Cemex Latam Holdings, S.A. and subsidiaries

Consolidated Financial Statements

December 31, 2012

(With Auditors' Report Thereon)

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

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CEMEX Latam Holdings, S.A. and Subsidiaries:

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

Independent Auditors' 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. and subsidiaries ("the Company"), which comprise the consolidated balance sheet at December 31, 2012 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows for the six-month period then ended, and the notes thereto, which include a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 Company management, as well as evaluating the overall presentation of the 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 accompanying 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, 2012 and their financial performance and consolidated cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

KPMG Auditores, S.L.

(Signed on original in Spanish.)

David Hernanz Sayans

February 28, 2013

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

	Notes	For the six month period ended December 31, 2012
Net sales	2S	$ 798,305
Cost of sales	2T	(393,071)
Gross profit		**405,234**
Administrative and selling expenses		(112,563)
Distribution expenses	2T	(63,755)
		(176,318)
Operating earnings before other income, net		**228,916**
Other expenses, net	5	(1,752)
Operating earnings		**227,164**
Financial expenses		(94,916)
Other financial expenses, net	6	(245)
Foreign exchange gain		28,811
Earnings before income tax		**160,814**
Income tax	19	(70,397)
CONSOLIDATED NET INCOME		**90,417**
Non-controlling interest net income		522
CONTROLLING INTEREST NET INCOME		$ **89,895**
BASIC INCOME PER SHARE	21	$ **0.47**
DILUTED INCOME PER SHARE	21	$ **0.47**

The accompanying notes are part of this consolidated financial statement.

Camilo González Téllez
Legal Representative

Marta Isabel Ferreira Duarte
Accountant
Registration 54921 - T

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

	Notes		For the six month period ended December 31,2012
CONSOLIDATED NET INCOME		$	**90,417**
Items that will not be reclassified subsequently to results of the period			
Actuarial loss	18		(14,414)
Income tax recognized directly in stockholders' equity	19B		4,901
			(9,513)
Items that will be reclassified subsequently to the results when specific conditions are met			
Currency translation	20B		24,747
Other comprehensive loss for the period			(34,260)
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD			**56,157**
Non-controlling interest comprehensive income for the period			522
CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD		$	**55,635**

The accompanying notes are part of this consolidated financial statement.

Camilo González Téllez
Legal Representative

Marta Isabel Ferreira Duarte
Accountant
Registration 54921 - T

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

	Notes	As of December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7	$ 75,902
Trade receivables less allowance for doubtful accounts	8,17	97,128
Receivables from related parties	9	113
Other accounts receivable	10A	21,378
Taxes receivable		42,016
Inventories, net	11	93,147
Other current assets	12	21,209
Total current assets		350,893
NON-CURRENT ASSETS		
Other assets and non-current accounts receivable	10B	32,813
Property, machinery and equipment, net	13	1,229,803
Goodwill, intangible assets and deferred assets , net	14	2,306,507
Deferred income taxes	19B	17,973
Total non-current assets		3,587,096
TOTAL ASSETS		$ **3,937,989**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term debt	15A	$ 8,337
Trade payables		118,320
Payables to related parties	9	192,463
Taxes payable		74,016
Other accounts payable and accrued expenses	16	69,906
Total current liabilities		463,042
NON-CURRENT LIABILITIES		
Long-term debt	15A	26,345
Long term payables to related parties	9	1,461,207
Employee benefits	18	71,349
Deferred income taxes	19B	671,183
Other liabilities	16	19,245
Total non-current liabilities		2,249,329
TOTAL LIABILITIES		**2,712,371**
STOCKHOLDERS' EQUITY		
Controlling interest:		
Common stock	20A	718,358
Additional paid in capital	20A	745,947
Other equity reserves	20B	(334,916)
Net income		89,895
Total controlling interest		1,219,284
Non-controlling interest	20C	6,334
TOTAL STOCKHOLDERS' EQUITY		**1,225,618**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ **3,937,989**

The accompanying notes are part of this consolidated financial statement.

Camilo González Téllez
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Marta Isabel Ferreira Duarte
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Registration 54921 - T

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

	Notes	For the six month period ended December 31, 2012
OPERATING ACTIVITIES		
Consolidated net income		$ **90,417**
Non-cash items:		
Depreciation and amortization of assets	4	47,507
Provisions and other non-cash expenses	16	36,367
Financial expenses, other financial expenses, net and foreign exchange results		66,350
Income taxes	19	70,397
Fixed assets sale loss	5	53
Changes in working capital, excluding income taxes		112,834
Net cash flow provided by operating activities before interest and income taxes		423,925
Financial expenses paid in cash		(5,876)
Income taxes paid in cash		(44,064)
Net cash flows provided by operating activities		**373,985**
INVESTING ACTIVITIES		
Acquisition in subsidiaries	1	(372,799)
Property, machinery and equipment, net	13	(45,734)
Financial income		1,268
Related parties loans	9	74,848
Long term assets and others, net	10B	(1,708)
Net cash flows used in investing activities		**(344,125)**
FINANCING ACTIVITIES		
Contribution of the controlling entity	20A	500,000
Issuance of common shares through public and private offer	20A	963,496
Related parties debt payment	9	(1,754,000)
Related parties debt		256,620
Non-current liabilities, net	16	(12,391)
Net cash flows used in financing activities		**(46,275)**
Increase in cash and cash equivalents		(16,415)
Cash conversion effect, net		(1,456)
Cash and cash equivalents at beginning of the period		93,773
FINAL BALANCE OF CASH AND CASH EQUIVALENTS	7	$ **75,902**
Changes in working capital, excluding income taxes:		
Trade receivables, net		$ 6,483
Other accounts receivable and other assets		54,190
Inventories		2,045
Trade payables		13,525
Related parties, net		68,091
Other accounts payable and accrued expenses		(31,500)
Changes in working capital, excluding income taxes		$ **112,834**

The accompanying notes are part of this consolidated financial statement.

