2013
annual report

CEMEX | LatAm Holdings

delivering

delivering innovative solutions

for our CUSTOMERS

We are staying closer than ever to our customers, tailoring our commercial offerings to suit their evolving needs.

delivering on our commitment to

value creation

for our

INVESTORS

We are proactively improving our operating performance, while optimizing our portfolio of assets to generate a higher return on capital employed.

delivering a better
quality
of life

for our
COMMUNITIES

More than 100,000 people have built or improved their homes with *Patrimonio Hoy*, since its lauching in the region in 2005.

delivering
opportunities

for our
EMPLOYEES

We look to provide our employees with the most attractive opportunities for their personal and professional development.

CEMEX Latam Holdings is
focused on **delivering innovative**
solutions to encourage the
development of our communities,
improving their
well-being
and creating value
for all of our stakeholders.

dear stockholders

2013 was another successful year for CEMEX Latam Holdings. We continued implementing our value creation strategy allowing us to grow our business profitably.

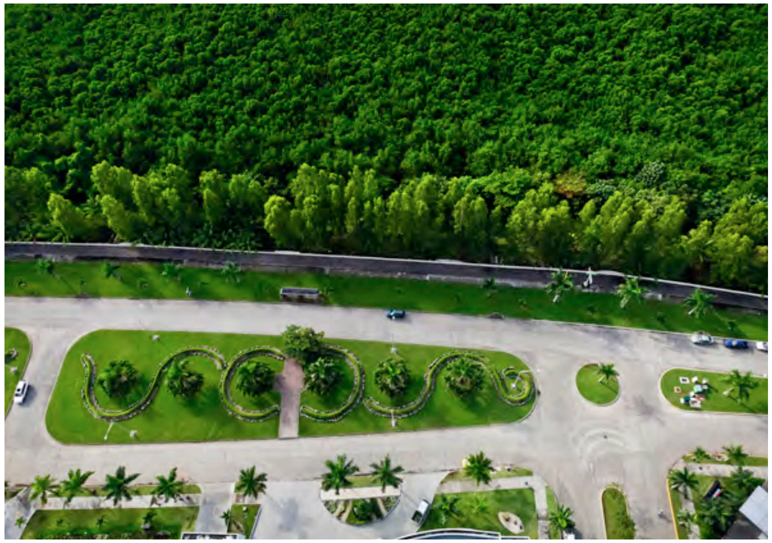
In just three years, on a pro forma basis, we essentially doubled our operating EBITDA generation. We are confident that going forward, our strong asset footprint combined with our commercial offerings will continue providing us with the opportunity for sustainable growth over the medium and long term.

2013 was the third consecutive year with double-digit growth in both net sales and operating EBITDA. We are encouraged by our improved profitability during the past three years: on a comparable basis, our operating EBITDA margin increased by 6.7 percentage points. Last year, our operating EBITDA increased by 16%, to US$633 million, with consolidated net sales growing by 10%, to US$1.75 billion, compared to the pro forma results in 2012.

During 2013 we strengthened and expanded our portfolio of building solutions, helping us stay closer than ever to our customers, increase demand for our products and improve our return metrics. By combining specialty ready-mix concrete products with innovative constructions systems and years of experience as an industry leader, we are delivering sustainable solutions focused on reducing construction costs and increasing energy efficiency in building projects.

In this context, last year we worked on several major housing and infrastructure projects throughout the region. For example, in Colombia we participated in the construction of close to 6,000 houses, primarily under the 100,000 government-sponsored free-home program; while in Nicaragua, along with two additional entities, we were awarded the construction of the first section of the Empalme Nejapa-Puerto Sandino highway, the largest and the most advanced highway infrastructure project underway in the country.

A key element in our strategy has been the successful expansion of our asset base, contributing to increases in both our operating efficiency and our return metrics. Focusing on an optimal use of capital, we are constantly looking for ways to enhance our footprint in the region, and as a complement to these efforts we have encouraged our operations to foster an innovation and new business development culture. We are committed to continue strengthening our asset portfolio to support our commercial efforts and achieve higher returns of capital employed.



CEMEX Latam Holdings will continue to play a key role in promoting the development of our markets, capturing profitable growth and delivering value to all our stakeholders.

In our region, on average, approximately two-thirds of our cement is sold as bagged cement mainly through small retail building materials stores. In this context, our Construrama® initiative has been fundamental in enhancing customer loyalty, strengthening our distribution channel, and promoting formal employment in the sector. When local building materials store owners join the Construrama® program, they receive several benefits. We first work with them to improve the layout of the store. We also provide training and back-office systems and we offer them a large number of products with increased economies of scale sharing then the benefits with the network.

Across the region, Construrama® reached approximately 290 stores in 2013. In Colombia, the network grew into the country's largest retail building materials network, as measured by number of outlets. Including our program in Costa Rica and Nicaragua, we expect to reach 500 Construrama® stores in the region during 2015.

Another important element in our strategy has been our continuous effort to increase our operating efficiency. During 2013, our cost-reduction initiatives focused on the continued use of alternative fuel sources, the use of cementitious materials to optimize our clinker factor and important improvements in our cement distribution network.

On a consolidated basis and for the full year 2013, our fuel cost on a per-ton-of-cement basis declined by 10%, compared to 2012, while our distribution expense declined by more than US$2, also on a per-ton-of-cement basis.

We remain committed to being the most efficient operator in our markets, and we will continue to seize every opportunity to improve our cost structure and gain further operating efficiency.

Beyond our solid operating and financial results in 2013, we have continued to actively engage with local and regional communities, fostering well-being of the population.

One example of these initiatives has been the continued use of alternative fuels that is helping save non-renewable resources and offers communities an alternative to landfill disposal. In addition we have strengthened our efforts to improve our environment through our reforestation programs. Last year, for example, we planted 17,000 trees in Nicaragua that will contribute to support the recovery of local fauna and flora.

An integral effort to improve quality of life in our communities has been our inclusive social programs that align our values and business objectives with their needs. We would like to highlight the results of our flagship social program, *Patrimonio Hoy*. This initiative offers microcredit for the purchase of quality construction materials at reduced prices as well as training in self-construction techniques. As of the end of 2013, more than 100,000 people have built or improved their homes with this program since it was launched in the region in 2005.

In 2013 we expanded in the region our Productive Centers of Self-Employment reaching a total of 10 *Bloqueras Solidarias*. Through these financially self-sustaining community enterprises, families and individuals participate in their own development and economic growth by manufacturing prefabricated concrete blocks.

Across our markets, in partnership with ANSPAC (*Asociación Nacional Pro Superación Personal, A.C.*), we are providing participating women with technical training as well as with life skill courses. In our Community Centers, our neighbors are meeting to engage in different recreational activities, and through our Sports Schools, children have the opportunity to participate in group sports helping develop self-confidence, social and leadership skills.

Internally, we are strongly committed to helping our employees realize their full professional and personal potential. CEMEX Latam Holdings employees take advantage of a variety of training and development opportunities to enhance their skills and expertise. CEMEX Learning, to name just one of our programs, is a course library through which employees are able to design Individual Development Plans that help guide them into delivering their personal best.

Although we still have a long way to go, our continuous efforts to protect the safety, health, and well-being of each one of our employees and collaborators are yielding results. During 2013 we reduced our employee lost-time injury rate by more than 50% compared to 2012, bringing us closer to achieving our goal of zero workplace accidents.

Overall, we are encouraged by the results achieved in 2013 and we look with great enthusiasm the opportunities ahead for us. With over half of the region's population under the age of 30 and close to 80% living in urban areas, we expect a continuous demand for robust infrastructure and affordable housing. With a unique portfolio of sustainable building solutions, we at CEMEX Latam Holdings will continue to play a key role in promoting the development of our markets, capturing profitable growth and delivering value to all our stakeholders.

On behalf of the board and our management team, we want to thank our stockholders, employees, customers, contractors, and suppliers for the hard work and support that helped make 2013 a year of solid accomplishments.

Jaime Elizondo
Chairman of the Board
of Directors

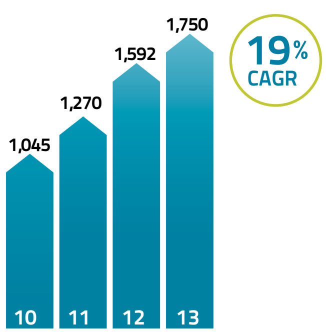
Carlos Jacks
Chief Executive Officer

consolidated
financial
results

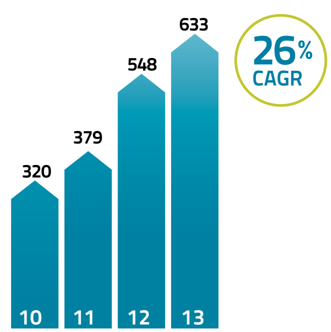
In millions of US dollars	2013	2012	%
Net sales	1,750	1,592	10
Operating earnings before other expenses, net	535	480	12
Operating EBITDA	633	548	16
Controlling interest net income	264	265	0
Earnings per share	0.47	0.48	0
Free cash flow after maintenance capital expenditures	299	307	-3
Total assets	3,836	3,938	-3
Total debt	1,381	1,633	-15
Total controlling stockholders' equity	1,343	1,219	10

Financial Information for years 2010, 2011 and 2012 is presented on a pro forma basis. Please refer to "Presentation of Financial Information" for definitions and additional details.

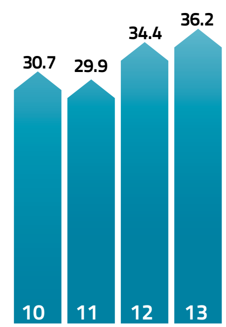
Net sales
(millions of US dollars)



Operating EBITDA
(millions of US dollars)



Operating EBITDA margin
(percentage)



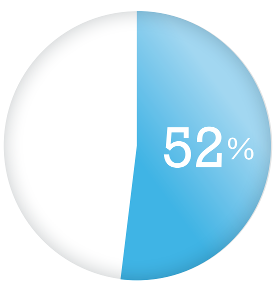
delivering innovative solutions for our CUSTOMERS

+6,000
houses built in 2013

Developing sustainable building solutions for our customers

Over the past years, we have focused on reshaping our commercial offering and evolved from being a supplier of construction materials to a supplier of comprehensive building solutions that address the complex demands from society. In this commercial approach we are combining specialty ready-mix concrete products with innovative construction systems and years of experience as an industry leader to encourage the development of the countries where we operate, fostering well-being and creating value for our stakeholders.

With solutions-based commercial initiatives tailored for the different demand segments and our distribution channel we are staying closer than ever to our customers. At the same time, we are increasing demand for our products as we proactively propose new projects and promote a timely execution of construction. Furthermore, through our unique commercial offering we are improving our return metrics and capturing additional operating EBITDA.



During 2013, specialty ready-mix concrete products accounted for approximately 52% of our total consolidated ready-mix concrete volume sales.

Specialty concrete products for faster, lower-cost, and energy-efficient construction

At CEMEX Latam Holdings we work hard to tailor our commercial solutions to suit our customers' evolving needs. Led by the CEMEX Center for Technology and Innovation, we launched in our markets several innovative specialty ready-mix concrete products that address our customers' demand for faster, lower-cost, and energy-efficient construction solutions, including: Promptis®, Hidratium®, and Insularis®.

Promptis® is the ideal product when the high strength of concrete is required in a short time. Its rapid-hardening and fast-formwork-removal attributes make it the preferred solution for renovating and constructing roads, tunnels, bus and tram stations as well as for precast projects. Promptis® reaches early compressive strength in as fast as four hours – compared with an average of 18 hours for conventional concrete – while maintaining its workability for at least 90 minutes. This allows for easy handling without the risk of sudden hardening, even under extremely hot weather conditions. The use of Promptis® contributes to a reduction in construction time.

The self-curing properties of Hidratium® help optimize the use of natural resources by considerably reducing overall water consumption. At the same time, Hidratium® eliminates early stage cracking and decreases shrinkage resulting in lower labor and maintenance costs. Finally, Insularis® enhances thermal and acoustic insulation in concrete wall and floor construction systems, improving efficiency in buildings with energy savings of up to 20%.

These specialty concrete products are enabling the construction of better, more sustainable, and cost-efficient structures, including housing, infrastructure, and commercial projects, allowing us to remain at the forefront of the building materials industry.

Innovative solutions for builders

Along with our offer of specialty concrete products, we are delivering additional value in our ready-mix portfolio by providing onsite just-in-time concrete and technical assistance to our customers. Through our *CEMEX en su Obra* (CEMEX in your Construction Site) innovative program, ready-mix batching equipment is easily and rapidly installed at our customer's construction site. These integrated mobile ready-mix plants give us the flexibility to produce different types of concrete with on-site testing capabilities. Savings from eliminating ready-mix truck trips and from lower waste, as well as access to instant service, have made *CEMEX en su Obra* the perfect solution for our clients with high-volume construction sites.

Value-added solutions for sustainable housing

During 2013, CEMEX Latam Holdings continued strengthening its portfolio of building solutions across the region. Through our housing initiatives we are offering a faster, more sustainable, cost-efficient, and replicable industrialized housing production model by integrating specialty building materials and efficient construction systems. There are numerous advantages to our housing solutions initiative that create more value and promote the well-being of communities, including:

> **Reduced construction time:** fast, cost-efficient, and large-scale housing construction using formwork molds for walls and slabs.

> **Higher energy efficiency:** use of specialty concrete products to increase energy efficiency translating into reduced energy costs for families as well as lower CO_2 emissions. Use of ready-mix concrete in streets and sidewalks in our housing developments promotes a reduction of the "heat island" effect.

> **Optimal use of natural resources:** use of specialty concrete products to reduce water consumption in the construction process.

> **Reduced overall costs:** industrialized construction system that requires reduced resources, with savings in the construction process as well as in materials storage and inventory management

> **Increased resistance:** use of concrete installed as a single element ensures greater resistance to adverse weather conditions and earthquakes.

> **Vertical growth potential:** houses built with 10-centimeter thick concrete walls and reinforced concrete roof, allowing for future expansions and the construction of a second floor.

Integrated housing solutions

> **Monolithic Cast-in-Place Industrialized Housing**
Fast, efficient, and large-scale housing construction using formwork molds for walls and slabs.

> **Precast Industrialized Housing**
Fast, efficient, and large-scale housing construction where building elements are developed off-site and delivered for building on-site.

> **Disaster Relief Housing**
Best response for reconstruction after natural disasters.

> **Energy Efficient Housing**
Most competitive solution for high-performance buildings.

> **Affordable Housing**
Lowest possible cost without giving up quality and maintaining comfort.

> **Vertical Housing**
Fast and efficient construction for high-rise and mid-rise residential buildings.

CEMEX Latam Holdings infrastructure solutions portfolio:

- Use of specialty products
- Design and construction of urban and highway pavement
- Design and construction of industrial flooring
- Stamped concrete
- Concrete streets and sidewalks in housing developments
- Turnkey projects
- Bidding for national projects
- Project analysis, structuring, and management
- Financial planning and analysis

Partner of choice for housing projects

By partnering with land-owning entities in developing housing projects, we work to deliver an array of integrated services with incremental value throughout the entire construction process. We offer our partners project planning and financing, urban design, efficient management and more sustainable construction. At the end of the day, our unique commercial offering allows us to participate in any or all phases of housing projects, from individual homes to large-scale housing construction.

During 2013, through our housing solutions initiative, we participated in the construction of close to 6,000 houses in Colombia, mainly under the 100,000 government-sponsored free-home program. In our housing developments we are actively promoting the infrastructure needed to improve well-being in each of these new communities, including schools, hospitals, markets, energy, and sewage systems.

In addition, during 2013 we continued works in several housing projects in Panama and Costa Rica, where we are providing construction services for close to 1,400 homes, of which almost 650 had been completed as of 2013.

Delivering cutting-edge solutions for infrastructure

Leveraging our experience in high-scale infrastructure projects, we are evolving into a fully integrated turnkey infrastructure solutions provider. By working in close collaboration with our clients' dedicated teams, we are proposing building solutions to deliver incremental value through every step of the life-cycle of infrastructure projects. These efforts are resulting in new market opportunities for us and higher demand for our products.

Large projects, great partners

In our markets, we are working closely with local governments, municipalities, and other entities to provide support for designing new infrastructure projects that improve the competitiveness of countries in which we operate.

In our operations in Colombia we have proposed several public-private partnership projects, including highway infrastructure, urban highways, and airports that are currently under review.

In Nicaragua we participated in the renovation effort of the main plaza in the León Cathedral using architectural concrete.

In 2013, CEMEX Nicaragua, together with two additional entities, was awarded the construction of the first section of the Empalme Nejapa-Puerto Sandino highway—the largest and the most advanced highway infrastructure project underway in Nicaragua. The project, which will considerably enhance connectivity throughout Central America, will require approximately 56,000 cubic meters of ready-mix concrete over an 18-month construction span. With our concrete short slab paving technology we expect to reduce construction and maintenance costs and improve transit safety conditions.

In Costa Rica, we are supplying 150,000 metric tons of custom-made cement for the construction and expansion of a four-lane, 50-kilometer stretch of highway connecting Cañas to Liberia in the Guanacaste province—a crucial route for Costa Rica's Pacific Corridor. The highway is expected to have a strong effect on regional and national development as it helps increase tourism and the country's competitiveness in transportation infrastructure. The cement supplied is specially engineered to have higher resistance, reducing the urban heat island effect and avoiding cracking and shrinkage. The project, which also includes 18 bridges and is the largest road infrastructure project in the country, is expected to be completed during 2015.

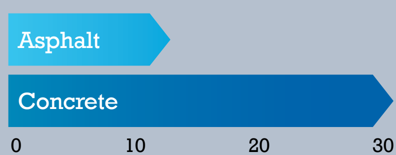
Concrete vs. asphalt pavements

Concrete pavement solutions provide significant advantages over asphalt; its excellent surface finish, superior durability, and low total cost over the full life cycle make it the material of choice.

Superior durability

Concrete roads can be designed for 50 years or more, and they last around three times longer than asphalt roads before a first major rehabilitation is required.

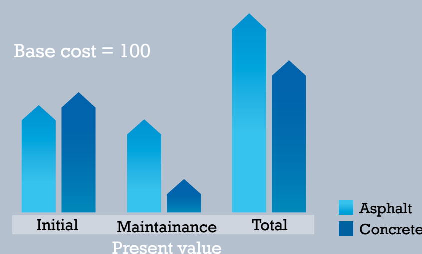
Time for first rehabilitation (highways indicative) - years



Lower cost over full life cycle

Including the full life-cycle of the project, concrete has a significantly lower total cost versus asphalt, despite its slightly higher initial cost.

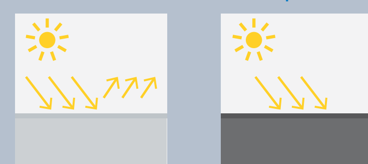
Total life-cycle cost



Reduced "heat island" effect

Cities are warmer than their surroundings, which in summer leads to discomfort, medical conditions, and higher air conditioning use. Light-colored surfaces with high reflectivity, such as concrete, reduce this so-called urban "heat island" effect.

Concrete Asphalt



Lower vehicle fuel consumption

On the rigid surface of a concrete pavement, wheels do not sink in as much as they do on flexible (i.e., asphalt) pavements. This effect, called deflection, is invisible to the naked eye, but has a noticeable impact on vehicle fuel efficiency.

Concrete Asphalt

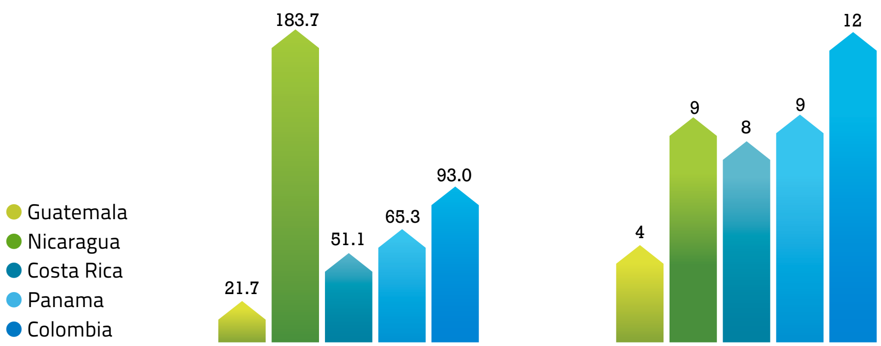
Rigid pavement Flexible pavement

In our operations in Panama, to satisfy the demanding building requirements for the Coastal Beltway, we designed and delivered nearly 130,000 cubic meters of specialty added-resistance concrete for maritime use in the construction of transversal and longitudinal beams, foundations, and jetties for this new phase of the beltway.

During 2013, CEMEX Latam Holdings provided concrete pavement solutions for 42 different projects throughout the region, representing an area of more than 400,000 square meters. The main projects included urban highways, heliports, stamped concrete for boulevards, plazas, and airports.

We supplied more than 120,000 metric tons of cement for the construction of Line 1 of the Panama Metro—the first in Central America

Pavement solutions provided by CEMEX LatAm in 2013



Thousand square meters
Total: 414,800 square meters

Number of projects
Total: 42

Through Construrama® we strengthen our distribution channel, promote local employment, and build customer loyalty.

Building customer loyalty one Construrama® at a time

In 2013 Construrama® continued its successful expansion. During the first year after its launching in Colombia, Construrama® became the largest retail building materials network in the country, as measured by number of outlets, with 220 distributors joining the network. Today, six out of every ten bags of CEMEX cement sold in Colombia are purchased through Construrama®. Including the existing network in Costa Rica and Nicaragua, the Construrama® program in our region reached approximately 290 distributors as of the end of 2013.

Through Construrama®, we team with distributors to offer a superior mix of building materials, services, and solutions that meet—and exceed—our customers' needs. We work with them to optimize the layout of their stores and expand their commercial offerings, translating into higher traffic and greater customer satisfaction. At the same time, we provide retail back-office systems and training opportunities that enable distributors to manage their business more efficiently. We further offer them a large variety of more than 5,000 different products and services, that, given our scale, we can buy at lower price and share the savings with the network. These multiproduct offerings include prefabricated building products, hardware and construction materials and equipment, as well as other items such as snacks and soft drinks. All these efforts are leading to higher sales and improved profitability for distributors in the network.

