Cemex Latam Holdings, S.A. and subsidiaries

Consolidated Financial Statements

31 December 2014

(With Independent Auditor's Report thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

INDEX

CEMEX Latam Holdings S.A. and Subsidiaries

KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Auditor's Report on the Consolidated Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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 at December 31, 2014, 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.

Auditor's 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.

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 at December 31, 2014, 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 2015

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

	Notes		Years ended December 31, 2014	2013
Net sales	2R, 3	$	1,724,710	1,750,116
Cost of sales	2T		(869,388)	(852,161)
Gross profit			**855,322**	**897,955**
Administrative and selling expenses	2T		(240,731)	(246,422)
Distribution expenses	2T		(133,460)	(116,237)
			(374,191)	(362,659)
Operating earnings before other expenses, net			**481,131**	**535,296**
Other expenses, net	5,3		(2,758)	(15,742)
Operating earnings			**478,373**	**519,554**
Financial expense	3		(90,449)	(113,762)
Other financial expenses, net	6,3		(2,196)	(2,090)
Foreign exchange results			33,349	(1,138)
Earnings before income tax			**419,077**	**402,564**
Income tax	19		(144,706)	(137,837)
CONSOLIDATED NET INCOME	21		**274,371**	**264,727**
Non-controlling interest net income			973	624
CONTROLLING INTEREST NET INCOME		$	**273,398**	**264,103**
BASIC INCOME PER SHARE	21	$	**0.49**	**0.47**
DILUTED NET INCOME PER SHARE	21	$	**0.49**	**0.47**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Legal Representative

[illegible]ez
Accountant
T.P. [illegible]1830 – T

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

	Notes		Years ended December 31, 2014	2013
CONSOLIDATED NET INCOME		$	**274,371**	**264,727**
Items that will not be reclassified subsequently to profit or loss				
Recalculation of the defined benefit liability	18		(273)	726
Income tax revenue (expense) recognized directly in other comprehensive income	19B		107	(247)
			(166)	479
Items that will be reclassified subsequently to profit or loss when specific conditions are met				
Currency translation of foreign subsidiaries	2D		(223,826)	(143,095)
Other comprehensive loss for the period			(223,992)	(142,616)
TOTAL COMPREHENSIVE NET INCOME			**50,379**	**122,111**
Non-controlling interest comprehensive income			973	624
CONTROLLING INTEREST COMPREHENSIVE NET INCOME		$	**49,406**	**121,487**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Legal Representative

César [illegible]
Accountant
T.P. 1[illegible]830 – T

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

	Notes	December 31, 2014	December 31, 2013
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	$ 51,772	76,691
Trade receivables less allowance for doubtful accounts	8, 17	122,003	164,195
Accounts receivable from related parties	9	270	895
Other accounts receivable	10A	19,523	21,048
Taxes receivable		13,959	64,080
Inventories, net	11	102,821	103,683
Other current assets	12	18,347	19,227
Total current assets		328,695	449,819
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	24,215	18,623
Property, machinery and equipment, net	13	1,114,921	1,205,574
Goodwill, intangible assets and deferred assets , net	14	2,005,474	2,154,652
Deferred income taxes	19B	10,635	7,644
Total non-current assets		3,155,245	3,386,493
TOTAL ASSETS		**$ 3,483,940**	**3,836,312**
CURRENT LIABILITIES			
Short-term debt	15A	$ 5,259	6,805
Trade payables		103,095	129,427
Accounts payable to related parties	9	165,246	336,084
Taxes payable		71,303	93,240
Other accounts payable and accrued expenses	16	62,010	76,317
Total current liabilities		406,913	641,873
NON-CURRENT LIABILITIES			
Long-term debt	15A	10,510	18,797
Long-term accounts payable to related parties	9	1,037,923	1,106,199
Employee benefits	18	50,769	63,418
Deferred income taxes	19B	565,517	635,903
Other non-current liabilities	16	11,375	12,143
Total non-current liabilities		1,676,094	1,836,460
TOTAL LIABILITIES		**2,083,007**	**2,478,333**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	20A	1,463,349	1,462,813
Other equity reserves	20B	(695,574)	(473,821)
Retained earnings		353,998	89,895
Net income		273,398	264,103
Total controlling interest		1,395,171	1,342,990
Non-controlling interest		5,762	14,989
TOTAL STOCKHOLDERS' EQUITY		**1,400,933**	**1,357,979**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 3,483,940**	**3,836,312**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Legal Representative

César [illegible]
Accountant
T.P. [illegible]830 – T

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

	Notes		Years ended December 31 2014	2013
OPERATING ACTIVITIES				
Consolidated net income		$	274,371	264,727
Non-cash items:				
Depreciation and amortization of assets	4		95,809	97,386
Provisions and others expenses	11, 8		(1,271)	2,908
Financial expense, other financial income and foreign exchange results			59,296	116,990
Income taxes	19		144,706	137,837
Loss on the sale of fixed assets	5		1,312	2,075
Changes in working capital, excluding income taxes			(62,733)	(38,385)
Net cash flow provided by operating activities before interest and income taxes			**511,490**	**583,538**
Financial expense paid in cash			(79,574)	(12,793)
Income taxes paid in cash			(110,098)	(114,561)
Net cash flows provided by operating activities			**321,818**	**456,184**
INVESTING ACTIVITIES				
Property, machinery and equipment, net	13		(134,401)	(92,311)
Financial income	6		2,317	2,150
Intangible assets and other deferred charges			(60,226)	40,153
Long term assets and others, net	10B		(5,593)	14,189
Net cash flows used in investing activities			**(197,903)**	**(35,819)**
FINANCING ACTIVITIES				
Issuance of common shares through public and private offer	20A		–	(524)
Related parties debt payments	9		(830,873)	(718,582)
Related parties debt			663,216	352,122
Non-current liabilities, net	16		26,294	(50,312)
Net cash flows used in financing activities			**(141,363)**	**(417,296)**
Increase (decrease) in cash and cash equivalents			(17,448)	3,069
Cash conversion effect, net			(7,471)	(2,280)
Cash and cash equivalents at beginning of year			76,691	75,902
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	$	**51,772**	**76,691**
Changes in working capital, excluding income taxes:				
Trade receivables, net		$	42,949	(70,173)
Other accounts receivable and other assets			2,172	1,407
Inventories			1,376	(10,339)
Trade payables			(26,332)	11,107
Short-term related parties, net			(58,208)	28,687
Other accounts payable and accrued expenses			(24,690)	926
Changes in working capital, excluding income taxes		$	**(62,733)**	**(38,385)**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Legal Representative

César Gutiérrez
Accountant
T.P. 11830 – T

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
At December 31, 2014 and 2013
(Thousands of U.S. dollars)

	Notes		Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balance at December 31, 2012		$	**718,124**	**745,213**	**(333,948)**	**89,895**	**1,219,284**	**6,334**	**1,225,618**
Net income			–	–	–	264,103	264,103	624	264,727
Total other items of comprehensive income			–	–	(142,616)	–	(142,616)	–	(142,616)
Changes in non-controlling interest	20D		–	–	–	–	–	8,031	8,031
Public and private offer of shares			–	(524)	–	–	(524)	–	(524)
Stock-based compensation	20E		–	–	2,743	–	2,743	–	2,743
Balance at December 31, 2013		$	**718,124**	**744,689**	**(473,821)**	**353,998**	**1,342,990**	**14,989**	**1,357,979**
Net income			–	–	–	273,398	273,398	973	274,371
Total other items of comprehensive income			–	–	(223,992)	–	(223,992)	–	(223,992)
Changes in non-controlling interest	20D		–	–	–	–	–	(10,200)	(10,200)
Stock-based compensation	20E		–	536	2,239	–	2,775	–	2,775
Balance at December 31, 2014		$	**718,124**	**745,225**	**(695,574)**	**627,396**	**1,395,171**	**5,762**	**1,400,933**

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Legal Representative

César [illegible]
Accountant
T.P. 11830 – T

1) DESCRIPTION OF BUSINESS

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

The terms "the Parent Company" used in these accompanying notes to the financial statements refer to CEMEX Latam Holdings, S.A. without its subsidiaries. The terms the "Company" or "CEMEX Latam" refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. When the term "CEMEX" is used refers to CEMEX, S.A.B. de C.V. and/or some of its subsidiaries, which are not direct or indirect subsidiaries of the Parent Company. The issuance of these consolidated financial statements was authorized by management and the Board of the Parent Company on February 26, 2015.

2) SIGNIFICANT ACCOUNTING POLICIES

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014 and 2013 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Presentation currency and definition of terms

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 main currency in which the Parent Company realizes its operations and settles its obligations. The amounts in the financial statements and the accompanying notes are presented in thousands of dollars of the United States, except when specific references are made to other currency, according with the following paragraph, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. For convenience of the reader, all amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 19D and 23), and which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of December 31, 2014. Consequently, despite any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates. These dollar translations should not be construed as representations that the dollar amounts were, could have been, or could be converted at the indicated exchange rates. As of December 31, 2014 and 2013, currency conversions were determined using the closing exchange rates presented in the table of exchange rates included in note 2D.

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

Income statements

In the income statements, CEMEX Latam includes the line item titled "Operating earnings before other expenses, net" considering that it is a relevant measure for management as explained in note 3. According to IFRS, while there are line items that are customarily included in the income statement, such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals such as "Operating earnings before other expenses, net", and the way of displaying such statement varies significantly by industry and company meeting its specific needs.

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, recoveries from insurance companies and certain severance payments during restructuring processes, among others (note 5).

Statements of other comprehensive income

For the years ended December 31, 2014 and 2013, the Company presents the amounts of other comprehensive income in the period grouped into those that, in accordance with other IFRS: 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 years ended December 31, 2014 and 2013, the consolidated statement of cash flow presents cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transaction that did not represent sources or uses of cash:

- The increase in other equity reserves of $2,239 in 2014 and $2,743 in 2013, and in 2014 the increase of $536 in additional paid-in capital, in connection with the executive stock-based compensation (note 20E).

Going Concern

As of December 31, 2014, current liabilities, which include accounts payable to CEMEX companies of approximately $165,246, exceed current assets in approximately $78,218 (note 9).

The Company's management has approved these consolidated financial statements as of December 31, 2014 under the going concern principle, 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´s management believes that they will succeed renegotiating the maturity of some current accounts payable to such entities of CEMEX. For the year ended December 31, 2014, CEMEX Latam generated net cash from operations, after interest expense and income taxes, of approximately $321,818.

2B) PRINCIPLES OF CONSOLIDATION

Effective January 1, 2013, IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), which establishes the concept of control as the trigger for determining when an entity should be included in the consolidated financial statements, replaced the consolidation requirements of IAS 27, *Consolidated and Separate Financial Statements*. Based on IFRS 10, consolidated financial statements include those of CEMEX Latam Holdings, S.A. and those of the entities in which the Parent Company exerts control, by means of which the Parent Company is exposed, or has rights to variable returns from its relationship 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 had no significant effect on the consolidated financial statements of CEMEX Latam. Balances and transactions between the Parent Company and its subsidiaries (related parties) were eliminated in consolidation.

The consolidated financial statements include the accounts and transactions of the consolidated entities described in note 25. Each entity is a separate legal entity, which is responsible and 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 proportional 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.

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

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

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

2D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN 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 of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates in force at the date of the financial statements and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness associated to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency, which settlement is neither planned nor likely to occur in the foreseeable future and as a result, such balances are of a permanent investment nature. These fluctuations are recorded against "Other equity reserves", as part of the foreign currency translation adjustment (note 20B) until the disposal of the foreign net investment, at which time, the accumulated amount is recycled through the income statement as part of the gain or loss on disposal.

(Thousands of U.S. dollars)

Foreign currency transactions and translation of foreign currency financial statements – continued

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to dollars at the closing exchange rate for balance sheet accounts, at the historical exchange rate for common stock and additional paid-in capital accounts, and at the closing exchange rates of each month within the period for income statement accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash. The corresponding translation adjustment is included within "Other equity reserves" and is presented in the statement of other comprehensive income (loss) for the period as part of the foreign currency translation adjustment (note 20B) until the disposal of the net investment in the foreign subsidiary.