Camilo González Téllez
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Marta Isabel Ferreira Duarte
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Registration 54921 - T

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

	Notes		Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling Interest	Total stockholders' equity
Initial capital contribution on April 17, 2012	20A	$	75	–	–	–	75	–	75
Net income for the period			–	–	–	89,895	89,895	522	90,417
Total other comprehensive income for the period			–	–	(34,260)	–	(34,260)	–	(34,260)
Changes in non-controlling interest	20C		–	–	–	–	–	5,812	5,812
Contribution of the controlling entity	20A		500,000	–	–	–	500,000	–	500,000
Entities reorganization	1		–	–	(327,840)	–	(327,840)	–	(327,840)
Public and private offer of shares	20A		218,283	745,213	–	–	963,496	–	963,496
Share-based payments	20D		–	734	–	–	734	–	734
Other movements	20B		–	–	27,184	–	27,184	–	27,184
Balance at December 31, 2012		$	**718,358**	**745,947**	**(334,916)**	**89,895**	**1,219,284**	**6,334**	**1,225,618**

The accompanying notes are part of this consolidated financial statement.

Camilo González Téllez
Legal Representative

Marta Isabel Ferreira Duarte
Accountant
Registration 54921 - T

(Thousands of U.S. dollars)

1) DESCRIPTION OF BUSINESS

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

The terms "CEMEX Latam Holdings, S.A." and/or the "Parent Company" used in these accompanying notes to the financial statements refer to CEMEX Latam Holdings, S.A. without its consolidated subsidiaries. The terms the "Company" or "CEMEX Latam" refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. The issuance of these consolidated financial statements was authorized by the management and the Board of Directors of CEMEX Latam Holdings, S.A. on February 28, 2013.

On November 15, 2012, the Parent Company concluded its initial offering of 170,388,000 new common shares, at a price of 12,250 Colombian Pesos per common share. The common shares offered by the Company included (a) 148,164,000 new common shares offered in a public offering to investors in Colombia and in a concurrent private placement to eligible investors outside of Colombia, and (b) an additional 22,224,000 new common shares offered in such private placement that were subject to a put option granted to the initial purchasers during the 30-day period following closing of the offering. After giving effect to the offering, and the exercise of the put option by the initial purchasers, CEMEX España, S.A., owns approximately 73.35% of the Parent Company's outstanding common shares, excluding shares held in treasury (note 20A). The Parent Company's common shares are listed on the Colombian Stock Exchange (*Bolsa de Valores de Colombia S.A.*) under the ticker CLH. The net proceeds from the offering amounted approximately 964 million U.S. dollars, after deducting commissions and offering expenses by approximately $36,737 and after giving effect to the exercise of the put option by the initial purchasers by approximately $150,012, are included in equity and increased common stock and additional paid-in capital for approximately $218,283 and $745,213, respectively. The shares of CEMEX Latam Holdings, S.A. are listed on the Colombian Stock Exchange ("BVC") since November 6, 2012, as ordinary participation certificates ("CPOs").

CEMEX Latam Holdings, S.A. was incorporated by CEMEX on April 17, 2012 for purposes of the initial equity offering mentioned above. Effective on July 1, 2012, pursuant to a reorganization of entities under CEMEX's control, and mainly through the Parent Company's wholly-owned Spanish subsidiary Corporación Cementera Latinoamericana, S.L.U. ("CCL"), the Parent Company acquired the consolidated entities that are listed in the table below:

Entities (Note 25)	Country
• CEMEX Colombia S.A. and subsidiaries	Colombia
Cemex (Costa Rica), S.A.	Costa Rica
CEMEX Nicaragua, S.A.	Nicaragua
• Cemento Bayano, S.A.	Panama
• CEMEX El Salvador, S.A. de C.V.	El Salvador
• Global Cement, S.A.	Guatemala
• Equipos para uso en Guatemala, S.A and subsidiaries	Guatemala
• Cimento Vencemos Do Amazonas, Ltda.	Brazil

Reorganization of entities under common control

As mentioned above, effective on July 1, 2012, pursuant to a reorganization of entities under common control of CEMEX, the Parent Company acquired its consolidated subsidiaries. The operating results of the acquired entities have been included in the consolidated financial statements since that date.

Reorganization of entities under common control is outside the scope of International Financial Reporting Standards ("IFRS"). Nonetheless, considering the guidelines of IFRS 3, *Business Combinations* ("IFRS 3"), applied to this reorganization, CEMEX Colombia, S.A. ("CEMEX Colombia"), being the largest operation in the reorganization, was identified as the accounting acquirer and the remaining entities as acquired entities. Therefore, under IFRS 3, the financial statements of CEMEX Colombia and its subsidiaries, including the Parent Company's operations in Costa Rica and Nicaragua, were incorporated into CEMEX Latam's consolidated financial statements considering their book value amounts in the CEMEX S.A.B. de C.V. books. In respect to the Parent Company's operations in Panama, Guatemala, El Salvador and Brazil, these entities were incorporated considering their net assets value as of July 1, 2012.

