International B.V. [2]		9,058	–
CEMEX Research Group, AG [3]		5,984	14,340
CEMEX Central, S.A. de C.V. [3]		5,010	3,425
CEMEX España, S.A. [4]		2,998	618
CEMEX, S.A.B. de C.V.		1,555	727
CEMEX Internacional, S.A. de C.V.		760	830
Torino RE Limited		206	–
Beijing Import & Export Co., Ltd		172	234
Macoris Investments		148	–
Pro Ambiente, S.A. de C.V.		76	99
Fujur, S.A. de C.V.		38	38
CEMEX Jamaica Limited		33	32
CEMEX Dominicana, S.A.		31	29
Neoris de México, S.A. de C.V.		14	24
Latinamerican Trading S.A.		21	21
Others		82	12
	$	45,076	42,870

Long-term accounts payable		**2019**	**2018**
Lomez International B.V. [2]	$	610,367	641,092
CEMEX España, S.A. [4]		194,010	194,010
	$	804,377	835,102
Total liabilities with related parties	$	849,453	877,972

1. Balances generated by imports of clinker and grey cement.

2. On March 1, 2018, New Sunward Holding B.V. ("NSH") assigned to Lomez International, B.V., both Dutch entities subsidiaries of CEMEX, the loans that had been granted by NSH to the Parent Company, CCL and Cemento Bayano. The conditions of these credits and loans were not affected by the referred assignment. Balances as of March 31, 2019 and December 31, 2018, include: a) loan agreement and accrued interest negotiated by CCL of $300,266 in 2019 and $344,110 in 2018; b) loan agreement and accrued interest negotiated by the Parent Company of $96,873 in 2019 and $94,131 in 2018, as well as a revolving credit of $90,340 in 2019 and $72,656 in 2018; and c) loan agreement and accrued interest negotiated by Cemento Bayano of $131,946 in 2019 and $130,195 in 2018. The later was renewed on June 29, 2018 and expires on June 29, 2020.

3. Balances related to royalties resulting from technical assistance agreements, use of licenses and brands, software and administrative processes.

4. Loan originally negotiated in October 2010 by CEMEX Colombia with CEMEX España, subsequently renegotiated, which is outstanding until December 28, 2020, bearing 6-month LIBOR rate plus 255 basis points.

(Thousands of U.S. dollars)

Balances and transactions with related parties – continued

The maturities of non-current accounts payable as of March 31, 2019 are as follows:

Debtor		2020	2023	Total
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)	$	–	295,540	295,540
CEMEX Latam Holdings, S.A. (5.65% annual)		–	184,632	184,632
CEMEX Colombia S.A (6M Libor + 255 bps)		194,010	–	194,010
Cemento Bayano, S.A. (6M Libor + 250 bps)		130,195	–	130,195
	$	324,205	480,172	804,377

The Company's main transactions entered into with related parties for the three-month periods ended March 31, 2019 and 2018 are as follows:

Purchases of raw materials		2019	2018
CEMEX Holdings, Inc.	$	9,915	7,337
CEMEX Internacional, S.A. de C.V.		1,888	1,860
Beijing Import & Export Co., Ltd		–	42
	$	11,803	9,239

Administrative and selling expenses		2019	2018
Neoris de México, S.A. de C.V.	$	–	4

Royalties and technical assistance		2019	2018
CEMEX Research Group, AG.	$	6,426	9,159
CEMEX Central, S.A. de C.V.		5,316	3,734
CEMEX, S.A.B. de C.V.		1,169	1,701
	$	12,911	14,954

Financial expenses		2019	2018
New Sunward Holding B.V.	$	–	7,646
Lomez International B.V.		9,558	3,783
CEMEX España, S.A.		2,630	2,097
	$	12,188	13,526

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

During the three-month periods ended March 31, 2019 and 2018, 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 $98 and $114, 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, 2019 and 2018, the aggregate compensation accrued by the members of the Company's top management was of approximately $1,256 and $2,170, respectively. Out of these amounts, approximately $1,165 in 2019 and $1,971 in 2018 corresponded to base compensation base plus performance bonuses including pensions and other post-employment benefits. In addition, approximately $91 in 2019 and $199 in 2018 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 in both of the three-month periods ended March 31, 2019 and 2018, the Company carried out transactions with Cemento Interoceánico, S.A., local competitor and producer of cement, incurred 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.

(Thousands of U.S. dollars)

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of March 31, 2019 and December 31, 2018 consisted of:

		2019	2018
Non-trade accounts receivable [1]	$	13,312	12,867
Loans to employees and others		1,416	1,140
	$	14,728	14,007

1 In 2019 and 2018, includes CEMEX Colombia's residual interest in a trust oriented to promote housing projects, which its only asset is land in the municipality of Zipaquira, Colombia and its only liability is a bank credit, guaranteed by CEMEX Colombia, for $6,745 as of March 31, 2019 and $ 6,589 as of December 31, 2018, obtained to purchase the land. As of the reporting date, according to recent quotations and the price established in the negotiations described below, the estimated realizable value of the land covers the repayment of the loan. In connection with this structure, on December 17, 2018, CEMEX Colombia and the other partner in the project accepted the binding offer of a local construction firm, pending of execution, whom, pursuant to the agreements and when these would be executed, will acquire the project through the full repayment of the trust's debt by means of a repayment of approximately 50% during 2019 and the remaining portion in November 2020. Upon formalization of the agreements later in 2019, the construction firm will sign promissory notes to CEMEX Colombia securing its obligations and additionally the firm and the other partner will pledge their beneficial residual interest in the trust in favor of CEMEX Colombia until the aforementioned debt has been fully repaid.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of March 31, 2019 and December 31, 2018 are detailed as follows:

		2019	2018
Loans and notes receivable [1]	$	3,515	3,780
Other non-current assets		527	526
	$	4,042	4,306

1 As of March 31, 2019 and December 31, 2018 this line item mainly includes a fund of Cemento Bayano to secure seniority premium payments for $2,988 and $3,041, respectively.