During the reported periods, CEMEX Latam had no subsidiaries operating in a hyperinflationary economy, which is generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds, 100%. In a hyperinflationary economy, the accounts of the subsidiary's income statement shall be restated to constant amounts as of the reporting date, in which case, both the balance sheet accounts and the income statement accounts would be translated to dollars at the closing exchange rates of the year.

The most significant closing exchange rates and the approximate average exchange rates per dollar for balance sheet and income statement as of and for the years ended December 31, 2014 and 2013 were as follows:

	2014		2013	
Currency	Closing	Average	Closing	Average
Colombian pesos	2,392.46	2,017.84	1,926.83	1,879.53
Costa Rican colones	545.53	546.48	507.80	505.89
Nicaraguan cordobas	26.60	26.01	25.33	24.77
Guatemalan quetzales	7.60	7.72	7.84	7.85
Brazilian reales	2.66	2.36	2.34	2.17

2E) CASH AND CASH EQUIVALENTS (note 7)

Includes available amounts of cash and cash equivalents, mainly represented by 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 income statement as part of "other financial expenses, net".

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

2F) TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ACCOUNTS RECEIVABLE (notes 8 and 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 their fair value and then are valued at its amortized cost. Due to their short-term nature, the Company initially recognizes these receivables at the original invoiced. Afterwards to initial recognition, it is evaluated its possible impairment recognizing an estimate of doubtful accounts when applicable. Allowances for doubtful accounts as well as impairment of other current accounts receivable are recognized against administrative and selling expenses.

2G) BALANCES AND TRANSACTIONS WITH RELATED PARTIES (note 9)

The Company discloses as related parties the balances and transactions between entities of the CEMEX Latam group with CEMEX, in addition to people or entities that because of their relationship with CEMEX Latam may take advantage of these relationships having a benefit on their 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 based on market prices and conditions.

2H) 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. Advances to suppliers of inventory are presented as part of other short-term accounts receivable.

(Thousands of U.S. dollars)

2I) OTHER INVESTMETNS 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 their amortized cost. The income resulting from the application of the amortized cost method is recognized in the income statement as part of "other financial expenses, net."

Investments in financial instruments held for trading, as well as those investments available for sale, classified under IAS 39, are recognized at their estimated fair value, in the first case through the income stamen as part of other financial expenses, net, and in the last case, changes in valuation are recognized as part of other comprehensive income of the period within other equity reserves until their time of disposition, when all valuation effects accrued in equity are reclassified to other financial expenses, net. These investments are tested for impairment upon the occurrence of a significant adverse change or at least once a year during the last quarter.

2J) 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. Depreciation of fixed assets is recognized as part of cost and operating 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, 2014, the average useful lives by category of fixed assets are 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 expense 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.

According to IFRIC 20, *Stripping costs in the production phase surface mine* ("IFRIC 20"), the costs of waste removal or stripping costs that are incurred in a quarry during the production, and result in better access to mineral reserves are recognized as part of the carrying amount of the related quarries. Capitalized amounts are amortized over the estimated exposed materials based on a unit of production life.

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. Periodic maintenance on fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable.

2K) BUSSINES COMBINATIONS, GOODWILL, INTANGIBLE ASSETS AND DEFERRED ASSETS (note 14)

Business combinations are recognized using the purchase method, by allocating the purchase price consideration transferred to assume control of the entity to all assets acquired and liabilities assumed based generally on their estimated 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, as applicable. 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 statement for the period as they are incurred. As of December 31, 2014, the Company's permits and licenses, customer relations and other intangible assets are amortized on a straight line basis over their useful lives that range approximately from 5 to 40 years. At expiration, certain permits can be extended for new periods of up to 40 years.

2L) IMPAIRMENT OF LONG LIVED ASSETS (notes 13 and 14B)

Impairment of property, machinery and equipment, intangible assets of definite life and other investments

Property, machinery and equipment, intangible assets and investments 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 which case an impairment loss is recorded in 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, the latter represented by 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, which consists of the higher of such group of CGUs fair value, less cost 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. Other intangible assets of indefinite life may be tested at the CGU or group of CGUs level, depending on their allocation. The Company determines discounted cash flows generally over periods of 5 years. In specific circumstances, when, according to the Company 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 of up to 10 years, to the extent the Company has detailed, explicit and reliable financial forecasts 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 periods 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 by reference to other 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 charges 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. 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 is based on the consolidated results of the geographic operating segment. In addition, the country level represents the lowest level within CEMEX Latam at which goodwill is monitored for internal management purposes.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, CEMEX Latam uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil. CEMEX Latam uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows related.

2M) FINANCIAL LIABILITIES, DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (note 15A)

Debt

Bank loans and notes payable are initially recognized at their fair value and consequently recognized at its amortized cost. Interest accrued on financial instruments is recognized in the balance sheet within "Other accounts payable and accrued expenses" against financial expense. During the reported periods, CEMEX Latam did not have financial liabilities voluntarily recognized at fair value or associated to fair value hedge strategies with derivative financial instruments. Direct costs incurred in debt issuances or borrowings, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt, by considering: a) that the relevant economic terms of the new instrument are not substantially different to the replaced instrument; and b) the proportion in which the final holders of the new instrument are the same of the replaced instrument, adjust the carrying amount of related debt are amortized as interest expense as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements when the new instrument is substantially different to the old instrument according to a qualitative and quantitative analysis, are recognized in the income statement within financial expense as incurred.

Capital leases (notes 15A and 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 cost. 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.

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 IFRS and is not intended to establish valuation standards or affect valuation practices outside financial reporting. Under IFRS 13, fair value represents an "Exit Value," 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 value 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 CEMEX Latam 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 CEMEX Latam 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. CEMEX Latam 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, discounted cash flows or multiples of Operative EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

2N) PROVISIONS

The Company recognizes provisions for diverse items, including environmental remediation such as quarries reforestation, 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. These provisions represent the estimated future cost of the cash outflow and are generally recognized at their net present value, except when the time schedule for the disbursement is not clear or when the economic effect for time passage of time is not significant. 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.

Provisions – continued

In May 2013, the IASB issued IFRIC 21, *Levies* ("IFRIC 21"), setting up guidance on the accounting for levies imposed by governments. IFRIC 21, which was effective January 1, 2014, clarifies, among other aspects, that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified in the legislation and that an entity does not have a constructive obligation to pay a levy that will be generated by operating in a future period. CEMEX Latam implemented IFRIC 21 as of January 1, 2014, Given that clear interpretive guidance on the application of IFRIC 21 is not yet available, the adoption of this standard required management to exercise judgment on the conclusion that the effects were not significant. As a result of this assessment it was also determined that the effects from judgments made in measuring the impact of this adoption may subsequently vary from conclusive interpretive guidance when it becomes available.

Asset retirement obligations (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 other financial income (expenses), net in 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.

Commitments and contingencies (notes 22 y 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 financial statements considering the substance of the agreements based on an incurred or accrued basis. Relevant commitments are disclosed in the notes to the financial statement. The company does not recognize contingent revenues, income or assets, unless their realization is virtually certain.

2O) POSTRETIREMENT EMPLOYEE BENEFITS (note 18)

Defined contributions pension plans

The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating prospective obligations.

Defined benefit pension plans, other postretirement benefits and termination benefits

Considering that there is no defined benefit plan for active employees, CEMEX Latam recognizes the costs associated with benefits paid under the current plan during the periods in which benefits are paid based on actuarial estimates of the present value of the obligations with the assistance of external actuaries. Actuarial assumptions consider the use of nominal rates. Actuarial gains or losses for the period, resulting from differences between projected and actual actuarial assumptions at the end of the period are recognized within "Other equity reserves" in stockholders' equity. The financial expense is recognized within "Other financial expenses, net."

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses during the period 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.

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.

2P) INCOME TAXES (note 19)

Based on IAS 12, *Income taxes* ("IAS 12"), the effects reflected in the income statement 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 entity. consolidated deferred income taxes represent the addition of the amounts determined in each entity 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.

Income tax – continued

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 its income tax returns in each country where the Company believes, based on available evidence, that the tax authorities would not reject such tax loss carryforwards; and 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 or any other deferred tax asset, the Company would not recognize 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 periods, 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 estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect the Company statements of operations 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, then 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 the income tax expense in the consolidated income statement.

2Q) STOCKHOLDERS' EQUITY

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

These items represent the value of stockholders' contributions, and include increases related to the capitalization of retained earnings and the recognition of executive stock-based compensation programs as well as decreases associated with the restitution of retained earnings, when applicable.

Other equity reserves (note 20B)

This caption groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements presented in the statements of comprehensive income (loss) which reflects in the stockholders' equity, net in the period that do not result 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 consolidated financial statement of foreign entities;
- Actuarial Gain and losses; and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity.

Retained earnings (note 20C)

Retained earnings represent the cumulative net results of prior accounting periods, net, as applicable, of the dividends declared to stockholders.

Non-controlling interest (note 20D)

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

2R) 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, 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.

Revenue recognition – continued

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: 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.

2S) EXECUTIVE STOCK-BASED COMPENSATION (note 20E)

Based on IFRS 2, *Share-based payments* ("IFRS 2"), compensation programs granted to the Company's executives based on both CEMEX, S.A.B de C.V. and CEMEX Latam Holdings S.A. 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.

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

Cost of sales represents the production cost of inventories at the moment of sale. Such cost of sale includes depreciation, amortization and depletion of assets involved in production and expenses related to storage in producing plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales, as well as costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses.

Cost of sales includes freight expenses of raw material in plants and delivery expenses of the Company's ready-mix concrete business, but excludes freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item. In 2014 and 2013, selling expenses included as part of the administrative and selling expenses line item amounted to $40,475 and $46,406, respectively.

2U) CONCENTRATION OF CREDIT

The Company sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Company operates. As of and for the years ended December 31, 2014 and 2013, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

2V) 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.

- IFRS 9, *financial instruments: classification and measurement* ("IFRS 9"). Phase 1: during 2009 and 2010, the IASB issued the chapters of IFRS 9 relating to the classification and measurement of financial assets and liabilities, and incorporated limited amendments in July 2014 for the classification and measurement of financial assets. Phase 2: in July 2014, the IASB added to IFRS 9 the impairment requirements related to the accounting for expected credit losses on an entity's financial assets and commitments to extend credits. Phase 3: in November 2013, the IASB added to IFRS 9 the requirements related to hedge accounting. As intended by the IASB, IFRS 9 will replace IAS 39 in its entirety. 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, and includes a category of financial assets at fair value through other comprehensive income for simple debt instruments. In respect to impairment requirements, IFRS 9 eliminates the threshold set forth in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognized, instead, an entity always accounts for expected credit losses, and changes in those expected losses through profit or loss. In respect to hedging activities, the requirements of IFRS 9 align hedge accounting more closely with an entity's risk management through a principles-based approach. Nonetheless, the IASB provided entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 until the IASB completes its project on the accounting for macro hedging. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in this standard at the same time. The Company is currently evaluating the impact that IFRS 9 will have on the classification and measurement of its financial assets and financial liabilities, impairment of financial assets and hedging activities. Preliminarily, The Company does not expect a significant effect. Nonetheless, The Company is not considering an early application of IFRS 9.

Newly issued IFRS not yet effective – continued

- In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers* ("IFRS 15"). The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contracts(s) with a customer, which is an agreement between two or more parties that creates enforceable rights and obligations; Step 2: Identify the performance obligations in the contract, considering that if a contract includes promises to transfer distinct goods or services to a customer, the promises are performance obligations and are accounted for separately; Step 3: Determine the transaction price, which is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; Step 4: Allocate the transaction price to the performance obligations in the contract, on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation, by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). IFRS 15 also includes disclosure requirements that would provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 will supersede all existing guidance on revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted considering certain additional disclosure requirements. The Company is currently evaluating the impact that IFRS 15 will have on the recognition of revenue from its contracts with customers. Preliminarily, The Company does not expect a significant effect. Nonetheless, The Company is not considering an early application of IFRS 15.