Through Construrama®, we are working on several initiatives to benefit their clients. In 2013, we implemented a financing program for construction workers. Through this program called Crédito Construrama® several financial institutions are granting micro loans . More than 7,000 construction workers have joined the Construrama® loyalty program where their purchase translates into points that can be used in the future. We have also started linking our social program, *Patrimonio Hoy,* with Construrama® in an effort to increase funding availability for self-construction.

+290

distributors form the Construrama® network in Colombia, Costa Rica, and Nicaragua delivering on our commitment with **value creation** for our **INVESTORS**

3rd

consecutive year with double-digit growth in net sales and EBITDA*

By delivering integrated solutions to our customers, we improved our return metrics and captured additional EBITDA.

Capturing additional value by focusing on integrated building solutions

During 2013 we centered our efforts on becoming more flexible in our operations and more creative in our commercial offerings. We also worked towards being more sustainable in the use of our resources, more innovative in the way we conduct our business, and more efficient in our capital allocation. These efforts have contributed to sustainable value creation for all of our stakeholders, and we are confident that our business strategy will continue to support high return levels going forward.

Over the past three years, we reshaped our commercial strategy to focus on value-added building solutions, we efficiently enhanced our asset portfolio, and optimized our cost structure to improve our operational efficiency. During this period we essentially doubled our operating EBITDA generation, supported by a double-digit annual growth rate in net sales and an important improvement of 6.7 percentage points in our operating EBITDA margin, on a pro forma basis*.

During 2013 we continued to strengthen our commercial offering. By delivering integrated solutions to our customers, we improved our return metrics and captured additional operating EBITDA, in fact; we estimate that in our housing and infrastructure building solutions we are doubling operating EBITDA generation when compared to just selling the building materials to such projects.

Capturing the full value of product and services

One important element of our value-creation strategy is to capture the full value of the products and services we provide to our customers. In 2013 we continued to implement across the region our value-before-volume strategy.

Designed to capture the full value of our products and services, this initiative concentrates our efforts on achieving sustainable margins and returns in all our core businesses. In our cement operations we are introducing price roadmaps and other pricing elements across the region.

In our ready-mix business we have launched initiatives to promote the de-bundling of our ready-mix prices into their different value elements. Our first and most important objective in the short term is to recover full freight costs in all our markets.

In our aggregates business, the target is to improve prices to reflect the full costs of production, including replenishing depleted reserves at market value and the capital costs associated with them.

** As calculated on a pro forma basis. Please refer to "Presentation of Financial Information" for definitions and additional details.*

Enhancing our asset base to continue capturing profitable growth

In a rapidly changing and challenging business environment, we are constantly adapting our operations to meet market dynamics. Over the past years we have worked to enhance our asset portfolio across the region.

In Colombia, for example, during the last 3 years we doubled the number of ready-mix plants and the number of ready-mix trucks, with an important increase in profitability.

In 2013 we started cement production in a new cement grinding plant on the Colombian Caribbean coast. This 450,000-ton facility is improving our footprint in a market that has been posting growth rates above the national average.

To strengthen our asset base and commercial offerings we are currently working on different initiatives that provide new and additional sources of EBITDA. We encourage our operations to foster a culture of innovation, new business development, and best-practices sharing, focusing on improved customer service and operating efficiency.

We have implemented across our regional network several initiatives to eliminate bottlenecks in transport equipment.

In addition, we have implemented across our regional network several initiatives to eliminate bottlenecks in transport equipment and the cement packing automation system, resulting in a better use of our cement production capacity.

To support our asset base and continue improving our commercial offerings, we encourage our entire network to foster innovation and a new business development culture. In this context, we are currently working on several initiatives that will bring additional sources of EBITDA in the near future.

For instance, our *CEMEX en su Obra* (CEMEX in your Construction Site) program is helping reduce distribution expenses and optimize the use of our ready-mix trucks by installing ready-mix batching equipment directly at our customers' construction sites.

In addition, our new construction and demolition waste business in Colombia is complementing our builders' solutions offering. In our facilities at La Fiscala in Bogotá and Las Delicias in Barranquilla, construction and demolition waste can be either up-cycled into new construction materials or properly disposed of according to local regulations. This allows us to deliver a sustainable solution for adequate demolition and on-site classification for recycling, and transport, while enabling our clients to maximize the use of their construction materials and to comply with environmental norms.

Overall, our constant effort to improve our asset portfolio has supported our operating efficiency and is allowing us to be closer than ever to our customers with an enhanced value-added solutions offer.

US$299

million of free cash flow after maintenence capital expenditures in 2013

Optimizing our cost base to improve operating efficiency

We constantly look for ways to reduce our costs and maximize our operating efficiency by sharing best practices across our regional network. Our cost reduction efforts have led to superior profitability and cash flow generation.

One important driver of our operating efficiency has been the continued use of alternative fuel sources in our cement operations. Along with lower fuel prices and other energy strategies, our alternative fuel program contributed in a 10% decrease in our total fuel bill during 2013 in our cement operations.

During 2013 we also worked to improve logistics and this resulted in a reduction of our distribution expenses of more than US$2 per ton of cement.

The EBITDA margin expansion during 2013 of 1.8 percentage points, or 3.0 percentage points adjusting for our housing solutions initiatives, compared to pro forma 2012*, was supported by lower fuel costs, lower maintenance costs and reduced distribution expenses.

Strong free cash flow generation to support growth

In 2013, we generated US$299 million of free cash flow after maintenance capital expenditures, out of which more than US$250 million was used to reduce debt, while about US$43 million was used for strategic capital expenditures, mainly related to our new cement grinding mill on the Caribbean coast in Colombia.

This expansion is helping reduce our distribution expenses, while allowing us to be closer to our customers with an enhanced commercial offering.

Going forward, we intend to continue using our free cash flow to finance our business strategy and improve our debt maturity profile.

We are located in markets with strong growth prospects and will continue to actively participate in the development of our local communities, promoting sustainable value creation for our stakeholders.

Our alternative fuel program in our cement operations contributed to a 10% decrease in our total fuel bill during 2013, in our cement operations.

** Please refer to "Presentation of Financial Information" for definitions and additional details.*

delivering better
quality of life
for our
COMMUNITIES

+100,000
people benefited from *Patrimonio Hoy* since 2005

Bloqueras Solidarias offers a solution to unemployment and housing.

Enhancing our competitiveness to solve community challenges

At CEMEX Latam Holdings we continually strive to find new ways to enhance our competitiveness while improving the social, environmental, and economic conditions of the communities we serve. Towards this end, we have developed and continue building a community solutions' portfolio of inclusive businesses, practices, and policies. Our initiatives generate sources of income, reduce costs, and, at the same time, deliver new solutions to the increasingly complex and inter-connected demands of society.

The need for affordable housing, an efficient use of resources, and environmental conservation are some of the key challenges on which we focus. We engage our communities with solutions that improve quality of life throughout the region by promoting housing self-construction programs, the use of alternative fuels, new construction and demolition waste disposal practices, and superior environmental management. Furthermore, the health and safety of our employees and communities are always a priority.

Improving quality of life through housing self-construction

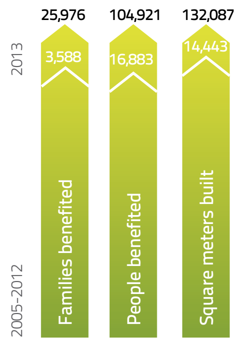
By providing individuals and families access to housing self-construction programs, we play an active role in improving quality of life and reducing poverty levels.

At CEMEX Latam Holdings, we have developed different inclusive businesses that align our values and objectives with the needs of communities and vulnerable groups in the region, creating sustainable shared value and long-term benefits for both parties. Our flagship social initiative *Patrimonio Hoy* provides efficient access to construction or home improvement through comprehensive solutions, including microcredit to buy supplies at special prices, self-construction techniques, and high quality construction materials. Over 100,000 people have benefited from our *Patrimonio Hoy* program since it was launched in the region in 2005.

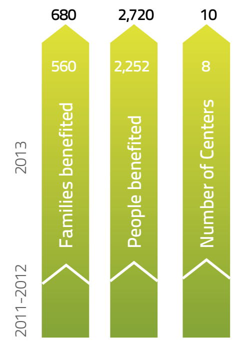
The Productive Centers of Self-Employment, like *Bloqueras Solidarias* are financially self-sustaining community enterprises in which families and individuals participate in their own economic growth and development by manufacturing prefabricated concrete blocks. Participants keep half of their production to build or improve their own homes, while the other half is sold to state and municipal authorities for infrastructure projects in their communities. Proceeds are then used to purchase other construction materials.

The Assisted Self-Construction Integrated Program was created to empower families in extreme poverty to build their own houses. In addition to participating in our *Bloqueras Solidarias* program, qualified families join two supplemental programs to receive needed funds and training to build their homes. Through *ConstruApoyo* we facilitate the distribution of government-sponsored funds using a prepaid debit card system that creates a transparent and more efficient process for

Program results



Patrimonio Hoy (2005-2013)



Bloqueras Solidarias (2011-2013)

Close communication with our neighbors enables us to understand social issues and deliver programs tailored to help solve them. To maximize results, we constantly search for productive partnerships that complement our strengths and contribute to build more sustainable communities and generate greater social development.

families to purchase the building materials they need. Finally, through *Construimos Juntos*, we recruit architecture and civil engineering students and professionals who provide families with additional training and supervision to help them successfully build their homes.

During 2013, we significantly expanded our housing self-construction programs by beginning operations in six new *Bloqueras Solidarias* in Colombia. We also launched the program in Costa Rica, with two facilities, and began the construction of one facility in Nicaragua.

Contributing to the well-being and development of our communities

Our operations form an important part of the communities we serve, and we are committed to being a good neighbor and a trusted member of society. By employing members of the community, hiring local suppliers, and implementing successful social investment programs, we contribute to local growth and development.

We embrace local sourcing as a catalyst for improving the economic well-being of communities. By sourcing locally we help create jobs and promote new skills among local workers, stimulating economic activity and social development. We support local small and medium enterprises in our communities and work with them to strengthen their operations and management to grow their business. As a result, CEMEX Latam Holdings continually increases the number of suppliers that are locally based.

Furthermore, we leverage our expertise delivering high-scale infrastructure solutions throughout the region, to help communities neighboring our operations develop and improve the basic social infrastructure needed to build sustainable communities and improve quality of life. Combining the work and donations of CEMEX Latam Holdings's volunteers with local partnerships and active community work, we build roads, schools, drainage basins, parks, and other facilities that contribute to local development. For example, in Clemencia, Colombia —where we have recently started operations of a new cement grinding plant— we built a Box-Culvert, which benefits the local community with safer local traffic on the neighborhood streets. In Costa Rica, we worked with the Ministry of Education in rebuilding and improving the Raizal de Colorado and Tiquiruzas de Porozal schools, benefiting over one thousand children with enhanced education infrastructure in the Guanacaste province. In Panama, our *Paso Seguro* program (Safe Steps) has been actively working in partnership with the National Government since 2008 to enhance streets, roads, sidewalks, and pedestrian bridges in communities surrounding our operations.

Our neighbors meet at CEMEX Latam Holdings Community Centers to engage in different activities, including training courses, art classes, and recreational activities. Additionally, through our Sports Schools we offer children the opportunity to participate in soccer, swimming, and basketball tournaments that develop not only physical fitness but also self-confidence, social and leadership skills, as well as teamwork and sportsmanship.

17,000

trees planted in Nicaragua in 2013 in the municipality of San Rafael del Sur

100% of our cement plants throughout the region operate under the CEMEX Environmental Management System.

We have also designed specific programs to promote reforestation in our communities. In Colombia, for example, our *Sembrando Futuro* program (Seeding the Future) includes a series of workshops through which children from neighboring communities learn to care for the environment and lead local recycling, water conservation, and reforestation campaigns. In Panama, every year we collaborate with the National Environmental Authority in their Month of the Environment initiative, donating trees and plants from our nursery; in Costa Rica, we are organizing children's courses on recycling. In Nicaragua, during 2013 we planted 17,000 trees in the municipality of San Rafael del Sur, 46 kilometers from Managua, contributing to the recovery of the local flora and fauna.

We also work to promote better employment opportunities in our communities. In Colombia, our *Programa de Desarrollo de Habilidades Laborales* (Job Skills Development Program) teaches training courses that develop specialized skills for jobs in local industries and businesses, including operating heavy machinery, occupational health and safety, electromechanical maintenance, and construction. Across the region, in partnership with ANSPAC, we provide participating women with technical training as well as life skills courses.

Solving the challenge of construction and demolition waste

If disposed of in landfills, construction and demolition waste (CDW) can pose environmental challenges through air, water and soil pollution. CEMEX Latam Holdings in Colombia is helping address this issue by offering a comprehensive solution for adequate demolition, on-site classification for recycling, and waste transport. Our facilities at La Fiscala and Las Delicias are a destination for CDW, where it can be either incorporated into new construction materials or properly disposed of according to local regulations. This solution allows clients to maximize the use of their construction materials, comply with environmental norms, and also apply for LEED points for their projects.

CEMEX Colombia invested in this solution during 2011 and 2012 to buy state-of-the-art waste processing equipment and train personnel. The facilities are now fully operational and working under a tailored Environmental Management Plan registered with the Colombian Urban Development Institute, which allows the company to issue certificates for proper CDW disposal.

Using resources efficiently

The increasing use of alternative fuels is a key pillar in CEMEX Latam's carbon and energy strategy, as it allows us to simultaneously maximize the contribution of our plants to society and reduce our environmental footprint. During 2013 we continued the use of alternative fuels —including biomass such as rice and coffee husks, waste oils, and others—reaching a substitution rate of 24%.

By increasing the use of alternative fuels we help save non-renewable resources, offer communities an alternative to landfill disposal, and promote employment and economic activity related to developing new supply chains.

Reducing carbon emissions

Since 2008 we have been developing and implementing several Clean Development Mechanism (CDM) projects in the region. In 2013 we obtained the approval of the United Nations Framework Convention on Climate Change (UNFCCC) for the registry of the alternative fuels project in our Cemento Bayano plant in Panama. The complete CDM portfolio includes 5 accredited initiatives located in 4 out of our 5 clinker manufacturing facilities in the region, equivalent to a total carbon offset potential of over 330,000 tons per year.

In Morato, Bogotá, CEMEX Latam Holdings operated a low-investment system for water reutilization in partnership with a neighboring factory, through which we purchased waste water and reuse it in cement production. The project received a special distinction at the 2013 International Water Summit and we are currently exploring new options to set up similar initiatives in other operations.

Environmental excellence

As part of our commitment to the highest standards of environmental management, at CEMEX Latam Holdings we use a systematic approach to monitor, manage, minimize, and mitigate the impacts of our operations in order to ensure natural resources are used sustainably and biodiversity is preserved.

In 2013 we implemented a Corporate Water Policy, responding to our pledge to minimize the company's water footprint. This policy describes our strategy for sustainable water management, acts as a framework for the development of local water conservation strategies across our operations, and sets the basis for continuous improvement through measuring performance against targets. Consequently, we continued working in partnership with the International Union for Conservation of Nature to implement a jointly developed methodology designed to improve water management and efficiency in all businesses. The methodology includes key performance indicators, different levels of accuracy for water measurement, and guidance on how to report.

Furthermore, we integrate in our business model a Corporate Biodiversity Policy. Accordingly, we work diligently to manage the habitat within and around our operations to protect biodiversity and maximize our contribution to nature conservation.

We have further developed a successful partnership with BirdLife International and we are currently working with them locally to continue enhancing the biodiversity features of our quarries and to start Biodiversity Action Plans in quarries located in areas of high biodiversity value.

The highest health and safety standards through leadership

The safety, health and well-being of our employees, contractors and third parties hold the highest priority to CEMEX Latam Holdings and are a key factor to the successful development of our operations. We base our ongoing company-wide efforts to enhance workplace and community safety on four key aspects: promoting individual safe behaviors, maintaining equipment in optimal working condition, building a safe working environment, and having policies and procedures in place that help minimize risks.

LEGACY, our company's signature health and safety leadership training program, is designed to provide managers at all levels with key skills and behaviors to develop a culture of health and safety across our operations. Our Visible Felt Leadership program, designed to complement LEGACY, encourages directors and managers to constantly tour our operations, observe potential unsafe behaviors, and provide instant feedback to supervisors and workers. Additionally, our Safety Leadership Index helps supervisors to continuously evaluate compliance with commitments, rules, procedures, and initiatives, by keeping track of a specific set of indicators. Through these activities, we reduced our employee lost-time injury rate by more than 50% from 2012, bringing us closer to our commitment of achieving zero workplace incidents.

In Colombia, our Community Relations department teams up with the Industrial Safety department for a series of monthly community health and safety training sessions. The courses are taught by the local safety coordinator and showcase CEMEX Latam Holdings' best practices so that our neighbors can apply them at their own workplaces and homes. Topics covered include earthquake safety, fire prevention, electrical safety, accident prevention, water care, child safety, first aid, as well as food poisoning, health and nutrition. In Costa Rica, we conduct an annual health campaign that benefits over 1,500 of our neighbors in Abangares, Guanacaste.

The Health and Safety Management System used —aligned with OHSAS 18001— helps reduce incidents based on the continuous evaluation of potential risks and setting clear expectations for managers regarding safety and health.

delivering opportunities for our EMPLOYEES

We provide continuous training and development opportunities so employees can work intelligently, safely, and effectively.

CEMEX Colombia is currently positioned in the top 20 companies in the MERCO Personas best place to work index.

Fostering growth at every stage

The hard work and dedication of our employees are the drivers behind our growth and our success in developing new solutions to better serve our clients. Consequently, we offer all of them a robust employee value proposition that delivers on our goal to build a CEMEX Latam Holdings that is the best place to work in each of the countries in which we operate.

Our employees share a common organizational dynamic that fosters creativity, collaboration, and innovation. We value the individual and collective pursuit of continuous improvement, the ability to generate alternatives, the capacity to make a case for change, and the talent to work together in teams to transform projects into actions that deliver long-term superior performance. Regardless of their responsibilities and stage of their careers, we take a multi-faceted approach that encourages the professional growth of each of our employees.

To achieve this goal, we utilize a dialogue-based development process, known as Talent Review. Through this process, our employees' performance, personal interests, and potential are assessed in consensus with their direct supervisor and peers, as well as with their area leader. The process builds a common language to evaluate and identify talent, points out gaps, and allows us to actively participate in our employees' development. Additionally, all our employees receive formal performance evaluations and feedback from their supervisors.

Furthermore, we strive to develop our employees' skills using a variety of learning initiatives and on-the-job training in a wide array of subjects. From scholarships and online training courses, to management and leadership programs, we offer opportunities for employees from different backgrounds to explore and develop their capabilities and to collaborate with others, share experiences, and implement their ideas.

Developing leaders for today and tomorrow

We provide continuous training and development opportunities so employees can work intelligently, safely, and effectively. To complement our onsite training efforts, we use a state-of-the-art online learning management system, CEMEX Learning, a course library through which our employees are able to design individual growth plans that enable them to reach their highest potential.

Fully committed to preparing leaders who will successfully guide our organization now and into the future, we offer specific programs aimed at strengthening the skills and competencies of people in leadership positions and at building those same competencies in our younger staff. These programs give future leaders the opportunity to learn about decision-making models, business trends, and strategy, strengthen interpersonal skills, build a strong network that promotes knowledge and best-practice sharing, and to experience working in virtual and multicultural teams.

Strengthening leadership and decision making

Our Role Model Supervisor program provides mid-level supervisors with tools to develop management, leadership, and feedback skills, while at the same time providing hands-on opportunities to create solutions that are relevant to team performance and the operational work environment. Moreover, our Managers Program provides our executive team with robust tools to further their management and leadership skills.

Additionally, our ACHIEVE program is key to our goal of developing executives with strong leadership capabilities. Top-tier managers and newly appointed directors participating in ACHIEVE to develop their leadership skills are immersed in real-life projects that focus on capturing and creating value for our company and our stakeholders. An important element of ACHIEVE is our Leader-to-Leader (L2L) mentoring program, through which each participant is assigned a mentor from a group of distinguished leaders from our operations, including country managers and functional leaders, who possess many of the leadership characteristics we aim for at CEMEX Latam Holdings. At the same time, senior executives are provided with an extraordinary opportunity to deepen their own leadership expertise by mentoring ACHIEVE participants, sharing their experience, and providing support throughout the year.

As part of the Executive Program implemented in Colombia during 2013, 90 directors and managers at CEMEX Colombia met to discuss management issues, including leadership, innovation, engagement, communications media, strategy, and the country's political, economic, and social developments. The program has five main objectives to strengthen the vision of our executives, key issues, and the decision making process within the company:

- Build leadership and performance within the executive group
- Strengthen team management and develop new leaders
- Ensure we are all well informed on key issues in the country
- Reinforce alignment with the strategic agenda
- Support the construction of internal engagement networks

Commercial tools to improve performance

To drive our renewed portfolio of solutions for the construction industry, during 2013 we leveraged the *Academia Comercial CEMEX* to invigorate the company's salesforce. The program strives to strengthen commercial competencies and develop a common sales language through which to offer the same high quality service to all our clients. By implementing a multi-annual training program, the academy is focused on reinforcing key aspects in customer service with all our sales teams to help deploy new products, services, and solutions.

Professional growth: a personal decision

Our Career Building initiative fosters a mindset across our organization in which the appropriate balance of career conversations —aligned with the business cycle and supported by the requisite tools— is the most efficient way to guide the efforts of our people and to maximize our performance.

The Career Building program helps our employees and work teams take responsibility for growing their own careers within the organization. The program guides and supports employees by opening up four key conversations during the year that serve to empower employees to maximize their talents and abilities, thus benefitting their professional careers. The first conversation is focused on aligning their personal goals with the goals of the work teams and with the company strategy so that each of our employees makes a contribution to reaching new goals through individual performance. The second conversation invites employees to state their own personal development measures that will help them improve their weaknesses so that work teams are prepared to reach their objectives. The third conversation reviews the progress made in reaching mid-term goals and updates those goals. Finally, the fourth conversation closes the cycle by evaluating personal and team work performance and offering feedback.

commercial development
GLOBAL INITIATIVE

Career Building

The best employee value proposition

Our strategy to enhance our employee value proposition, known as *Más para ti*, is the result of a broad dialogue with our employees region-wide to understand their views and expectations about key benefits, growth, career opportunities, and elements in the work environment that contribute to generate a deeper sense of belonging and commitment.

Más para ti aligns CEMEX Latam Holding's business strategy and recent growth with employee expectations and the demands of the fast-evolving labor market in the region. The program is designed as a dynamic platform for the continuous development of initiatives that contribute to our ability to attract and retain talent by enhancing our employee value proposition. Some of the benefits include: scholarships; seminars, courses, and conferences; annual career interest surveys; and, enhanced internal communications and direct communication with top management.