The amount of revenues and net income that have been provided by the acquired subsidiaries since the acquisition date amounted to $798,305 and $89,895, respectively. Moreover, if the acquisition date would have occurred on January 1, 2012, the amounts of revenues and net income for the period would have amounted to approximately $1,591,748 and $230,346, respectively.

The obligation assumed by the Parent Company and CCL resulting from the reorganization and acquisition of entities with other subsidiaries of CEMEX was approximately $2,971 million of dollars, of which $372.799 was paid in cash and the difference was documented as debt with CEMEX group entities, in addition to liabilities held by the acquired entities at the reorganization date.

As of December 31, 2012, the Parent Company determined a best estimate of the fair value of the assets and liabilities of its operations in Panama, Guatemala, El Salvador and Brazil. The Parent Company expects to conclude the fair value of such entities before July 1, 2013. Nonetheless, the Parent Company does not expect significant changes. As of December 31, 2012, the consolidated financial statements of CEMEX Latam include those of the countries incorporated at fair value, based on the best estimate of their net assets' fair value as of July 1, 2012. The following table summarizes CEMEX Latam's net assets acquired considering the combination of the carrying amounts as of June 30, 2012 in connection with CEMEX Colombia and subsidiaries, and the estimated fair values as of July 1, 2012 in respect of its operations in Panama, Guatemala, El Salvador and Brazil.

		Recognized amounts of identifiable assets acquired and liabilities assumed as of July 1, 2012		
		Incorporated at fair value	**Incorporated at cost**	**Total**
Current assets	$	255,107	511,152	766,259
Property, machinery and equipment (note 13)		469,888	735,562	1,205,450
Intangible assets (note 14)		415,300	1,101	416,401
Other Long-term assets		6,300	91,253	97,553
Current liabilities		(92,179)	(276,882)	(369,061)
Total debt		(4,000)	(19,161)	(23,161)
Other Long-term liabilities		(217,012)	(505,775)	(722,787)
Deferred income taxes, net		(173,932)	(443,521)	(617,453)
Total identifiable net assets assumed		**659,472**	**93,729**	**753,201**
Goodwill (note 14)		675,628	1,214,539	1,890,167
Total	$	**1,335,100**	**1,308,268**	**2,643,368**
Out of which:				
Non-controlling interest		1,747	4,688	6,435

The fair value of the net assets and goodwill resulting from the business combination that was effective on July 1, 2012 of $1,335,100 and $675,628, respectively, was allocated between Cemento Bayano, S.A. by $672,400 and $344,703, respectively, Global Cement, S.A. by $371,300 and $229,883, respectively, Cimentos Vencemos Do Amazonas Ltda by $263,400 and $85,954, respectively, and CEMEX El Salvador, S.A. de C.V. by $28,000 and $15,088, respectively. Goodwill amounts are not expected to be deductible for income tax purposes. The fair value corresponds to the present value of projected cash flows.

The difference between the purchase price and the aggregate net assets of the acquired businesses of $2,643,368, generated a charge to other capital reserves in the consolidated statement of changes in stockholders' equity of $327,840.

2) SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statement and the accompanying notes were prepared according to International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), as these standards were effective on December 31, 2012. The amounts in the financial statements and the accompanying notes are stated in thousands of dollars of the United States of America ("United States"), except when references are made to earnings per share and/or prices per share.

Definition of terms

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

Income statement

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, including results on disposal of assets and recoveries from insurance companies, among others (note 5).

Statement of other comprehensive income

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

Statement of cash flows

For the six month period ended on December 31, 2012, the consolidated statement of cash flow presents cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transactions that did not represent sources or uses of cash:

a) The increase in other equity reserves of $734 in connection with CEMEX´s Ordinary Participation Certificates ("CPOs") issued as part of share-based payments to executives of CEMEX Latam, as described in note 20D.

b) The increase in property, plant and equipment of approximately $14,814 and in debt of approximately $12,521, associated with the negotiation of capital leases during the year.

c) The increase in long-term accounts payable to related parties in connection with the capitalization of interest originated by amounts due to Construction Funding Corporation of $15,037 and CEMEX Hungary K.F.T. of $51,074.

Going Concern

As of December 31, 2012, total current liabilities, which included accounts payable to Group companies and associates (see note 9) of $192,463, exceeded total current assets in $112,149.

The Company's management has approved these consolidated financial statements for the year 2012 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short term. Where necessary, management believes that they will succeed renegotiating the maturity of some current accounts payable to CEMEX. For the six-month period ended December 31, 2012, CEMEX Latam generated net cash from operations, after interest expense and income taxes, of approximately $373,985.

B) PRINCIPLES OF CONSOLIDATION

According to IAS 27, *Consolidated and separate financial statement* ("IAS 27"), the accompanying consolidated financial statements include those of CEMEX Latam Holdings, S.A. and the entities in which the Parent Company holds, directly or through subsidiaries, more than 50% of their common stock and/or has control. Control exists when CEMEX Latam Holdings, S.A. has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity in order to obtain benefits from its activities. Balances and operations between related parties are eliminated in the consolidation.

The consolidated financial statements include the accounts and transactions of the consolidated entities described in note1. Each entity is a legal responsible separate entity responsible and maintains custody of its own financial resources.