11) INVENTORIES, NET

Consolidated balances of inventories as of March 31, 2019 and December 31, 2018 are summarized as follows:

		2019	2018
Materials	$	29,177	24,263
Finished goods		10,961	10,574
Work-in-process		17,844	17,742
Raw materials		19,917	19,619
Inventory in transit		6,821	9,295
Other inventories		480	474
Allowance for inventory obsolescence		(839)	(795)
	$	84,361	81,172

12) OTHER CURRENT ASSETS

As of March 31, 2019 and December 31, 2018 consolidated other current assets consisted of:

		2019	2018
Advance payments [1]	$	25,511	21,898
Assets held for sale [2]		4,435	4,354
Restricted cash [3]		6,102	12,315
	$	36,048	38,567

1 As of March 31, 2019 and December 31, 2018, advance payments include $25,337 and $19,083, respectively, associated with insurance premiums.

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

3 Refers to restricted cash of CEMEX Colombia subject to a temporary restriction on its availability due to a seizure order within a legal proceeding initiated by a supplier in connection with a commercial dispute over an amount in Colombian Pesos being claimed equivalent to approximately $2 million. CEMEX Colombia is following the required legal procedures in the civil court and considers probable that the cash amounts will be released in the short term.

(Thousands of U.S. dollars)

13) PROPERTY, MACHINERY AND EQUIPMENT AND ASSETS FOR THE RIGHT-OF-USE, NET

As of March 31, 2019 and December 31, 2018, the consolidated balances of this caption consisted of:

		2019	2018
Property, machinery and equipment, net	$	1,166,018	1,162,672
Assets for the right-of-use, net [1]		17,411	14,951
	$	1,183,429	1,177,623

1 The Company adopted IFRS 16 retrospectively as of January 1, 2018 (note 2A). The amounts for the year 2018 previously reported were modified.

13A) PROPERTY, MACHINERY AND EQUIPMENT

As of March 31, 2019 and December 31, 2018, the consolidated balances of property, machinery and equipment, net consisted of:

		2019				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress [1]	Total
Cost at end of the period		230,069	206,751	752,665	270,909	1,460,394
Accumulated depreciation and depletion		(45,210)	(46,401)	(202,765)	–	(294,376)
Net book value at end of the period	$	184,859	160,350	549,900	270,909	1,166,018

		2018				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress [1]	Total
Cost at end of the period		226,387	200,316	744,868	268,563	1,440,134
Accumulated depreciation and depletion		(42,015)	(43,723)	(191,724)	–	(277,462)
Net book value at end of the period	$	184,372	156,593	553,144	268,563	1,162,672

1 In the first quarter of 2017, CEMEX Colombia concluded almost entirely the construction of a cement plant in the Colombian municipality of Maceo in the Antioquia department with an annual capacity of approximately 1.3 million tons. The plant has not started commercial operations. As of the reporting date, the development of the access road to the plant remains suspended and the beginning of commercial operations is subject to the successful conclusion of several ongoing processes for the use of the assets of the plant (note 21B). As of March 31, 2019 and December 31, 2018, the book value of the plant, net of adjustments for the write off of certain advances (note 21B), is for an amount in Colombian Pesos equivalent to approximately $287 and $280 million, respectively, considering the exchange rates as of March 31, 2019 and December 31, 2018, respectively. The portion of cement milling assets of the plant was reclassified in 2017 from investments in progress to the specific items of buildings and machinery and equipment. Changes in the project's book value expressed in dollars terms during the period ended march 31, 2019 was mainly due to the variation in exchange rates. Out of the aforementioned book value of $287 million, a portion equivalent to approximately $82 million is recognized in the books of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam"), subsidiary of CEMEX Colombia and holder of the free zone declaration. Of these $82 million, approximately $51 million correspond to equipments contributed to Zomam by CEMEX Colombia as equity contribution and the complement of $31 million corresponded to investments made directly by Zomam with financing from CEMEX, mainly through a loan granted by CCL amounting to approximately $39 million including capitalized interest. The rest of Maceo's carrying amount is held directly in the books of CEMEX Colombia. These amounts at the exchange rate of March 31, 2019. As mentioned in note 21B, the shares of Zomam and Maceo's land are subject to an expiration of property process carried by the Colombian authorities.

13B) ASSETS FOR THE RIGHT-OF-USE

As of March 31, 2019 and December 31, 2018, the consolidated balances of the assets for the right-of-use associated with the recognition of IFRS 16 refer to the following underlying concepts in the contracts:

		2019		
		Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at end of the period		18,917	17,649	36,566
Accumulated amortization [1]		(8,860)	(10,295)	(19,155)
Net book value at end of the period	$	10,057	7,354	17,411

		2018		
		Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at end of the period		17,665	15,603	33,268
Accumulated amortization [1]		(9,543)	(8,774)	(18,317)
Net book value at end of the period	$	8,122	6,829	14,951

1 These assets are amortized during the term of the related lease agreements with an average duration of 4 years as of March 31, 2019.