Getting feedback from our employees

During 2013, CEMEX Latam Holdings launched a renovated engagement survey through which employees play an active role in shaping the workplace environment. This year's enhanced survey not only measured engagement and performance across our operations, but also explored other key features of our organizational strategy and culture behaviors, including work-life balance, empowerment, performance management, growth and development, as well as compensation and benefits.

Central to empowering managers is sharing the results of the survey with local business leaders and human resources professionals. We trained survey champions who support our business units to better understand the results and, more importantly, to create, communicate and evaluate strong action plans geared towards improving the workplace environment.

A main attribute of the 2013 survey is that questions were designed to provide clear actionable information, translating into faster implementation of plans to enhance communications, build stronger teams, have a deeper knowledge of the company's strategy, and to improve job performance. By allowing employees to strengthen their commitment, we increase retention and, ultimately, create a seamless leadership line of succession that helps build a long-term superior performance organization.

Strengthening the sense of belonging

Our *Enlázate* program allows our administrative staff at the Bogota office to have experiences that allow them to better understand the complete portfolio of commercial initiatives we have launched in recent years and to experience firsthand our new commercial strategy. Within the different work modules, we integrate visits to different facilities, including Construrama, Patrimonio Hoy, CEMEX en su Obra, the Ibagué cement plant, community centers, and infrastructure and housing projects. Through the *Enlázate* program, we align our employees with the solutions we offer for the construction industry, strengthen our sense of belonging, and bring the administrative staff closer to the day-to-day operation.

We listen to our employees

In addition to constantly reinforcing the work philosophy of CEMEX Latam Holdings in all our employees, we use different communication channels to ask them for feedback, based on their area of work and expertise, on issues as diverse as ethics or innovation. We offer suggestion boxes so we may listen to their concerns and suggestions for improvement. From proposing innovations in our operations to presenting complaints, suggestions, and questions for our CEO, the suggestion boxes serve as a direct channel that allows all our employees to actively participate in our continuous improvement processes. To motivate participation, suggestions with the best proposals receive a prize.

We keep a continuous dialogue with our employees, receive suggestions for improvement and implement new programs. Our goal is for current and future employees to view CEMEX Latam Holdings as the best place to work in the countries in which we operate.

company overview

CEMEX Latam Holdings is a regional leader in the building solutions industry that provides high-quality products and reliable services to customers and communities in Colombia, Panama, Costa Rica, Nicaragua, El Salvador, Guatemala, and Brazil.

To expand our footprint in the fast-growing Colombian Caribbean Coast, we opened in 2013 a new cement grinding facility with a capacity of 450,000 metric ton.

Business

We are focused on offering sustainable and tailor-made building solutions to address the complex demands of our clients. With a solid commercial offering that combines innovative construction systems and specialty concrete products we are encouraging the development of the countries where we operate, fostering well-being in our communities, and delivering value to all of our stakeholders.

Business Strategy

We are committed to continue strengthening our leadership in the region by growing profitably and maximizing our overall performance. We focus our value creation strategy on five key elements:

- Market-oriented organization focusing on integrated building solutions
- Continuous effort to improve our cost structure and operating efficiency
- Optimize use of capital to support higher returns
- Recruit, retain, and cultivate world-class managers; and
- Foster our sustainable development

Market-oriented organization focusing on integrated building solutions

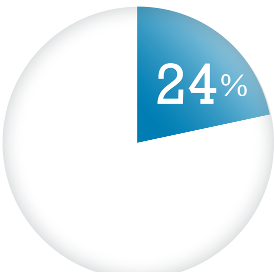
We have market-leading positions in the region, with a well-developed commercial approach that is allowing us to get closer to our customers.

We remain committed to be the supplier and partner of choice for our customers and will continue working to provide them with the most efficient and effective building solutions for their construction projects. By developing our integrated offerings, we can provide customers with more reliable, higher-quality service and more consistent product quality.

Through our solutions-based initiatives we are proactively proposing new projects in our markets, increasing demand for our products and promoting the timely completion of these projects. In addition, we are capturing incremental cash flow by participating in the different construction phases, driving an improvement in our returns.

Continuous effort to improve our cost structure and operating efficiency

We constantly look for ways to reduce our costs and maximize our operating efficiency by sharing best practices across our regional network. Our cost reduction efforts have led to superior profitability and cash flow generation. One important driver of our operating efficiency is the use of alternative fuel sources in our cement operations.



In 2013, we reached an alternative fuels substitution rate of 24% in our cement operations.

During 2013 we also worked to improve logistics and this resulted in a reduction of our distribution expenses of more than US$2 dollars per ton of cement.

We will continue seizing every opportunity to drive down costs and improve our efficiency.

Optimize use of capital to support higher returns

In a rapidly changing, challenging business environment, we constantly adapt our operations to meet market dynamics.

Over the past years we have worked to enhance our asset portfolio in the region.

In our operations in Colombia, for example, during the past 3 year, we doubled the number of ready-mix plants, the number of ready-mix trucks, and the number of cement distribution centers, with an important increase in our cement distribution fleet.

In 2013 we started cement production in our new cement mill on the Colombian Caribbean coast. This 450,000-ton facility is improving our footprint in a market that has been posting growth rates above the national average.

In addition, we have implemented across our regional network several initiatives to eliminate bottlenecks in transport equipment and the cement packing automation system, resulting in resulting in a better use of our cement production capacity.

Our strong portfolio of assets provides us with the opportunity for sustainable growth over the medium and long term.

Recruit, retain, and cultivate world-class managers

At CEMEX Latam Holdings, our people are at the core of our business and our success. With the contribution, energy, and vision of our employees we continue to build our future and to be highly competitive in the building materials industry. Therefore, we have an ongoing interest in continuing to improve our work environment and be surrounded by engaged employees who lead our company through a culture of high-performance and sustainable value creation.

We work to nurture and empower our employees by providing safe and healthy working environments as well as interesting, challenging, and continuous development opportunities. We do our best to make CEMEX Latam Holdings not only a successful business but also a great place to work. We will continue to focus on recruiting, retaining, and developing motivated and knowledgeable professional managers.

Foster our sustainable development

Sustainable development is embedded in our core business strategy and our day-to-day operations. We seek to contribute to regional development through a simple and focused model that follows three main lines of action:

- Promoting sustainable value creation: we seek to increase our operational efficiency through innovation and collaboration, in order to develop building solutions to meet the needs of our customers.
- Managing our footprint: we look to take the lead in sustainable construction through the development of products, services, and building solutions for a low-carbon economy. In addition, we are increasing the use of alternative fuels, improving our energy

efficiency, and contracting renewable power where feasible. We are also optimizing air quality, waste management, and recycling, and diminishing disturbances from noise and dust.

- Engaging our stakeholders: our long-term success relies on fostering positive, long-term relationships with key stakeholders. We place a high priority on the health and safety of our employees, our contractors, and our communities. We are committed to help in the development of our local communities, and we collaborate with governments, NGO's, and opinion leaders to anticipate and address emerging social demands.

Our agreements signed with CEMEX S.A.B. de C.V. and/or its direct and indirect subsidiaries are important elements in our ability to foster our sustainable growth. For example, through these agreements with CEMEX, we have access to an alternative fuel benchmark tool that allows us to monitor and compare alternative fuels used in our cement plants and to keep track of different alternative-fuel-related projects.

Aligment with investor interests

Employee stock-ownership plan

To better align our executives' interests with those of our stockholders, on January 16, 2013, the CEMEX Latam Holdings, S.A.'s Board of Directors, considering the positive report of the Board's Nominating and Compensation Commission, approved, effective January 1, 2013, a long-term incentives plan to certain executives of CEMEX Latam Holdings, which consists of an annual compensation plan based on the CEMEX Latam Holdings' shares.

The costs associated with this long-term incentives plan are recognized in the operating results of the subsidiaries of CEMEX Latam Holdings, S.A. in which the executives subject to the benefits of such plan render their services.

The shares included in the aforementioned long-term incentives plan, which are held in the company's treasury, are delivered fully vested under each annual program over a service period of four years.

As of December 31, 2013, the company has not yet released any share to the eligible executives under such long-term incentives plan, which first delivery, corresponding to the first 25% of the 2013 plan, is expected to be carried out in late June 2014.

Corporate governance

We are committed to abide by the laws and regulations of every jurisdiction in which we operate. Nonetheless, we recognize that our strict adherence to the law is not enough to run a regional organization.

Sustainable development is embedded in our core business strategy and our day-to-day operations.

Beyond compliance, our commitment—to ourselves, our investors, and to all our stakeholders—is to manage CEMEX Latam Holdings with integrity. Everything we do rests on this foundation.

As CEMEX Latam Holdings was incorporated in Spain and its shares are listed on the Colombian stock exchange, the company is governed by the *Ley de Sociedades de Capital* (Royal Legislative Decree 1/2010, as of July 2, 2010), as well as by the provisions of its bylaws, the regulations of the General Shareholder's Meeting and the Board of Directors and any other internal regulations duly approved and adopted by the competent bodies.

Given that CEMEX Latam Holdings is a Spanish entity listed on the Colombian stock exchange but not in Spain, the Company is not required to comply with Spanish regulations related to corporate governance *(Buen Gobierno Corporativo)* that are applicable to companies listed on Spanish stock exchanges. As a Spanish company listed on the Colombian Stock Exchange, we are not subject to the same best practice provisions applicable to Colombian issuers whose shares are listed on the Colombian Stock Exchange.

CEMEX Latam Holdings has decided, however, to voluntarily comply with some of the codes of conduct for good corporate governance provisions contained in the Unified Spanish Corporate Governance Code, as well as with best practice provisions applicable to Colombian issuers, and, since the public listing, CEMEX Latam Holdings has aligned its good corporate governance system to these best practices, as well as to international best practices.

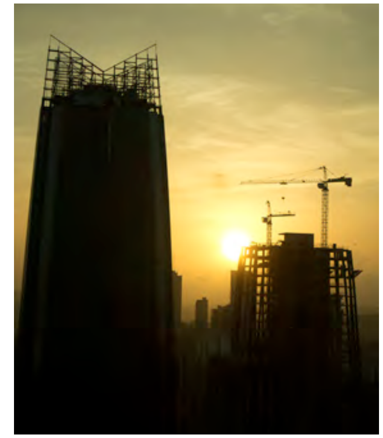
Furthermore, CEMEX Latam Holdings upholds to the highest Corporate Governance standards due to its Parent's Sarbanes-Oxley compliance and NYSE and *Bolsa Mexicana de Valores* regulations. Additionally, we work in accordance with section 404 of SOX and our Code of Ethics and Conduct incorporates SOX requirements.

Under the provisions set forth in our internal regulations, relevant transactions (as identified therein) between CEMEX, S.A.B. de C.V. and/or its subsidiaries (excluding Cemex Latam Holdings, S.A. and its subsidiaries), and CEMEX Latam Holdings S.A. or its subsidiaries, have to be reviewed and voted only by CEMEX Latam Holdings, S.A.'s Directors who are not affected by a direct or indirect conflict of interest. As a result of this Corporate Governance measure, Directors affected by a conflict of interest must abstain during the voting and therefore such transactions shall be reviewed and voted only by CEMEX Latam Holdings, S.A.'s independent Directors.

Support from a global industry leader

We have the support of one the world's leading building materials companies. CEMEX is one of the largest cement companies in the world, based on annual installed cement production capacity as of December 31, 2013 of approximately 93.7 million metric tons. CEMEX is the largest ready-mix concrete company in the world, with annual sales volumes of approximately 55 million cubic meters and one of the largest aggregates companies in the world, with annual sales volumes of approximately 162 million metric tons, in each case based on its annual sales volumes in 2013.

19 years average experience at CEMEX of our senior management team



Access to CEMEX's breadth of experience and exposure to multiple sectors allows us to benefit from best practices, technologies, and know-how in production techniques, marketing, and sales strategies. These benefits not only let us implement programs aimed at increasing sales, but also let us reduce production costs by adopting new techniques such as our use of alternative fuel sources.

We also capitalize on our relationship with CEMEX to capture synergies and exploit cross-selling opportunities, resulting, for example, from CEMEX's global building materials trading network, or the strong brand recognition it has in the relevant industries. Our relationship with CEMEX is governed by the Framework Agreement and a management and business support services agreement, among other agreements.

With an average of 19 years of experience at CEMEX, we have a highly experienced senior management team that has been working together for many years. This continuity has helped establish long-standing relationships and loyalty with customers. Our management team has substantial industry experience and has a proven track record of successfully steering the company through different economic environment cycles and of acquiring and integrating related businesses and assets.

As consideration for the services and use, exploit and enjoyment of CEMEX's trademarks, names and intellectual property assets under the Non Exclusive Use, Exploitation and Enjoyment of Assets License Agreement, the Management and Business Support Services Agreement and the License Agreement, CEMEX Latam Holdings has agreed to pay CEMEX, consistent with market practice and arm's-length principles, fees equal to 5% of CEMEX Latam Holdings' consolidated net sales.

management discussion and analysis of the operational results and financial condition of the company

10%

increase in consolidated net sales vs. 2012

Consolidated results

Net sales increased by 10% to US$1,750 million in 2013 compared to 2012, on a pro forma basis. This increase was driven by high construction activity that translated into sales volume records in most of our markets.

Cost of sales as a percentage of net sales decreased by 0.8 percentage points, from 49.5% in 2012, on a pro forma basis, to 48.7% in 2013. This decline was driven by lower fuel and maintenance costs, supported by our cost-reduction initiatives. .

Operating expenses as a percentage of net sales increased by 0.4 percentage points in 2013, compared to pro forma 2012.

Operating EBITDA during 2013 increased by 16% to US$633 million, compared to 2012, on a pro forma basis. The increase was driven by a positive performance in most of our markets and our continuous effort to optimize our cost base.

Operating EBITDA margin increased by 1.8 percentage points, from 34.4% in 2012, on a pro forma basis, to 36.2% in 2013. Adjusting for our housing solutions initiatives in Colombia, our operating EBITDA margin increased by 3.0 percentage points during 2013, compared to pro forma 2012. This improvement was driven by lower fuel and maintenance costs, as well as by lower distribution expenses, supported by our cost-reduction efforts.

Controlling interest net income during 2013 reached US$264 million.

Free cash flow after maintenance capital expenditures reached US$299 million in 2013, out of which more than US$250 million was used to reduce debt and about US$43 million was used for strategic capital expenditures, mainly related to our new cement grinding mill on the Caribbean coast in Colombia.

Total debt at the end of 2013 was US$1,381 million.

Please refer to "Presentation of Financial Information" for definitions and additional details.

regional
review of operations

13%
increase in net sales in our Colombian operations

The residential sector remained an important driver of demand in our Panama operations.

Colombia

In 2013 our Colombian operations' net sales increased by 13% on a year-over-year basis to US$1,025 million, and operating EBITDA also increased by 13%, compared to 2012. Our domestic gray cement, ready-mix concrete, and aggregates volumes increased by 1%, 8%, and 9%, respectively, during 2013 compared to 2012.

The residential sector was the main driver for demand of our products, supported by the construction of the government-sponsored free-home program. The industrial-and-commercial sector continued its positive trend during 2013, benefiting from the favorable economic outlook, higher investor confidence, and Colombia's new trade agreements.

In November 2013 we opened a new cement grinding plant on the Caribbean Coast of Colombia. This 450,000-ton facility is improving our footprint in a market that has been posting growth rates above the national average.

Panama

In our operations in Panama, net sales increased by 7% during 2013 compared to 2012, reaching US$310 million. Operating EBITDA rose to US$139 million, from US$126 million in 2012, representing a 10% increase. For the full year 2013, our cement and aggregates volumes increased by 3% and 4%, respectively, while our ready-mix volumes remained flat.

The residential sector remained an important driver of demand, mainly supported by middle-income housing. In the infrastructure sector, demand for our products was driven by several ongoing projects such as the Panama Canal Expansion and the Coastal Beltway *(Cinta Costera)* as well as by the start of construction works in projects like the *Corredor Norte*.

Costa Rica

Net sales in our operations in Costa Rica during 2013 increased by 16% to US$155 million, while our operating EBITDA increased by 31% to US$69 million, compared to 2012. Our cement volumes improved 8%, while our ready-mix and aggregates volumes declined by 8% and 4%, respectively, during 2013, compared to 2012.

The infrastructure sector was the main driver for our cement volumes; however, our ready-mix and aggregates volumes were negatively affected by delays in the execution of certain tourism and commercial projects as well as by the conclusion of several large projects during 2013.

Rest of CLH

In the Rest of CLH region, net sales decreased 1% to US$275 million, and operating EBITDA improved 6% to US$77 million during 2013 compared to 2012.

In Nicaragua, demand for our products in 2013 was driven by infrastructure projects. In Guatemala, ready-mix volumes showed strong volume growth on the back of commercial and business-related projects in Guatemala City.

CLH Operations

	COLOMBIA	PANAMA	COSTA RICA	REST OF CLH[1]	OTHERS AND INTERCOMPANY ELIMINATIONS	TOTAL
Net Sales	1,025	310	155	275	(15)	1,750
Operating earnings before other expenses, net	386	122	61	72	(106)	535
Operating EBITDA	424	139	69	77	(76)	633
Total Assets	2,319	557	64	896		3,836

Millions of US Dollars as of December 31, 2013

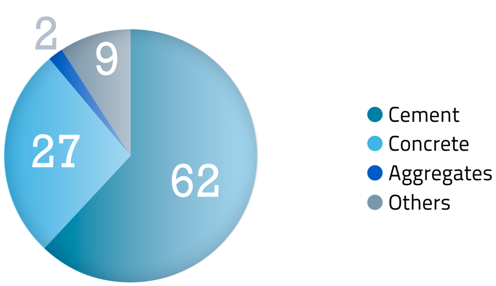
CLH Capacity

	COLOMBIA	PANAMA	COSTA RICA	REST OF CLH[1]	OTHERS AND INTERCOMPANY ELIMINATIONS	TOTAL
Cement production capacity (million metric tons/year)	4.0	2.1	0.9	0.6		7.6
Cement plants	5	1	2	2		10
Ready-mix plants	44	14	8	9		75
Aggregates quarries	6	4	1	2		13
Land distribution centers	8	3	1	5		17
Marine terminals/river	-	-	-	2		2

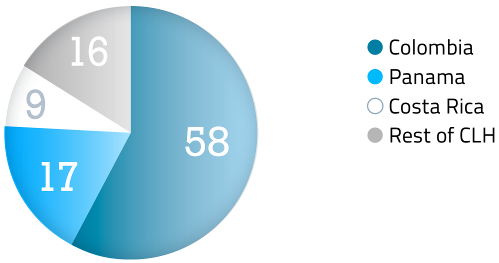
As of December 31, 2013

1. Includes operations in Guatemala, El Salvador, Nicaragua and Brazil

Sales by product
percentage



Sales by region
percentage



Consolidated financial statements

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Independent auditors' report on the consolidated financial statements

To the Shareholders of
Cemex Latam Holdings, S.A.

We have audited the accompanying consolidated financial statements of Cemex Latam Holdings, S.A. (the Company) and subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in Stockholders' equity and the consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.2

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cemex Latam Holdings, S.A. and subsidiaries as of December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

David Hernanz Sayans
26 February 2014

Consolidated income statements

CEMEX Latam Holdings, S.A. and Subsidiaries
(Thousands of U.S. dollars)

	Note		For the year ended December 31, 2013	For the six month period ended December 31, 2012
Net sales	2S	$	1,750,116	798,305
Cost of sales	2T		(852,161)	(393,071)
Gross profit			**897,955**	**405,234**
Administrative and selling expenses			(246,422)	(112,563)
Distribution expenses	2T		(116,237)	(63,755)
			(362,659)	(176,318)
Operating earnings before other income, net			**535,296**	**228,916**
Other expenses, net	5		(15,742)	(1,752)
Operating earnings			**519,554**	**227,164**
Financial expense			(113,762)	(94,916)
Other financial expenses, net	6		(2,090)	(245)
Foreign exchange results			(1,138)	28,811
Earnings before income tax			**402,564**	**160,814**
Income tax	19		(137,837)	(70,397)
Consolidated net income			**264,727**	**90,417**
Non-controlling interest net income			624	522
Controlling interest net income		**$**	**264,103**	**89,895**
Basic earnings per share	21	**$**	**0.47**	**0.47**
Diluted earnings per share	21	**$**	**0.47**	**0.47**

The accompanying notes are part of these consolidated financial statements.

Consolidated statements of comprehensive income

CEMEX Latam Holdings, S.A. and Subsidiaries
(Thousands of U.S. dollars)

	Note		For the year ended December 31, 2013	For the six month period ended December 31, 2012
Consolidated net income		**$**	**264,727**	**90,417**
Items that will not be reclassified subsequently to profit or loss of the period				
Actuarial gain (loss)	18		726	(14,414)
Income (expense) for income taxes recognized directly in stockholders' equity	19B		(247)	4,901
			479	(9,513)
Items that will be reclassified subsequently to profit or loss when specific conditions are met				
Currency translation of foreign subsidiaries			(143,095)	(24,747)
Other comprehensive loss for the period	20B		(142,616)	(34,260)
Consolidated comprehensive income for the period			**122,111**	**56,157**
Non-controlling interest comprehensive income for the period			624	522
Controlling interest comprehensive income for the period		**$**	**121,487**	**55,635**

The accompanying notes are part of these consolidated financial statements.