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 trough the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials. The Company's operations are managed by a regional president who supervises and is responsible for all the business activities in the countries comprising the region. These activities refer to the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates and other construction materials, the allocation of resources and the review of their performance and operating results. The country manager, who is one level below the regional president in the organizational structure, reports the performance and operating results of its country to the regional president, including all the operating sectors. 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.

According to IFRS 8 and considering the financial information that is regularly reviewed by the Company's top management, each of the counties in which the Company operates represents reportable operating segments. However, for disclosure purposes in the notes to the financial statements, considering similar regional and economic characteristics and/or the fact that certain countries do not exceed the materiality thresholds included in IFRS 8 to be reported separately, such countries have been aggregated and presented as single segment defined as "Rest of CLH" which is comprised of the Company's combined operations in Guatemala, Nicaragua, El Salvador and Brazil. In addition, the segment "Others" refers to the Parent Company, including the corporate offices in Spain and the research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

The main indicator used by the Company 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 management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure the Company ability to service or incur debt. Operating EBITDA should not be considered as an indicator of the Company financial performance, as an alternative to cash flow, as a measure of liquidity, or as being comparable to other similarly titled measures of other companies. 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.

(Thousands of U.S. dollars)

In 2014 and 2013, the selected information in the consolidated income statement by geographic operating segment is as follows:

2014	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 expenses	Other financial expenses, net
Colombia ....$	993,386	(63)	993,323	313,259	(35,873)	277,386	(4,439)	(22,035)	(3,074)
Panamá..................	315,244	–	315,244	124,135	(30,906)	93,229	844	(6,378)	128
Costa Rica............	164,560	(12,057)	152,503	62,273	(6,952)	55,321	549	(462)	(308)
Rest of CLH..........	278,059	(1,230)	276,829	65,718	(22,078)	43,640	1,557	(234)	1,057
Others	(13,189)	–	(13,189)	11,555	–	11,555	(1,269)	(61,340)	1
Total........................$	1,738,060	(13,350)	1,724,710	576,940	(95,809)	481,131	(2,758)	(90,449)	(2,196)

2013	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 expenses	Other financial expenses, net
Colombia ....$	1,025,201	–	1,025,201	372,657	(37,935)	334,722	(5,733)	(28,595)	(3,090)
Panamá..................	310,115	–	310,115	123,934	(29,533)	94,401	(2,750)	(6,205)	93
Costa Rica............	168,618	(13,799)	154,819	61,990	(7,693)	54,297	91	(464)	6
Rest of CLH..........	276,791	(1,729)	275,062	63,536	(22,225)	41,311	(2,453)	6,494	899
Others	(15,081)	–	(15,081)	10,565	–	10,565	(4,897)	(84,992)	2
Total........................$	1,765,644	(15,528)	1,750,116	632,682	(97,386)	535,296	(15,742)	(113,762)	(2,090)

As of December 31, 2014 and 2013, selected balance sheet information by geographic segment is as follows:

2014	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia ....$	2,161,327	739,046	1,422,281	103,615
Panama..........................	521,661	193,934	327,727	10,345
Costa Rica..........................	83,653	28,509	55,144	6,022
Rest of CLH..........................	239,679	134,809	104,870	22,7393
Others	477,620	986,709	(509,089)	16,005
Total..........................$	3,483,940	2,083,007	1,400,933	158,726

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..........................	295,969	144,514	151,455	6,889
Others	599,909	1,200,972	(601,063)	–
Total..........................$	3,836,312	2,478,333	1,357,979	93,829

Net sales by product and geographic segment for the years ended December 31, 2014 and 2013 is as follows:

2014	Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Colombia .... $	565,283	366,677	18,558	42,805	–	993,323
Panama..........................	193,417	92,716	3,045	26,066	–	315,244
Costa Rica..........................	110,459	15,300	9,481	17,263	–	152,503
Rest of CLH..........................	227,646	24,166	4,050	20,967	–	276,829
Others	–	–	–	–	(13,189)	(13,189)
Total.......................... $	1,096,805	498,859	35,134	107,101	(13,189)	1,724,710

2013	Cement	Concrete	Aggregates	Others	Eliminations	Net sales
Colombia .... $	561,934	327,644	16,161	119,462	–	1,025,201
Panama..........................	187,524	102,335	2,256	18,000	–	310,115
Costa Rica..........................	112,485	20,786	8,422	13,126	–	154,819
Rest of CLH..........................	233,772	25,089	2,847	13,354	–	275,062
Others	–	–	–	–	(15,081)	(15,081)
Total.......................... $	1,095,715	475,854	29,686	163,942	(15,081)	1,750,116

(Thousands of U.S. dollars)

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization recognized during 2014 and 2013, is detailed as follows:

		2014	2013
Depreciation and amortization expense related to assets used in the production process	$	69,354	70,528
Depreciation and amortization expense related to assets used in administrative and selling activities		26,455	26,858
	$	95,809	97,386

5) OTHER EXPENSES, NET

Other expenses, net during 2014 and 2013, are as follows:

		2014	2013
Damage recoveries	$	3,565	–
Sale of scrap and other non-operational products		359	–
Severance payments and other personnel costs for reorganization		(2,943)	(2,894)
Assumed taxes, fines, and other penalties		(1,992)	(2,936)
Impairment losses		(1,227)	(2,151)
Results from the sale of assets and others, net		(520)	(7,761)
	$	(2,758)	(15,742)

6) OTHER FINANCIAL EXPENSES, NET

Other financial expenses, net in 2014 and 2013, are as follows:

		2014	2013
Interest cost on employee benefits	$	(4,513)	(4,240)
Financial income		2,317	2,150
	$	(2,196)	(2,090)

7) CASH AND EQUIVALENTS

As of December 31, 2014 and 2013, consolidated cash and cash equivalents consists of:

		2014	2013
Cash and bank accounts	$	38,223	63,461
Fixed-income securities and other cash equivalents		13,549	13,230
	$	51,772	76,691

8) TRADE ACCOUNTS RECEIVABLE

As of December 31, 2014 and 2013, consolidated trade accounts receivable consist of:

		2014	2013
Trade accounts receivable	$	123,900	166,849
Allowances for doubtful accounts		(1,897)	(2,654)
	$	122,003	164,195

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 years ended December 31, 2014 and 2013 consist of:

		2014	2013
Allowances for doubtful accounts at beginning of period	$	2,654	35
Charged to selling expenses		3,251	2,924
Deductions		(4,008)	(305)
Allowances for doubtful accounts at end of period	$	1,897	2,654

(Thousands of U.S. dollars)

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2014 and 2013, accounts payable and receivable with related parties are as follows:

Short-term accounts receivable		2014	2013
Puerto Rican Cement Company, Inc.	$	71	69
Construction Funding Corporation		67	–
CEMEX Central, S.A. de C.V		67	35
CEMEX Dominicana, S.A.		33	482
CEMEX Denmark ApS		17	–
Business Material funding SL		15	–
Neoris Colombia S.A.		–	260
CEMEX España, S.A.		–	49
Total assets with related parties	$	270	895

Short-term accounts payable		2014	2013
CEMEX Hungary K.F.T. [1]	$	79,075	79,064
Construction Funding Corporation [2]		65,699	65,620
CEMEX Trading, LLC [3]		9,539	19,586
CEMEX Research Group, AG [4]		5,876	20,808
CEMEX Central, S.A. de C.V. [5]		2,294	28,921
CEMEX España, S.A. [6]		1,522	113,680
CEMEX, S.A.B. de C.V. [7]		1,039	7,683
Fujur, S.A. de C.V.		164	431
Pro Ambiente, S.A. de C.V.		38	–
CEMEX Concretos, S.A. de C.V.		–	140
Sunbulk Shipping N.V.		–	107
Others		–	44
	$	165,246	336,084

Long-term accounts payable		2014	2013
Construction Funding Corporation [2]	$	554,280	588,788
CEMEX Hungary K.F.T. [1]		371,633	517,411
CEMEX España, S.A. [6]		112,010	–
	$	1,037,923	1,106,199
Total liabilities with related parties	$	1,203,169	1,442,283

1 Loan agreement to CEMEX Bogotá Investments B.V. with maturing at different dates from 2015 to 2018.

2 The balance includes: a) loan agreement of $346,988 negotiated by Corporación Cementera Latinoamericana S.L.U. with annual interest rate of 7% and maturing in different dates from 2015 to 2018, and accrued interest of $3,075; b) loan agreement of $109,959 negotiated by CEMEX Latam Holdings, S.A. with annual interest rate of 7% and maturing in different dates from 2015 to 2018, and accrued interest of $2,766, as well as a revolving credit of $32,792 with annual interest rate of 7%; and c) loan agreement of $123,051, negotiated by Cemento Bayano, S.A bearing 3-month LIBOR rate plus 415 basis points maturing on September 26, 2018, and accrued interest of $1,348. As of December 31, 2014 and 2013, the 3-month LIBOR rate was 0.2556% and 0.2461%, respectively. Each one hundred basis points equal 1%.

3 These balances are generated from imports of cement from CEMEX LAN Trading Corporation for $6,957.

4 Royalties on technical assistance agreements, use of licenses and brands, software and administrative processes.

5 These balances are generated from administrative services received by the Company.

6 Includes a remaining balance of $112.010 plus accrued interest of $1.522 of a loan originally negotiated by CEMEX Colombia with CEMEX España in October 2010. At maturity of the loan in December 2014, this balance was renegotiated on market conditions at a LIBOR rate plus 275 basis points, and a new maturity on December 28, 2016.

7 These balances are generated from technical assistance received by the Company

The maturities of non-current accounts payable as of December 31, 2014 are as follows:

Debtor		2016	2017	2018	Total
CEMEX Bogotá Investments B.V. (annual rate 7%)	$	79,065	79,065	213,503	371,633
Corporación Cementera Latinoamericana, S.L.U. (annual rate 7%)		31,035	31,036	253,881	315,952
CEMEX Latam Holdings, S.A. (annual rate 7%)		27,473	27,473	60,330	115,276
Cemento Bayano, S.A. (3M Libor + 415 basis points)		–	–	123,052	123,052
CEMEX Colombia S.A (DTF + Spread)		112,010	–	–	112,010
	$	249,583	137,574	650,766	1,037,923

(Thousands of U.S. dollars)

Transactions with related parties – continued

The main operations of the Company with related parties for the years ended December 31, 2014 and 2013 are as follows:

Purchases of raw materials		**2014**	**2013**
CEMEX Trading, LLC	$	89,568	82,272
CEMEX Denmark ApS		553	3,824
Sunbulk Shipping N.V.		–	115
	$	90,121	86,211

Selling, general and administrative expenses		**2014**	**2013**
CEMEX Research Group, AG.	$	–	96
CEMEX Central, S.A. de C.V.		52	41
Fujur, S.A. de C.V.		(20)	(19)
Others		6	5
	$	38	123

Royalties and technical assistance (note 22B)		**2014**	**2013**
CEMEX Research Group, AG.	$	48,864	57,412
CEMEX Central, S.A. de C.V.		26,748	20,751
CEMEX, S.A.B. de C.V.		10,615	9,321
	$	86,227	87,484

Financial expenses		**2014**	**2013**
CEMEX Hungary K.F.T.	$	34,517	48,263
Construction Funding Corporation		41,112	39,858
CEMEX España, S.A.		6,352	6,345
	$	81,981	94,466

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

During the years ended December 31, 2014 and 2013, the directors of the Company, who are members of the Board of Directors, in consideration for services rendered accrued a compensation of approximately $318 and $197, respectively. There are no advances or loans granted by the Company to such directors and the Company has not provided guarantee on any directors' obligations. Moreover, the Company has not assumed obligations for pensions or insurance for such directors.