(Thousands of U.S. dollars)

14) GOODWILL AND INTANGIBLE ASSETS

As of March 31, 2019 and December 31, 2018, consolidated balances are summarized as follows:

	2019			2018		
	Cost	**Accumulated amortization**	**Net book value**	**Cost**	**Accumulated amortization**	**Net book value**
Intangible assets of indefinite useful life						
Goodwill	$ 1,497,520	–	1,497,520	1,488,216	–	1,488,216
Intangible assets of definite useful life						
Customer relations	192,089	(130,104)	61,985	191,343	(125,301)	66,042
Industrial property and trademarks	708	(705)	3	706	(703)	3
Mining projects	1,437	(334)	1,103	1,386	(326)	1,060
Other intangibles	231	–	231	92	–	92
	$ 1,691,985	(131,143)	1,560,842	1,681,743	(126,330)	1,555,413

As of March 31, 2019 and December 31, 2018, goodwill balances allocated by reportable segment are as follows:

	2019	2018
	$	
Costa Rica	407,095	400,846
Panama	344,703	344,703
Colombia	302,696	299,036
Guatemala	236,505	234,794
Nicaragua	191,433	193,749
El Salvador	15,088	15,088
	$ 1,497,520	1,488,216

Intangible assets are analyzed for impairment when impairment indicators exist, and in the case of goodwill, at least once a year. For these purposes, CEMEX Latam determines discounted cash flows projections attributable to such intangible assets or to the groups of cash generating units to which goodwill balances have been allocated, using risk adjusted discount rates. Significant management judgment is necessary to reasonably select the significant and appropriate economic assumptions. These assumptions used in the determination of cash flow projections are consistent with internal forecasts and industry practices.

The fair values of intangible assets are very sensitive to changes in the significant assumptions used in their calculation. Certain key assumptions are more subjective than others. In respect of trademarks, CEMEX Latam considers that the most subjective key assumption in the determination of revenue streams is the royalty rate. In respect of extraction rights and customer relationships, the most subjective assumptions are revenue growth rates and estimated useful lives. CEMEX Latam validates its assumptions through benchmarking with industry practices and the corroboration of third party valuation advisors.

15) SHORT-TERM AND LONG-TERM DEBT

As of March 31, 2019 and December 31, 2018, consolidated debt by type of financial instruments is summarized as follows:

	2019	2018
Trust guarantee for the development of housing projects [1]	$ 6,745	6,589
Foreign currency-denominated promissory notes, variable rate [2]	293	546
Financial liabilities related to lease agreements (notes 2A and 13B) [3]	24,345	22,321
Total debt and other financial liabilities	$ 31,383	29,456
Out of which:		
Short-term debt	$ 12,138	10,055
Long-term debt	19,245	19,400

1 Debt guaranteed by CEMEX Colombia 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. Based on the binding agreement described in note 10A, after the formalization of the agreements described therein, it is expected to settle this debt gradually during 2019 and 2020. The loan accrues interest at DTF rate plus 4.55%.

2 As of March 31, 2019 and December 31, 2018, refers to notes payable with a maturity of one year negotiated by CEMEX Colombia, bearing DTF rate plus 3.85% and bearing DTF rate plus 3.85%.

3 The financial liability aggregated by lease agreements represents the net present value of the fixed cash flows agreed in each contract for the duration thereof as consideration for the use of the related assets and is determined for each contract on the date of its negotiation. As of March 31, 2019, the resulting average discount rate is 4.51%.

(Thousands of U.S. dollars)

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of March 31, 2019 and December 31, 2018 consolidated other current accounts payable and accrued expenses were as follows:

		2019	2018
Others provisions and liabilities	$	23,103	22,210
Accrued expenses		16,838	20,556
Advances from customers		13,575	14,126
Provisions for employee benefits		7,674	4,075
Provisions for legal claims and other commitments		4,231	3,557
Contract liabilities with customers (note 3A)		274	267
Others		691	683
	$	66,386	65,474

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 March 31, 2019 and December 31, 2018, consolidated other non-current liabilities were as follows:

		2019	2018
Provision for asset retirement obligations [1]	$	4,347	4,463
Other taxes		3,279	3,456
Other provisions and liabilities		3,835	3,922
Deferred revenue		6,477	5,734
	$	17,938	17,575

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, 2019 and 2018, income tax expense recognized in the condensed consolidated income statements was as follows:

		2018	2017
Current income taxes	$	9,105	12,705
Deferred income taxes		(1,802)	5,482
	$	7,303	18,187
Out of which:			
Colombia [1]	$	3,398	9,075
Costa Rica		759	1,102
Panama		(1,074)	160
Rest of CLH and others [2]		4,220	7,850
	$	7,303	18,187

1 As part of a tax modifications package effective beginning January 1, 2019, the income tax rate is modified to 32% in 2020, 31% in 2021 and 30% in 2022 and onwards.

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

17B) SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable an adverse resolution considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of March 31, 2019, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- On April 6, 2018, CEMEX Colombia received a special proceeding from the Colombian Tax Authority (the "Tax Authority"), where certain deductions included in the 2012 income tax return were rejected. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia and imposed an inaccuracy penalty for amounts in Colombian Pesos equivalent to approximately $39 million of income tax and $39 million of penalty. On December 28, 2018 CEMEX Colombia received an official review settlement ratifying the rejected deductible items and amounts. CEMEX Colombia filed an appeal for reconsideration on February 21, 2019 and the Tax Authority has one year from this date to resolve the appeal. If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of March 31, 2019, in this stage of the proceeding, CEMEX Latam believes an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- In September 2012, the Tax Authority requested CEMEX Colombia to amend its income tax return for the year 2011 in connection with several deductible expenses including the amortization of goodwill. CEMEX Colombia rejected the arguments of the ordinary request and filed a motion requesting the case to be closed. The tax return was under audit by the Tax Authority from August 2013 until September 5, 2018, when CEMEX Colombia was notified of a special requirement in which the Tax Authority rejects certain deductions included in such income tax return of the year 2011 and determined an increase in the income tax payable and imposed a penalty for amounts in Colombian Pesos equivalent to approximately $27 million of income tax and $27 million of penalty. CEMEX Colombia filed a response to the special requirement on November 30, 2018. If the proceeding would be adversely resolved in its final stage, CEMEX Colombia would have to pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the date of payment. As of March 31, 2019, in this stage of the proceeding, CEMEX Latam believes an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position..