Changes in the 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 entities that are based on a proportional amount of the subsidiaries´ net assets do not generate adjustment to the Goodwill or any type of recognition in the profits or losses in the period results.

(Thousands of U.S. dollars)

C) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS

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

i

The main concepts subject to estimates and assumptions by management include, among others, impairment tests of long-lived assets (notes 2L), allowances for doubtful accounts and inventories, recognition of deferred income tax assets, as well as the measurement of financial instruments at fair value, and the assets and liabilities related to employee benefits (notes 2O). Significant judgment by management is required to appropriately assess the amounts of these assets and liabilities.

i

D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

i

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

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

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

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

	2012	
Currency	**Closing**	**Average**
Colombian pesos	1,768.23	1,798.73
Costa Rican colones	514.32	508.28
Nicaraguan cordobas	24.13	23.59
Guatemalan quetzals	7.90	7.84
Brazilian reals	2.04	1.96

E) CASH AND CASH EQUIVALENTS (note 7)

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

(Thousands of U.S. dollars)

F) TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ACCOUNTS RECEIVABLE (notes 8, 10A)

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

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

The Company discloses balances and transactions with related parties within the CEMEX group, in addition to people or entities that because of their relationship with CEMEX 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.

H) INVENTORIES (note 11)

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

I) OTHER ASSETS AND NON-CURRENT RECEIVABLES (note 10B)

As part of the category of "loans and receivables" under IAS 39, non-current accounts receivable as well as investments classified as held to maturity are initially recognized at 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."

J) PROPERTY, MACHINERY AND EQUIPMENT (note 13)

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

Depreciation of fixed assets is recognized as part of cost of sales and 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, 2012, the Company's average useful lives by category of fixed assets were as follows:

	Years
Administrative buildings	36
Industrial buildings	34
Machinery and equipment	19
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.

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

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

K) 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. 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 as they are incurred.

Initial stripping costs incurred to gain access to the mineral reserves of a determined quarry are capitalized and amortized during the useful life of the quarry based on the estimated tons of material to be extracted. Ongoing stripping costs in the same quarry are expensed as incurred.

Costs incurred in exploration activities such as payments for rights to explore, topographical and geological studies, as well as trenching, among other items incurred to assess the technical and commercial feasibility of extracting a mineral resource, are capitalized when future economic benefits associated to such activities are identified. When extraction begins, these costs are amortized during the useful life of the quarry based on the estimated tons of material to be extracted. When future economic benefits are not achieved, any capitalized costs are subject to impairment.

Considering actual extraction levels of the related quarries, the Company’s extraction rights have a weighted average useful live of 40 years. At expiration, certain permits can be extended for new periods of up to 40 years. As of December 31, 2012, except for extraction rights and/or otherwise indicated, the Company’s intangible assets are amortized on a straight line basis over their useful lives that range on average from approximately 5 to 40 years.

L) IMPAIRMENT OF LONG LIVED ASSETS (notes 13, 14)

Property, machinery and equipment e intangible assets

Property, machinery and equipment, intangible assets and other 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. The impairment analysis for the goodwill recognized by the Company is made during the last quarter by determining the recoverable amount of the group of cash-generating units ("CGUs") to which goodwill balances have been allocated (also referred to as an "Operating Segment"), which consists of the higher of such group of CGUs fair value, less costs to sell and its value in use, represented by the discounted amount of estimated future cash flows to be generated by such CGUs to which goodwill has been allocated. The Company determines discounted cash flows generally over periods of 5 years.

In specific circumstances, when according to the Company's experience, actual results for a given CGU do not fairly reflect historical performance, and for which most economic external variables provides the Company the confidence that a reasonable determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period up to 10 years, to the extent CEMEX Latam has detailed, 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 years above the standard period of 5 years of cash flow projections up to 10 years is determined by the extent to which future expected average performance resembles the historical average performance. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, the Company determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. An impairment loss is recognized within other income, 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 period.

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 Holdings to organize and evaluate its activities in its internal information system; d) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) that the compensation system of a specific country is based on the consolidated results of the geographic operating segment and not on the particular results of the components. In addition, the country level represents the lowest level at which goodwill is monitored for internal management purposes.

M) FINANCIAL LIABILITIES

Debt (note 15A)

Bank loans, notes payable and long term payables to related parties are recognized at their amortized cost. Interest accrued on financial instruments is recognized in the consolidated balance sheet within "Other accounts payable and accrued expenses" against financial expense. Direct costs incurred in debt issuances or borrowings are capitalized and amortized as interest expense as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees.

Leases (notes 15A, 22A)

Capital leases, in which the Company has substantially all risks and rewards associated with the ownership of an asset, are recognized as financing liabilities against a corresponding fixed asset for the lesser between the market value of the leased asset and the net present value of future minimum payments, using the contract's implicit interest rate to the extent available, or the incremental borrowing 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.

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

Derivative financial instruments

The Company recognizes all derivative instruments as assets or liabilities in the balance sheet at their estimated fair values, and the changes in such fair values are recognized in the income statement for the period in which they occur, except for changes in fair value of derivative instruments associated to cash flow hedges. The Company reviews its different contracts to identify the existence of embedded derivatives.

N) PROVISIONS

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

Restructuring

The Company recognizes provisions for restructuring costs only when the restructuring plans have been properly finalized and authorized by management, and have been communicated to the third parties involved and/or affected by the restructuring prior to the balance sheet date. These provisions may include costs not associated with the Company's ongoing activities.