In addition, for the years ended December 31, 2014 and 2013, the aggregate remuneration accrued by members of the Company's top management, was approximately $7,930 and $7,239, respectively. Of these amounts, approximately $5,564 in 2014 and $5,549 in 2013 were paid as base compensation plus performance bonuses, including pensions and other postretirement benefits. In addition, approximately $2,366 in 2014 and $1,690 in 2013 of the aggregate remuneration corresponded to allocations of shares under the executive stock-based compensation in shares of CEMEX and of the Parent Company.

(Thousands of U.S. dollars)

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

As of December 31, 2014 and 2013, consolidated other accounts receivable consisted of:

		2014	2013
Non-trade accounts receivable	$	13,757	14,844
Restricted cash [1]		4,924	5,666
Loans to employees and others		842	538
	$	19,523	21,048

1 Restricted cash refers to guaranty deposits made by CEMEX Colombia to Liberty Seguros, S.A. and for CEMEX Panama to Citibank, N.A. to secure the letter of credit acquired in the execution of the contract of the Panama Canal.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of December 31, 2014 and 2013 are detailed as follows:

		2014	2013
Loans and notes receivable [1]	$	20,562	16,068
Guaranty deposits [1]		3,224	2,072
Fixed rate investments and others		429	417
Other non-current accounts receivable		—	66
	$	24,215	18,623

1 These combined lines mainly includes: a) a fund of CEMEX Panamá to secure seniority premium payments of $2,205 in 2014 and $1,984 in 2013; b) accounts receivable of CEMEX Colombia related with: i) payments in kind without sale plan of $3,025 in 2014 and $3,679 in 2013; ii) Certified Emission Reductions ("CERs") issued by the United Nations to qualified projects that reduce CO_2 emissions of $1,689 in 2014 and $2,097 in 2013; iii) advance payments for the purchase of fixed assets of $4,347 in 2014 and $5,938 in 2013; and iv) receivables from the sale of land for $3,978 in 2013; c) CERs in Costa Rica of $1,057 in 2014; d) VAT account receivable in El Salvador of $1,589 in 2014; and e) legal deposits in Brazil of $943 in 2014.

11) INVENTORIES

As of December 31, 2014 and 2013, the consolidated balance of inventories is detailed as follows:

		2014	2013
Materials	$	32,204	42,045
Finished goods		16,072	17,506
Work-in-process		20,612	15,775
Raw materials		18,763	19,406
Inventory in transit		16,075	10,457
Other inventories		343	256
Allowance for obsolescence		(1,248)	(1,762)
	$	102,821	103,683

12) OTHER CURRENT ASSETS

As of December 31, 2014 and 2013, consolidated other current assets consist of:

		2014	2013
Advance payments [1]	$	14,397	14,290
Assets held for sale [2]		3,950	4,937
	$	18,347	19,227

1 As of December 31, 2014 and 2013, the line item of advance payments includes $14,056 and $12,211, respectively, associated with advances to suppliers of inventory (note 2H).

2 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.

(Thousands of U.S. dollars)

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2014 and 2013, consolidated property, machinery and equipment, net and the changes in such line item during 2014 and 2013, are as follows:

		2014				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at beginning of period	$	273,751	179,284	754,396	94,096	1,301,527
Capital expenditures [1, 2]		3,335	4,057	58,017	93,317	158,726
Total additions		3,335	4,057	58,017	93,317	158,726
Disposals		(1,003)	(620)	(6,695)	–	(8,318)
Impairment [3]		–	–	(1,227)	–	(1,227)
Depreciation and depletion for the period		(5,942)	(11,353)	(23,081)	–	(40,376)
Foreign currency translation effects		(34,868)	(16,840)	(109,595)	(38,155)	(199,458)
Cost at end of period		241,215	165,881	694,896	149,258	1,251,250
Accumulated depreciation and depletion		(16,432)	(24,148)	(95,749)	–	(136,329)
Net book value at end of period	$	224,783	141,733	599,147	149,258	1,114,921

		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 [4]		4,820	15,857	59,088	14,064	93,829
Total additions		4,820	15,857	59,088	14,064	93,829
Disposals		(568)	(538)	(13,528)	(3,624)	(18,258)
Depreciation and depletion for the period		(8,595)	(7,580)	(44,707)	–	(60,882)
Foreign currency translation effects		(9,518)	(6,285)	(16,465)	(6,651)	(38,919)
Cost at end of period		273,751	179,284	754,396	94,096	1,301,527
Accumulated depreciation and depletion		(10,490)	(12,795)	(72,668)	–	(95,953)
Net book value at end of period	$	263,261	166,489	681,728	94,096	1,205,574

1 In July 2014, the Company began the construction of a new cement plant in the municipality of Maceo in the department of Antioquia in Colombia with an approximate capacity of 1.1 million tons. The first phase includes the construction of a mill and is expected to start production of cement in the second quarter of 2015 and the next phase is expected to be completed in the second half of 2016. CEMEX Latam estimates an investment of approximately $340 million, of which approximately $53 million have been invested as of December 31, 2014.

2 In addition, during 2014, the Company began the construction of a cement mill in Nicaragua with a grinding capacity of 440 thousand tons per year, with an estimated total investment of $55 million, of which approximately $18 million have been invested as of December 31, 2014. It is expected to start operations in a first stage during the first quarter of 2015.

3 During 2014, due to the replacement of certain equipments, impairment losses were recognized in Nicaragua and Guatemala.

4 Capital expenditures in 2013 include the purchase of assets from CEMEX España Operaciones, SL, including transportation and installation costs for the construction of the cement grinding of Clemencia located in Colombia.

14) GOODWILL AND INTANGIBLE ASSETS

14A) BALANCES AND CHANGES DURING THE PERIOD

As of December 31, 2014 and 2013, consolidated goodwill, intangible assets and deferred charges were summarized as follows:

		2014			2013		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Intangible assets of indefinite useful life							
Goodwill	$	1,704,635	–	1,704,635	1,802,149	–	1,802,149
Intangible assets of definite useful life							
Customer relations		193,545	(48,224)	145,321	189,379	(29,007)	160,372
Extraction permits and licenses		166,029	(12,426)	153,603	197,232	(7,772)	189,460
Industrial property and trademarks		1,959	(1,150)	809	2,456	(683)	1,773
Mining projects		444	(20)	424	528	(12)	516
Other intangibles and deferred assets		782	(100)	682	472	(90)	382
	$	2,067,394	(61,920)	2,005,474	2,192,216	(37,564)	2,154,652

(Thousands of U.S. dollars)

Changes in intangible assets during the years ended December 31, 2014 and 2013 are as follows:

		2014				
		Goodwill	Customer relations	Permits and licenses	Others	Total
Net book value at beginning of period	$	1,802,149	160,372	189,460	2,671	2,154,652
Amortization during the period		–	(19,216)	(4,654)	(485)	(24,355)
Foreign currency translation effects		(97,514)	4,166	(31,203)	(271)	(124,823)
Net book value at end of period	$	1,704,635	145,321	153,603	1,915	2,005,474

		2013				
		Goodwill	Customer relations	Permits and licenses	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)	(25,922)
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

When impairment indicators exist, for each intangible asset, CEMEX Latam determines its projected revenue streams over the estimated useful life of the asset. In order to obtain discounted cash flows attributable to each intangible asset, such revenues are adjusted for operating expenses, changes in working capital and other expenditures, as applicable, and discounted to net present value using the risk adjusted discount rate of return. Significant management judgment is necessary to determine the appropriate valuation method and estimates under the key assumptions, among which are: a) the useful life of the asset; b) the risk adjusted discount rate of return; c) royalty rates; and d) growth rates. Assumptions used for these cash flows are consistent with internal forecasts and industry practices.

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

14B) ANALYSIS OF GOODWILL IMPAIRMENT

As of December 31, 2014 and 2013, goodwill balances allocated by operating segment are as follows:

		2014	2013
Costa Rica	$	449,504	482,903
Colombia		354,581	405,528
Panama		344,703	344,703
Guatemala		239,128	231,668
Nicaragua		235,504	247,279
Brazil		66,127	74,980
El Salvador		15,088	15,088
	$	1,704,635	1,802,149

The Company assesses impairment of goodwill balances at least once a year during the last quarter of the year, or sooner if there is evidence, at the level of groups of CGUs to which are assigned the balances of goodwill and are commonly made of the operation, segments corresponding to the operations of the Company in each country.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the Company products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the long-term growth rates applied

The Company's cash flow projections 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 current 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 industry specific interest rates observed in recent transactions. Other key assumptions used to determine CEMEX Latam discounted cash flows are volume and price increases or decreases by main product during the projected periods. Volume increases or decreases generally reflect forecasts issued by trustworthy external sources, occasionally adjusted based on CEMEX Latam 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 all periods are maintained as a fixed percent of revenues considering historic performance.

(Thousands of U.S. dollars)

Analysis of goodwill impairment – continued

During the last quarter of 2014 and 2013, CEMEX Latam performed its annual goodwill impairment test. Based on these analyses CEMEX Latam did not determine impairment losses of goodwill in any of the reported periods. As of December 31, 2014 and 2013, the pre-tax discount rates and long-term growth rates used by the Company to determine the discounted cash flows in the group of CGUs with the main goodwill balances are as follows:

	Discount rates		Growth rates	
Groups of CGUs	2014	2013	2014	2013
Costa Rica	10.4%	11.5%	4.3%	4.5%
Colombia	9.7%	10.9%	3.0%	4.2%
Panama	9.7%	11.3%	3.0%	4.5%
Nicaragua	11.6%	13.2%	4.0%	4.0%
Guatemala	10.3%	14.2%	3.5%	3.5%
Brazil	10.0%	11.7%	3.1%	5.5%
El Salvador	11.0%	12.9%	2.0%	3.0%

As of December 31, 2014, the discount rates used by CEMEX Latam in its cash flows projections generally decreased from the values determined in 2013, mainly as a result of the reduction of the funding cost observed in the industry as compared to the prior year and the reduction in the risk free rate, significant assumptions in the determination of the discount rates. The funding cost decreased from 7.0% in 2013 to 6.1% in 2014 while the risk-free rate decreased from 3.7% in 2013 to 3.1% in 2014. In respect to long-term growth rates, following general practice under IFRS, CEMEX uses country specific rates, which are mainly obtained from the *Consensus Economics*, a compilation of analysts' forecast worldwide, or from the International Monetary Fund when the first are not available for a specific country.

In connection with the assumptions included in the table above, CEMEX Latam made sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs with an independent reasonable possible increase of 1% in the pre-tax discount rate, and an independent possible decrease of 1% in the long-term growth rate. In addition, CEMEX Latam performed cross-check analyses for reasonableness of its results using multiples of Operating EBITDA. In order to arrive at these multiples, which represent a reasonableness check of the discounted cash flow models, CEMEX Latam determined a weighted average multiple of Operating EBITDA to enterprise value observed in the industry. The average multiple was then applied to a stabilized amount of Operating EBITDA and the result was compared to the corresponding carrying amount for each group of CGUs to which goodwill has been allocated.

The Company considered an industry weighted average Operating EBITDA multiple of 9.5 times in 2014 and 10.3 times in 2013. CEMEX Latam's own estimated Operating EBITDA multiple was 7.4 times in 2014 and 8.8 times in 2013. The lowest multiple observed by CEMEX Latam was 6.0 times in 2014 and 7.2 times in 2013, and the highest was 16.4 times in 2014 and 20.9 times in 2013.

As of December 31, 2014 and 2013, none of the Company sensitivity analyses resulted in a relative impairment risk in CEMEX Latam operating segments.