Consolidated balance sheet

CEMEX Latam Holdings, S.A. and Subsidiaries
(Thousands of U.S. dollars)

	Notes		As of December 31, 2013	2012
Assets				
Current assets				
Cash and cash equivalents	7	$	76,691	75,902
Trade receivables less allowance for doubtful accounts	8,17		164,195	97,128
Receivables from related parties	9		895	113
Other accounts receivable	10A		21,048	21,378
Taxes receivable			64,080	42,016
Inventories, net	11		103,683	93,147
Other current assets	12		19,227	21,209
Total current assets			449,819	350,893
Non-current assets				
Other assets and non-current accounts receivable	10B		18,623	32,813
Property, machinery and equipment, net	13		1,205,574	1,229,803
Goodwill, intangible assets and deferred assets, net	14		2,154,652	2,306,507
Deferred income taxes	19B		7,644	17,973
Total non-current assets			3,386,493	3,587,096
Total assets		**$**	**3,836,312**	**3,937,989**
Liabilities and stockholders' equity				
Current liabilities				
Short-term debt	15A	$	6,805	8,337
Trade payables			129,427	118,320
Payables to related parties	9		336,084	192,463
Taxes payable			93,240	74,016
Other accounts payable and accrued expenses	16		76,317	69,906
Total current liabilities			641,873	463,042
Non-current liabilities				
Long-term debt	15A		18,797	26,345
Long term payables to related parties	9		1,106,199	1,461,207
Employee benefits	18		63,418	71,349
Deferred income taxes	19B		635,903	671,183
Other liabilities	16		12,143	19,245
Total non-current liabilities			1,836,460	2,249,329
Total liabilities			**2,478,333**	**2,712,371**
Stockholders' equity				
Controlling interest:				
Common stock	20A		718,124	718,124
Additional paid-in capital	20A		744,689	745,213
Other equity reserves	20B		(473,821)	(333,948)
Retained earnings			89,895	–
Net income			264,103	89,895
Total controlling interest			1,342,990	1,219,284
Non-controlling interest	20C		14,989	6,334
Total stockholders' equity			**1,357,979**	**1,225,618**
Total liabilities and stockholders' equity		**$**	**3,836,312**	**3,937,989**

The accompanying notes are part of these consolidated financial statements.

Consolidated statements of cash flows

CEMEX Latam Holdings, S.A. and Subsidiaries
(Thousands of U.S. dollars)

	Note		For the year ended December 31, 2013	For the six month period ended December 31, 2012
Operating activities				
Consolidated net income		$	264,727	90,417
Non-cash items:				
Depreciation and amortization of assets	4		97,386	47,507
Provisions and other non-cash expenses	16		2,908	36,367
Financial expenses, other financial expenses, net and foreign exchange results			116,990	66,350
Income taxes	19		137,837	70,397
Results on the sale of fixed assets	5		2,075	53
Changes in working capital, excluding income taxes			(38,385)	112,834
Net cash flow provided by operating activities before interest and income taxes			583,539	423,925
Financial expenses paid in cash			(12,793)	(5,876)
Income taxes paid in cash			(114,561)	(44,064)
Net cash flows provided by operating activities			456,184	373,985
Investing activities				
Acquisition of subsidiaries	1		–	(372,799)
Property, machinery and equipment, net	13		(92,311)	(45,734)
Financial income			2,150	1,268
Intangibles assets and others deferred charges			40,153	–
Loans to related parties	9		–	74,848
Long-term assets and others, net	10B		14,189	(1,708)
Net cash flows used in investing activities			(35,819)	(344,125)
Financing activities				
Contribution of the controlling entity	20A		–	500,000
Cost of issuance of common shares	20A		(524)	963,496
Payment of loans to related parties	9		(718,582)	(1,754,000)
Loans from related parties			352,122	256,620
Non-current liabilities, net	16		(50,312)	(12,391)
Net cash flows used in financing activities			(417,296)	(46,275)
Increase (decrease) in cash and cash equivalents			3,069	(16,415)
Cash conversion effect, net			(2,280)	(1,456)
Cash and cash equivalents at the beginning of the period			75,902	93,773
Cash and cash equivalents at end of the period	7	$	76,691	75,902
Changes in working capital, excluding income taxes:				
Trade receivables, net		$	(70,173)	6,483
Other accounts receivable and other assets			1,407	54,190
Inventories			(10,339)	2,045
Trade payables			11,107	13,525
Related parties, net			28,687	68,091
Other accounts payable and accrued expenses			926	(31,500)
Changes in working capital, excluding income taxes		$	(38,385)	112,834

The accompanying notes are part of these consolidated financial statements.

Consolidated statements of changes in stockholders' equity

CEMEX Latam Holdings, S.A.
and Subsidiaries
(Thousands of U.S. dollars)

	Note	Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling Interest	Total stockholders' equity
Initial capital contribution on April 17, 2012	20A	**$ 75**	**–**	**–**	**–**	**75**	**–**	**75**
Net income for the period		–	–	–	89,895	89,895	522	90,417
Other comprehensive loss for the period		–	–	(34,260)	–	(34,260)	–	(34,260)
Changes in non-controlling interest	20C	–	–	–	–	–	5,812	5,812
Contribution of the controlling entity	20A	500,000	–	–	–	500,000	–	500,000
Reorganization of entities under common control	2	–	–	(327,840)	–	(327,840)	–	(327,840)
Public and private equity offerings	20A	218,049	745,213	234	–	963,496	–	963,496
Share-based payments	20D	–	–	734	–	734	–	734
Other movements	20B	–	–	27,184	–	27,184	–	27,184
Balance as of December 31, 2012		**718,124**	**745,213**	**(333,948)**	**89,895**	**1,219,284**	**6,334**	**1,225,618**
Net income for the period		–	–	–	264,103	264,103	624	264,727
Other comprehensive loss for the period		–	–	(142,616)	–	(142,616)	–	(142,616)
Changes in non-controlling interest	20C	–	–	–	–	–	8,031	8,031
Public and private equity offerings	20A	–	(524)	–	–	(524)	–	(524)
Share-based payments	20D	–	–	2,743	–	2,743	–	2,743
Balance as of December 31, 2013		**$ 718,124**	**744,689**	**(473,821)**	**353,998**	**1,342,990**	**14,989**	**1,357,979**

The accompanying notes are part of these consolidated financial statements

Notes to the consolidated financial statements

CEMEX Latam Holdings, S.A. and Subsidiaries
(Thousands of U.S. dollars)

1) Description of business

CEMEX Latam Holdings, S.A., constituted under the laws of Spain on April 17, 2012 as a capital stock corporation (S.A.) for an indefinite period of time, is an indirect holding company or parent of entities whose main activities, located in Colombia, Panama, Costa Rica, Nicaragua, Guatemala, El Salvador and Brazil, are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. CEMEX Latam Holdings, S.A. 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. ("CEMEX"), a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of Mexico.

The terms "CEMEX Latam Holdings, S.A." and/or the "Parent Company" used in these accompanying notes to the financial statements refer to CEMEX Latam Holdings, S.A. without its consolidated subsidiaries. The terms the "Company" or "CEMEX Latam" refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. The issuance of these consolidated financial statements was authorized by the management and the Board of Directors of CEMEX Latam Holdings, S.A. on February 26, 2014.

On November 15, 2012, the Parent Company concluded its initial offering of 170,388,000 new ordinary shares, at a price of 12,250 Colombian Pesos per common share, of which 22,224,000 shares were subject to a put option granted to the underwriters (the "Initial Purchasers") during the 30-day period following closing of the offering. After giving effect to the offering, and the exercise of the put option by the Initial Purchasers, CEMEX España owns approximately 73.35% of the Parent Company's outstanding ordinary shares, excluding shares held in the Parent Company's treasury (note 20A).

The Parent Company's common shares are listed and trade on the Colombian Stock Exchange *(Bolsa de Valores de Colombia or "BVC")* since November 16, 2012 under the ticker CLH. The net proceeds generated from the offering in 2012, which amounted to approximately $963 million U.S. dollars, after deducting commissions and offering expenses for approximately $37 million U.S dollars and after giving effect to the exercise of the put option (note 20A) by the Initial Purchasers for approximately $150 million U.S. dollars, are included in equity and increased common stock and additional paid-in capital for approximately $218,049 and $745,213, respectively. In 2013, certain additional expenses associated with the offer received in the period decreased the aforementioned additional paid-in capital in $524.

2) Significant accounting policies

A) Basis of presentation and disclosure

The consolidated financial statement and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), as these standards were effective on December 31, 2013.

Functional and presentation currency

The presentation currency of the consolidated financial statements is the dollar of the United States of America ("United States"), which is also the functional currency of the Parent Company considering that is the currency in which incurs its operations and settles its obligations. The amounts in the financial statements and the accompanying notes are stated in thousands of dollars of the United States, except when specific references are made to other currency, as described in the paragraph below, or unit of measure such as millions, to earnings per share and/or to prices per share. When it is deemed relevant, certain non-dollar amounts presented in the these notes to the financial statements include between parenthesis an approximate translation to the dollar, which should not be construed as representations that the dollar amounts were, may have been, or can be converted at the exchange rates indicated. As of December 31, 2013 and 2012, these currency translations were determined using the closing exchange rates presented in table of exchange rates included in note 2D.

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

Income statements

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

Statements of other comprehensive income

For the year ended December 31, 2013 and the six month period ended December 31, 2012, CEMEX Latam Holdings adopted amendments to IAS 1, *Presentation of financial statements*, which requires the entities to present line items for amounts of other comprehensive income (loss) in the period grouped into those that, in accordance with other IFRSs: a) will not be reclassified subsequently to profit or loss; and b) will be reclassified subsequently to profit or loss when specific conditions are met.

Statements of cash flows

For the year ended December 31, 2013 and the six month period ended December 31, 2012, the consolidated statements of cash flow 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:

a) In 2013 and 2012, the increase in other equity reserves for $2,743 and $734, respectively, in connection with CEMEX´s shares issued as part of share-based payments to executives of CEMEX Latam, as described in note 20D.

b) The increase in property, machinery and equipment for approximately $14,484 in 2012, and in debt during the same year for approximately $12,521 associated with the negotiation of capital leases during the period.

Going Concern

As of December 31, 2013, total current liabilities, which included accounts payable to related parties (note 9), for approximately $336,084 exceeds total current assets in $192,052.

The Parent Company’s management has approved these consolidated financial statements as of December 31, 2013 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. Where necessary, the Company considers that it will succeed renegotiating with other CEMEX´s entities the maturity of some current accounts payable. For the year ended December 31, 2013, CEMEX Latam generated net cash from operations, after interest expense and income taxes, for approximately $456,184.

Reorganization of entities under common control

CEMEX Latam Holdings, S.A. was incorporated by CEMEX España for purposes of the initial equity offering mentioned above. Pursuant to a reorganization of entities under CEMEX’s common control effective on July 1, 2012, and mainly through the Parent Company’s wholly owned subsidiary Corporación Cementera Latinoamericana, S.L.U. (“CCL”), constituted on June 27, 2012 under the laws of Spain, the Parent Company acquired its consolidated subsidiaries (note 25), whose operating results were consolidated as previously mentioned beginning July 1, 2012, and among which, the following legal entities are listed in the table below:

Entities (note 25)	Country
▪ CEMEX Colombia S.A. and subsidiaries	Colombia
CEMEX Costa Rica, S.A.	Costa Rica
CEMEX Nicaragua, S.A.	Nicaragua
▪ Cemento Bayano, S.A.	Panama
▪ CEMEX El Salvador, S.A. de C.V.	El Salvador
▪ CEMEX Guatemala S.A. (1)	Guatemala
▪ Equipos para uso en Guatemala, S.A and subsidiaries (2)	Guatemala
▪ Cimento Vencemos Do Amazonas, Ltda.	Brazil

(1) Global Cement, S.A., an indirect subsidiary located in Guatemala, changed its legal name to CEMEX Guatemala, S.A. effective May 27, 2013.

(2) On May 3, 2013, Line S.A. was merged with Equipos para Uso en Guatemala, S.A., a direct subsidiary of CCL

A reorganization of entities under common control is outside the scope of IFRS. Nonetheless, considering the guidelines of IFRS 3, *Business Combinations* ("IFRS 3"), applied to this reorganization, CEMEX Colombia, S.A. ("CEMEX Colombia"), being the largest entity in the reorganization, for accounting purposes was identified as the acquirer and the remaining entities as acquired entities. Therefore, according to IFRS 3, the financial statements of CEMEX Colombia and its subsidiaries, including its operations in Cemex (Costa Rica), S.A. and CEMEX Nicaragua, S.A., were incorporated into CEMEX Latam's consolidated financial statements considering their book values. In respect to the Parent Company's operations in Panama, Guatemala, El Salvador and Brazil, these entities were incorporated considering their net assets' estimated fair value as of July 1, 2012.

The obligation assumed by the Parent Company and CCL resulting from the reorganization and acquisition of entities with other subsidiaries of CEMEX was approximately $2,971,208, of which $372,799 was paid in cash and the difference was documented as debt with CEMEX group entities, in addition to liabilities held by the acquired entities at the reorganization date.

As of December 31, 2012, the Parent Company determined a best estimate of the fair value of the assets and liabilities of its operations in Panama, Guatemala, El Salvador and Brazil, a valuation process that was concluded during June 2013, without any changes in respect to the initial estimations. As of December 31, 2013 and 2012, the consolidated financial statements of CEMEX Latam include those of the countries incorporated at fair value, based on the best estimate of their net assets' fair value as of July 1, 2012. The fair value of the net assets and goodwill resulting from the business combination that was effective on July 1, 2012 for $1,335,100 and $675,628, respectively, was allocated between Cemento Bayano, S.A. for $672,400 and $344,703, respectively, CEMEX Guatemala S.A. (formerly Global Cement, S.A.), for $371,300 and $229,883, respectively, Cimentos Vencemos Do Amazonas, Ltda. for $263,400 and $85,954, respectively, and CEMEX El Salvador, S.A. de C.V. for $28,000 and $15,088, respectively. The fair value corresponded to the present value of projected cash flows. Meanwhile, the net assets' amount of those countries that were not subject to fair value pursuant to the business combination (Colombia, Costa Rica and Nicaragua) and that were incorporated using their existing book values, amounted to $1,308,268 and included goodwill for $1,214,539. The difference between the purchase price and the aggregate net assets' value of the acquired businesses of $2,643,368 generated in 2012 a charge to other equity reserves in the consolidated statement of changes in stockholders' equity of $327,840.

B) Principles of consolidation

Effective January 1, 2013 , IFRS 10, *Consolidated financial statements* ("IFRS 10"), which establishes the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements, replaced the consolidation requirements in IAS 27, *Consolidated and Separate Financial Statements*. Based on IFRS 10, the consolidated financial statements include those of CEMEX Latam Holdings, S.A. and those of the entities in which the Parent Company exercises control, by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity's common stock; or b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity. The adoption of IFRS 10 did not represent any significant impact on the Company's consolidated financial statements. Balances and transactions between the Parent Company and its subsidiaries (related parties) were eliminated in consolidation.

The consolidated financial statements include the consolidated balances and transactions of the entities described in note 25. Each subsidiary is a legally responsible separate entity, which maintains custody of its own financial resources.

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

C) Use of estimates and critical assumptions

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

The main items subject to estimates and assumptions by management include, among others, impairment tests of long-lived assets (note 2L) and the estimates in connection with legal and tax contingences (notes 19D and 23B). Significant judgment by management is required to appropriately assess the amounts of these assets and liabilities.

D) Foreign currency transactions and translation of foreign currency financial statements

According to IAS 21, *The effects of changes in foreign exchange rates* ("IAS 21"), transactions denominated in foreign currencies are initially recorded in the functional currency of each entity at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date, and the resulting foreign exchange fluctuations are recognized in profit or loss for the period.

The financial statements of foreign subsidiaries, as determined using their respective functional currency that matches in each case their local currency, are translated into U.S. dollars at the closing exchange rate at year end for balance sheet accounts, at the historical exchange rates for common stock and additional paid-in capital, and at the closing exchange rates for each month within the period for income statement accounts. The corresponding translation adjustment is included within "Other equity reserves" as part of the cumulative foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

During the reported periods, there were no consolidated entities whose functional currency was the currency of a hyperinflationary economy, which is generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds, 100%.

The most significant closing exchange rates per U.S. dollar for balance sheet and the average exchange rates for income statement purposes as of and for the year ended December 31, 2013 and the six month period ended December 31, 2012, were as follows:

	2013		2012	
Currency	Closing	Average	Closing	Average
Colombian pesos	1,926.83	1,879.53	1,768.23	1,798.73
Costa Rican colones	507.80	505.89	514.32	508.28
Nicaraguan cordobas	25.33	24.77	24.13	23.59
Guatemalan quetzals	7.84	7.85	7.90	7.84
Brazilian reals	2.34	2.17	2.04	1.96

E) Cash and cash equivalents (note 7)

The balance in this caption is comprised of available amounts of cash and cash equivalents, mainly represented by highly-liquid short-term investments, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Other investments which are easily convertible into cash are recorded at their market value. Gains or losses resulting from changes in market values and accrued interest are included in the consolidated income statements as part of "Other financial expenses, net".

CEMEX Latam has centralized cash management arrangements whereby excess cash generated by the different companies is transferred to a centralized account with a related party, and the Company´s cash requirements are covered through withdrawals or borrowings from the aforementioned centralized account. Deposits in related parties are considered highly-liquid investments easily convertible into cash, and are presented as "Fixed-income securities and other cash equivalents" (note 7).

F) Trade accounts receivable and other current accounts receivable (notes 8, 10A)

According to IAS 39, *Financial instruments: Recognition and measurement* ("IAS 39"), items under this caption are classified as "loans and receivables", which are initially recorded at fair value and are subsequently recorded at their amortized cost. Due to their short-term nature, the Company initially recognizes these receivables at the original invoiced amount. After initial recognition there is an evaluation for the possibility of an impairment loss, which is recognized as part of the allowance for doubtful accounts when applicable. Allowances for doubtful accounts as well as impairment of other current accounts receivable are recognized against administrative and selling expenses.

G) Balances and transactions with related parties (note 9)

The Company reports as related parties, balances and transactions with entities within the CEMEX group, as well as individuals or entities, which pursuant to their relationship with the Company, may take advantage of being in a privileged situation. Likewise, the Company may take advantage of such relationships and obtain benefits in its financial position and results of operations. These balances and transactions resulted primarily from: i) the sale and purchase of goods between group entities; ii) the invoicing of administrative services, rentals, trademarks and commercial name rights, royalties and other services rendered between group entities; and iii) loans between related parties. Transactions between related parties were conducted on arm's length terms and conditions.

H) Inventories (note 11)

Inventories are valued using the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The Company analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value. The positive and negative adjustments related with the valuation of inventory are recognized against the results of the period. Payments in advance made to suppliers of inventory are presented as part of other short-term accounts receivable.

I) Other assets and non-current receivables (note 10B)

As part of the category of "loans and receivables" under IAS 39, non-current accounts receivable as well as investments classified as held to maturity, are initially recognized at fair value and subsequently at their amortized cost. Changes in net present value are recognized in the income statements as part of "Other financial expenses, net."

J) Property, machinery and equipment (note 13)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. As a result of the reorganization of entities under common control effective on July 1, 2012, the deemed cost for a portion of the Company's items of property, machinery and equipment, including land, mineral reserves and major equipment, was their fair values as of such date. The acquisition or construction cost includes all expenditures directly attributable to bringing the assets to a working condition for their intended use. Major components of an item of property, machinery and equipment with different useful lives are subject to depreciation for as separate items.

Depreciation of fixed assets is recognized as part of cost of sales and administrative and selling expenses (note 4), and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method. As of December 31, 2013, the Company's average useful lives by category of fixed assets were as follows:

	Years
Administrative buildings	35
Industrial buildings	33
Machinery and equipment	18
Ready-mix trucks and motor vehicles	8
Office equipment and other assets	6

The Company capitalizes, as part of the historical cost of fixed assets, interest expenses arising from existing debt during the construction or installation period of significant fixed assets, considering the Company's corporate average interest rate and the average balance of investments in process for the period.

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Other costs, including periodic maintenance on fixed assets, are expensed as incurred. Payments in advance made to suppliers of fixed assets are presented as part of other non-current accounts receivable.

The obligations to restore operating sites upon retirement assets at the end of its useful life are initially recognized as part of the carrying amount of the related assets (note 2N).

Based on IFRIC 20, *Stripping costs in the production phase of a surface mine,* beginning January 1, 2013, all waste removal costs or stripping costs incurred in the operative phase of a surface mine or quarry that result in improved access to mineral reserves are recognized as part of the carrying amount of the related quarries. The capitalized amounts are further amortized over the expected useful life of the assets based on the units-of-production method. Until December 31, 2012, only initial stripping costs were capitalized, while ongoing stripping costs in the same quarry were expensed as incurred. The effects were not significant.

K) Bussines combinations, goodwill, intangible assets and deferred assets (note 14)

Business combinations are recognized using the purchase method, by allocating the purchase price transferred to assume control of the entity to all assets acquired and liabilities assumed based generally on their fair values as of the acquisition date. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 2L). Goodwill can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase whenever appropriate to circumstances existing at the time of acquisition decision. Costs associated with the acquisition are recognized in the income statement as they are incurred.

The Company capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated with the assets are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost. Such assets are classified as having a definite or indefinite life; the latter are not amortized since the period cannot be accurately established in which the benefits associated with such intangibles will terminate. Amortization of intangible assets of definite life is calculated under the straight-line method and recognized as part of costs and operating expenses (note 4). Startup costs are recognized in the income statements as they are incurred.

Considering actual extraction levels of the related quarries, the Company's extraction rights and permits have a remaining weighted average useful live of 40 years. At expiration, certain permits can be extended for new periods of up to 40 years. As of December 31, 2013, except for extraction rights and permits and/or otherwise indicated, the Company's intangible assets are amortized on a straight-line basis over their useful lives that range on average from approximately 5 to 40 years.

L) Impairment of long lived assets (notes 13, 14)

Property, machinery and equipment and intangible assets

Property, machinery and equipment and intangible assets, are tested for impairment upon the occurrence of factors such as a significant adverse event, changes in the Company's operating environment, changes in projected use or in technology, as well as expectations of lower operating results that could affect for each cash generating unit which are integrated, in order to determine whether their carrying amounts may not be recovered. In such cases, an impairment loss is recorded in the income statement for the period when such determination is made within "Other expenses, net." The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher between the fair value of the asset, less costs to sell such asset, and the asset's value in use. The Company determines the value in use as the net present value of estimated cash flows related to the use and eventual disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and values in use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to market information available and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year, by determining the recoverable amount of the group of cash-generating units ("CGUs") to which goodwill balances have been allocated (also referred to as an "Operating Segment"), which consists of the higher of such group of CGUs fair value, less costs to sell, and its value in use, represented by the discounted amount of estimated future cash flows to be generated by such CGUs to which goodwill has been allocated. The Company determines discounted cash flows generally over periods of 5 years.

In specific circumstances, when, according to the Company's experience, actual results for a given CGU do not fairly reflect historical performance and most external economic variables provide the Company with confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period up to 10 years, to the extent CEMEX Latam has detailed cash flows projections and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. The number of additional years above the standard period of 5 years of cash flow projections up to 10 years is determined by the extent to which future expected average performance resembles the historical average performance. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, the Company determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and making reference to equivalent market transactions, among others. An impairment loss is recognized within "Other expenses, net," if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment losses recognized on goodwill are not reversed in subsequent periods.