- In April, 2011, the Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions included in the 2009 tax return considering they were not linked to direct revenues recorded in the same tax year, and assessed an increase in the income tax payable by CEMEX Colombia and imposed a penalty for amounts in Colombian Pesos equivalent to approximately $28 million of income tax and approximately $28 million of penalty, considering changes in the law that reduced the original sanction. After several appeals of CEMEX Colombia to the Colombian Tax Authority's special proceeding over the years in the applicable courts in which CEMEX Colombia obtained negative resolutions in each case, in July 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of March 31, 2019, in this stage of the proceeding, CEMEX Latam believes an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- The municipality of San Luis (the "Municipality") has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the tax years from 1999 to 2013 and 2016. 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 tax year 2013, there is a requirement from the Municipality, appealed by CEMEX Colombia, for amounts in Colombian Pesos equivalent to approximately $5 million of purported tax and $8 million of penalties, and in connection with this requirement, CEMEX Colombia was informed that the initial hearing was scheduled for May 13, 2019. With respect to the 2016 tax year, based on the same arguments, on March 27, 2019, the Municipality notified CEMEX Colombia of a request regarding the payment of the industry and commerce tax, claiming amounts in Colombian pesos equivalent to approximately $6 million of purported tax and $9 million of penalties. CEMEX Colombia will respond to this requirement. If these proceedings would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the tax adjustments until the payment date. As of the date of the financial statements, in this stage of the proceedings, CEMEX Latam considers that it is not probable that it will have to make payments in relation to the aforementioned proceedings.

(Thousands of U.S. dollars)

Significant tax proceedings – continued

Costa Rica

- In August 2013, the Costa Rican Tax Department (*Dirección General de Tributación* or the "Tax Department") submitted to CEMEX Costa Rica, S.A. ("CEMEX Costa Rica") a provisional regularization proposal related to income tax in connection with the 2008 tax year. After several resolutions and appeals thereof, motions 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 and required amounts in Colons equivalent to approximately $6 million of income tax plus accrued interest and approximately $1 million of penalty. On April 9, 2018, the Administrative Tax Court issued an adverse resolution to the appeal filed by CEMEX Costa Rica in all its aspects. On July 6, 2018, with the objective of preventing any seizure order , CEMEX Costa Rica filed a precautionary measure before the Administrative Litigation Court, in which requested the non-execution of the resolution issued by the administrative authority and proposed a stand-by letter of credit as guarantee while the proceeding is handled in the courts. On September 18, 2018, the Tax Department notified a request for payment no later than by October 9, 2018 for amounts in Colons equivalent to approximately $3 million of purported tax, allowing CEMEX Costa Rica to decide regarding the settlement of accrued interest, but payment was temporarily suspended due to the precautionary measure. On November 8, 2018, the precautionary measure was negatively resolved and, as a result, in November 2018, CEMEX Costa Rica proceeded with the payments of the income tax adjustment plus accrued interest for an amount in Colons equivalent to approximately $6 million. In respect to the penalty amount in Colons equivalent to approximately $1 million, as of the date of the financial statements, CEMEX Costa Rica has not received a payment request. On December 21, 2018, CEMEX Costa Rica filed a claim against the Costa Rican State before the Administrative Contentious Court (the "Court"). On March 15, 2019, in relation to this claim, the Court notified CEMEX Costa Rica that the Attorney General Office (the "Attorney General") did not agree with its defense arguments. A preliminary hearing was established for June 25, 2019. As of March 31, 2019, at this stage of the proceeding, CEMEX Latam believes that an adverse resolution in this proceeding after conclusion of all available defense procedures is not probable, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam believes this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

18) STOCKHOLDERS' EQUITY

18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of March 31, 2019 and December 31, 2018, the line item common stock and additional paid-in capital was detailed as follows:

		2019			**2018**		
		Authorized	**Treasury shares**	**Total**	**Authorized**	**Treasury shares**	**Total**
Common stock	$	718,124	–	718,124	718,124	–	718,124
Additional paid-in capital		894,701	(142,982)	751,719	894,701	(143,093)	751,608
	$	1,612,825	(142,982)	1,469,843	1,612,825	(143,093)	1,469,732

During the three-month periods ended March 31, 2019 and 2018 the Parent Company made physical deliveries of its own 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 $111 and $5, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of March 31, 2019 and December 31, 2018, the Parent Company's subscribed and paid shares by owner were as follows:

Stocks	**2019**	**2018**
Owned by CEMEX España	407,890,342	407,890,342
Owned by third-party investors	149,205,383	149,188,887
Total subscribed and paid shares	557,095,725	557,079,229

As of March 31, 2019 and December 31, 2018, 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 21,182,617 in 2019 and 21,199,113 shares in 2018 held in the Company's treasury (treasury shares).

As of March 31, 2019, CEMEX España owned approximately 73.22% of the Parent Company's common shares, excluding shares held in treasury.

(Thousands of U.S. dollars)

18B) OTHER EQUITY RESERVES

As of March 31, 2019 and December 31, 2018, the balances of other equity reserves are summarized as follows:

		2019	2018
Reorganization of entities under common control and other effects [1]	$	(300,422)	(300,422)
Translation effects of foreign subsidiaries [2]		(622,717)	(639,122)
Share-based payments [3]		11,685	11,574
	$	(911,454)	(927,970)

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, 2019 and December 31, 2018, 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, 2019 and December 31, 2018, the Parent Company's legal reserve amounted to $22,174.