15) FINANCIAL INSTRUMENTS

15A) SHORT-TERM AND LONG-TERM DEBT

As of December 31, 2014 and 2013, consolidated debt by type of instrument was summarized as follows:

		2014	2013
Leasing Bolívar, S.A, DTF [1] anticipated quarterly rate plus 6.62 basis points [2]	$	4,384	6,855
Leasing de Occidente, S.A., DTF [1] anticipated quarterly rate plus 4.5 basis points [2]		2,962	4,671
Leasing Bancolombia, S.A., DTF [1] anticipated quarterly rate plus 4.3 basis points [2]		3,989	6,193
Helm Leasing, S.A., DTF [1] anticipated quarterly rate plus 4.85 basis points [2]		2,475	3,842
Leasing Bogotá, S.A., DTF [1] anticipated quarterly rate plus 4.65 basis points [2]		1,960	3,041
Banco Industrial, S.A. [3]		–	1,000
Total	$	15,770	25,602
Long-term debt		10,510	18,797
Short-term debt	$	5,259	6,805

1 Average interest rate paid by Colombia financial institutions over deposit certificates with a term.

2 Refers to capital leases with commercial finance companies denominated in Colombian pesos, which were negotiated in 2012 with a maturity of sixty months. CEMEX Colombia incurred interest on these financial obligations for approximately $627 in 2014 and $700 in 2013. The assets acquired through these capital leases have been placed as guarantee for such financial obligations.

3 The loan agreement in quetzales negotiated by CEMEX Guatemala S.A. (formerly Global Cement S.A.) was settled in June 2014. The company incurred interest on this financial obligation of $97 in 2014 and $242 in 2013.

The maturities of CEMEX Latam's consolidated long-term debt as of December 31, 2014, were as follows:

		Maturities
2016	$	4,640
2017		4,640
2018		1,230
	$	10,510

15B) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

CEMEX Latam 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 considering the short-term maturity and revolving nature of these financial assets and liabilities. Temporary investments (cash equivalents) and certain long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of CEMEX Latam's long-term debt is level 2, considers estimated market prices for such or similar instruments, using interest rates currently available for CEMEX Latam to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates. The carrying amounts of financial assets and liabilities and their estimated fair value as of December 31, 2014 and 2013 are as follows:

Thousands of dollars		2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
Financial assets					
Other assets and non-current accounts receivable (note 10B)	$	24,215	24,215	16,068	16,068
Financial liabilities					
Long-term payables to related parties	$	1,037,923	1,013,568	1,106,199	1,216,684
Long-term debt (note 15A)		10,510	10,510	18,797	18,797
Other non-current liabilities		11,375	11,375	12,143	12,143
	$	1,059,808	1,035,453	1,137,139	1,247,624

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES AND OTHER NON-CURRENT LIABILITIES

As of December 31, 2014 and 2013, consolidated other current accounts payable and accrued expenses are as follows:

		2014	2013
Advances from customers	$	19,407	23,053
Provision for legal claims and other commitments		17,612	24,602
Provision for staff remuneration		9,980	8,927
Others provisions and liabilities		9,378	9,086
Accrued expenses		4,780	10,146
Other accounts payable and accrued expenses		853	503
	$	62,010	76,317

Current provisions primarily consist of employee benefits accrued at the balance sheet date, insurance 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

As of December 31, 2014 and 2013, the combined balance of provisions for litigation and other commitments, provisions for staff remuneration and other provisions and liabilities, represents approximately of 87% and 80%, respectively, of the balance of accounts and accrued current expenses payable, excluding customer advances. The changes in the combined balance of these lines of provisions in 2014 and 2013 are as follows:

		2014	2013
Balance at beginning of period	$	42,615	37,180
Additions or increase in estimates		129,700	59,239
Releases or decrease in estimates		(125,708)	(62,769)
Foreign currency translation effects		(9,637)	8,965
Balance at end of period	$	36,970	42,615

(Thousands of U.S. dollars)

As of December 31, 2014 and 2013, consolidated other non-current liabilities are as follows:

		2014	2013
Provision for asset retirement obligations [1]	$	5,569	8,094
Others provisions and liabilities		3,720	3,627
Deferred credits		2,086	422
	$	11,375	12,143

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

17) RISK MANAGEMENT

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. As of December 31, 2014 and 2013, the company has not entered into derivative financial instruments.

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 originates mainly from trade accounts receivable. As of December 31, 2014 and 2013, 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 the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a risk policy under 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 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 requirements imposed by the Company can only carry out transactions in cash. Considering the Company's best estimate of potential losses based on an aging analysis and considering the recovery efforts, as of December 31 2014 and 2013, the allowance for doubtful accounts amounted to $1,897 and $2,654, respectively.

The aging of trade accounts receivable as of December 31, 2014 and 2013 are as follows:

		2014	2013
Neither past due, nor impaired portfolio	$	73,972	110,583
Past due less than 90 days portfolio		23,073	17,558
Past due more than 90 days portfolio		26,855	38,708
	$	123,900	166,849

Foreign currency risk

The Company has foreign currency exposures due to the relevant balances in each country in other currencies than their functional currency. The Company has not implemented any derivative financing instrument hedging strategy to address this foreign currency risk.

As of December 31, 2014 and 2013, excluding from the sensitivity analysis the impact of translating the net assets of foreign operations into the Company's reporting currency, considering a hypothetic 10% strengthening of the dollar against the Colombian peso, with all other variables held constant, The Company's net income for the years ended on December 31, 2014 and 2013 would have decreased by approximately $41,907 and $40,256, respectively, as a result of higher foreign exchange losses on the Company's dollar-denominated net monetary liabilities held in consolidated entities with other functional currencies. Conversely, a hypothetic 10% weakening of the dollar against the Colombian peso would have the opposite effect.

Equity risk

As of December 31, 2014 and 2013, the Company has no financial instruments or transactions related with the Parent Company shares, of any subsidiary of CEMEX Latam or third parties, except by executive compensation programs (note 20E), whereby, there is no impairment in the expected cash flows of the Company for changes in the price of such shares.

(Thousands of U.S. dollars)

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. Nevertheless that the Company has fulfilled its operational liquidity, debt service and capital expenditures needs through resources generated by its own operations as mentioned in note 2, as of December 31, 2014, current liabilities, which include accounts payables to CEMEX companies for $165,246 exceeds in $78,218 the Company's current assets (note 9). The Company's management considers that it will generate sufficient cash flows to enable the Company to meet any liquidity risk in the short term. If necessary, the Company considers that it would be successful in renegotiating the maturity of certain accounts payable to CEMEX. As of December 31, 2014 and 2013, consolidated net cash flows provided by operating activities after financial expenses and income tax were of $321,818 and $456,184, respectively. The maturities of the Company's contractual obligations are included in note 22A.

18) POSTRETIREMENT EMPLOYEE BENEFITS

Defined contributions plans

The costs of defined contribution plans for the years ended December 31, 2014 and 2013 were approximately $10 and $7, respectively. The Company contributes periodically the amounts offered by the plan to the employee's individual accounts, not retaining any remaining liability as of the date of the financial statements.

Defined benefit pension plans

The Company has a defined benefit pension plan in Colombia, which is closed to new participants and whose beneficiaries are only retirees. For the years ended December 31, 2013 and 2014, the net period cost was recognized as follows:

		2014	2013
Recorded in other financial expenses, net			
Financial cost	$	4,340	4,240
Recorded in other comprehensive income, net			
Actuarial (gains) loss		273	(726)
Net period cost	$	4,613	3,514

The reconciliation of the actuarial value of obligations recognized in the balance sheet as of December 31, 2014 and 2013 is presented as follows:

		2014	2013
Change in benefits obligations			
Benefits obligation at beginning of period	$	63,418	71,349
Financial cost		4,340	4,240
Benefits paid		(5,028)	(5,555)
Actuarial gain (loss)		273	(726)
Foreign currency translation		(12,234)	(5,890)
Projected benefit obligation at end of period	$	50,769	63,418

As of December 31, 2014, estimated payments for postretirement benefits over the next ten years are as follows:

		Estimated payments
2015	$	4,445
2016		4,458
2017		4,459
2018		4,422
2019		4,399
2020–2024		21,226
	$	43,409

As of December 2014 and 2013, the most significant assumptions used in the determination of the net periodic cost were as follows:

	2014	2013
Discount rates	6.5%	7.5%
Pension growth rates	3.0%	3.5%

(Thousands of U.S. dollars)

Sensitivity analysis of pension and other postretirement benefits

For the year ended December 31, 2014, CEMEX Latam performed sensitivity analyses on the most significant assumptions that affect the projected benefits obligation ("PBO"), considering reasonable independent changes of plus or 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, 2014 is shown below:

Variables:	**+50bps**	**-50bps**
Discount rates	(2,072)	2,236
Pension growth rate	2,419	(2,256)

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

The amounts for income taxes expense to the statements of operations in 2014 and 2013 are summarized as follows:

		2014	**2013**
Current income taxes	$	126,826	114,561
Deferred income taxes		17,880	23,276
	$	144,706	137,837
Out of which:			
Colombia	$	96,768	87,689
Costa Rica		12,270	11,756
Panama		10,911	12,592
Rest of CLH		24,757	25,800
	$	144,706	137,837

As of December 31, 2014, the Company has consolidated tax loss carryforwards of $61,134, which have not been subject of accounting recognition. At the same date, the Company's tax loss carryforwards can be offset against taxable income in any fiscal year before 2030.

19B) DEFERRED INCOME TAXES

As of December 31, 2014 and 2013, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

		2014	**2013**
Deferred tax assets:			
Tax loss carryforwards and other tax credits	$	166	153
Accounts payable and accrued expenses		8,200	7,491
Others		2,269	–
Total deferred tax assets, net		10,635	7,644
Deferred tax liabilities:			
Property, machinery and equipment		256,601	297,562
Goodwill		303,396	324,059
Others		5,520	14,282
Total deferred tax liabilities, net		565,517	635,903
Net deferred tax liabilities	$	554,882	628,259

The breakdown of changes in consolidated deferred income taxes in 2014 and 2013 is as follows:

		2014	**2013**
Deferred income tax benefit recognized in the income statement	$	17,880	23,276
Deferred income tax for the period credited to stockholders' equity		107	247
Change in deferred income tax for the period	$	17,987	23,523

As of December 31, 2014, 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 operates, CEMEX Latam considers 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.

The Parent Company has not provided for any deferred tax liability for the undistributed earnings generated by its subsidiaries recognized under the equity method, considering that such undistributed earnings are expected to be reinvested, and to not generate income tax in the foreseeable future. Likewise, the Parent Company does not recognize a deferred income tax liability related to its investments in subsidiaries considering that the Company controls the reversal of the temporary differences arising from these investments.

(Thousands of U.S. dollars)

19C) EFFECTIVE TAX RATE

Differences between the financial reporting and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, generate differences between the statutory tax rate and the effective tax rate presented in the consolidated income statements. In 2014 and 2013, these differences were as follows:

	2014	2013
	%	%
Consolidated approximated statutory tax rate	30.0	30.0
Other non-taxable income	(1.6)	–
Expenses and other non-deductible items	3.6	3.1
Other tax non-accounting benefits	(0.4)	0.7
Effect of applicable tax rates [1]	0.9	(1.4)
Others	2.0	1.8
Effective consolidated tax rate	34.5	34.2

1 Refers to the effects of the different income tax rates applicable in the countries where the Company operates.

19D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals considering the evidence at its disposal. Nonetheless, the Company cannot assure the obtention of a favorable resolution. As of December 31, 2014, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- On April 15, 2013, the Colombian Tax Authority (the "Tax Authority") notified the formal conclusion in connection with the proceeding related to the fiscal year 2010, which means that the year has been closed and the Tax Authority's right for further reviews has expired. CEMEX Colombia, S.A. ("CEMEX Colombia") submitted a voluntary correction to its income tax return for the fiscal year 2010 that originated a tax payment of approximately $4 million.

- On September 13, 2012, the Tax Authority notified CEMEX Colombia an ordinary request for the review of its income tax return for the fiscal year 2011, in connection with the amortization of goodwill of Lomas del Tempisque S.R.L., which was considered tax deductible in such tax return. On October 5, 2012, CEMEX Colombia rejected the Tax Authority's arguments and requested that the case be dismissed. On August 9, 2013, CEMEX Colombia received a verification notice from the Tax Authority; obtaining the faculty to review the aforementioned tax return that is currently being audited. Additionally, on June 28, 2013, CEMEX Colombia requested an amendment project increasing the amount of tax receivable, which was accepted on September 6, 2013.