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 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.

Costs related to remediation of the environment

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

Commitments and contingencies (notes 22 and 23)

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

O) EMPLOYEE BENEFITS (note 18)

Defined benefit pension plans

Based on IAS 19, *Employee benefits* ("IAS 19"), considering there are no active employees subject to defined pension plan benefits, the financial cost associated with the increase in the liability of retired employees by the passage of time is recognized within "Other financial expenses, net".

Amendments to plans that affect the cost of past services are recognized in operating costs and expenses during the years of services where modifications are effective, or immediately if the changes are fully released. Furthermore, the effects of extinction events and/or settlement of obligations in the period, associated with modifications that significantly reduce the cost of future services and/or significantly reduce the population subject to the benefits, respectively, is recognized within the costs and operating expenses.

Actuarial gains and losses resulting from differences between projected and real actuarial assumptions at the end of the year are recognized in the period where they are incurred as part of the comprehensive income or loss for the period.

P) 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.

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; 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 recognized such deferred tax assets. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, the Company takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward period, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, the Company analyzes its actual results versus the Company estimates, to identify if those variations could affect the amounts of such assets, and in that case, to proceed to make the necessary adjustments based on the available information, which are recognized in the consolidated results of the period where it was identified.

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

Q) STOCKHOLDERS' EQUITY

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

These items represent the value of stockholders' contributions.

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 consolidated statement of comprehensive income. Comprehensive income for the period includes, in addition to net income, certain changes in stockholders' equity during a period, not resulting from investments by owners and distributions to owners.

The most significant items within “Other equity reserves” during the reported period are as follows:

Items of “Other equity reserves” included within consolidated comprehensive income for the period:

- Currency translation effects from the consolidated financial statement of foreign entities.
- Actuarial losses; and
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders’ equity.

Retained earnings

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

Non-controlling interest (note 20C)

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

R) EXECUTIVE STOCK-BASED COMPENSATION (note 20D)

As of December 31, 2012, certain executives of CEMEX Latam received stock compensation based on the shares of CEMEX. Baginning January 1, 2013, such executives will receive the Parent Company’s own CPOs. Based on IFRS 2, *Share-based payments* (IFRS 2), compensation granted to the Company’s executives based on CEMEX shares until 2012 or on the Parent Company’s shares beginning in 2013 are treated as equity instruments, considering that services received from such employees are settled delivering CEMEX’s or the Parent Company’s 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.

As of December 31, 2012, there were no outstanding commitments or options to make cash payments to executives on the exercise date of awards based on changes in either CEMEX’s shares or the Parent Company’s own stock (intrinsic value).

S) REVENUE RECOGNITION

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

Revenues 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 from trading activities, in which the Company acquires finished goods from a third party and subsequently sells the goods to another third-party, are recognized on a gross basis, considering that the Company assumes the total risk of property on the goods purchased, not acting as agent or broker.

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

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

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

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

U) EMISSION RIGHTS

The Company, through CEMEX Colombia, S.A. and Cemex (Costa Rica), S.A., actively participates in the development of projects aimed at reducing carbon-dioxide emissions ("CO2"). The United Nations Framework Convention on Climate Change ("UNFCCC") grants Certified Emission Reductions ("CERs") to qualified CO2 emission reduction projects. CERs have a relatively liquid market considering that they may be used in specified proportions by entities subject to reduction mechanisms, such as in the European Union, to settle emission rights obligations in their countries. Some of the Company's projects have been awarded with CERs, which upon reception, are recognized as intangible assets at their development cost, which are attributable mainly to legal expenses incurred in the process of obtaining such CERs. Revenues obtained from the sale of CERs are recognized as an offset of energy costs in the cost of sales. During the reported period revenues from the sale of CERs were not significant.

V) CONCENTRATION OF CREDIT

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

W) NEWLY ISSUED IFRS NOT YET EFFECTIVE

Standards issued as of the date of issuance of this financial statement but which have not yet been adopted as of December 31, 2012 is listed below. Except as otherwise indicated, the Company expects to adopt these IFRS when they become effective.

- In January 2011, the IASB issued IFRS 9, *Financial instruments: classification and measurement* ("IFRS 9"), which as issued, reflects the first phase of the IASB work on the replacement of IAS 39. In subsequent phases, the IASB will address hedge accounting and derecognition. IFRS 9 introduces new requirements for the classification and measurement of financial assets and is effective for annual period beginning on or after January 1, 2015, with early adoption permitted. The adoption of this standard will have an effect on the classification and measurement of the Company financial assets and financial liabilities. The Company is currently evaluating the impact and will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

- In May 2011, the IASB issued IFRS 10, *consolidated financial statement* ("IFRS 10"), effective beginning January 1, 2013. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statement when an entity controls one or more other entities and replaces the consolidation requirements in SIC 12, Consolidation — Special Purpose Entities and IAS 27. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statement of the parent company. This standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Company does not expect the application of IFRS 10 to have an impact on its consolidated financial statement.

- In May 2011, the IASB issued IFRS 11, *Joint arrangements* ("IFRS 11"), effective beginning January 1, 2013. IFRS 11 addresses inconsistencies in the reporting of joint arrangements by requiring an entity to classify the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, as: a) joint operations, in which the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement; or b) joint ventures, in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The equity method should be applied as the single method to account for interests in joint ventures. Meanwhile, joint operators should account for their interests in joint operations line-by-line considering their share in the assets, liabilities, revenues and expenses of the arrangement. In conjunction with the issuance of IFRS 11, IAS 28 was amended. The application of IFRS 11 is not expected to have an impact on its consolidated financial statement.