In addition, the proposed distribution of net income for the year ended December 31, 2018 formulated by the Board of Directors at its meeting held on March 27, 2019 contemplates, among others, the allocation to the legal reserve of $165. Said proposal must be approved by the Parent Company's General Shareholders' Meeting to be held in June 2019.

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 executives eligible to the benefits of the stock-based long-term incentives program that join CEMEX Latam's operations from CEMEX, stop receiving shares of CEMEX, S.A.B. de C.V. and start receiving shares of the Parent Company in the following grant date after their entry.

During the three-month periods ended March 31, 2019 and 2018, total compensation expense related to the stock-based long-term incentive programs described above amounted to $509 and $464, 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, 2019 and December 31, 2018, non-controlling interest in equity amounted to approximately $5,268 and $5,290, 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, 2019 and 2018 are as follows:

Denominator (thousands of shares)		**2019**	**2018**
Weighted average number of shares outstanding – Basic EPS		557,092	556,821
Effect of dilutive instruments – stock-based compensation		1,146	798
Weighted average number of shares outstanding – Diluted EPS		558,238	557,619
Numerator			
Consolidated net income from continuing operations	$	15,640	30,869
Less: non-controlling interest net income		(39)	(68)
Controlling interest net income from continuing operations		15,601	30,801
Net loss from discontinued operations		–	(858)
Controlling interest net income	$	15,601	29,943
Controlling interest basic earnings per share	$	0.03	0.05
Controlling interest basic earnings per share from continuing operations		0.03	0.06
Basic loss per share from discontinued operations		–	(0.00)
Controlling interest diluted earnings per share	$	0.03	0.05
Controlling interest diluted earnings per share from continuing operations		0.03	0.06
Diluted loss per share from discontinued operations		–	(0.00)

20) COMMITMENTS

20A) CONTRACTUAL OBLIGATIONS

As of March 31, 2019, the Company had the following contractual obligations:

(Thousands of Dollars)		**2019**				
Debt		**Less than 1 year**	**1–3 years**	**3–5 years**	**More than 5 years**	**Total**
Long-term debt with related parties [1]	$	45,076	324,205	480,172	–	849,453
Interest payments on debt [2]		44,033	63,494	24,603	–	132,130
Leases [3]		6,587	9,869	10,089	2,871	29,416
Pension plans and other benefits [4]		3,410	6,777	6,669	15,541	32,397
Purchases of raw materials, fuel and energy [5]		44,328	59,642	52,545	–	156,515
Investments in property, machinery and equipment		10,794	–	–	–	10,794
Total contractual obligations	$	154,228	463,987	574,078	18,412	1,210,705

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, 2019.

3 The amounts of payments under leases are presented on the basis of nominal cash flows. This line item includes the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua for a term of 25 years, covering the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A. In addition, includes leases negotiated by the Parent Company with CEMEX España and CEMEX Research Group A.G. for its corporate offices in Spain and the research and development offices in Switzerland.

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

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

Contractual obligations – continued

As of March 31, 2019, 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:

		(U.S. Dollars millions)			
Vendor	**Client**	**Concept**	**Start date**	**Term**	**Annual approximate amount**
General de Maquinaria y Excavación Colombia S.A.S.	CEMEX Colombia	Quarry exploitation	July 2018	4 years	$ 2
Turgas S.A. E.S.P.	CEMEX Colombia	Natural gas	September 2017	4 years	10
Exxonmobil Colombia S.A.	CEMEX Colombia	Fuels	July 2017	4 years	10
Excavaciones y Proyectos de Colombia S.A.S.	CEMEX Colombia	Raw materials	May 2017	5 years	6
Wärtsilä Colombia S.A.	CEMEX Colombia	Energy	June 2014	5 years	10
IBM	Various subsidiaries	Administrative services	July 2012	10 years	4
En el Fortuna, S.A.	Cemento Bayano, S.A.	Energy	January 2010	10 years	13

Hedge of diesel fuel price

As of March 31, 2019 and December 31, 2018, CEMEX Colombia has forward contracts negotiated with CEMEX to hedge the price of diesel for an aggregate nominal amount of $430 in both periods, with an estimated fair value representing assets of $ 251 as of March 31, 2019 and $ 182 as of December 31, 2018. Through these contracts, for own consumption, CEMEX Colombia set the price of this fuel on a certain volume that represents a portion of the estimated consumption of this fuel in the applicable operations. The contracts have been designated as cash flow hedges for diesel consumption, therefore, changes in fair value are recognized through comprehensive income and are recycled to operating costs when the related volumes are consumed. During the three months ended March 31, 2019, changes in the value of these contracts recognized in comprehensive income represented gains of $71.

20B) OTHER COMMITMENTS

In addition, as of March 31, 2019, the Parent Company had the following relevant contracts with entities of CEMEX 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	Use of trademarks	July 2017	5 years	$ 4.5
CEMEX Research Group, A.G.	Parent Company	Use, operation and enjoyment of assets	January 2014	5 years	35.8
CEMEX Central, S.A. de C.V.	Parent Company	Administrative services	July 2017	5 years	15.1

The relationship between the Parent Company and CEMEX S.A.B. de C.V, CEMEX España and their subsidiaries, is regulated by a Framework Agreement effective since November 2012, which includes limits and restrictions for the Parent Company, entity that needs the previous authorization of CEMEX S.A.B. de C.V. and CEMEX España, in connection with: a) any consolidation, merger or partnership with a third party; b) any sale, lease, exchange or other disposition, acquisition to any person other than CEMEX; c) the issuance of shares and equity securities; d) the declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares; e) grant or guarantee any type of debt, and/or the creation of liens outside the ordinary business course; and f) take any action that could result on default for CEMEX S.A.B. de C.V. breach any contract or agreement. Moreover, beginning March 28, 2017, the Framework Agreement includes a principle of common interest and reciprocity between the three companies in connection with the management and responses related to legal proceedings, administrative matters and investigations by authorities or governmental regulators. In addition, the Framework Agreement will cease to have effect if the Parent Company ceases to be a subsidiary of CEMEX, S.A.B. de C.V. or if CEMEX, S.A.B. de C.V. no longer has to account for its investment in the Parent Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).