- On April 1, 2011, the Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions taken by CEMEX Colombia in its 2009 tax return. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia in an amount equivalent to approximately $38 million and imposed a penalty in an amount equivalent to approximately $60 million, both as of December 31, 2014. The Tax Authority argues that certain expenses are not deductible for fiscal purposes because they are not linked to direct revenues recorded in the same fiscal year, without considering that future revenue will be taxed under the income tax law in Colombia. CEMEX Colombia responded to the special proceeding on June 25, 2011. On December 15, 2011, the Tax Authority issued its final resolution, which confirmed the information in the special proceeding. CEMEX Colombia appealed such resolution on February 15, 2012. On January 17, 2013, the Tax Authority confirmed CEMEX Colombia its final resolution. On May 10, 2013 CEMEX Colombia appealed the final resolution before the Administrative Tribunal of Cundinamarca, which was admitted on June 21, 2013. On July 14, 2014, CEMEX Colombia was notified about an adverse resolution to its appeal, which confirms the official liquidation notified by the Tax Authority. On July 22, 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). At this stage of the proceeding, as of December 31, 2014, CEMEX Latam is not able to assess the likelihood of an adverse result in the proceeding, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

- On November 10, 2010, the Tax Authority notified CEMEX Colombia of a proceeding rejecting certain tax loss carryforwards used by CEMEX Colombia in its 2007 and 2008 tax returns. In addition, the Tax Authority assessed an increase in taxes payable by CEMEX Colombia in an amount equivalent to approximately $18 million and imposed a penalty in an amount equivalent to approximately $29 million, both as of December 31, 2014. The Tax Authority argues that CEMEX Colombia was limited to use only 25% of the preceding year's tax loss carryforwards in the subsequent year. CEMEX Latam considers that the rule that limits the use of prior year tax loss carryforwards does not apply in the case of CEMEX Colombia because the applicable tax law was repealed in 2006. Furthermore, CEMEX Latam believes that the Tax Authority's faculty to review the 2008 tax return has already expired pursuant to Colombian law. On July 27, 2011, the Tax Authority issued an official settlement, which confirmed its position in the proceeding, which was appealed by CEMEX on September 27, 2011. On July 31, 2012, the Tax Authority notified CEMEX Colombia of a resolution confirming the official liquidation. On November 2012, CEMEX Colombia appealed the official assessment. During 2013, CEMEX Colombia reached a settlement agreement with the Tax Authority by means of the payment of the income tax due, while penalties were canceled. On August 26, 2013 and September 16, 2013, the settlement documents were signed in connection with the years 2007 and 2008, respectively, representing the conclusion of this proceeding.

(Thousands of U.S. dollars)

Uncertain tax positions and significant tax proceedings – Colombia – continued

- The municipality of San Luis has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the fiscal years from 1999 to 2011. The municipality argues that the tax is generated as a result of CEMEX Colombia's industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The combined amount of the proceedings in Colombian pesos is equivalent to approximately $18 million as of December 31, 2014, of which, approximately $7 million represent purported tax and $11 million corresponds to penalties for inaccuracy. On July 18, 2013, the Colombian State Council (*Consejo de Estado*) issued a final resolution in favor of CEMEX Colombia in the process for the fiscal year 1999. Moreover, on December 3, 2013, first instance resolutions in favor of CEMEX Colombia were notified for the fiscal years 2009 and 2010, which the municipality appealed on December 13, 2013. In addition, on May 15, 2014, first instance resolutions against CEMEX Colombia were notified by the Court of Tolima for the fiscal years 2006 and 2007. The amount of purported taxes for such years in Colombian pesos is equivalent to approximately $1 million plus a penalty of inaccuracy equivalent to approximately $1 million, both as of December 31, 2014. On May 28, 2014, CEMEX Colombia appealed this resolution before the Colombian State Council. On December 10, 2014, the Tax Authority issued a final resolution with respect to the fiscal year 2011, following CEMEX Colombia's response on May 5, 2014, for amounts in Colombian pesos equivalents for this year of approximately $1 million of tax and approximately $1 million of penalties, both as of December 31, 2014. At this stage, CEMEX Colombia considers that the need to make payments in relation to this litigation is not probable.

Costa Rica

- On January 2011, the Costa Rican Tax Department (*Dirección General de Tributación*) (the "Tax Department") informed the beginning of audits for the 2008 fiscal year in CEMEX (Costa Rica), S.A. ("CEMEX Costa Rica"), which include income tax, payroll withholding tax and sales tax. On August 9, 2013, the Tax Department issued a provisional regularization proposal for an amount in Costa Rican colones equivalent to approximately $8 million, as of December 31, 2014, which includes tax, interest and penalties. On August 23, 2013, CEMEX Costa Rica filed a legal resource against the provisional regularization proposal, arguing that the action has been time barred and rejecting the proposed adjustments considering that CEMEX Costa Rica has acted in accordance with the applicable tax regulations. On September 30, 2013, CEMEX Costa Rica was notified of a settlement procedure by means of which the Tax Department dismissed the arguments presented by CEMEX Costa Rica and ratified the resolution of the provisional regularization proposal. On November 7, 2013, CEMEX Costa Rica filed a legal resource to revoke the settlement procedure, which should have been resolved by the Tax Department within a 3 month period, which the Tax Department could extend without consequence, except for the suspension of the calculation of interest. On September 24, 2014, the Tax Department notified CEMEX Costa Rica of the annulment of the settlement procedure and the resolutions previously issued considering a constitutional challenge accepted by the Constitutional Court of Costa Rica (the "Constitutional Court") against the article of the tax regulation which served as the basis for issuing the settlement procedure. Nonetheless, simultaneously, the Tax Department notified CEMEX Costa Rica a new settlement procedure and sanctioning resolutions in accordance with the new legal requirements of the new code of rules and tax procedures. Following the notification of the new settlement procedure, the Constitutional Court clarified that the Tax Department should not issue new settlement procedures until the Constitutional Court would issue a rule on the constitutionality of the article of the tax regulation. On October 10, 2014, the Tax Department notified CEMEX Costa Rica the cancellation of the new (and last) settlement procedure and the corresponding sanctioning resolutions, arguing that the Constitutional Court admitted an unconstitutionality action brought by a third party against the payment obligation or guaranty in a tax proceeding, prior to its defense, which is provided for in the new tax regulation; suspending its application until the Constitutional Court rules on the merits of this action. In view of the above, the Tax Department cannot issue new settlement procedures or sanctioning resolutions until the Constitutional Court resolves the aforementioned unconstitutionality action. Therefore, the tax proceeding initiated against CEMEX Costa Rica was annulled and the issuance of the settlement procedure against CEMEX Costa Rica was suspended. As of December 31 2014, there are no settlement procedures regarding the audit for the 2008 fiscal year against CEMEX Costa Rica.

20) STOCKHOLDERS' EQUITY

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2014 and 2013, the breakdown of common stock and additional paid-in capital was as follows:

		2014			2013		
		Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	$	718,124	–	718,124	718,124	–	718,124
Additional paid-in capital		894,701	(149,476)	745,225	894,701	(150,012)	744,689
	$	1,612,825	(149,476)	1,463,349	1,612,825	(150,012)	1,462,813

During the year ended December 31, 2014, the Parent Company performed the first physical delivery of shares to the executives subject to the benefits of the stock-based long-term incentive plan (note 20E), which increased additional paid-in capital in the amount of $536 as result of the decrease in treasury shares, which were delivered to these executives.

(Thousands of U.S. dollars)

As of December 31, 2014 and 2013, the Parent Company's subscribed and paid shares by owner were as follows:

Shares	2014	2013
Owned by CEMEX España:		
Initial contribution by CEMEX España on April 17, 2012	60,000	60,000
CEMEX España capital increase on July 31, 2012	407,830,342	407,830,342
	407,890,342	407,890,342
Owned by third-party investors	148,243,316	148,164,000
Total subscribed and paid shares	556,133,658	556,054,342

As of December 31, 2014 and 2013, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 euro per share. The number of subscribed and paid shares of CEMEX Latam Holdings presented in the table above excludes 22,144,684 shares in 2014 and 22,224,000 shares in 2013 held in the Company's treasury (treasury shares).

On November 15, 2012, pursuant to a public offering in Colombia and an international private placement, the Parent Company concluded its initial offering of 170,388,000 common shares, which included 22,224,000 treasury shares, repurchased by means of a put option granted to the initial purchasers during the 30-day period following closing of the offering. The net proceeds from the offering of approximately $963 million, after deducting commissions and offering expenses and after giving effect to the exercise of the put option by the initial purchasers, were used by the Parent Company to repay debt incurred for the acquisition of its subsidiaries.

On December 31, 2014, CEMEX España owns approximately 73.34% of the ordinary shares of the Parent Company, excluding shares held in treasury.

20B) OTHER EQUITY RESERVES

As of December 31, 2014 and 2013, the balance of consolidated other equity reserves is summarized as follows:

		2014	2013
Reorganization of entities under common control and other effects [1]	$	(300,422)	(300,422)
Translation effects of foreign subsidiaries [2]		(400,868)	(176,876)
Share-based payments [3]		5,716	3,477
	$	(695,574)	(473,821)

1 Effects resulting mainly from the difference between the amount of compensation determined in the reorganization of entities, effective as of July 1, 2012, by means of which the Parent Company acquired its consolidated subsidiaries (note 25), and the value of the net assets acquired of such subsidiaries, net of other purchase adjustments.

2 Represents the balance of the cumulative effects for the translation of foreign subsidiaries generated in the period and which are included in the statements of comprehensive income in each period.

3 As of December 31, 2014 and 2013, the line item of other equity reserves includes effects associated with the executive compensation programs based on CEMEX's and the Parent Company's shares (note 20E), and which costs are recognized in the results of each subsidiary during the vesting period against other equity reserves.

20C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its profit for the year, determined individually, to a legal reserve until it reaches at least an amount equivalent to 20% of the share capital. As of December 31, 2014, the legal reserve of the Parent Company amounted to $3,738.

20D) 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, 2014 and 2013, non-controlling interest in equity amounted to approximately $5,762 and $14,989, respectively.

20E) EXECUTIVE STOCK-BASED COMPENSATION

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

On January 16, 2013, the Parent Company's Board of Directors, considering the favorable report of its Nominations and Remuneration Committee, approved with effects from January 1, 2013, a long-term incentives plan for certain executives of CEMEX Latam, consisting of an annual compensation plan consisting in the delivery of shares of the Parent Company. The cost associated with this long-term incentives plan is recognized in the operating results of the companies of CEMEX Latam in which the executives subject to the benefits of the plan render their services. The underlying shares in the aforementioned long-term incentives plan, which are held in the Company's treasury, are delivered fully vested during a 4-year period under each annual program.

Executive stock based compensation – continued

In addition, during the years preceding the incentives plan previously mentioned, some executives of the Company participated in CEMEX's stock-based long-term incentives program, by means of which, new Ordinary Participation Certificates ("CPOs") of CEMEX are issued, which are delivered during a services period of four years under each annual programs. Effective January 1, 2013 on eligible executives from CEMEX Latam operations stopped receiving CEMEX CPOs.

Compensation expense related to the long-term incentive plans based on shares of CEMEX and the Parent Company described above for the years ended December 31, 2014 and 2013, which was recognized in the results of operations, amounted to $2,239 and $2,743, respectively.