- In May 2011, the IASB issued IFRS 12, *Disclosure of interests in other entities* ("IFRS 12"), effective beginning January 1, 2013, which is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 will require an entity to disclose information that enables users of financial statement to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The Company would modify its current disclosures regarding interest in other entities as required by IFRS 12, if applicable.

- In May 2011, the IASB issued IFRS 13, effective beginning January 1, 2013 with earlier application permitted. IFRS 13 provides new guidance on fair value measurement and disclosure requirements. IFRS 13 will improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. The Company does not expect the application of IFRS 13 to have an impact on its combined financial statements.

- In June 2011, the IASB amended IAS 19, which provides the accounting and disclosure requirements by employers for employee benefits. The amendments to IAS 19 intend to provide investors and other users of financial statement with a better understanding of an entity's obligations resulting from the provision of defined benefit plans and how those obligations will affect its financial position, financial performance and cash flows. Among other things, the amendment eliminates the option to defer the recognition of gains and losses, known as the 'corridor method', and further aligns IFRS with Generally Accepted Accounting Principles in the United States (''U.S. GAAP''). The amendments to IAS 19 are effective for the Company beginning January 1, 2013, with earlier application permitted. The Company is currently evaluating the impact of adopting this amended standard; nonetheless, the Company does not expect a significant impact on its consolidated financial statement.

- In October 2011, the IASB issued International Financial Reporting Interpretations Committee 20, *Stripping costs in the production phase of a surface mine* ("IFRIC 20"), which is effective beginning January 1, 2013, with early adoption permitted. IFRIC 20 addresses inconsistencies in the reporting of waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). To the extent that the benefit from the stripping activity is realized in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with the principles of IAS 2, *Inventories*. To the extent the benefit is improved access to ore, the entity shall recognize these costs as an addition to, or as an enhancement of, the existing non-current asset. The capitalized amounts should be further amortized over the expected useful life of exposed ore body based on the units of production method. As mentioned in the Company's accounting policy in note 2I, ongoing stripping costs in the same quarry are expensed as incurred. Therefore, pursuant to IFRIC 20, beginning January 1, 2013, all stripping costs that result in improved access to quarry reserves will be recognized as capital expenditures, as part of the carrying amount of the related quarries, reducing cash production costs and increasing depletion expense. The Company does not expect a significant impact on its consolidated financial statement from the adoption of IFRIC 20.

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

3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS

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

The Company's operations had been managed by a regional president who supervised and was 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.

Based on IFRS 8 and considering the financial information that is regularly reviewed by the Company's top management, each of the countries in which the Company operates represents reportable operating segments. Considering similar economic characteristics and the fact that do not exceed materiality thresholds included in IFRS 8, certain countries have been aggregated and presented as a single reportable segment.

The main indicator used by the Company's management to evaluate the performance of each country is "Operating EBITDA", representing operating earnings before other income, net plus depreciation and amortization, considering that such amount represents a relevant measure for the Company's management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure the Company's ability to service or incur debt. Operating EBITDA should not be considered as an indicator of the Company's financial performance, as 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.

A description of the Company's geographic operating segments is as follows:

Colombia operations:

As of December 31, 2012, CEMEX Colombia was the second-largest cement producer in Colombia, based on installed capacity, according to the National Administrative Statistics Department, or DANE, in Colombia. CEMEX Colombia has a significant market share in the cement and ready-mix concrete market in the "Urban Triangle" of Colombia comprising the cities of Bogotá, Medellin and Cali. CEMEX Colombia's Ibague plant that utilizes the dry process and it is strategically located in the Urban Triangle, is CEMEX Colombia's largest plant and had an annual installed capacity of 2.8 million metric tons as of December 31, 2012. CEMEX Colombia, through its Bucaramanga and Cucuta plants, is also an active participant in Colombia's northeastern market. CEMEX Colombia had in annual installed capacity of 4.0 million metric tons of cement as of December 31, 2012.

Panama operations:

CEMEX's main subsidiary in Panama is Cemento Bayano, S.A. ("CEMEX Panama"), a leading cement producer in the country. As of December 31, 2012, CEMEX Panama operated one cement plant with an annual installed capacity of 2.1 million metric tons and owned and operated three land distribution centers (including one center for distribution from cement plant), 14 ready-mix concrete plants and four aggregates operations.

Costa Rica operations:

CEMEX's main subsidiary in Costa Rica is Cemex (Costa Rica), S.A. ("Cemex (Costa Rica)"), a leading cement producer in the country. As of December, 31 2012, Cemex (Costa Rica) operated one cement plant with an annual installed capacity of 0.9 million metric tons, a grinding mill in the capital city of San Jose, eight ready-mix concrete plants (one in dismantled), one aggregates quarry and a land distribution center. For the six month period ended on December 31, 2012, cement exports by the Company's operations in Costa Rica represented approximately 18% of its total production. For the six month period ended December 31, 2012, 69% of the Company's cement exports from Costa Rica were to El Salvador, and the remaining exports were to Guatemala 20% and Nicaragua 11%.