In connection with CEMEX Colombia's housing projects, there is a remaining commitment to build and deliver 87 homes in the department of Gamarra, a commitment subject to the municipality granting land for the development.

In addition, Cemento Bayano, having the only kiln in the country, maintains contracts for the supply of clinker with its competitors in Panama for an aggregate total of approximately 940 thousand metric tons per year in 2019 and 2020. Considering the nature of the related supply, these agreements are renewed at maturity for similar terms and new volumes are adjusted to market conditions.

21) LEGAL PROCEEDINGS

21A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various significant legal proceedings, other than those 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. As a result, certain provisions or losses have been recorded in the financial statements, representing the best estimate of payments or impairment of assets thereof. CEMEX Latam considers that there will not be significant payments or additional losses in excess of the amounts already recognized. As of March 31, 2019, 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 penalty 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. The amount of the penalty was liquidated on January 5, 2018. On June 7, 2018, CEMEX Colombia filed with the Administrative Contentious Court a claim for nullity and reinstatement of rights, seeking the cancellation of the charges imposed by the SIC and the restitution of the penalty paid, with any adjustment indicated by Colombian law. This claim can take up to six years to be resolved. As of March 31, 2019, CEMEX Latam is not able to assess the likelihood for the recovery of the fine imposed by the SIC.

21B) CONTINGENCIES FROM LEGAL PROCEEDINGS AND OTHER SIGNIFICANT PROCESSES

As of March 31, 2019, 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 considering the likelihood of an adverse resolution to be low, although a favorable resolution cannot be assured based on the evidence at the Company’s disposal. In addition, CEMEX Latam describes other significant processes. The disclosure of facts of the most significant proceedings with a quantification of the potential loss is as follows:

Other significant processes - Maceo Plant

Memorandums of understanding

- In August, 2012, in relation to the cement plant in the municipality of Maceo in Colombia (note 13), CEMEX Colombia signed a memorandum of understanding (the “MOU”) with the representative of the entity CI Calizas y Minerales S.A. (“CI Calizas”), for the acquisition and transfer of assets mainly comprising land, the mining concession and the shares of Zomam (holder of the free trade zone concession). In addition, in December 2013, 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 certain land adjacent to the plant, signing a new memorandum of understanding (the “Land MOU”). Under the MDE and the MDE of the Land, CEMEX Colombia made cash advances to this representative for amounts in Colombian Pesos equivalent to approximately $13.4 million of a total of approximately $22.5 million, and paid interest accrued over the unpaid committed amount for approximately $1.2 million. This amounts considering the Colombian Peso to U.S. Dollar exchange rate as of December 31, 2016. In September 2016, after confirming irregularities in the acquisition processes by means of investigations and internal audits initiated in response to complaints received, which were reported to Colombia’s Attorney General (the “Attorney General”), providing the findings obtained, and considering that such payments were made in breach of CEMEX and CEMEX Latam policies, the Company decided to terminate the employment relationship with then those responsible for the Planning and Legal areas and accepted the resignation of the then Chief Executive Officer. Moreover, as a result of the findings and considering the available legal opinions as well as the low likelihood of recovering those advances, in December 2016, CEMEX Colombia write off such advances from its investments in progress (note 13A) and cancelled the remaining advance payable.

  In addition, the aforementioned irregularities caused that CEMEX, S.A.B. of C.V., based on regulations of the United States to which it is subject, announced at the end of 2016 a material weakness in its internal controls, which, however, did not affect in any material aspect the financial statements previously issued by CEMEX Latam. As of March 31, 2019, CEMEX Latam was monitoring the controls and remedial activities implemented since 2017 to attest whether they had operated for a sufficient period of time effectively. These controls and remedial activities include the approval policy on significant unusual transactions, the creation of the committee that supervises relevant investment projects, the strengthening of internal audit procedures and the improvement of existing monitoring controls to operate at a sufficient level of precision. See note 23 for subsequent events in relation to this process.

Expiration of property process and other related matters

After the signing of the MOU, in December, 2012, 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 the Attorney General. Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU, including the shares of Zomam acquired by CEMEX Colombia before the beginning of such process. As a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process fully cooperating with the Attorney General. As of March 31, 2019, it is estimated that a final resolution in the ongoing expiration of property process, which includes the evidentiary phase, may take between ten and 15 years from its beginning. As of March 31, 2019, 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, CEMEX Colombia does not have the legal representation of Zomam, is not the rightful owner of the land and is not the assigned entity of the mining concession.

Maceo Plant - expiration of property process and other related matters – continued

In addition, there is an ongoing criminal investigation that resulted in a legal resolution by means of which an indictment was issued to two of the Company's former officers and to CI Calizas' representative. CEMEX Latam is not able to anticipate the actions that criminal judges may impose against these people.