Under the annual long-term incentives plan with shares of CEMEX Latam Holdings, the Parent Company granted rights on its own shares to the executives subject to the plan's benefits for 189,877 shares in 2014 and 209,491 shares in 2013, in connection with 100% of the potential benefits to be vested under each annual program. During 2014, the Parent Company made the physical delivery of 75,979 shares, corresponding to the vested portion of the prior year's program, and includes shares delivered to executives who left the Company. Based on the aforementioned, as of December 31, 2014, there are approximately 323,389 shares of the Parent Company corresponding to the unvested portion of shares under these annual programs that are expected to be physically delivered over the following years as the executives render services. The average prices of CLH's shares granted in the period were for amounts in Colombian pesos equivalent to approximately 6.30 dollars per share in 2014 and 6.59 dollars per share in 2013.

As of December 31, 2014 and 2013, the Company has no commitments to make cash payments to executives based on changes in the prices of the shares of CEMEX, S.A.B de C.V. or the Parent Company.

21) BASIC 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 2014 and 2013 are as follows:

Denominator (thousands of shares)		**2014**	**2013**
Weighted average number of shares outstanding – basic EPS		556,054	556,054
Effect of dilutive instruments – stock-based compensation		323	209
Weighted average number of shares outstanding – diluted EPS		556,377	556,263
Numerator			
Consolidated net income	$	274,371	264,727
Less: non-controlling interest net income		(973)	(624)
Controlling interest net income	$	273,398	264,103
Controlling Interest Basic net income per share ($ per share)	$	0.49	0.47
Controlling Interest Diluted net income per share ($ per share)	$	0.49	0.47

22) COMMITMENTS

22A) CONTRACTUAL OBLIGATIONS

As of December 31, 2014 and 2013, the Company had the following contractual obligations:

(Thousands of dollars)		2014					2013
Debts		**Less than 1 year**	**1–3 years**	**3–5 years**	**More than 5 years**	**Total**	**Total**
Long-term debt with third parties	$	–	–	–	–	–	1,000
Long-term debt with related parties [1]		165,246	1,037,923	–	–	1,203,169	1,442,283
Interest payments on debt [2]		69,832	105,616	21,160	–	196,608	314,596
Operating leases [3]		1,885	5,421	3,400	8,499	19,205	21,368
Capital lease obligations [4]		5,260	10,510	–	–	15,770	24,601
Pension plans and other benefits [5]		4,445	13,338	4,399	21,226	43,408	56,938
Purchases of raw materials, fuel and energy [6]		126,010	257,800	395,400	–	779,210	–
Total contractual obligations	$	372,678	1,430,608	424,359	29,726	2,257,371	1,860,786

1 This line item refers to the liabilities with related parties described in note 9

2 Includes future interest payments under third-party debt, capital leases and related parties debt using the interest rates outstanding on the contracts as of December 31, 2014.

3 The amounts of payments under operating leases have been determined on the basis of nominal cash flows. This line item mainly refers to the lease contract initiated in January 2001 with the Government of the Republic of Nicaragua, which includes the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A, for a term of 25 years. Expenses associated with this lease in 2014 and 2013 amounted to $1,700 in both years. In addition, includes operating leases negotiated by the Parent Company in 2012 with CEMEX España and CEMEX Research Group A.G. with terms of 5 years for its corporate offices in Spain and the research and development offices in Switzerland for $185 in less than one year and $321 in one to three years, which are renewable at maturity by agreement of the parties.

4 Capital leases for machinery and equipment negotiated by CEMEX Colombia of $15,770 with original maturity of 60 months.

5 Represents the estimated yearly payments for employee benefits over the next 10 years (note 18).

6 Includes commitments of the Company for: a) the purchase of raw materials and equipments of less than one year for $64,400, one to three years for $193,200 and three to five years for $320,000, and b) purchase of fuel and energy for $61,610 in less than one year, $64,600 in one to three years and $75,400 in three to five years.

In connection with the commitments to purchase raw materials, fuels and energy included in the table above, as of December 31, 2014 and 2013, the description of some of the most significant contracts are as follows:

- On December 22, 2014, CEMEX Colombia signed an agreement with FLSmidth, Inc., global provider of equipment for mining and cement industries, for the engineering of equipment, acquisition and supply of equipment for the new cement plant under construction in the municipality of Maceo (note 13), with maturity in June 2016, for approximately $42 million.

- On June 25, 2014, CEMEX Colombia and Wärtsilä Colombia SA signed a services agreement for the operation and maintenance of the natural gas electrical energy generating plant that provides energy under the modality of self-generation for the Caracolito plant, which maturity is five years from the signing of the contract, for an amount of approximately $11 million.

- On March 28, 2014, CEMEX Colombia, SA signed an agreement with ExxonMobil Colombia, SA for the supply of several fuels, which maturity is three years from the date of signature, for approximately $32 million.

- On November 1, 2013, CEMEX Colombia accepted the offer of Arenas y Gravas La Fontana Limitada, of the same date, by means of which Arenas y Gravas La Fontana Limitada will supply sand and/or gravel to CEMEX Colombia for a term of five years. Although the final calculation of the contract value will be determined considering the unitary prices and the goods actually supplied, the approximate amount is for $4 million annually.

- On July 12, 2013, CEMEX Colombia accepted the offer of B&F Constructores, S.A.S., of the same date, by means of which B&F Constructores S.A.S. proposes the supply of sand and/or gravel to CEMEX Colombia for a term of five years. Although the final calculation of the contract value will be determined considering the unitary prices and the goods actually supplied, the approximate amount is for $3 million annually.

- On May 23, 2013, CEMEX Colombia accepted the offer of Mincivil, SA dated on May 22, 2013, by means of which Mincivil, SA will provide services for the development and mining exploitation of the Suspiro quarry owned by CEMEX Colombia, located in the municipality of Los Patios (North of Santander - Colombia), under the supervision and immediate technical direction and approval of CEMEX Colombia. The contract has a term of five years without automatic extension. Although the final calculation of the contract value will be determined considering the unitary prices for services actually rendered, the approximate amount is for $2 million.

22B) OTHER COMMITMENTS

In addition to the contracts described above, as of December 31, 2014 the Company has the followings significant commitments:

- In 2012, CEMEX Latam Holdings S.A. through its branch in Switzerland entered in to the following agreements:

  i) Agreement with CEMEX, S.A.B de C.V. for the use of CEMEX's trademarks. These contracts are effective for five years, automatically renewable for equal periods. This Company must pay annually the use of trademarks calculated based on annual net sales of goods and services and transfer prices. The total expense for trademarks use recognized in the operating expenses amounted to $10,615 million for the year ended December 31, 2014 and $9,321 million for the year ended December 31, 2013.

  ii) Agreement with CEMEX Research Group, A.G. for the use, operation and enjoyment of assets. The contract has a term of five years, automatically renewable for equal periods, unless it is terminated by either party providing notice one month before the contract's expiration. This entity must pay royalties calculated annually based on annual net sales of goods and services. The total royalty expense recognized in the operating expenses amounted to $48,864 for the year ended December 31, 2014 and $57,412 million for the year ended December 31, 2013.

  iii) Agreement for the rendering of administrative services with CEMEX Central, S.A. de C.V., for the technical, financial, marketing, legal, human resources and information technology areas. The contract has a term of five years, automatically renewable for equal periods, unless it is terminated by either party upon notice one month before the contract's expiration. The Company must pay annually the use of these administrative services based on annual net sales of goods and services. The total services expense recognized in the operating expenses amounted to $26,748 for the year ended December 31, 2014 and $20,751 million for the year ended December 31, 2013.

- In order to avoid potential conflict of interests between the Parent Company and CEMEX, CEMEX España and the subsidiaries of both, on October 5, 2012, the Parent Company entered into a Framework Agreement which became effective upon closing of the initial offering, and which may be modified or terminated by written agreement between CEMEX, CEMEX España and the Parent Company, for which the Parent Company will require approval of its independent directors. In addition, the Framework Agreement shall cease to apply if the Company ceases to be subsidiary of CEMEX or if CEMEX stops the accounting recognition of its investment in the Parent Company either on a consolidated basis or under the equity method (or any other method that applies similar principles).

- Within the Framework Agreement entered with CEMEX and CEMEX España, and in order to assist CEMEX to accomplish its debt agreements, the Parent 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 shares or derivative equity securities or the adoption of any stock-based incentive plan, except for: (i) the issuance of shares by the Company to CEMEX, and (ii) the issuance of shares under the long-term incentives plan that does not exceed $1.75 million.

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

  e) The creation, negotiation, grant or guarantee by the Parent Company of any type of debt, and/or the creation of liens on any of its assets, for a total amount over $25 million at any time for both concepts.

  f) Provide loans or become creditor in connection with any type of debt, except: (i) with respect to commercial loans granted to customers on normal commercial terms and in the ordinary course of business, and (ii) as deferred compensation in respect of any sale, lease, exchange or other disposition that the Parent Company or any of its subsidiaries are authorized to execute without the consent of CEMEX 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 Credit Agreement and any refinancing, replacement or modification thereto, and (ii) the issuance of minutes of CEMEX and any replacement or modification thereof.

- In addition, as mentioned in note 22A, there are other commitments derived from the Parent Company's leases of its corporate offices in Madrid and of the research and development offices on Switzerland. Moreover, the Company is subject to compliance with CEMEX's debt agreements, negotiated, among others, with CEMEX itself, each of which became effective upon the completion of the initial offering.

Other commitments – continued

- On November 25, 2014, CEMEX Colombia and Consorcio PCP, formed by Constructora OAS and CI Grodco S.C.A., signed a contract for the supply and installation of hydraulic ready-mix pavements for the infrastructure project "*Proyecto Mejoramiento, Gestión Social, Predial y Ambiental del Proyecto Corredor Transversal del Libertador Fase II, para el Programa Corredores Prioritarios para la Prosperidad*", with a term of 27 months from the beginning of the works, and which amount is of approximately $13 million.

- 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, support and maintenance of IT applications in the different countries in which CEMEX operates, including CEMEX Latam and its subsidiaries. The cost to be incurred by the Company with IBM under this agreement is of approximately $4 million per year.

- On December 20, 2007, Cementos Bayano S.A. entered into a long-term clinker supply contract in the Republic of Panama with Cemento Panamá, S.A. (currently Argos Panamá, S.A.). The supply contract was established for a period of 10 years and includes annual partial deliveries of clinker in metric tons ("MT") of 1,254,000 MT for the period from 2013 to 2014 and 2,735,498 MT for the period from 2015 to 2018.

23) CONTINGENCIES

23A) PROVISIONS RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam 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. Therefore, certain provisions have been recorded in the financial statements, representing the best estimated of the payments, which, CEMEX Latam considers that there will not be payments in excess of the amounts already recognized.

On December 31, 2014, the only significant case considered individually is as follows:

- In 1999, several companies belonging to the Laserna family filed an extra-contractual civil liability claim against CEMEX Colombia, by means of which the plaintiff demands compensation for alleged damages caused to their land with effects on costs and lower production of their rice crops as a result of solid pollutants expelled by the chimneys of the "Buenos Aires" and "Caracolito" cement production plants in the department of Tolima. In January 2004, the Fourth Circuit Civil Court of Ibague issued a resolution ordering CEMEX Colombia a payment in favor of the plaintiffs equivalent to approximately $11 million. CEMEX Colombia appealed this resolution. On September 10, 2010, the Superior Court of Ibague, fully revoked the resolution, accepting the defense arguments of CEMEX Colombia. As of December 31, 2014, the process is in the Supreme Court of Justice, where the appeal resource filed by the plaintiffs is being processed.

23B) OTHERS CONTINGENCIES FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 19D), which have not required the recognition of accruals based on the evidence at its disposal. Nonetheless, the Company cannot assure the obtention of a favorable resolution.