Rest of CEMEX Latam Holdings ("Rest of CLH") operations:

- **Guatemala**

  CEMEX's main subsidiaries in Guatemala are Global Cement, S.A. and Equipos para Uso de Guatemala, S.A. (jointly "CEMEX Guatemala"). As of December 31, 2012, CEMEX Guatemala operated a cement grinding mill facility with an installed capacity of approximately 0.5 million metric tons per year. CEMEX Guatemala also owned and operated a clinker dome close to a marine terminal in Guatemala City, three land distribution centers and four ready-mix plants.

- **Nicaragua**

  As of December 31, 2012, CEMEX Nicaragua, S.A. ("CEMEX Nicaragua") leased and operated one cement plant in San Rafael, which is owned by the Government of Nicaragua, with an installed capacity of 0.6 million metric tons per year. Since March 2003, CEMEX Nicaragua has also leased a 100,000 ton milling plant in Managua, which has been used exclusively for milling of petcoke. As of December 31, 2012, the Company operated one fixed ready-mix concrete plant and four mobile plants, one aggregates quarries and one distribution center.

(Thousands of U.S. dollars)

- **El Salvador**

CEMEX El Salvador S.A.'s ("CEMEX El Salvador") operations in El Salvador consist of imports and trading of cement from related parties located in Central and North America. CEMEX El Salvador's distribution center had a warehouse an annual installed warehouse capacity of 0.25 million metric tons as of December 31, 2012.

- **Brazil operations:**

CEMEX's main subsidiary in Brazil is Cimentos Vencemos Do Amazonas, Ltda. ("CEMEX Brazil"). As of December 31, 2012, CEMEX Brazil operated a river terminal located in the Amazon River, 20 kilometers from Manaus, the capital city of the Amazonas Region. CEMEX Brazil had an annual installed warehouse capacity of 0.4 million metric tons of packed cement as of December 31, 2012.

Income statement

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

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

(a) This segment refers to the Company's operations in Guatemala, Nicaragua, El Salvador, Brazil and corporate offices in Spain (CLH and CCL).

Balance sheet

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

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

(a) This segment refers to the Company's operations in Guatemala, Nicaragua, El Salvador, Brazil and the corporate offices in Spain (CLH and CCL).

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

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

(a) This segment refers to the Company's operations in Guatemala, Nicaragua, El Salvador, Brazil and the corporate offices in Spain (CLH and CCL).

(Thousands of U.S. dollars)

4) DEPRECIATION AND AMORTIZATION OF ASSETS

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

		2012
Depreciation and amortization expense related to assets used in the production process	$	33,647
Depreciation and amortization expense related to assets used in administrative and selling activities		13,860
	$	47,507

5) OTHER EXPENSES, NET

Other expenses, net for the six month period ended December 31, 2012, consisted of the following:

		2012
Disaster recoveries	$	896
Sale of scrap and other non-operational products		137
Charitable contributions		(703)
Results from the sale of assets and others, net		(2,082)
	$	(1,752)

6) OTHER FINANCIAL EXPENSES, NET

Other financial expenses, net for the six month period ended December 31, 2012, is detailed as follows:

		2012
Interest cost on employee benefit obligation	$	(1,513)
Financial income		1,268
	$	(245)

7) CASH AND CASH EQUIVALENTS

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

		2012
Cash and bank accounts	$	48,471
Fixed-income securities and other cash equivalents (1)		27,431
	$	75,902

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

8) TRADE ACCOUNTS RECEIVABLE LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

		2012
Trade accounts receivable	$	97,163
Allowances for doubtful accounts		(35)
	$	97,128

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

		2012
Charged to administrative and selling expenses	$	595
Write-offs		(560)
Allowances for doubtful accounts at end of period	$	35

(Thousands of U.S. dollars)

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

		2012
Cash and cash equivalents		
Lomez International B.V. [1]	$	19,104
Accounts receivable – current		
CEMEX Caracas Two Investments	$	49
CEMEX Trading LLC		29
CEMEX Central, S.A. de C.V		26
Sunbulk Shipping N.V.		9
	$	113
Total assets with related parties	$	19,217

		2012
Accounts payable – current		
CEMEX Hungary K.F.T. [7]	$	79,065
Construction Funding Corporation [2]		63,459
CEMEX Research Group AG [3]		16,450
CEMEX Trading LLC [4]		13,137
CEMEX, S.A.B. de C.V. [5]		9,085
CEMEX Central, S.A. de C.V. [6]		8,243
CEMEX España, S.A.		1,401
CEMEX Denmark ApS		975
Sunbulk Shipping N.V.		209
Others		439
	$	192,463
Accounts payable – non current		
CEMEX Hungary K.F.T. [7]	$	765,175
Construction Funding Corporation[2]		584,023
CEMEX España, S.A [8]		112,009
	$	1,461,207
Total liabilities with related parties	$	1,653,670

The maturities of non-current accounts payable and the borrowers as of December 31, 2012 are as follows:

		December 31, 2012	
Borrowers		**2014**	**2015 - 2018**
CEMEX Bogotá, B.V. (7% per year) [7]	$	79,065	686,110
Corporación Cementera Latinoamericana, S.L.U. (7% per year) [2]		31,035	282,321
CEMEX Latam Holdings, S.A. (7% per year) [2]		27,473	118,787
Cemento Bayano, S.A. (7% per year) [2]		–	124,407
CEMEX Colombia S.A (7% per year) [8]		112,009	–
Total	$	249,582	1,211,625

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

(2) The balance includes: a) loan agreement of $344,391, negotiated by Corporación Cementera Latinoamericana S.L.U., bearing annual interest 7%, maturing in different dates from 2013 to 2018 and the capitalization of interests; b) loan agreements of $173,733, negotiated by CEMEX Latam Holdings, S.A., bearing annual interest 7%, maturing in different dates from 2013 to 2018 and a revolving credit by $4,949 with an annual interest rate of 7% ; and c) loan agreement of $124,407, negotiated by Cemento Bayano, S.A., with a 3 months libor rate plus 415 basic points, maturing on September 26, 2018.