The geographic operating segments reported by the Company (note 3), represent the Company's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment. Each of the Company's operating segments represents the operations in a country. Each country or operating segment is comprised by a lower level of CGUs, which are not greater than the operating segment, identified by the Company as geographic zones within the country in which the main business activities are executed. For purposes of goodwill impairment testing, all CGUs within a country are combined, considering that goodwill was allocated at the country level. In arriving at this conclusion, the Company considered: a) that after the acquisition, goodwill was allocated at the level of the geographic operating segment; b) that the operating components that comprise the reported segment have similar economic characteristics; c) that the reported segments are used in CEMEX Latam to organize and evaluate its activities in its internal information system; d) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) that the compensation system to employees of a specific country is based on the consolidated results of the operating segment.

M) Financial liabilities and fair value measurements

Debt (note 15A)

Bank loans and notes payable are initially recognized at fair value and are subsequently measured at their amortized cost. Interest accrued on financial liabilities is recognized in the consolidated balance sheet within "Other accounts payable and accrued expenses" against financial expense. Direct costs incurred in debt issuances or borrowings are capitalized and amortized as interest expense following the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees.

Capital leases (notes 15A, 22A)

Capital leases, in which the Company has substantially all risks and rewards associated with the ownership of an asset, are recognized as financing liabilities against a corresponding fixed asset for the lesser between the market value of the leased asset and the net present value of future minimum payments, using the contract's implicit interest rate to the extent available, or the incremental borrowing rate. Among other elements, the main factors that determine a capital lease are: a) if ownership title of the asset is transferred to CEMEX Latam at the expiration of the contract; b) if CEMEX Latam has a bargain purchase option to acquire the asset at the end of the lease term; c) if the lease term covers the majority of the useful life of the asset; and/or d) if the net present value of minimum payments represents substantially all the fair value of the related asset at the beginning of the lease.

Contracts that do not meet the characteristics described above are classified as operating leases. Rental payments under operating lease contracts are recognized as part of cost of sales and/or operating expenses depending on the specific use of the related assets.

Fair value measurements

The Company applies the guidance of IFRS 13, *Fair value measurements* ("IFRS 13"), for its fair value measurements of financial assets and financial liabilities recognized or disclosed at fair value. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. Under IFRS 13, fair value represents an "Exit Price," which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation.

The concept of Exit Price is premised on the existence of a market and market participants for the specific asset or liability. When there is no market and/or market participants willing to make a market, IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. A quote price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.
- Level 2 inputs are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility, credit spreads and other market corroborated inputs, including inputs extrapolated from other observable inputs. In the absence of Level 1 inputs the Company determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.
- Level 3 inputs are unobservable inputs for the asset or liability. The Company used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial models, discounted cash flows or multiples of Operating EBITDA, including risk assumptions consistent to what market participants would use to arrive at fair value.

N) Provisions

The Company recognizes provisions when it has a legal or constructive present obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources owned by the Company.

Asset retirement obligations and costs related to remediation of the environment (note 16)

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' book value. The increase to the assets' book value is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to the income statement. Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively. These liabilities relate mainly to the future costs of demolition, cleaning and reforestation, to leave under certain conditions the quarries, the maritime terminals, as well as other productive sites.

Provisions associated with environmental damage represent the estimated future cost of remediation, which are recognized at their nominal value when the time schedule for the disbursement is not clear, and when the economic effect for the passage of time is not significant; otherwise, such provisions are recognized at their net present value. Reimbursements from insurance companies are recognized as assets only when their recovery is practically certain. In that case, such reimbursement assets are not offset against the provision for remediation costs.

Commitments and contingencies (notes 22, 23)

Obligations or losses related to contingencies are recognized as liabilities in the consolidated balance sheet when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably. Otherwise, a qualitative disclosure is included in the notes to the consolidated financial statement. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the consolidated financial statements on an incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the consolidated financial statement. The Company does not recognize contingent revenues, income or assets.

O) Employee benefits (note 18)

Defined contribution pension plans

The Company recognizes the contributions to be made under defined contribution pension plans as employees render their services. The amount of accrued contributions is recorded as an expense for the period against a liability, after deducting any contributions already paid.

Defined benefit pension plans

CEMEX Latam recognizes the costs associated with employees' benefits for defined benefit pension plans as services are rendered, based on actuarial estimations of the benefits' present value with the advice of external actuaries. The actuarial assumptions consider the use of nominal rates.

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses during the periods in which such modifications become effective with respect to the employees, or without delay if changes are effective immediately. Likewise, the effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized within operating costs and expenses.

The actuarial gains and losses, related to differences between the projected and real actuarial assumptions at the end of the period, are recognized in the period in which they are incurred as part of other comprehensive income or loss for the period.

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

P) Income taxes (note 19)

Pursuant to the agreement entered into by CEMEX España on November 6, 2012, it's capacity on that date as the sole shareholder of the Parent Company, CEMEX Latam Holdings, S.A. was incorporated to the tax consolidation group headed by CEMEX España, as the controlling entity of such group. As a result, beginning on January 1, 2012, the Parent Company determines its taxes under a tax consolidation regime for purposes of income tax in Spain.

Based on IAS 12, *Income taxes* ("IAS 12"), the effects reflected in the income statements for income taxes include the amounts incurred during the period and the amounts of deferred income taxes, determined according to the income tax law applicable to each subsidiary. Consolidated deferred income taxes represent the addition of the amounts determined in each subsidiary by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The measurement of deferred income taxes reflects the tax consequences that follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes for the period represent the difference between balances of deferred income taxes at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. According to IFRS, all items charged or credited directly in stockholders' equity or as part of other comprehensive income for the period are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not considered probable that the related tax benefit will be realized. In conducting such assessment, the Company analyzes the aggregate amount of self-determined tax loss carryforwards included in the income tax returns in each country that the Company considers, based on available evidence, that the tax authorities would not reject, as well as the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If the Company believes that it is probable that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if the Company believes that it would not be able to use a tax loss carryforward before its expiration, the Company would not recognized such deferred tax asset. Both situations would result in additional income tax expense for the period in which such determination is made.

In order to determine whether it is probable that deferred tax assets will ultimately be realized, the Company takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward period, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, the Company analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations based on the relevant information available. Any adjustments recorded will affect the Company's consolidated income statement in such period.

The income tax effects from an uncertain tax position are recognized when it is more-likely-than-not that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information. These positions are evaluated using a cumulative probability model and with the best estimation of resources that are expected to be available. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The more-likely-than-not threshold represents a positive assertion by management that the Company is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained, no benefits of the position are recognized. The Company's policy is to recognize interest and penalties related to unrecognized tax benefits as part of income tax expense in the consolidated income statement.

Q) Stockholders' equity

Common stock and additional paid-in capital (note 20A)

These captions represent the value of stockholders' contributions.

Other equity reserves (note 20B)

This caption gathers the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements presented in the consolidated statement of comprehensive income. Comprehensive income for the period includes, in addition to net income, certain changes in stockholders' equity during a period, not resulting from investments by owners and distributions to owners.

The most significant items within "Other equity reserves" during the reported periods are as follows:

- Currency translation effects from the translation of the financial statements of foreign subsidiaries;
- Actuarial gains and losses; and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity.

Retained earnings

Retained earnings represent the cumulative net results of prior accounting period, net, when applicable, of dividends declared to stockholders, and any capitalizations of retained earnings.

Non-controlling interest (note 20C)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated entities.

R) Executive share-based payments (note 20D)

Based on IFRS 2, *Share-based payments* ("IFRS 2"), the compensation programs granted to the Company's executives based on both, CEMEX shares and the Parent Company's shares, are treated as equity instruments, considering that services received from such employees are settled delivering shares. The costs of equity instruments represent their fair value at the date of grant and are recognized in the income statement during the period in which the exercise rights of the employees become vested as services are rendered.

S) Revenue recognition

The Company's consolidated net sales represent the value, before tax on sales, of revenues originated by products and services sold by consolidated entities as a result of their ordinary activities, after the elimination of transactions between consolidated entities (related parties), and are quantified at the fair value of the consideration received or receivable, decreased by any trade discounts or volume rebates granted to customers.

Revenue from the sale of goods and services is recognized when goods are delivered or services are rendered to customers, there is no condition or uncertainty implying a reversal thereof, and they have assumed the risk of loss.

Revenues and costs associated with construction contracts are recognized in the period in which the work is performed by reference to the stage of completion of the contract activity at the end of the period, considering that the following have been defined: a) each party's enforceable rights regarding the asset to be constructed; b) the consideration to be exchanged; c) the manner and terms of settlement; d) actual costs incurred and contract costs required to complete the asset are effectively controlled; and e) it is probable that the economic benefits associated with the contract will flow to the Company.

The percentage of completion of construction contracts represents the proportion that contract costs incurred for work performed to date, bear to the estimated total contract costs or the surveys of work performed or the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Progress payments and advances received from customers do not reflect the work performed and are recognized as a short or long term advanced payments, as appropriate.

T) Cost of sales, administrative and selling expenses and distribution expenses

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

For the year ended December 31, 2013 and the six month period ended December 31, 2012, selling expenses included as part of the administrative and selling expenses line item amounted to $46,406 and $22,855, respectively.

U) Concentration of credit

The Company sells its products mainly to distributors of the construction industry, without any specific geographic concentration within the countries where the Company operates. For the year ended December 31, 2013 and the six month period ended December 31, 2012, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

V) Newly issued ifrs not yet effective

There are a number of IFRS issued as of the date of issuance of these financial statements but which have not yet been adopted, which are listed below. Except as otherwise indicated, CEMEX expects to adopt these IFRS when they become effective.

- During 2012 and 2013, the IASB issued IFRS 9, *Financial instruments: classification and measurement* ("IFRS 9"), which as issued, reflects the first part of Phase 1 of the IASB's project to replace IAS 39. In subsequent phases, the IASB will address impairment methodology, derecognition and hedge accounting. IFRS 9 requires an entity to recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. The Company does not consider that current IFRS 9 will have a significant effect on the classification and measurement of its financial assets and financial liabilities. Nonetheless, the Company will evaluate the impact and will quantify the effect together with the other phases, when issued, to make a comprehensive analysis.

- In December 2011, the IASB amended IAS 32 regarding disclosure requirements for the offsetting of assets and liabilities on the balance sheet. The amended standard requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the balance sheet and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements and securities borrowing and securities lending agreements. The amendments to IAS 32 are effective beginning January 1, 2014 and require retrospective application. The Company is currently evaluating the impact of adopting this amended standard; nonetheless, the Company does not expect a significant impact on its consolidated financial statements.

3) Selected financial information by geographic operating segments

The Company applies IFRS 8, *Operating segments* ("IFRS 8"), for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available. The Company's main activities are oriented to the construction industry through the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials.

The Company's operations in each country ("Business Unit"), which refer to the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials, are managed by a country's responsible, who reports to the Company's top management the operating results and performance of the business unit, including all its operating sectors. In addition, and considering the core functions and competences that in each case correspond, the Company's Chief Executive Officer, in first place, and the Board of Directors, in last instance, are responsible for the Business Units' allocation of resources and the review of their performance and operating results. Consequently, the Company's top management internally evaluates the results and performance of each country for decision-making purposes and allocation of resources, following a vertical integration approach considering: a) that the operating components that comprise the reported segment have similar economic characteristics; b) that the reported segments are used by the Company to organize and evaluate its activities in its internal information system; c) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; d) the vertical integration in the value chain of the products comprising each component; e) the type of clients, which are substantially similar in all components; f) the operative integration among components; and g) that the compensation system of a specific country is based on the consolidated results of the geographic segment and not on the particular results of the components. According to this approach, in the Company's daily operations, management allocates economic resources and evaluates operating results on a country basis rather than on an operating component basis.

Based on IFRS 8 and considering the financial information that is regularly reviewed by the Company's top management, each of the countries in which the Company operates represents a reportable operating segment. For disclosure purposes in the notes to the financial statements, considering similar economic characteristics and the fact that do not exceed materiality thresholds included in IFRS 8, certain countries have been aggregated and presented as a single reportable segment, which is defined as "Rest of CLH" and refers to the Company's operations in Guatemala, Nicaragua, El Salvador and Brazil, as well as to its corporate offices in Spain (CEMEX Latam Holdings, S.A. and CCL), and the research and development offices in Switzerland.

The main indicator used by the Company's management to evaluate the performance of each country is "Operating EBITDA," representing operating earnings before other expenses, net, plus depreciation and amortization, considering that such amount represents a relevant measure for the Company's management as an indicator of the ability to internally fund capital expenditures. This indicator, which is presented in the selected financial information by geographic operating segment, is consistent with the information used by the Company's management for decision-making purposes. The accounting policies applied to determine the financial information by geographic operating segment are consistent with those described in note 2. The Company recognizes sales and other transactions between related parties based on market values.

Income statement

Selected consolidated income statement information by geographic operating segment for the year ended December 31, 2013 and the six month period ended December 31, 2012 was as follows:

2013		Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating Darnings before other expenses, net	Other expenses, net	Financial expense	Other financial expenses, net
Colombia	$	1,025,201	–	1,025,201	372,751	(37,935)	334,816	(5,733)	(28,595)	(3,090)
Panama		314,499	(4,384)	310,115	123,822	(29,533)	94,289	(2,839)	(6,205)	93
Costa Rica		154,819	(13,799)	141,020	61,990	(7,693)	54,297	91	(464)	8
Rest of CLH		275,508	(1,728)	273,780	74,119	(22,225)	51,894	(7,261)	(78,498)	899
Total	$	1,770,027	(19,911)	1,750,116	632,682	(97,386)	535,296	(15,742)	(113,762)	(2,090)

2012		Net sales (including related parties)	Less: Related parties	Net sales	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expense	Other financial expenses, net
Colombia	$	464,670	–	464,670	167,658	(16,472)	151,186	3,052	(13,854)	(421)
Panama		140,163	(2,137)	138,026	37,648	(15,456)	22,192	950	(3,989)	74
Costa Rica		67,215	(5,432)	61,783	16,646	(3,865)	12,781	–	(487)	40
Rest of CLH		134,819	(993)	133,826	54,471	(11,714)	42,757	(5,754)	(76,586)	62
Total	$	806,867	(8,562)	798,305	276,423	(47,507)	228,916	(1,752)	(94,916)	(245)

Balance sheet

As of December 31, 2013 and 2012, selected balance sheet information by geographic segment was as follows:

2013		Total assets	Total liabilities	Net assets by segment	Capital expenditures
Colombia	$	2,319,241	876,578	1,442,663	70,192
Panama		557,336	223,409	333,927	11,094
Costa Rica		63,857	32,860	30,997	5,654
Rest of CLH		895,878	1,345,486	(449,608)	6,888
Total	$	3,836,312	2,478,333	1,357,979	93,828

2012		Total assets	Total liabilities	Net assets by segment	Capital expenditures
Colombia	$	2,303,406	868,979	1,434,427	54,031
Panama		574,912	249,066	325,846	6,715
Costa Rica		108,392	28,826	79,566	4,396
Rest of CLH		951,279	1,565,500	(614,221)	6,305
Total	$	3,937,989	2,712,371	1,225,618	71,447

Net sales by product and geographic operating segment for the year ended December 31, 2013 and the six month period ended December 31, 2012 were as follows:

2013		Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Colombia	$	561,934	327,644	16,161	119,462	–	1,025,201
Panama		187,524	106,516	2,459	18,000	(4,384)	310,115
Costa Rica		117,083	20,786	3,825	13,125	(13,799)	141,020
Rest of CLH		234,451	25,291	2,644	13,122	(1,728)	273,780
Total	$	1,100,992	480,237	25,089	163,709	(19,911)	1,750,116

2012		Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Colombia	$	283,674	163,818	8,731	8,446	–	464,669
Panama		87,133	43,498	967	3,656	(2,137)	133,117
Costa Rica		48,909	8,832	1,905	7,568	(5,432)	61,782
Rest of CLH		117,649	11,003	1,156	9,922	(993)	138,737
Total	$	537,365	227,151	12,759	29,592	(8,562)	798,305

4) Depreciation and amortization of assets

Depreciation and amortization expense recognized for the year ended December 31, 2013 and the six month period ended December 31, 2012, is detailed as follows:

		2013	2012
Depreciation and amortization expense related to assets used in the production process	$	70,528	33,647
Depreciation and amortization expense related to assets used in administrative and selling activities		26,858	13,860
	$	97,386	47,507

5) Other expenses, net

The detail of "Other expenses, net" for the year ended December 31, 2013 and the six month period ended December 31, 2012 was as follows:

		2013	2012
Assumed taxes, fines and other penalties	$	(2,936)	–
Severance payments for reorganization and other labor costs		(2,894)	–
Impairment of assets		(2,151)	–
Disaster recoveries		–	896
Charitable contributions		–	(703)
Results from the sale of assets and others expenses, net		(7,761)	(1,945)
	$	(15,742)	(1,752)

6) Other financial expenses, net

For the year ended December 31, 2013 and the six month period ended December 31, 2012, "Other financial expenses, net" are detailed as follows:

		2013	2012
Interest cost on employee benefits	$	(4,240)	(1,513)
Financial income		2,150	1,268
	$	(2,090)	(245)

7) Cash and cash equivalents

Consolidated cash and cash equivalents as of December 31, 2013 and 2012, consisted of:

		2013	2012
Cash and bank accounts	$	63,461	48,471
Fixed-income securities and other cash equivalents (1)		13,230	27,431
	$	76,691	75,902

(1) Includes deposits with related parties, which are highly-liquid investments readily convertible into cash (note 9).

8) Trade accounts receivable less allowance for doubtful accounts

Consolidated trade accounts receivable as of December 31, 2013 and 2012, consisted of:

		2013	2012
Trade accounts receivable	$	166,849	97,163
Allowances for doubtful accounts		(2,654)	(35)
	$	164,195	97,128

Allowances for doubtful accounts are established according to the credit history and risk profile of each customer. Changes in the allowance for doubtful accounts for the year ended December 31, 2013 and the six month period ended December 31, 2012 were as follows:

		2013	2012
Allowances for doubtful accounts at beginning of period	$	35	–
Charges to administrative and selling expenses		2,924	595
Deductions		(305)	(560)
Allowances for doubtful accounts at end of period	$	2,654	35

9) Balances and transactions with related parties

Transactions with related parties

Balances receivable from and payable to related parties as of December 31, 2013 and 2012 are detailed below:

		2013	2012
Cash and cash equivalents			
Lomez International B.V. (1)	$	–	19,104
Accounts receivable – current			
CEMEX Dominicana, S.A.	$	482	–
Neoris Colombia S.A.		260	–
Puerto Rican Cement Company, Inc.		69	–
CEMEX España, S.A.		49	–
Cemex Central, S.A. de C.V		35	26
Cemex Cartagena Investments B.V. (formerly CEMEX Caracas II Investments B.V.)		–	49
CEMEX Trading, LLC		–	29
Sunbulk Shipping N.V.		–	9
	$	895	113
Total assets with related parties	$	895	19,217

		2013	2012
Accounts payable – current			
CEMEX España, S.A. (2)	$	113,680	1,401
CEMEX Hungary K.F.T. (8)		79,064	79,065
Construction Funding Corporation (3)		65,620	63,459
Cemex Central, S.A. de C.V. (7)		28,921	8,243
CEMEX Research Group AG (5)		20,808	16,450
CEMEX Trading, LLC (4)		19,586	13,137
CEMEX, S.A.B. de C.V. (6)		7,683	9,085
Fujur, S.A. de C.V.		431	–
CEMEX Concretos, S.A. de C.V.		140	–
Sunbulk Shipping N.V.		107	209
CEMEX Denmark ApS		–	975
Others		44	439
	$	336,084	192,463
Accounts payable – non-current			
Construction Funding Corporation(3)	$	588,788	584,023
CEMEX Hungary K.F.T.(8)		517,411	765,175
CEMEX España, S.A.		–	112,009
	$	1,106,199	1,461,207
Total liabilities with related parties	$	1,442,283	1,653,670

(1) Overnight investments in Cemento de Centro America, S.A., bearing interest at a rate equivalent to Citi Institutional Liquid Reserve's rate less 10.4 basis points.

(2) Includes the outstanding balance of $112,009 plus accrued interest of $1,386, related to a debt facility agreed between CEMEX Colombia and CEMEX España in October 2010, negotiated at LIBOR plus 539 basis points, with maturity on December 28, 2014.

(3) The balance includes: a) loan agreement of $339,555, negotiated by CCL, with an annual interest rate of 7%, maturing in different dates from 2014 to 2018, plus accrued interest of $3,605; b) loan agreement of $137,433 negotiated by CEMEX Latam Holdings, S.A., with an annual interest rate of 7%, maturing in different dates from 2014 to 2018, plus accrued interest of $3,505, and a revolving credit facility of $45,812 with an annual interest rate of 7%; and c) loan agreement of $124,498, negotiated by Cemento Bayano, S.A., bearing 3-month LIBOR rate plus 415 basis points, maturing on September 26, 2018.

(4) These balances were mainly generated by imports of cement from Cemex LAN Trading Corporation for $18,636

(5) Royalties on technical assistance agreements, use of licenses and trademarks, software and administrative processes.

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

(7) These balances are generated from administrative services received by the Company.

(8) Debt agreement negotiated by CEMEX Bogota Investments B.V., maturing in different dates from 2015 to 2018.