Lease contracts, mandate agreement and operation contract

In July 2013, CEMEX Colombia signed with the provisional depository designated by the former Drugs National Department (then depository of the assets subject to the expiration of property process), which functions after its liquidation were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the "SAE"), a lease contract for a period of five years by means of which CEMEX Colombia was duly authorized to build and operate the plant (the "Lease Contract"). Moreover, in 2014, the provisional depository granted a mandate to CEMEX Colombia for an indefinite period for the same purpose of continuing the construction and operations of the plant. On July 15, 2018, the aforementioned Lease Contract expired. As of March 31, 2019, CEMEX Colombia was in negotiations with the SAE for the formalization of a long term contract for Mining Operation, Services of Manufacturing and Delivery and Lease of Properties for Cement Production (the "Operation Contract") that, when signed, will replace any existing agreement and will allow CEMEX Colombia to continue the plant's construction and operation works during an initial period of 21 years from the signing with possible extension for another ten years. See note 23 for subsequent events in connection with the signing of the Operation Contract.

Under the presumption that CEMEX Colombia conducted itself in good faith, CEMEX Latam considers that it will be able to keep ownership of the plant, and that the rest of its investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard its rights. In the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, if the assets were adjudicated to a third party in a public tender offer, assuming the Operation Contract was signed (note 23), said third party would have to subrogate to the Operation Contract. As of March 31, 2019, CEMEX Latam is not able to estimate whether the expiration of property over the assets subject to the MDE will be ordered in favor of the State, or, if applicable, if the assets would be adjudicated to a third party in a public tender offer.

Status in connection with the commissioning of the plant

As of March 31, 2019, assuming the Operation Contract has been signed (note 23), the commissioning of the Maceo plant and the conclusion of the access road will remain suspended until favorable resolutions would be obtained in other significant procedures in process with the respective authorities to guarantee the start-up of the project, such as: a) resolve any overlap of the project with an Integrated Management District ("IMD") through the partial subtraction of the project; b) modify the permitted use of land where the project is located to harmonize it with industrial and mining activities; and, c) modify the environmental license to increase the production at least up to 950 thousand tons per year. CEMEX Colombia continues to work to address these issues as soon as possible. Meanwhile, CEMEX Colombia will limit its activities to those currently authorized.

Contingencies from market related proceedings

- On June 12, 2018, the Consumer Protection and Defense of Competition Authority in Panama initiated an administrative investigation to Cemento Bayano and another local producer for the presumed commission of practices against free competition in the market of gray concrete and ready-mix concrete. As a result of the investigation, the authority determined that there are elements to consider the possible existence of absolute monopolistic practice, such as: (i) pricing and/or restriction of production in the gray cement market sold to companies producing ready-mix concrete in Panama, (ii) unilateral or joint predatory acts and/or exchange of subsidies in the concrete market. In October 2018, the Authority requested additional information to Cemento Bayano to continue such investigation. The Authority is gathering the necessary elements to make an informed decision regarding if there were violations to the law. Cemento Bayano considers it did not committed improper acts and is fully cooperating with the Panamanian Authority. As of March 31, 2019, CEMEX Latam is not able to estimate if the investigation would result in a fine, penalization or remediation, or if such fine, penalization or remediation, should any exist, could have a material adverse effect on CEMEX Latam's operating results, liquidity or financial position.

Contingencies from environmental procedures

- On March 11, 2015, members of the surrounding communities of the cement plant in Panama filed a claim against Cemento Bayano, S.A ("Cemento Bayano"), for alleged breach of environmental regulations as a result of the exploration in the quarries. and 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. In April 2015, the authority resolved that the allegations in connection with water pollution, erosion control, air quality, monitoring of impact of protected areas merited the investigation.

  In June 2015, in connection with the claim brought against Cemento Beano, the Environmental Authority conducted a physical inspection and concluded in July 2015 that was no evidence in site of the allegations. On January 29, 2019, the Regional Administration resolved to apply a written warning by means of which Cemento Bayano is advised that is not exempted from complying with the approved environmental management tools and the case was closed.

(Thousands of U.S. dollars)

Contingencies by Environmental procedures – continued

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

Other legal proceedings

- In September 2018, CEMEX Colombia received an arbitrage claim filed by a constructor who seeks for the payment of damages caused by a purported breach of the contract for the supply of ready-mix concrete for the construction of the civil works called “Túnel de Crespo" located in the city of Cartagena, for an amount in Colombian Pesos equivalent to approximately $11 million. CEMEX Colombia considers that it has the legal and technical arguments that prove full compliance with the supply contract and will apply the corresponding actions at each stage of the process. In October, 2018, simultaneously after responding the arbitrage claim, CEMEX Colombia filed a counterclaim against the aforementioned constructor seeking the recognition of amounts owed to CEMEX Colombia for an amount in Colombian Pesos equivalent to approximately $6 million related to repairs to the infrastructure made by CEMEX Colombia during the years 2014 and 2015 by causes allegedly imputable to the constructor. As of March 31, 2019, at this stage CEMEX Latam considers that an adverse resolution is not probable. Nonetheless, if the claim would be adversely resolved in the final stage, an adverse resolution in this case could have a material adverse impact on CEMEX Latam’s results of operations, liquidity or financial position.

- 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, 2019, CEMEX Latam considers the probability of an adverse result or potential damages which could be borne by CEMEX Colombia to be remote. Nonetheless, 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, 2019, 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; and 3) other similar claims brought against us that have arisen in the ordinary course of business.