As of December 31, 2014, the disclosure of facts of the most significant proceedings with a quantification of the potential loss is as follows:

Market related proceedings

- On September 5, 2013, the Colombian Superintendency of Industry and Commerce (the "SIC") issued a resolution pursuant to which the SIC opened an investigation against five cement companies and 14 directors of those companies, including CEMEX Colombia, its former legal representative and the current President of CEMEX Colombia, for allegedly breaching rules which prohibit: a) to limit free competition and/or determining or maintaining unfair prices; b) direct or indirect price fixing agreements; and c) any market sharing agreements between producers or distributors. In connection with the 14 executives under investigation, the SIC may sanction any individual who collaborated, facilitated, authorized, executed or tolerated behavior that violates free competition rules. On October 7, 2013, CEMEX Colombia responded the resolution and submitted evidence in its relief. If the alleged infringements are substantiated, aside from any measures that could be ordered to remediate the alleged practices, penalties may be imposed by the SIC against each company being declared in breach of the competition rules for an equivalent amount in Colombian pesos as of December 31, 2014 of up to $26 million for each violation, and an equivalent of up to $1 million against those individuals found responsible of collaborating, facilitating, authorizing, executing or tolerating behavior that violates free competition rules. It is expected that in early 2015, the Superintendent Delegate for Competition Protection will issue a non-binding report of the investigation, which could provide a recommendation to impose sanctions or to close the investigation, and a decision by the SIC on this matter would be expected during the second or third quarter of 2015. As of December 31, 2014, CEMEX Latam is not able to assess the likelihood of the SIC imposing any measures and/or penalties against CEMEX Colombia, but if imposed, they could have a material adverse effect on the Company's results of operations, liquidity or financial condition.

Others contingencies from legal proceedings – continued

Environmental proceedings

- On June 5, 2010, the District of Bogota's Environmental Secretary (*Secretaría Distrital de Ambiente de Bogotá* or the "Environmental Secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogotá, as well as those of other aggregates producers in the same area. The Environmental Secretary alleged that during the past 60 years CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the injunction, on June 5, 2010, CEMEX Colombia received a notification from the Environmental Secretary informing the initiation of proceedings to impose fines against CEMEX Colombia based on the above mentioned alleged environmental violations. CEMEX Colombia responded to the injunction by requesting that it be revoked based on the fact that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*). On June 11, 2010, the local authorities in Bogotá, in compliance with the Environmental Secretary's decision, sealed off the mine to machinery and prohibited the removal of CEMEX's aggregates inventory. Although there is not an official quantification of the possible fine, the Environmental Secretary has publicly declared that the fine could be up to the equivalent amount in Colombian pesos as of December 31, 2014 of approximately $125 million. The temporary injunction does not currently compromise the production and supply of ready-mix concrete to CEMEX's clients in Colombia. At this stage, CEMEX Latam is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia. An adverse resolution on this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial condition.

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

Others Legal Procedures

- In August 2005, a lawsuit was filed against CEMEX Colombia and other members of the Colombian Ready-mix Producers Association (*Asociación Colombiana de Productores de Concreto* or "ASOCRETO"). The lawsuit claimed that CEMEX Colombia and other ASOCRETO members were liable for the premature distress of the concrete slabs of the *Autopista Norte* trunk line of the Transmilenio bus rapid transit system in Bogotá in which ready-mix concrete and flowable fill supplied by CEMEX Colombia and other ASOCRETO members was used. The plaintiffs alleged that the base material supplied for the road construction failed to meet the quality standards offered by CEMEX Colombia and the other ASOCRETO members and/or that they provided insufficient or inaccurate information in connection with the product. The plaintiffs seek compensation for damages for an equivalent amount in Colombian pesos as of December 31, 2014 of approximately $42 million. In 2008, as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings, the Superior Court of Bogotá allowed CEMEX to present and insurance policy for an equivalent amount in Colombian pesos as of December 31, 2014 of approximately $8 million pursuant to which the attachment over certain assets was lifted. On October 10, 2012, a court resolution convicted the former director of the Urban Development Institute ("UDI"), the legal representatives of the builder and the auditor to a prison term of 85 months and a fine equivalent to approximately $13, and ordered a restart of the proceeding against the ASOCRETO officers.

  On August 30, 2013, after an appeal by the UDI, the Superior Court of Bogotá issued a resolution that, among other matters, reduced the prison term imposed to the former UDI officers to 60 months, imposed the UDI officers to severally pay an amount equivalent in Colombian pesos as of December 31, 2014 to $45 million, overturned the sentence imposed to the builder's legal representatives and auditor because the criminal action against them was time barred, revoked the annulment in favor of the ASOCRETO officers and ordered the first instance judge to render a judgment regarding the ASOCRETO officers' liability or lack thereof.

  In addition, six actions related to the premature distress of the concrete slabs were brought against CEMEX Colombia. The Cundinamarca Administrative Court (*Tribunal Administrativo de Cundinamarca*) nullified five of these actions and currently, only one remains outstanding. In addition, the UDI filed another action alleging that CEMEX Colombia made deceiving advertisements on the characteristics of the flowable fill used in the construction of the line. CEMEX Colombia participated in this project solely and exclusively as supplier of the ready-mix concrete and flowable fill, which were delivered and received to the satisfaction of the contractor, fulfilling all the required technical specifications. CEMEX Colombia did not participate in nor had any responsibility on the design, sourcing of materials or their corresponding technical specifications or construction. At this stage of the proceedings, as of December 31, 2014, CEMEX Latam is not able to assess the likelihood of an adverse result, but if adversely resolved, it could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial condition.

Others legal proceedings – continued

- In connection with the construction of the new cement plant in the municipality of Maceo (Antioquia) in Colombia (note 13), on August 28, 2012, CEMEX Colombia signed a memorandum of understanding ("MOU") with CALIZAS CI S.A. for the transfer to CEMEX Colombia of the land, the mining title and the free zone for the construction of the new cement plant. After the execution of the MOU, one of CI CALIZAS S.A.'s partners was linked to a legal process for expiration of property and, as a result, the Attorney General's Office, among other measures, suspended CI CALIZAS S.A.'s rights to dispose of the assets offered to CEMEX Colombia. In order to protect its interests, CEMEX Colombia presented to the competent authorities the information of the cement project under development and explained how this measure affected the transfer of full ownership rights of the related assets under negotiation. Considering CEMEX Colombia's efforts, and as a temporary solution while the request for the revocation of the measures against CI CALIZAS is resolved, CEMEX Colombia entered into a lease contract with the National Department of Anti-narcotics (*Dirección Nacional de Estupefacientes*) (depository of the affected assets) pursuant to which CEMEX Colombia is authorized to continue with the necessary works for the construction of the cement plant and consequently to protect all the infrastructure works and investments already made by CEMEX Colombia. Additionally, CEMEX Colombia became party in the legal proceeding to enforce its rights resulting from the MOU and to conclude the negotiation once the proceeding is resolved, which is expected to occur in a lapse of three to six months. As mentioned in note 13, as of December 31, 2014, CEMEX Colombia has made investments of approximately $53 million in the new plant in Maceo. As of December 31, 2014, CEMEX Colombia considers that its investments in the development of the plant are protected by virtue of the lease contract. Nonetheless, if there is a final adverse resolution of the authority with respect to CI CALIZAS S.A.'s rights to dispose of the land, the mining title and the free zone, and if CEMEX Colombia exhausts all legal resources available against the adverse resolution, in such event that the lease could not be extended, the resolution could have a material adverse effect on the Company's results of operations, liquidity or financial condition.

- Panamanian Height Restriction Litigation. On July 30, 2008, the Panamanian Authority of Civil Aeronautics (*Autoridad de Aeronáutica Civil de Panama*), or AAC initially refused the application of Cemento Bayano, S.A. ("Cemento Bayano"), subsidiary of the Company in Panama, to erect structures above the permitted height restriction applicable to certain areas surrounding the Calzada Larga Airport which affected the construction of the cement plant's second line. On October 14, 2008, as per Cemento Bayano's request for reconsideration, the AAC granted permission for the construction of the tallest building of the second line, under the following conditions: that (a) Cemento Bayano assumes any liability arising from any incident or accident caused by the construction of such building, and (b) there would be no further permissions for additional structures. Regarding the construction of the remaining 12 buildings of the second line of the plant, on March 13, 2009, the AAC issued an explanatory note stating that: (a) should an accident occur in the Calzada Larga Airport's perimeter, an investigation shall be conducted in order to determine the cause and further responsibility; and (b) there will be no further permissions for additional structures of the same height as the tallest structure already authorized: Therefore, additional permits may be obtained as long as the structures are lower than the tallest building, on a case by case analysis to be conducted by the authority. Cemento Bayano filed an authorization request for the construction of the project's 12 remaining structures. On June 11, 2009, the AAC issued a resolution authorizing 3 of the 12 remaining structures and denying permits to 9 additional structures above the permitted height restriction applicable to certain areas surrounding Calzada Larga Airport. On June 16, 2009, Cemento Bayano requested the AAC to reconsider its denial. On May 20, 2010, the AAC issued a report stating that all vertical structures erected by Cemento Bayano complied with the applicable signaling and lighting requirements in order to receive the respective authorization; nonetheless, as of December 31, 2014, the AAC had not yet issued a ruling regarding the request to review the remaining 9 structures. On December 10, 2014, a meeting was held with the new Director of the AAC, in order to further the proceedings pending of approval. To this date, the risk has decreased substantially since the buildings have been built and are running, the likelihood of their being stopped by the authorities is very low, but would be mitigated completely when Cemento Bayano obtains the approval of the authority, which is expected to be accomplish during this new administration. However, if adversely resolved, and after exhausting all available recourses, the Company cannot assess the resolutions that may be issued or whether such resolutions would have an adverse impact on its results of operations, liquidity and financial condition. In addition, the Company is unable to evaluate the likelihood of any incident or accident occurring as a result of the construction of the second line of its cement plant and the responsibility, if any, that would be allocated to Cemento Bayano, but if any major incident or accident were to occur and if Cemento Bayano were to be held liable, any responsibility that is formally allocated to Cemento Bayano could have a material adverse impact on the results of operations, liquidity and financial condition of the Company.

In addition, as of December 31, 2014, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions; 4) similar claims brought against us that have arisen in the ordinary course of business.

24) SUBSEQUENT EVENTS

On January 6, 2015, in connection with the proceedings with the municipality of San Luis related to the industry and commerce tax, CEMEX Colombia filed an appeal against the final resolution issued by the municipality for the fiscal year 2011.

On January 21, 2015, in connection with the legal proceeding related to the premature distress of the concrete slabs of the Autopista Norte trunk line of the Transmilenio bus rapid transit system in Bogotá, Colombia (note 23B), the Circuit Court of Bogota, declared the extinguishment of the criminal action initiated against the ASOCRETO officers. The judge accepted the arguments presented by CEMEX Colombia according to which those persons under investigation were not public servants, and consequently declared the action extinguished since 2012. As a result, the process against the ASOCRETO officers ceases, and consequently also ceases the action against CEMEX Colombia in its condition of purported joint responsible. The resolution is subject to appeal before the Superior Court of Bogota.

(Thousands of U.S. dollars)

25) MAIN SUBSIDIARIES

Pursuant to a reorganization of entities under CEMEX's common control effective July 1, 2012, and mainly through Corporación Cementera Latinoamericana, S.L.U., direct subsidiary of the Parent Company constituted on June 27, 2012 under the laws of Spain, CEMEX Latam Holdings acquired its main consolidated subsidiaries. The Parent Company's main direct and indirect subsidiaries as of December 31, 2014 and 2013 were as follows:

Subsidiary	Country	Activity	% of interest
Corporación Cementera Latinoamericana, S.L.U. [1]	Spain	Parent	100.0
CEMEX Bogotá Investments, B.V. [1]	The 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	The 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
Equipos para uso en Guatemala, S.A.	Guatemala	Operative	100.0
CEMEX El Salvador, S.A.	El Salvador	Operative	100.0
Inversiones SECOYA, S.A.	Nicaragua	Operative	100.0

1 CEMEX Latam Holdings, S.A., indirectly controls through Corporacion Cementera Latinoamerica, S.L.U. and CEMEX Bogotá Investments, B.V., the operations of the Parent Company in Colombia, Costa Rica, Nicaragua, Panama, Brazil, Guatemala and El Salvador.

2 On May 27, 2013, Global Cement, S.A. located in Guatemala changed its legal name to CEMEX Guatemala, S.A.