The maturities of non-current accounts payable and the borrowers as of December 31, 2013 are as follows:

Borrowers		2015	2016 – 2018
CEMEX Bogotá, B.V. (7% per year)	$	79,065	438,346
Corporación Cementera Latinoamericana, S.L.U. (7% per year)		31,035	277,484
CEMEX Latam Holdings, S.A. (7% per year)		27,473	128,298
Cemento Bayano, S.A. (3M Libor plus 415 basis points)		–	124,498
	$	137,573	968,626

The main transactions entered into by the Company with related parties for the year ended December 31, 2013 and the six month period ended December 31, 2012 are shown below:

		2013	2012
Purchases of raw materials			
CEMEX Trading, LLC	$	82,272	33,904
CEMEX Denmark ApS		3,824	985
Sunbulk Shipping N.V.		115	201
CEMEX Dominicana, S.A.		–	50
	$	86,211	35,140
General, administrative and selling expenses			
CEMEX Research Group, AG.	$	96	–
Cemex Central, S.A. de C.V.		41	43
Fujur, S.A. de C.V.		(19)	–
CEMEX Trading, LLC		–	121
Neoris de México, S.A. de C.V.		–	42
Others		5	–
		123	206
Royalties and technical assistance (note 22B)			
CEMEX Research Group, AG.	$	57,412	27,184
Cemex Central, S.A. de C.V.		20,751	8,203
CEMEX, S.A.B. de C.V.		9,321	4,592
	$	87,484	39,979
Financial income			
Construction Funding Corporation	$	–	1,289
Lomez International B.V.		–	52
CEMEX Denmark ApS		–	5
CEMEX Caribbean, LLC		–	24
	$	–	1,370
Financial expense			
CEMEX Hungary K.F.T.	$	48,263	51,607
Construction Funding Corporation		39,858	27,448
CEMEX España, S.A.		6,345	7,368
Others		–	616
	$	94,466	87,039

As consideration for the services and use, exploitation and enjoyment of CEMEX's trademarks, names and intellectual property assets under the Non Exclusive Use, Exploitation and Enjoyment of Assets License, the Management and Business Support Services Agreement and the License Agreement described elsewhere in these notes, CEMEX Latam Holdings, S.A. has agreed to pay CEMEX (which includes CEMEX, S.A.B. de C.V., CEMEX Research Group, AG and Cemex Central, S.A. de C.V.), consistent with market practice and arms' length principles, a fee equal to 5% of the Company's consolidated net sales, payable on a quarterly basis during each fiscal year. The aggregate 5% fees paid under the Non Exclusive Use, Exploitation and Enjoyment of Assets License, the Management and Business Support Services Agreement and the License Agreement, cannot be increased without the Parent Company's independent directors approving such increase during a Board of Directors' meeting.

For the year ended December 31, 2013 and for the period since its incorporation to the Board of Directors in 2012, the Company's independent directors in their responsibility as administrators, accrued compensation of $197 and $41, respectively. There were no advances or loans between the Company and such independent directors and the Company has not provided guarantee on any directors' obligations. In addition, the Company has not assumed obligations for such independent directors in connection with pensions or insurance.

In addition, for the year ended December 31, 2013, the aggregate amount of compensation accrued by the Company's senior management was approximately $7,239. Of this amount, approximately $5,549, relate to base compensation plus performance bonuses, including pensions and other postretirement benefits. In addition, approximately $1,690 of the aggregate amount, corresponded to allocations of shares under the executive compensation programs in both, CEMEX and the Parent Company's shares.

10) Other accounts receivable

10A) Other current accounts receivable

Consolidated other accounts receivable as of December 31, 2013 and 2012 consisted of:

		2013	2012
Non-trade accounts receivable	$	14,844	13,152
Restricted cash [(1)]		5,666	5,839
Loans to employees and others		538	2,387
	$	21,048	21,378

[(1)] Restricted cash refers to guarantee deposits made by CEMEX Colombia in Liberty Seguros, S.A., and CEMEX Panama in Citi Bank, N.A. to secure a stand-by letter of credit acquired during in connection with the execution of the construction contract in the Panama Canal.

10B) Other assets and non-current accounts receivable

Consolidated balances of other assets and non-current accounts receivable as of December 31, 2013 and 2012 are summarized as follows:

		2013	2012
Loans notes receivable [(1)]	$	16,068	27,944
Other receivable[(1)]		2,072	2,595
Long term guaranty deposits		66	173
Fixed rate investments and others		417	2,101
	$	18,623	32,813

[(1)] These line items mainly include: a) a severance fund of CEMEX Panama for securing seniority premium payments of $1,984 in 2013 and $1,929 in 2012; and b) accounts receivable of CEMEX Colombia related with: i) the sale of land of $3,978 in 2013 and $6,095 in 2012, ii) assets received in payment of receivables without a plan for sale of $3,679 in both periods, iii) carbon credits issued by the UN of $2,097 in 2013 and $2,286 in 2012, and iv) advance payments for the purchase of fixed assets of $5,938 in 2013 and $6,786 in 2012,

11) Inventories, net

Consolidated balances of inventories as of December 31, 2013 and 2012 are summarized as follows:

		2013	2012
Materials	$	42,045	31,968
Finished goods		17,506	19,969
Work-in-process		15,775	18,267
Raw materials		19,406	15,620
Inventory in transit		10,457	8,374
Other inventory		256	909
Allowance for obsolescence		(1,762)	(1,960)
	$	103,683	93,147

Notes to the consolidated financial statements

12) Other current assets

As of December 31, 2013 and 2012, consolidated other current assets consisted of:

		2013	2012
Advance payments	$	14,290	17,094
Assets held for sale		4,937	4,115
	$	19,227	21,209

The advance payments line item included $12,211 in 2013 and $10,019 in 2012, associated with advances to suppliers of inventory (note 2H). Assets held for sale are stated at their estimated realizable value and include real estate properties received in payment of trade receivables by CEMEX Colombia S.A.

13) Property, machinery and equipment, net

As of December 31, 2013 and 2012 the consolidated balances of property, machinery and equipment, net consisted of:

2013		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at beginning of period	$	279,017	170,250	725,301	90,307	1,264,875
Capital expenditures [(1)]		4,820	15,857	59,088	14,064	93,828
Total additions		4,820	15,857	59,088	14,064	93,828
Disposals		(568)	(538)	(13,528)	(3,264)	(18,259)
Depreciation and depletion for the period		(8,595)	(7,580)	(44,707)	–	(60,882)
Foreign currency translation effects		(9,518)	(6,284)	(16,464)	(6,651)	(38,917)
Cost at end of period		273,751	179,284	754,396	94,096	1,301,527
Accumulated depreciation and depletion		(10,490)	(12,796)	(72,668)	–	(95,954)
Net book value at end of period	$	263,261	166,489	681,728	94,096	1,205,573

2012		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at beginning of the period	$	276,978	173,202	708,060	47,210	1,205,450
Capital expenditures		–	866	12,785	42,982	56,633
Additions through capital leases [(2)]		–	–	14,814	–	14,814
Total additions		–	866	27,599	42,982	71,447
Disposals		(1,442)	(4,590)	(5,000)	–	(11,032)
Reclassifications		4,925	1,039	(3,544)	233	2,653
Depreciation and depletion for the period		(1,895)	(5,216)	(27,961)	–	(35,072)
Foreign currency translation effects		(1,444)	(267)	(1,814)	(118)	(3,643)
Cost at end of period		279,017	170,250	725,301	90,307	1,264,875
Accumulated depreciation and depletion		(1,895)	(5,216)	(27,961)	–	(35,072)
Net book value at end of period	$	277,122	165,034	697,340	90,307	1,229,803

[(1)] Capital expenditures during the year include the purchase of assets from CEMEX España Operaciones, S.L., considering transportation and installation costs, for the construction of the *Clemencia* plant located in Colombia, aimed for the production of cement.

[(2)] This caption includes capital leases in CEMEX Colombia related to transportation equipment.

14) Goodwill, intangible assets and deferred assets, net

14A) Balances and changes during the period

As of December 31, 2013 and 2012, consolidated goodwill, intangible assets and deferred assets were summarized as follows:

	2013			2012		
	Cost	Accumulated amortization	Carrying amount	Cost	Accumulated amortization	Carrying amount
Indefinite life intangible assets:						
Goodwill	$ 1,802,149	–	1,802,149	1,899,992	–	1,899,992
Definite life intangible assets:						
Customer relations	189,379	(29,007)	160,372	188,600	(9,430)	179,170
Extractions rights and licenses	197,232	(7,772)	189,460	226,100	(2,975)	223,125
Industrial property and trademarks	2,456	(683)	1,773	2,609	(18)	2,591
Mining projects	528	(12)	516	515	(4)	511
Other intangibles and deferred assets	472	(90)	382	1,126	(8)	1,118
	$ 2,192,216	(37,564)	2,154,652	2,318,942	(12,435)	2,306,507

Changes in intangible assets during the year ended December 31, 2013 and the six month period ended December 31, 2012 were as follows:

	2013				
	Goodwill	Customer relations	Extraction rights	Others	Total
Net book value at beginning of period	$ 1,899,992	179,170	223,125	4,220	2,306,507
Additions, net, during the period	–	1,557	–	–	1,557
Amortization during the period	–	(19,577)	(4,797)	(1,548)	(25,992)
Foreign currency translation effects	(97,843)	(778)	(28,868)	(1)	(127,490)
Net book value at end of period	$ 1,802,149	160,372	189,460	2,671	2,154,652

	2012				
	Goodwill	Customer relations	Extraction rights	Others	Total
Net book value at beginning of period	$ –	–	–	–	–
Business combinations at cost [(1)]	1,214,539	–	–	1,101	1,215,640
Business combinations at fair value [(2)]	675,628	188,600	226,100	600	1,090,928
Additions, net during the period	–	–	–	2,549	2,549
Amortization for the period	–	(9,430)	(2,975)	(30)	(12,435)
Foreign currency translation effects	9,825	–	–	–	9,825
Net book value at end of period	$ 1,899,992	179,170	223,125	4,220	2,306,507

(1) Refers to historical goodwill and other intangible assets of CEMEX Colombia and subsidiaries before the reorganization of entities described in note 2.

(2) Refers to the allocation of the portion of the purchase price referring to the net assets incorporated at fair value as of July 1, 2012, as described in note 2.

14B) Analysis of goodwill impairment

As of December 31, 2013 and 2012, goodwill balances allocated by operating segment were as follows:

		2013	2012
Costa Rica	$	482,903	522,712
Colombia		405,528	428,759
Panama		344,703	344,703
Nicaragua		247,279	272,893
Guatemala		231,668	229,883
Brazil		74,980	85,954
El Salvador		15,088	15,088
	$	1,802,149	1,899,992

During the last quarter of 2013 and 2012, CEMEX Latam performed its annual goodwill impairment tests. Based on these analyses, the Company did not determine impairment losses of goodwill.

Impairment tests are very sensitive, among other factors, to the estimated future prices of the Company's products, to the evolution of operating expenses, to local and international economic trends in the construction industry, to the expectations of growth in the long term in the different markets, and to the discount rates and growth rates in perpetuity used. The Company's cash flow projections used to determine the value-in-use of its CGUs to which goodwill has been allocated consider the use of long-term economic assumptions. The Company believes that its discounted cash flow projections and the discount rates used, reasonably reflect economic conditions at the time of the calculations, considering, among other factors that: a) the cost of capital reflects current risks and volatility in the markets; and b) the cost of debt represents the average of the observed industry specific interest rates. Other key assumptions used to determine the Company's discounted cash flows are volume and price increases or decreases by product during the projected periods. Volume increases or decreases generally reflect forecasts issued by trustworthy external sources, occasionally adjusted based on the Company's actual backlog, experience and judgment considering its concentration in certain sectors, while price changes normally reflect the expected inflation in the respective country. Operating costs and expenses during the periods are maintained as a fixed percentage of revenues considering historic performance.

The operating segments recognized at fair value in 2012 (Panama, Guatemala, Brazil and El Salvador) were not tested for impairment in such year, considering that the related net assets were recorded at their estimated fair values as of the acquisition date of July 1, 2012, and there were no significant changes in such values as of December 31, 2012.

As of December 31, 2013 and 2012, the Company's pre-tax discount rates and estimated long-term growth rates used to determine the discounted cash flows in the group of CGUs to which goodwill was allocated were as follows:

	Discount rates		Growth rates	
Reporting units	2013	2012	2013	2012
Costa Rica	11.5%	12.3%	4.5%	3.5%
Colombia	10.9%	10.7%	4.2%	3.5%
Panama	11.3%	N/A	4.5%	N/A
Nicaragua	13.2%	13.1%	4.0%	4.0%
Guatemala	14.2%	N/A	3.5%	N/A
Brazil	11.7%	N/A	5.5%	N/A
El Salvador	12.9%	N/A	3.0%	N/A

In connection with the Company's assumptions included in the table above, as of December 31, 2013 and 2012, the Company made sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs subject to impairment tests with an independent reasonable possible increase of 1% in the pre-tax discount rate and an independent reasonable possible decrease of 1% in the long-term growth rate. As of December 31, 2013 and 2012, the sensitivity analyses did not indicate relative risk of impairment in the operating segments of the Company.

15) Financial instruments

15A) Debt

As of December 31, 2013 and 2012, consolidated debt by type of instrument was summarized as follows:

		2013	2012
Banco Industrial S.A. [1]	$	1,000	3,000
Leasing Bolívar S.A, DTF [2] anticipated quarterly plus 6.62 basis points [3]		6,855	8,440
Leasing de Occidente S.A., DTF [2] anticipated quarterly plus 4.5 basis points [3]		4,671	5,774
Leasing Bancolombia S.A., DTF [2] anticipated quarterly plus 4.3 basis points [3]		6,193	8,215
Helm Leasing S.A., DTF [2] anticipated quarterly plus 4.85 basis points [3]		3,842	4,948
Leasing Bogotá S.A., DTF [2] anticipated quarterly plus 4.65 basis points [3]		3,041	4,305
Total	$	25,602	34,682
Long-term debt		18,797	26,345
Short-term debt	$	6,805	8,337

[1] Loan agreement denominated in Quetzals negotiated by CEMEX Guatemala S.A. (formerly Global Cement S.A.) maturing in September 2014. The Company incurred interest on this financial obligation of $242 and $255 for the year ended December 31, 2013 and the six month period ended December 31, 2012, respectively.

[2] Average interest rate paid by Colombian financial institutions over promissory notes with defined term (certificados de deposito a término).

[3] Capital leases with financial entities, denominated in Colombian pesos, were documented in lease agreements with maturities over sixty months. CEMEX Colombia, S.A. incurred interest on these financial obligations of approximately $700 and $1,200 for the year ended December 31, 2013 and the six month period ended December 31, 2012, respectively. The assets acquired through these capital leases have been placed as collateral for such leases obligations.

The maturities of CEMEX Latam's consolidated long-term debt as of December 31, 2013, were as follows:

		2013
2015	$	5,800
2016		5,800
2017		5,800
2018		1,397
Total	$	18,797

15B) Fair value of financial instruments

Financial assets and liabilities

The Company's carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity and revolving nature of these financial assets and liabilities. Fixed-income investments (cash equivalents), long-term accounts receivable and long-term investments are recognized at amortized cost, which approximates their estimated fair value, considering to the extent available, quoted market prices for the same or similar instruments.

The carrying amount of financial assets and liabilities and their approximate fair value as of December 31, 2013 and 2012 were as follows:

		2013		2012	
Thousands of U.S. dollars		Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Assets:					
Other assets and non-current accounts receivable (note 10B)	$	16,068	16,068	27,944	27,944
Financial Liabilities:					
Long-term payables to related parties	$	1,106,199	1,216,684	1,461,207	1,502,237
Long-term debt (note 15A)		18,797	18,797	26,345	26,345
Other non-current liabilities		12,143	12,143	19,245	19,467
	$	1,137,139	1,247,624	1,506,797	1,548,049

As of December 31, 2013 and 2012, the estimated fair values presented in the table above correspond to Level 2 amounts according to the hierarchy of fair values (note 2M).

16) Other accounts payable and accrued expenses and other non-current liabilities

As of December 31, 2013 and 2012, consolidated other current accounts payable and accrued expenses were as follows:

		2013	2012
Provision for legal claims and other commitments	$	24,602	18,167
Other provisions and liabilities		18,013	19,013
Accrued expenses		10,146	9,954
Advance payments from customers		23,053	22,307
Others		503	465
	$	76,317	69,906

Current provisions primarily consist of employee benefits accrued at the balance sheet date, insurance payments, and accruals related to legal and environmental assessments expected to be settled in the short-term. These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

Changes in the aggregate consolidated amount of current provisions for legal claims and other commitments and other provisions and liabilities for the year ended December 31, 2013 and the six month period ended December 31, 2012 are the following :

		2013	2012
Balance at beginning of period	$	37,180	–
Additions due to business combinations		–	61,532
Additions or increase in estimates during the period		59,239	7,670
Releases or decrease in estimates during the period		(62,769)	(31,125)
Foreign currency translation effects		8,965	(897)
Balance at end of period	$	42,615	37,180

As of December 31, 2013 and 2012, consolidated other non-current liabilities were as follows:

		2013	2012
Asset retirement obligations (1)	$	8,094	8,130
Equity taxes		–	6,810
Other provisions and liabilities		3,627	3,966
Deferred revenue		422	339
	$	12,143	19,245

(1) Provisions for asset retirement include future estimated costs for demolition, cleaning and reforestation 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) Financial instruments

This note presents information in connection with the exposure of the Company for credit risk, foreign currency risk and liquidity risk, as well as financial objectives and the Company's policies and procedures to measure and manage risks and the administration of the Company's resources.

Risk management framework

The Company's management has overall responsibility for the development, implementation and monitoring of the conceptual framework and policies for an effective risk management.

The Company's risk management policies are intended to: a) identify and analyze the risks faced by the Company; b) implement appropriate risk limits and controls; and c) monitor the risks and the compliance with the limits. Policies and risk management systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterpart of a financial instrument does not meet its contractual obligations and it is mainly originated for trade accounts receivable. As of December 31, 2013 and 2012, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to debtors' payment behavior. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery. The review includes external ratings, when references are available, and in some cases bank references. Purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency required by the Company are only eligible for transactions with advance payments in cash.

The aging of trade accounts receivable as of December 31, 2013 and 2012 was as follows:

		2013	2012
Neither past due, nor impaired portfolio	$	110,583	64,347
Past due less than 90 days portfolio		17,558	23,709
Past due more than 90 days portfolio		38,708	9,107
	$	166,849	97,163

Considering the Company's best estimate of potential losses based on an aging analysis and considering management's recovery efforts, at December 31, 2013 and 2012, the allowance for doubtful accounts amounted to $2,654 and $35, respectively.

Foreign currency risk

The Company has no significant exposures to foreign currency risks as consolidated entities do not execute relevant transactions in currencies other than the functional currency of each country.

Sensitivity analysis

The Company's management of foreign currency risks intends to reduce the impact of short-term foreign exchange fluctuations in its consolidated net income. As of December 31, 2013 and 2012, excluding from the sensitivity analysis the effects of translating the net assets of foreign subsidiaries into the Company's reporting currency, a hypothetic 10% instant appreciation of the dollar against the Colombian peso, with all other variables held constant, the Company's net income for the year ended December 31, 2013 and the six month period ended December 31, 2012 would have decreased by approximately $40,256 and $16,574, respectively, due to higher foreign exchange losses on the Company's dollar-denominated net monetary liabilities held by consolidated entities with other functional currencies. Conversely, a hypothetic 10% instant depreciation of the dollar against the Colombian peso would have the opposite effect.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for the short-term and long-term. Although cash flow from the Company's incomes has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially decrease the Company's net income and reduce cash from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-cutting and operating improvements to optimize capacity utilization and maximize profitability, as well as borrowings under credit facilities, proceeds of debt and equity offerings, and proceeds from asset sales. The Company's consolidated net cash flows provided by operating activities after interest and income tax payments, as presented in its consolidated statements of cash flows, were $346,737 and $373,985 for the year ended December 31, 2013 and the six month period ended December 31, 2012, respectively. The maturities of the Company's contractual obligations are included in note 22A.

Equity risk

As of December 31, 2013 and 2012, except for the executive compensation programs (note 22D), the Company has no financial instruments or transactions subject to changes in the prices of shares of the Parent Company, CEMEX or third parties; therefore, the Company's expected cash flows are not subject to equity risks.

18) Employee benefits

Defined contributions plans

For the year ended December 31, 2013 and the six month period ended December 31, 2012, consolidated cost of defined contribution plans was $7 and $1, respectively.

Defined benefit pension plans

The Company sponsors a defined contribution pension plan in Colombia, which is closed to new participants and whose beneficiaries are only retirees. For the year ended December 31, 2013 and the six month period ended December 31, 2012, the effects of defined pension benefits in the financial statements are summarized as follows:

Net period cost:		2013	2012
Recorded in other financial expenses, net			
Financial cost	$	4,240	1,513
Recorded in other comprehensive income for the period			
Actuarial (gains) losses		(726)	14,414
	$	3,514	15,927

The reconciliation of the actuarial benefits obligation for the year ended December 31, 2013 and the six month period ended December 31, 2012 is as follows:

		2013	2012
Change in benefits obligation:			
Projected benefits obligation at beginning of period	$	71,349	–
Obligations assumed through business combinations		–	58,190
Financial cost		4,240	1,513
Foreign currency translation		(5,890)	539
Actuarial loss		(726)	14,414
Benefits paid		(5,555)	(3,307)
Projected benefits obligation at end of period	$	63,418	71,349

As of December 31, 2013, estimated payments for pensions over the next ten years are as follows:

		2013
2014	$	5,647
2015		5,655
2016		5,724
2017		5,783
2018		5,750
2019–2023		28,379
		56,938

As of December 31, 2013 and 2012, the most significant assumptions used in the determination of the net periodic cost were as follows:

	2013	2012
Discount rates	7.5%	8.5%
Pension growth rate	3.5%	–

Sensitivity analysis of pension and other postretirement benefits

For the year ended December 31, 2013, CEMEX Latam conducted sensitivity analysis on the most significant variables that impact the projected benefits obligation ("PBO"), simulating independently reasonable changes of plus and minus 50 basis points in each of these assumptions. The increase (decrease) that would have resulted in the PBO of pensions as of December 31, 2013 is shown below:

Assumptions:	+50bps	-50bps
Discount rates	(2,590)	2,737
Pension growth rate	2,968	(2,820)

19) Income taxes

19A) Income taxes for the period

The amounts of income taxes included in the consolidated income statements for the year ended December 31, 2013 and six month period ended December 31, 2012 are summarized as follows:

		2013	2012
Current income taxes	$	114,561	36,950
Deferred income taxes		23,276	33,447
	$	137,837	70,397

Out of which:			
Colombia	$	87,689	48,222
Costa Rica		11,756	5,893
Panama		12,592	4,662
Rest of CLH	$	25,800	11,620

As December 31, 2013, the Company has consolidated tax loss carryforwards totaling $65,589, which are fully reserved. At the same date, the tax loss carryforwards can be used against taxable income in any fiscal year before the year 2030.