22) MAIN SUBSIDIARIES

The Parent Company’s main direct and indirect subsidiaries as of March 31, 2019 and December 31, 2018 are as follows:

			% of interest	
Subsidiary	**Country**	**Activity**	**2019**	**2018**
Corporación Cementera Latinoamericana, S.L.U. [1]	Spain	Parent	100	100
CEMEX Colombia S.A.	Colombia	Operating	99.7	99.7
Zona Franca Especial Cementera del Magdalena Medio S.A.S. [2]	Colombia	Operating	100	100
CEMEX (Costa Rica), S.A.	Costa Rica	Operating	99.2	99.2
CEMEX Nicaragua, S.A.	Nicaragua	Operating	100	100
Cemento Bayano, S.A.	Panama	Operating	99.5	99.5
CEMEX Guatemala, S.A.	Guatemala	Operating	100	100
Cementos de Centroamérica, S.A. [3]	Guatemala	Operating	100	100
CEMEX Lan Trading Corporation	Barbados	Trading	100	100
CEMEX El Salvador, S.A.	El Salvador	Operating	100	100
Inversiones SECOYA, S.A.	Nicaragua	Operating	100	100
Apollo RE, Ltd.	Barbados	Reinsurance	100	100
CEMEX Finance Latam B.V.	Holland	Finance	100	100

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, Guatemala and El Salvador.

2 The shares of this entity are included in the expiration of property process (note 21B).

3 On July 26, 2018, the merger by absorption of Cementos de Centroamérica, S.A. with the entity Equipos para Uso de Guatemala was registered in the general mercantile registry of the Republic of Guatemala, a merger in which Cementos de Centroamérica, S.A. retains its legal personality and acquires the assets, liabilities, rights and obligations of the absorbed entity.

23) SUBSEQUENT EVENTS

On April 3, 2019, CEMEX Colombia was notified of a special request issued by the municipality of Ibagué corresponding to the Industry and Commerce tax return for the 2016 tax year, where the municipality rejects the entire amount of deductions declared, and as a result, the municipality is increasing the tax payable and imposed a penalty for amounts in Colombian pesos equivalent to approximately $3 million of tax and $3 million of penalty. CEMEX Colombia will respond the special request within the following three months including the receipts of the rejected deductions by means of which CEMEX Colombia considers that this requirement will be resolved. If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the special request plus interest accrued on the amount of the income tax adjustment until the payment date. As of the reporting date, at this stage of the procedure, CEMEX Latam considers that the need to make payments in relation to this procedure is not probable.

On April 8, 2019, in connection with the seizure of cash to CEMEX Colombia for an amount of approximately $6.1 million described in note 12, CEMEX Colombia was informed of a resolution of April 3, 2019 issued by the Court in Bogota that carries the proceeding who ordered the release of all funds. After the administrative procedures between the authorities and the bank that maintains the restricted funds are completed, it is expected that these resources will be in the accounts of CEMEX Colombia during May 2019.

On April 12, 2019, in connection with the Maceo Plant (note 21B), CEMEX Colombia, CCL and another of its subsidiaries reached a conciliatory agreement with the SAE and CI Calizas before the Attorney General's Office and signed the Operation Contract, which will allow CEMEX Colombia to continue using the assets subject to the aforementioned expiration of property process for an initial term of 21 years that can be renewed for 10 additional years, provided that the extension of the mining concession is obtained. The Operation Contract was signed by CI Calizas and Zomam, with the authorization of the SAE as administrator of these last two companies, considering the following terms:

- As consideration for entering into the agreement, CEMEX Colombia and /or a subsidiary will pay to CI Calizas and Zomam the following amounts in Colombian pesos equivalent: a) an annual payment of approximately $16 to CI Calizas for the use of land that will be adjusted annually for changes in the Consumer Price Index; b) a single payment for the rental of the aforementioned land from July 2013 to the signing date, based on the agreed upon rental amounts, reducing the lease payments made by CEMEX Colombia prior to the signing of the Operation Contract; c) an additional single payment in Colombian pesos equivalent to approximately $321 for considerations not received during the negotiations of the Operation Contract; and d) a payment for the limestone extracted to date for an amount in Colombian pesos equivalent to approximately $1.2 million payable in two installments, being the second a year after the signing of the Operation Contract.
- Once the Maceo Plant begins operations, CEMEX Colombia and/or a subsidiary will pay on a quarterly basis: a) 0.9% of the net sales resulting from the cement produced in the plant as compensation to CI Calizas for the right of CEMEX Colombia to extract and use the minerals; and b) 0.8% of the net sales resulting from the cement produced in the plant as payment to Zomam for cement manufacturing and delivery services, as long as Zomam maintains the Free Zone benefit, or 0.3% of the aforementioned net sales exclusively for the use of equipments, in case that Zomam loses the benefits as a Free Trade Zone.
- The Operation Contract will continue in force regardless of the result in the expiration of property process, except that the applicable criminal judge would recognize ownership rights of the assets under expiration of property to CEMEX Colombia and its subsidiary, in which case the Operation Contract will no longer be needed and will be early terminated.

In connection with CEMEX, S.A.B. de C.V.'s material weakness in internal controls disclosed in note 21B, CEMEX, S.A.B. de C.V. informed CEMEX Latam that, in the opinion of CEMEX, S.A.B. de C.V.'s management and with the favorable opinion of its Audit Committee in session that occurred on the same day, upon conclusion of the audits as of December 31, 2018 and having attested that the controls and remediation activities implemented since 2017 have been operating effectively over a sufficient period, among which is included the approval policy of significant unusual transactions, the creation of a committee that oversees material investment projects, the strengthening of internal audit procedures and the improvement of existing monitoring controls in order to operate in a satisfactory level of precision, CEMEX, S.A.B. de C.V.'s management considers that such material weakness in its internal controls has been remediated. CEMEX Latam will continue the monitoring of its remediation activities that do not affect the aforementioned decision of CEMEX, S.A.B. de C.V. about lifting the material weakness in the internal controls.