19B) Deferred income taxes

As of December 31, 2013 and 2012 the income tax effects of the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

		2013	2012
Deferred tax assets:			
Tax loss carryforwards and other tax credits	$	–	1,152
Accounts payable and accrued expenses		7,491	10,641
Deferred assets		–	5,047
Others		153	1,133
Total deferred income tax assets		7,644	17,973
Deferred tax liabilities:			
Property, machinery and equipment		190,038	224,586
Goodwill and others		324,059	317,185
Intangible assets		107,524	128,887
Others		14,282	525
Total deferred tax income liabilities		635,903	671,183
Net deferred tax liability	$	628,259	653,210

The detail of changes in consolidated deferred income taxes for the year ended December 31, 2013 and the six month period ended December 31, 2012 was as follows:

		2013	2012
Deferred income tax expense recognized in the income statement	$	23,276	33,447
Expense (revenue) for deferred income taxes for the period recognized directly in stockholders' equity		247	(922)
Effect in deferred income tax for the period	$	23,523	32,525

As of December 31, 2013, based on the same forecasts of future cash flows and operating results used by the Company's management to allocate resources and evaluate performance in the countries in which the Company operates, the Company believes that sufficient taxable income will be generated so that it is probable it will realize the tax benefits associated with the recognized deferred income tax assets. In the event that present conditions change, and it is determined that future operations would not generate sufficient taxable income, currently recognized deferred tax assets would be evaluated and derecognized if necessary against the results of the period.

19C) Reconciliation of effective tax rate

Differences between the financial basis and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, give rise to permanent differences between the average statutory tax rate of the entities included in these consolidated financial statements, and the effective tax rate presented in the consolidated income statements. For the year ended December 31, 2013 and the six month period ended December 31, 2012, these permanent differences were as follows:

	2013	2012
Consolidated average statutory tax rate	30.0%	30.0%
Other non-taxable income	–	(4.1%)
Expenses and other non-deductible items	3.1%	8.5%
Non-accounting taxable benefits	0.7%	2.5%
Different tax rates [(1)]	(1.4%)	2.9%
Others	1.8%	4.0%
Effective consolidated tax rate	34.2%	43.8%

[(1)] Includes the effects of the different income tax rates in the countries that are part of the consolidated financial statements.

19D) Uncertain tax positions and significant tax proceedings

CEMEX Latam is involved in several ongoing tax proceedings that have not resulted in the recognition of provisions based on the judgment elements available to the Company. However, the Company cannot assure obtaining a favorable resolution. A description of elements of the most significant outstanding proceedings as of December 31, 2013, or that were settled during 2013, are as follows:

Colombia

- On April 15, 2013, the Colombian Tax Authority issued a notice of formal conclussion in connection with the fiscal year 2010, which means that the year has been closed and the authority's audit timeframe fully elapsed. CEMEX Colombia presented a voluntary restatement of its income tax return for the fiscal year 2010, which originated an income tax payment of Col$9 billion ($5 million).
- On September 13, 2012, CEMEX Colombia received an ordinary request from the Colombian Tax Authority to review its income tax return for the fiscal year 2011 in connection with its amortization of goodwill of Lomas del Tempisque S.R.L., which was considered tax deductible by CEMEX Colombia in its income tax return. CEMEX Colombia replied on October 5, 2012 rejecting the arguments of the proceeding and requesting the dismissal of the case. On August 9, 2013, the Colombian Tax Authority informed CEMEX Colombia regarding its intention to review the income tax return that was under audit. Moreover, on June 28, 2013, CEMEX Colombia requested a restatement project increasing its income tax credit for such year, which was officially accepted on September 6, 2013.

- On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a special proceeding pursuant to which the Colombian Tax Authority rejected certain deductions taken by CEMEX Colombia in its tax return for the fiscal year 2009. The Colombian Tax Authority assessed an increase in the income tax payable by CEMEX Colombia in the amount of approximately Col$90 billion ($47 million) and imposed a penalty in the amount of approximately Col$144 billion ($75 million). The Colombian Tax Authority argues that certain expenses are not tax deductible considering that such expenses are not related to direct revenues recorded in the same fiscal year, without taking into consideration that future revenue will be taxed with income tax in Colombia. CEMEX Colombia responded to the special proceeding notice on September 25, 2011. On December 15, 2011, the Colombian Tax Authority issued its final determination, which confirmed the information in the special proceeding. CEMEX Colombia appealed the final determination in February 15, 2012. On January 17, 2013, CEMEX Colombia was notified of the resolution confirming the official liquidation. On May 10, 2013, CEMEX Colombia appealed the final determination to the Administrative Tribunal of Cundinamarca motion that was admitted on June 21, 2013. In addition, this request was electronically notified on July 3, 2013 to the Colombian Tax Authority, the National Legal Agency (*Agencia Nacional del Derecho*) and the Public Prosecutor. On December 5, 2013, CEMEX Colombia was notified of the initial hearing scheduled on February 18, 2014.

- On November 10, 2010, the Colombian Tax Authority notified CEMEX Colombia of a proceeding in which the Colombian Tax Authority rejected certain tax losses taken by CEMEX Colombia in its tax return for the fiscal year 2008. In addition, the Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately Col$43 billion ($22 million) and imposed a penalty in the amount of approximately Col$69 billion ($36 million). The Colombian Tax Authority argues that CEMEX Colombia was limited in its use of prior year tax losses to 25% of such losses per subsequent year. CEMEX Colombia believes that the tax provision that limits the use of prior year tax losses does not apply in the case of CEMEX Colombia because the income tax law applied by the Colombian Tax Authority was repealed in 2006. Furthermore, CEMEX believes that the Colombian Tax Authority is no longer able to review the 2008 tax return because the time to review such return has already expired pursuant to Colombian law. The Colombian Tax Authority notified a resolution on July 27, 2011, which confirmed its position in the special request. The resolution was appealed by CEMEX on September 27, 2011. On July 31, 2012, the Colombian Tax Authority notified CEMEX Colombia of the resolution confirming the official liquidation. On November 16, 2012, CEMEX Colombia appealed the official assessment. On June 27, 2013, CEMEX Colombia filed a formal request for conciliation to the Colombian Tax Authority through the payment of the income tax due and asking for the removal of the penalty and interest accrued. On September 16, 2013, the final conciliation agreement was signed finalizing this proceeding.

- During the periods from 2005 to 2011, CEMEX Colombia filed four legal proceedings and two appeals against official settlements, related to the payment of the industry and commerce tax (*impuesto de industria y comercio*) in the Municipality of San Luis. Although the Municipality argues that such tax is due as a result of industrial activities in such jurisdiction, CEMEX Colombia considers that its activities in the Municipality of San Luis are strictly mining activities and as such CEMEX Colombia pays royalties for mineral extraction in such jurisdiction. The foregoing, pursuant to section 39 of the 14 Act of 1983 which bans the Municipalities from collecting the tax on industry and commerce when the amount payable for royalties is equal or higher than such tax. The disputed amount is of approximately Col$33 billion ($17 million). On July 18, 2013, a final resolution (State Council) was issued in favor of CEMEX Colombia in the industry and commerce process with the Municipality of San Luis regarding fiscal year 1999. On December 3, 2013, a first instance decree was issued rejecting the arguments of the plaintiff, in connection with the industry and commerce process for the years 2009 and 2010. On December 13, 2013, the Municipality appealed such resolution. At this stage, CEMEX Colombia believes it is not probable that payment will have to be made with respect to this matter.

Costa Rica

- In January 2011, the General Tax Office of Costa Rica (*Dirección General de Impuestos* or the "Tax Office") notified to CEMEX (Costa Rica), S.A. ("CEMEX Costa Rica") the audit of the 2008 fiscal year, which included income tax, withholding tax and sales tax. On August 9, 2013, the Tax Office issued a proposal for interim normalization in the amount of ¢$4 billion ($9 million), including tax, interest and penalties. On August 23, 2013, CEMEX Costa Rica filed its response rejecting the proposal, arguing prescription and denying the proposed adjustments considering that CEMEX Costa Rica reported in accordance with the applicable tax regulations. On September 30, 2013, CEMEX Costa Rica was notified of a resolution whereby the Tax Office dismissed the arguments presented by CEMEX Costa Rica and confirmed the proposal for interim normalization. On November 7, 2013, CEMEX Costa Rica filed an appeal to such resolution, which should have been resolved by the Tax Office in a maximum period of 3 months. At the date of the financial statements, CEMEX Costa Rica has not been notified by the Tax Office in connection with the aforementioned resolution.

20) Stockholders' equity

20A) Common stock and additional paid-in capital

As of December 31, 2013 and 2012, the breakdown of common stock and additional paid-in capital of CEMEX Latam Holdings, S.A. was as follows:

	2013			2012		
	Authorized	Treasury Shares	Total	Authorized	Treasury Shares	Total
Common stock [1]	$ 718,124	–	718,124	718,124	–	718,124
Additional paid-in capital [1]	894,701	(150,012)	744,689	895,225	(150,012)	745,213
	$ 1,612,825	(150,012)	1,462,813	1,613,349	(150,012)	1,463,337

[1] In connection with the amounts for 2012 originally reported in the financial statements as of December 31, 2012, the balance of other capital reserves increased by $968 against common stock and additional paid-in capital, which decreased by $234 and $734, respectively, with no effect in total stockholders' equity, as a result of reclassifications arising mainly from the more appropriate presentation of the effects of the executive compensation program with shares of CEMEX (note 18D) during 2012.

As December 31, 2013 and 2012, subscribed and paid shares of CEMEX Latam Holdings, S.A. by owner were distributed as follows:

Shares	2013	2012
Owned by CEMEX España:		
Initial contribution by CEMEX España on April 17, 2012	60,000	60,000
CEMEX España's capital increase on July 31, 2012	407,830,342	407,830,342
	407,890,342	407,890,342
Owned by third-party investors	148,164,000	148,164,000
Subscribed and paid shares	556,054,342	556,054,342

As of December 31, 2013 and 2012, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 euro each. The number of subscribed and paid shares of CEMEX Latam Holdings, S.A. in the table above excludes 22,224,000 shares held in the Parent Company's treasury (treasury shares).

During 2012, the Parent Company carried out two capital increases: a) on August 1, 2012, the issuance of 407,830,342 new shares, with the same characteristics of the existing shares, were fully subscribed and paid for a total amount of $500,000. All the shares issued were subscribed and paid by the holding company CEMEX España, S.A., b) on November 6, 2012, CEMEX España, S.A., the then sole shareholder of the Parent Company, decided to increase the Parent Company's equity pursuant to the issuance of 170,388,000 new ordinary shares resulting in increases in common stock of $218,813 and in additional paid-in capital of $745,213 (note 1). CEMEX España, S.A. surrendered its preferential subscription right in order to allow third parties to subscribe such shares. As of December 31, 2013, some additional expenses associated with the offer received during this period have reduced additional paid-in capital for $524.

As mentioned in note 1, on November 15, 2012, the Parent Company completed its initial equity offering of 170,388,000 new ordinary shares at a price of 12,250 Colombian pesos per share. The ordinary shares offered by the Parent Company included: (a) 148,164,000 new ordinary shares offered in a public offering to investors in Colombia and in a concurrent private placement to eligible investors outside of Colombia, and (b) an additional 22,224,000 new ordinary shares offered in such private placement that were subject to a put option granted to the Initial Purchasers during the 30-day period following closing of the offering. After giving effect to the offering and after the period of 30 days, the Initial Purchasers exercised their put option, which involved the repurchase by the Parent Company of 22,224,000 shares for an amount of $150,012, recognized as treasury shares. As of December 31, 2013 and 2012, after giving effect to the offering and the exercise of the option by the Initial Purchasers, CEMEX España, S.A. owns approximately 73.35% of the ordinary shares of the Parent Company, excluding shares held in treasury.

As mentioned above, the line item "Additional paid-in capital" includes expenses incurred in the initial equity offering amounting to approximately $524 for the year ended December 31, 2013 and $36,737 for the six month period ended December 31, 2012.

20B) Other equity reserves

As of December 31, 2013 and 2012, the balance of other equity reserves are summarized as follows:

		2013	2012
Reorganization of entities under common control [1]	$	(327,840)	(327,840)
Comprehensive loss for the period (Consolidated statement of comprehensive income)		(176,876)	(34,260)
Public and private initial equity offering		234	234
Share-based payments		3,477	734
Other items		27,184	27,184
	$	(473,821)	(333,948)

[1] Effect resulting from the difference between the compensation amount determined in the reorganization of entities and the net value of the incorporated assets (note 2A).

As of December 31, 2013 and 2012, other equity reserves includes increases related to the executives' stock-based compensation programs in shares of both, CEMEX and the Parent Company (note 20D), which costs are recognized during the vesting period in the operating results of each subsidiary against other equity reserves.

20C) Non-controlling interest

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of December 31, 2013 and 2012, non-controlling interest in equity amounted to approximately $14,989 and $6,334, respectively.

20D) Executive share-based payments

As mentioned on note 2R, according to IFRS 2, share-based instruments granted to executives are defined as equity instruments, considering that the services received from employees are settled by delivering shares. The cost of equity instruments represents the estimated fair value of the underlying shares at the grant date of the plan and is recognized in the income statement during the period in which the exercise rights of the employees become vested.

As of December 31, 2013 and 2012, a group of the Company's executives participated in the long-term share-based payments program of CEMEX, by means of which, new CEMEX's CPOs are issued over a period of services of 4 years under each of the annual programs.

In addition, as of December 31, 2013 and 2012, certain executives of the Company also participated in another share-based payments program in CEMEX's shares, launched in 2012, which is linked to internal performance conditions (growth in Operating EBITDA), and market conditions (increase in the price of CEMEX's CPO) over a period of three years. Any CPOs vested would be only delivered, fully unrestricted, to active executives in March 2015.

On January 16, 2013, the Parent Company's Board of Directors, considering the positive report of the Board's Nominating and Compensation Commission, approved, effective January 1, 2013, a long-term incentives plan to certain executives of CEMEX Latam, which consists of an annual compensation plan based on the Parent Company's shares. The costs associated with this long-term incentives plan are recognized in the operating results of the subsidiaries of CEMEX Latam Holdings, S.A. 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 Parent Company's treasury, are delivered fully vested under each annual program over a service period of four years. As of December 31, 2013, the Parent Company has not yet released any share to the eligible executives under such long-term incentives plan, which first delivery, corresponding to the first 25% of the 2013 plan, will be carried out in late June 2014.

Compensation expense related to the aforementioned share-based long-term payments programs in shares of CEMEX and the Parent Company for the year ended December 31, 2013 and the six month period ended December 31, 2012, which was recognized in results of operations, amounted to $2,743 and $734, respectively.

As of December 31, 2013 and 2012, the Company has no outstanding commitments or options to make cash payments to executives based on changes in the share prices of CEMEX or the Parent Company.

21) Earnings per share

Based on IAS 33, *Earnings per share* ("IAS 33"), basic earnings (loss) per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. Shares that would be issued depending only on the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings (loss) per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate antidilution.

The amounts considered for calculations of earnings per share ("EPS") in 2013 and 2012 were as follows:

Denominator (thousands of shares)		2013	2012
Weighted average number of shares outstanding – basic	$	556,054	189,623
Numerator			
Consolidated net income	$	264,727	90,417
Less: non-controlling interest net income		624	522
Controlling interest net income	$	264,103	89,895
Controlling interest basic EPS	$	0.47	0.47
Controlling interest diluted EPS		0.47	0.47

22) Commitments

22A)Contractual obligations

As of December 31, 2013 and 2012, the Company had the following contractual obligations:

(U.S. dollars thousands)				2013			2012
Obligations		Less tan 1 year	1-3 years	3-5 years	More than 5 years	Total	Total
Long-term debt	$	1,000	–	–	–	1,000	3,000
Long-term payables to related parties [1]		336,084	189,024	917,175	–	1,442,283	1,603,731
Interest payments on debt [2]		84,752	140,697	89,147	–	314,596	428,358
Operating leases [3]		1,711	5,134	3,400	10,200	20,445	23,018
Financial leases [4]		6,498	12,994	5,109	–	24,601	31,682
Pension plans and other benefits [5]		5,647	11,379	5,750	28,379	56,938	57,759
Purchases of fuel and energy [6]		–	–	–	–	–	17,436
Total contractual obligations	$	435,692	359,228	1,026,364	38,579	1,859,863	2,164,984

(1) The line item includes: a) loan agreement of $339,555 as of December 31, 2013 negotiated by CCL, bearing an annual interest rate of 7% maturing in different dates from 2014 to 2018; b) loan agreement of $137,433 as of December 31, 2013 negotiated by the Parent Company, bearing an annual interest rate of 7%, maturing in different dates from 2014 to 2018, and a revolving credit facility of $45,812 with an annual interest rate of 7%; c) loan agreement of $124,498 as of December 31, 2013 negotiated by Cementos Bayano, bearing an interest rate equivalent to 3-month LIBOR plus 415 basis points, with maturity on September 26, 2018; and d) loan agreement negotiated by CEMEX Bogotá Investments B.V. of $596,474 with an annual interest rate of 7%, maturing in different dates from 2014 to 2018.

(2) Includes interest expense on third-party debt, financial leases and related parties debt using the interest rates set forth by the contracts as of December 31, 2013.

(3) The amounts of payments under operating leases have been determined on the basis of nominal cash flows. In January 2001, the Company and the Government of the Republic of Nicaragua entered into an operating lease, which includes the operating and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A, for a period of 25 years. According to the applicable laws to mining concessions, during the term of this lease contract, the Company should pay a semi-annual extraction fee based on total tons of materials extracted. Rental expenses for the year ended December 31, 2013 and the six month period ended 2012 were $1,700 and $850, respectively. Additionally, the line item includes operating leases of CEMEX Guatemala and CEMEX El Salvador of $63.2 and $68.4, respectively, for the year ended December 31, 2013 and by $29 and $26.1, respectively, for the six month period ended December 31, 2012.

(4) Financial leases of machinery and equipment negotiated by CEMEX Colombia of $24,601 with maturity in 60 months.

(5) Represents the estimated yearly payments for employee benefits over the next 10 years (note 18), including the estimate of new retirees during such future years.

(6) Corresponds to a commitment for the purchase of petcoke negotiated by CEMEX Panama. Future payments were calculated on the basis of actual consumption.

22B) Other commitments

As December 31, 2013 the Company has the followings significant commitments:

- On November 1, 2013, CEMEX Colombia accepted the offer of *Arenas y Gravas La Fontana Limitada,* of the same date, by which *Arena y Gravas La Fontana Limitada* proposes the supply of sand and / or gravel to CEMEX Colombia. The contract has duration of five years. Although the final calculation of the contract value will be made through the multiplication of the unit prices for goods actually supplied is the approximate amount of Col$ 9,161 million annually ($4.6 million annually).

- On July 12, 2013, CEMEX Colombia accepted the offer of *B&F Constructores, S.A.S.* on the same date, through which B&F *Constructores S.A.S.* proposes the supply of sand and / or gravel to CEMEX Colombia. The contract has duration of five years. Although the final calculation of the contract value will be made through the multiplication of the unit prices for goods actually supplied is the approximate amount of Col$6,501 million annually ($3.2 million annually).

- On May 23, 2013, CEMEX Colombia accepted the offer of *Mincivil, SA* dated May 22, 2013 , through which Mincivil, S.A. proposes the provision of services to develop mining quarry owned by CEMEX Colombia, located in the Municipality of Los Patios (*Norte de Santander - Colombia*), under the supervision and immediate technical direction and approval of CEMEX Colombia . The contract runs for five years without automatic extension. Although the final calculation of the contract value will be made through the multiplication of the unit prices for services actually rendered the approximate amount is Col$26,175 million for the five years ($13 million for five years).

- On January 16, 2013, the Management Administration of the Company, subject to a favorable report by the Appointments and Remuneration Committee, approved with effect from January 1, 2013, a plan for long-term incentives for certain executives subsidiaries of CEMEX Latam Holdings, S.A, consisting of an annual retribution plan by the Financial shares (note 20D).

- During 2012, CEMEX Latam Holdings S.A.(the "Company"), through its branch in Switzerland entered in to the next's agreements:

  i) Agreement with CEMEX, S.A.B de C.V. for the use of CEMEX's trademarks. These contracts are effective for five years, automatically renewable for equal periods. This entity must pay annually the use of trademarks calculated based on annual net sales of goods and services and transfer prices. The total charge of trademarks use reported in operating expenses amounted to $9,321 for the year ended December 31, 2013, and $4,592 for the six months ended December 31, 2012.

  ii) Agreement with CEMEX Research Group, A.G. for the use, operation and enjoyment of assets. The contract term is five years, automatically renewable for equal periods. This entity must pay royalties calculated annually based on annual net sales of goods and services. The total charge of royalties reported in operating expenses amounted $57,412 for the year ended December 31, 2013 and $27,184 for the six month period ended December 31, 2012.

  iii) Agreement with CEMEX Central, S.A. de C.V., for the technical, financial, marketing, legal, human resources and IT. The term of service contracts is five years, automatically renewable for equal periods. This entity must pay annually to provide these administrative services based on annual net sales of goods and services. The total service charge reported in operating expenses amounted $20,751 for the year ended December 31, 2013 and $8,203 for the six month period ended December 31, 2012.

- As of December 31, 2013 and 2012, in consideration of the services and the rights of use, operation and enjoyment of CEMEX marks, names and intellectual property, under non-exclusive agreement, leave-operation and asset services agreement management and business support and license agreement, described above, CEMEX Latam Holdings has agreed to pay to CEMEX, consistent with market practices and principles of unrelated parties, a fee equal to 5% of consolidated revenue, payable quarterly during each fiscal year. The rate of 5% paid under the non-exclusive agreements, operation and enjoyment of licensed asset management services and business support license and cannot be increased without the agreement of the independent directors of CEMEX Latam Holdings during a board meeting.

- In order to try to avoid potential conflicts of interest between CEMEX Latam Holdings and CEMEX, we have concluded a framework agreement, which will become effective at the closing of the Offer, and may be modified or finished by written agreement between CEMEX S.A.B. de C.V., CEMEX España and CEMEX Latam Holdings, for which CEMEX Latam Holdings will require approval of its independent directors. In addition, the Framework Agreement shall cease to have effect if the Company ceases to be subordinate of CEMEX or whether CEMEX does not have to recognize its investment in CEMEX Latam Holdings on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).

- Within the framework agreement signed with CEMEX and in order to assist CEMEX to accomplish its debt agreements, the Company will require the prior consent of CEMEX and CEMEX España, S.A. for:

  a) Any consolidation, merger or partnership with a third party;

  b) Any sale, lease, exchange or other disposition, acquisition to any person other than CEMEX;

  c) The issuance or sale of any stock or equity securities derivatives or the adoption of any stock incentive plan, except for (i) the issuance of shares by the Company to CEMEX (ii) the issuance of titles under the plan stocks incentive that does not exceed $1.75 million;

  d) The declaration, decree or payment of dividends or other distribution by the Company in connection with its shares other than (i) through the issuance of common stocks of the Company or the issuance of the right to subscribe ordinary shares of the company to the shareholders of the Company proportionally, always whether is not paid or transferred to another person who is not part of CEMEX (other than the company) cash or other assets of CEMEX (or any interest in such cash or assets) in connection with such distribution or interest and/or (ii) in proportion to the shares of each of the minority shareholders of the Company, always that each shareholder receives its share in any dividend , distribution or interest payment at the same time;

  e) The creation, assumption, grant or guarantee by the Company for any type of debt, and (ii) the creation of liens or charges on any of our assets, by a total amount above $25 million at any time (taking into account the assumption (i) as the (ii));

  f) Granting loans or become creditor of any debt, except (i) with respect to commercial loans granted to customers on normal commercial terms and in the ordinary course of business, (ii) as deferred compensation in respect of any sale, lease, exchange or other disposition that we or any of our subsidiaries are allowed to run without the consent of CEMEX and CEMEX España;

  g) Take any action that could result on default for CEMEX under any contract or agreement, under its financing agreements and any refinancing, relocation or modifications thereto, to the extent that all CEMEX's notification obligations included in the Framework Agreement are fulfilled for contracts or agreements other than (i) the debt contract and any refinancing, replacement or modification thereto, and (ii) the issuance of minutes of CEMEX and any replacement or modification thereto.

- In addition there are other agreements, (i) a lease agreement for (a) corporate office in Madrid and research and (b) development office in Switzerland, (ii) compliance with CEMEX´s debt agreements, among others, with CEMEX, each of which became effective upon the completion of the Global Offering.

- On July 30, 2012, CEMEX signed a 10-year strategic agreement with IBM, which includes CEMEX Latam and its subsidiaries, pursuant to which IBM will provide business processes services and information technology ("IT"). Moreover, IBM will provide business consulting to detect and promote sustainable improvements in CEMEX's profitability. The 10-year contract assigned to IBM is expected to generate cost reductions to CEMEX, measured in respect to costs incurred in such activities, to the extent that processes efficiencies would be achieved during such 10-year period. The services from IBM include: data processing services (back office) in finance, accounting and human resources; as well as IT infrastructure services and maintenance and development of IT applications in the different countries in which CEMEX operates, including CEMEX Latam and its subsidiaries. The cost to be incurred by for CEMEX Latam and its subsidiaries with IBM under this agreement is approximately of $4 million per year.

- During 2008, Cementos Bayano S.A. entered into a contract to supply long term clinker in the Republic of Panama with Cemento Panama, S.A. The supply contract was established for a period of 10 years and includes partial deliveries annual clinker in metric tons ("TM"), 1,944,000 TM for the 2013 to 2014 period, and 2,735,498 TM for the 2015 to 2018 period.

23) Legal proceedings

23A) Provisions resulting from legal proceedings

CEMEX Latam Holdings is involved in various significant legal processes, other than tax-related procedures which are described in note 19D, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam Holdings. Therefore, certain provisions have been recorded in the financial statements, representing the best estimated of the payments, which, CEMEX Latam Holdings considers that there will not be payments in excess of the amounts already recognized.

- In 1999, several companies belonging to the family filed suit Laserna tort against CEMEX Colombia, through which compensation is sought for alleged damages caused to their land with effects on costs and lower performance in rice crops because of solid expelled by the chimneys of cement production in the *Buenos Aires* and *Caracolito* plants located in the department of Tolima. In January 2004, the Fourth Civil Circuit Court of Ibagué convicted CEMEX Colombia payment equivalent to approximately $14 million in favor of the plaintiffs, the decision was appealed. On September 10, 2010 the Superior Court of Ibague, revoked in full conviction, accepting the defense argument CEMEX Colombia. As of December 31, 2013, the process is in the Supreme Court of Justice, where the appeal was filed by the plaintiffs.

23B) Others contingencies from legal proceedings

CEMEX Latam is involved in various legal proceedings, in addition to those related in tax matters (note 19D), which have not required the recognition of accruals, among other things; the Company cannot be sure for a favorable revocation. As of December 31, 2013, the details of the most significant events with a quantification of the potential loss were as follows:

Antitrust Proceedings

- On September 5, 2013 CEMEX Colombia was notified of a resolution dated August 21, 2013, issued by the Office of Industry and Commerce (*Superintendencia de Industria y Comercio* or "SIC"), under which the SIC initiated an investigation and issued a statement of charges against five cement companies and fourteen directors of these companies, included CEMEX Colombia, for alleged practices against free competition. On October 7, 2013, CEMEX Colombia replied the charges and presented evidence. The investigates parties are accused from allegedly violating: (i) Article 1 of Law 155 from 1959, which prohibits any practice, procedure or system designed to limit the free competition and determine or maintain unfair prices, (ii) paragraph 1 of Article 47 of Decree 2153 of 1992, which prohibits any agreement with the purpose to fix prices directly or indirectly, and (iii) paragraph 3 of Article 47 of Decree 2153 of 1992, which prohibits any agreement market sharing between producers or distributors. Additionally, fourteen (14) officers, including a former legal representative and the current President of CEMEX Colombia, are being investigated for allegedly violating paragraph 16 of Article 4 of Decree 2153 of 1992, as amended by Article 26 of Law 1340 2009, which states that the SIC can investigate and punish anyone who collaborate, facilitate, empower, run or tolerate behavior that violates the rules of free competition. In cases in which the alleged violations investigated by the SIC arrived to be informed, beyond the measures that could be ordered to stop the alleged anti - competitive practices, the following penalties could reach imposed against CEMEX Colombia in accordance with Act 1340 of 2009: (i) up to $30.6 million December 31, 2013, for each violation and each company that is declared to be in violation of competition rules, and (ii) up to $612 million against those individuals found guilty of collaboration, facilitate, authorize, execute or tolerate behavior that violates the rules of free competition. At this stage of research, we cannot assess the possibility of an unfavorable ruling, but if given, could result in a material adverse impact on the Company financial results.

Environmental Proceedings

- On June 5, 2010, the District Environmental Secretary of Bogota (*Secretaría Distrital de Ambiente de Bogotá* or the "Environmental Secretary"), ordered the suspension of CEMEX Colombia's mining activities at *El Tunjuelo* quarry, located in Bogotá, as well as those of other aggregates producers in the same area. The Environmental Secretary claims that during the past 60 years CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the injunction, on June 5, 2010, CEMEX Colombia received a notification from the Environmental Secretary informing the initiation of proceedings to impose fines against CEMEX Colombia based on the above mentioned alleged environmental violations. CEMEX Colombia responded to the injunction by requesting that it be revoked based on the fact that the mining activities at *El Tunjuelo* quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the Territorial Development, Housing and Environmental Ministry (*Ministerio del Medio Ambiente, Vivienda y Desarrollo Territorial*). On June 11, 2010, the local authorities in Bogotá, in compliance with the environmental secretary's decision, sealed off the mine to machinery and prohibited the removal of our aggregates inventory. Although there is not an official quantification of the possible fine, the environmental secretary has publicly declared that the fine could be as much as Col$300 billion (approximately $169.6 million). The temporary injunction does not currently compromise the production and supply of ready-mix concrete to our clients in Colombia. CEMEX Colombia is analyzing its legal strategy to defend itself against these proceedings. At this stage, we are not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia.

- In the ordinary course of our business, we are subject to extensive laws and regulations on environmental issues in each of the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air pollutant emissions, wastewater discharges, the use and handling of hazardous materials or waste disposal practices and the remediation of pollution or environmental damage. These laws and regulations expose us to a risk of substantial environmental costs and liabilities, including liabilities associated with divested assets and past activities and, in some cases, the acts and omissions of prior owners or operators of a property or plant. Also, in some jurisdictions, certain environmental laws and regulations impose liability without regard to fault or the legality of the original activity at the time of the actions giving rise to liability.

Others Legal Proceedings

- Guarantee proceedings in Colombia. On August 5, 2005, the Urban Development Institute (*Instituto de Desarrollo Urbano* or "UDI"), and an individual filed a lawsuit in the *Fiscalía Cuarta Anticorrupción de Bogotá* against a subsidiary of CEMEX Colombia claiming responsibility for it, along with other members of the *Asociación Colombiana de Productores de Concreto* ("ASOCRETO"), a union formed by concrete producers mix in Colombia, for the premature damages of the slabs of the trunk highway north of Transmilenio, the system of public transport in Bogotá, in which it was used concrete and flowable fill supplied by CEMEX Colombia and other members of ASOCRETO. The plaintiffs allege that the base material supplied for the road construction did not meet the quality standards offered by CEMEX Colombia and the other members of ASOCRETO and/or that they provided insufficient or incorrect in relation to the product information. The plaintiffs sought to repair the tiles so that their service is guaranteed for a period of 20 years, the period for which they were originally designed, and estimated the cost of repair would be approximately $ 51.9 million. The lawsuit was filed in the context of a criminal investigation against the former director and two staff of UDI, the contractor, the inspector and two officers from ASOCRETO. On January 21, 2008, the court ordered the seizure of the Tunjuelo's quarry in order to ensure timely payment in case of an eventual judgment against CEMEX Colombia. The court ordered to lift the ban and prevent further attachments, CEMEX Colombia was to deposit an amount equivalent to approximately $ 175.3 million, rather than an insurance policy to ensure that contingency. CEMEX Colombia appealed the decision and the *Tribunal Superior de Bogotá* allowed CEMEX to present an insurance policy in the amount of approximately $10.4 million, CEMEX handed security provided and on July 27, 2009, the court of knowledge lifted the embargo on the quarry. On October 10, 2012, the Court annulled the indictment against members of ASOCRETO, but the resolution sentenced the former director of the UDI, legal representatives of the construction company and the auditor to 85 months in prison and a fine of approximately $17. Following the annulment, the judge ordered to restart the procedures against the ASOCRETO officers.

- As mentioned above, the UDI and other parties involved in the case appealed the first instance decision , and August 30, 2013, the *Suprema Corte de Bogotá* decided: a) reduce the term of imprisonment of former collaborators of UDI to 60 months and impose a fine equivalent to approximately $4.6 b) sentencing UDI officials to collectively pay the amount equivalent to approximately $56 million c) revoke the sentences imposed on the representatives of the construction company and the auditor for defeating the legal term for criminal action, and d) revoke the cancellation for ASOCRETO officials and ordered the trial judge to make a judgment regarding the guilt or innocence of the ASOCRETO officers. In addition six procedures related to premature damage referred slabs were raised against CEMEX Colombia. The Administrative Tribunal of Cundinamarca quashed five of these procedures, and only one remains active. In addition, the UDI issued another procedure arguing that CEMEX Colombia made misleading promotion on the characteristics of flowable fill used in the construction of the slabs. CEMEX Colombia participated in this unique project exclusively as a supplier of ready-mix concrete filling fluid, which were delivered and received to the satisfaction of the contractor, provided all the required technical specifications. CEMEX Colombia was not involved or had responsibility for the design, choice of materials and technical specifications in construction. In this stage, to December 31, 2013, CEMEX Colombia denies committing any violation or illegal conduct relating to the above; nonetheless, CEMEX Colombia cannot ensure obtaining a favorable resolution. Thus, assuming that resolution is unfavorable submit, this could have a material adverse effect on our results of operations, liquidity and financial position of CEMEX Latam.

- Demand of Height Restriction of Panama. On July 30, 2008, the Civil Aeronautical Authority of Panama (*Autoridad de Aeronáutica Civil de Panama* or "AAC") denied the application of our subsidiary Cemento Bayano, S.A. ("Cemento Bayano") to raise structures above the permitted height restriction applicable to certain areas surrounding the Calzada Larga Airport. This height restriction is set according to the legal regulations and reaches the construction area of the second line of the cement plant. According to design drawings, ten of the planned structures may exceed the height allowed. Cemento Bayano formally requested that the AAC reconsider its refusal. On October 14, 2008 , the AAC granted permission to build the tallest building in the second line, subject to the following conditions: (a) Cemento Bayano assume any liability arising out of any incident or accident caused by construction of such building, and (b) no further permissions for additional structures. Cemento Bayano filed an appeal with respect to the second condition and has requested permission to build the rest of the structures. On March 13, 2009, the AAC issued a resolution stating that (a) if an accident occurs on the perimeter of Calzada Larga Airport, it shall conduct an investigation to determine the cause and responsibility, and (b) no further permissions for additional structures having the same height as the tallest structure permitted and will be granted. Therefore, you can obtain additional clearances while the structures are smaller than the highest building, analyzed case by case by the authority. On June 11, 2009, the AAC issued an order denying permission for additional structures above the permitted height applicable to certain areas surrounding Calzada Larga Airport. On June 16, 2009, Cemento Bayano asked AAC to reconsider its denial. On December 31, 2013, the AAC had not yet issued a decision regarding our request for reconsideration. We will continue the negotiations with officials from AAC in order to obtain an agreement that addresses all their concerns.

In addition, as of December 31, 2012, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) claims to revoke permits and/or concessions; and 4) other diverse civil actions.

24) Subsequent events

In connection to tax litigation of CEMEX Colombia dated on April 1, 2011 (note 19D), on February 18, 2014 was held the initial hearing in the first instance, where the judge understands the process and evidence is accepted. The next hearing for review of the evidence was set for March 11, 2014.

25) Main subsidiaries

The main direct and indirect subsidiaries of the Parent Company as of December 31, 2013 and 2012 are as follows:

Subsidiary	Country	Position	% equity interest
Corporación Cementera Latinoamericana, S.L.U. (1)	Spain	Parent	100.0
CEMEX Bogotá Investments, B.V. (1)	Netherlands	Parent	100.0
CEMEX Colombia S.A.	Colombia	Operative	99.7
CEMEX Costa Rica, S.A.	Costa Rica	Operative	99.1
CEMEX Nicaragua, S.A.	Nicaragua	Operative	100.0
CEMEX Caribe II Investments, B.V.	Netherlands	Parent	100.0
Cemento Bayano, S.A.	Panama	Operative	99.5
Cimentos Vencemos do Amazonas, Ltda.	Brazil	Operative	100.0
CEMEX Guatemala, S.A. (2)	Guatemala	Operative	100.0
CEMEX El Salvador, S.A.	El Salvador	Operative	100.0

(1). CEMEX Latam Holdings, S.A., has an indirect control through CCL and CEMEX Bogotá, N.V. the operations from CEMEX Latam in Colombia, Costa Rica, Panama, Brazil, Guatemala and El Salvador.

(2). The subsidiary Global Cement, S.A. located in Guatemala, changed its name to CEMEX Guatemala S.A. from May 27, 2013.

TERMS we use

Financial terms

Free cash flow CEMEX Latam Holdings defines it as operating EBITDA minus net interest expense, maintenance capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation). Free cash flow is an internal metric not defined under IFRS.

Maintenance capital expenditures CEMEX Latam Holdings defines it as investments incurred with the purpose of ensuring the company's operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies. Maintenance capital expenditures is an internal metric not defined under IFRS.

Operating EBITDA CEMEX Latam Holdings defines it as operating earnings before other expenses, net, plus depreciation and amortization. Operating EBITDA does not include revenues and expenses that are not directly related to CEMEX Latam Holdings' main activity, or which are of an unusual or non-recurring nature. Operating EBITDA is an internal metric not defined under IFRS.

pp equals percentage points.

Strategic capital expenditures CEMEX Latam Holdings defines it as investments incurred with the purpose of increasing the company's profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs. Strategic capital expenditures is an internal metric not defined under IFRS.

Total debt CEMEX Latam Holdings defines it as short-term and long-term debt plus capital leases. Total debt is an internal metric not defined under IFRS.

Net working capital CEMEX Latam Holdings defines it as operating accounts plus inventories minus operating accounts payable. Working capital is an internal metric not defined under IFRS.

bps (Basis Point) is a unit of percentage measure equal to 0.01%, used to measure the changes to interest rates, equity indices, and fixed-income securities.

Industry terms

Aggregates are sand and gravel, which are mined from quarries. They give ready-mix concrete its necessary volume and add to its overall strength. Under normal circumstances, one cubic meter of fresh concrete contains two metric tons of gravel and sand.

Clean Development Mechanism (CDM) is a mechanism under the Kyoto Protocol that allows Annex I countries to recognize greenhouse gas emission reductions from projects developed in Non-Annex I countries.

Clinker is an intermediate cement product made by sintering limestone, clay, and iron oxide in a kiln at around 1,450 degrees Celsius. One metric ton of clinker is used to make approximately 1.1 metric tons of gray Portland cement.

Fly ash is a combustion residue from coal-fired power plants that can be used as a non-clinker cementitious material.

Gray Portland cement is a hydraulic binding agent with a composition by weight of at least 95% clinker and 0–5% of a minor component (usually calcium sulfate). It can set and harden underwater and, when mixed with aggregates and water, produces concrete or mortar.

Installed capacity is the theoretical annual production capacity of a plant; whereas effective capacity is a plant's actual optimal annual production capacity, which can be 10–20% less than installed capacity.

Petroleum coke (petcoke) is a by-product of the oil refining coking process.

Pozzolana is a fine, sandy volcanic ash.

Ready-mix concrete is a mixture of cement, aggregates, and water.

Slag is the by-product of smelting ore to purify metals.

presentation of FINANCIAL information

Methodology for translation and presentation of results

Under IFRS, CEMEX Latam Holdings, S.A. ("CLH") reports its consolidated results in its functional currency, which is the US Dollar, by translating the financial statements of foreign subsidiaries using the correspond-ing exchange rate at the reporting date for the balance sheet and the corresponding exchange rates at the end of each month for the income statement.

Per-country/region selected financial information of the income statement is presented before corporate charges and royalties which are included under 'other and intercompany eliminations."

As a Spanish entity and in compliance with applicable regulations, CLH also prepares annual individual financial statements in Euros under Spanish GAAP (*Plan General de Contabilidad* in Spain). These annual individual financial statements are produced by the Board of Directors and are submitted to the General Shareholders' Meeting for their approval.

Consolidated and combined financial information

When reference is made to consolidated financial information means the financial information of CLH together with its consolidated subsidiaries. When reference is made to combined financial information means the financial information of CLH's subsidiaries on a combined basis.

Presentation of financial and operating information

Individual information is provided for Colombia, Panama and Costa Rica.

Countries in Rest of CLH include Nicaragua, Guatemala, El Salvador and Brazil.

Within this report, all references made to 'the region" refer to the group of countries where we operate.

Pro forma financial information included in this report

CLH was incorporated during the second quarter of 2012 for purposes of the initial equity offering concluded on November 15, 2012. For accounting purposes, the group reorganization pursuant to which CLH acquired its consolidated subsidiaries was effective July 1, 2012.

For convenience of the reader, CLH has prepared pro forma selected consolidated income statement information for the years 2010, 2011 and 2012, intended in all cases and to the extent possible, to present the annual operating performance of CLH's operating subsidiaries on a like-to-like basis with 2013.

CLH selected consolidated income statement information for the years 2010, 2011 and 2012, was determined by reflecting the original combined results of the operating subsidiaries for such years. In addition, in connection with the 5% corporate charges and royalties agreements entered into by CLH with CEMEX and that were executed late in 2012 with retroactive effects for full year 2012, the consolidated pro forma condensed income statement information of CLH for the years 2010, 2011 and 2012 was adjusted to reflect the 5% consolidated corporate charges and royalties.

board of DIRECTORS

Directors

Jaime Gerardo Elizondo Chapa	Chairman of the Board of Directors
Juan Pablo San Agustín Rubio	Vice-Chairman of the Board of Directors
Ignacio Madridejos Fernández	Director
Jaime Muguiro Domínguez	Director
Jaime Ruiz de Haro	Director
Gabriel Jaramillo Sanint	Director (Independent)
Coloma Armero Montes	Director (Independent)
Rafael Santos Calderón	Director (Independent)
Juan Pelegrí y Girón	Director and Secretary

Audit Committee

Gabriel Jaramillo Sanint	Chairman
Rafael Santos Calderón	
Coloma Armero Montes	Secretary

Nomination and Compensation Committee

Rafael Santos Calderón	Chairman
Coloma Armero Montes	
Ignacio Madridejos Fernández	Secretary

Corporate Governance Committee

Coloma Armero Montes	Chairman
Gabriel Jaramillo Sanint	
Juan Pelegrí y Girón	Secretary

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Exchange Listing

Bolsa de Valores de Colombia
(BVC) Colombia

Ticker Symbol:

CLH

Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of applicable securities laws. CEMEX Latam Holdings, S.A. ("CEMEX Latam") intends for these forward-looking statements to be covered by applicable securities laws. In some cases, these statements can be identified by the use of forward-looking words such as, but not limited to, "may," "should," "could," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential" and "intend" or other similar words. These forward-looking statements reflect CEMEX Latam's current expectations and projections about future events based on CEMEX Latam's knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from CEMEX Latam's expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on CEMEX Latam or CEMEX Latam's subsidiaries, include: the cyclical activity of the construction sector; competition; general political, economic and business conditions; the regulatory environment, including environmental, tax and acquisition-related rules and regulations; the ability of CEMEX, S.A.B. de C.V. ("CEMEX") to satisfy its obligations under the Facilities Agreement as well as under the indentures that govern its high yield notes; CEMEX Latam's ability to service its debt; CEMEX's or CEMEX Latam's ability to consummate asset sales, asset acquisitions and/or to achieve cost-savings from CEMEX and CEMEX Latam's cost-reduction initiatives; weather conditions; natural disasters and other unforeseen events; and other risks and uncertainties associated with CEMEX and/or CEMEX Latam's business and the countries in which CEMEX and CEMEX Latam operates. Readers are urged to read this annual report and carefully consider the risks, uncertainties and other factors that affect CEMEX Latam's business. The information contained in this annual report is subject to change without notice, and CEMEX Latam is not obligated to publicly update or revise forward-looking statements. Readers should review future reports filed by CEMEX Latam with the *Superintendencia Financiera de Colombia*. This annual report also includes statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates, CEMEX Latam generated some of this data internally, and some was obtained from independent industry publications and reports that CEMEX Latam believes to be reliable sources. CEMEX Latam has not independently verified this data nor sought the consent of any organizations to refer to their reports in this annual report.

www.cemexlatam.com