(3) Accounts generated by royalty payments in connection with the use of intangible assets by the Company, such as computer software, brands, commercial names and administrative processes.

(4) These balances are generated from imports from CEMEX Nicaragua by $4,462, CEMEX Panama by $3,986, CEMEX (Costa Rica) by $2,910 and CEMEX Guatemala by $1,779.

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

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

(7) Loan agreement negotiated by CEMEX Bogotá NIV. B.V., bearing interest at a rate 7% per year, maturing in different dates from 2013 to 2018.

(8) Loan agreement negotiated by CEMEX Colombia bearing a 3 month Libor rate plus 539 basic points maturing on December 28, 2014.

(Thousands of U.S. dollars)

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

		2012
Purchases of raw materials		
CEMEX Trading, LLC	$	33,904
CEMEX Denmark ApS		985
Sunbulk Shipping N.V.		201
CEMEX Dominicana, S.A.		50
	$	35,140
General, administrative and selling expenses		
CEMEX Trading, LLC	$	121
CEMEX Central, S.A. de C.V.		43
Neoris México, S.A. de C.V.		42
	$	206
Royalties and technical assistance		
CEMEX Research Group AG	$	27,184
CEMEX Central, S.A. de C.V.		8,203
CEMEX, S.A.B. de C.V.		4,592
	$	39,979
Financial income		
Construction Funding Corporation		1,289
Lomez International B.V.		52
CEMEX Denmark ApS.		5
CEMEX Caribbean, LLC		24
	$	1,370
Financial expense		
CEMEX Hungary K.T.F		51,607
Construction Funding Corporation		27,448
CEMEX España, S.A.		7,368
Others.		616
	$	87,039

During the six month period ended December 31, 2012, the directors of the Company in their responsibility as administrators, received compensation of $41. There were no advances or loans between the Company and its directors and the Company has not provided guarantee on any directors' obligations. In addition, the Company has not incurred in obligations related to pensions and insurances.

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

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

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

(1) Restricted cash refers to guaranty deposits made by CEMEX Colombia to Liberty Seguros, S.A. and CEMEX Panama to Citi Bank, N.A. to secure credits acquired during the execution of the construction contract in the Panama Canal.

(Thousands of U.S. dollars)

10B) OTHER ASSETS AND NON-CURRENT ACCOUNTS RECEIVABLE

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

		2012
Long term accounts and notes receivable [1]	$	30,539
Long term guaranty deposits		173
Fixed rate investments and others		2,101
	$	32,813

[1] Mainly includes: a) a Value Added Tax credit of CEMEX El Salvador S.A. de C.V. of $2,595, b) a severance fund of CEMEX Panama securing seniority premium payments for services rendered of $1,929, c) accounts receivable of CEMEX Colombia related with: i) the sale of land of $6,095, ii) assets available for sale without sale plan of $3,679, iii) CERs issued by the UNFCCC of $2,286, and iv) prepayment for fixed assets purchase by $6,786 and others.

11) INVENTORIES, NET

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

		2012
Materials	$	31,968
Finished goods		19,969
Work-in-process		18,267
Raw materials		15,620
Inventory in transit		8,374
Other inventory		909
Allowance for obsolescence		(1,960)
	$	93,147

12) OTHER CURRENT ASSETS

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

		2012
Prepayments	$	17,094
Assets held for sale		4,115
	$	21,209

As of December 31, 2012, prepayments included $10,019, associated with advances to suppliers of inventory (note 2H). Assets held for sale are stated at their estimated realizable value and include real estate properties received in payment of trade receivables by CEMEX Colombia S.A.

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

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

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

[1] This caption includes capital leases in CEMEX Colombia related to transportation equipment.

(Thousands of U.S. dollars)

14) GOODWILL, INTANGIBLE ASSETS AND DEFERRED ASSETS, NET

14A) BALANCES AND CHANGES DURING THE PERIOD

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

	2012		
	Cost	**Accumulated amortization**	**Carrying amount**
Indefinite life intangibles:			
Goodwill $	1,899,992	–	1,899,992
Definite life intangibles:			
Customer relations	188,600	(9,430)	179,170
Extractions rights and licenses	226,100	(2,975)	223,125
Industrial property and trademarks	2,609	(18)	2,591
Mining projects	515	(4)	511
Other intangibles and deferred assets	1,126	(8)	1,118
$	2,318,942	(12,435)	2,306,507

Changes in intangible assets in 2012 were as follows:

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

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

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

14B) ANALYSIS OF GOODWILL IMPAIRMENT

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

	2012
Colombia $	428,759
Costa Rica	708,401
Nicaragua	87,204
Guatemala	229,883
Panamá	344,703
Brazil	85,954
El Salvador	15,088
$	1,899,992

As mentioned in note 2L, the consolidated entities test their goodwill balances for impairment at the level of the group of cash-generating units to which goodwill has been allocated, which are commonly comprised by the Company's operations in a country. The Company's cash flow projections to determine the value in use of its cash-generating units 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 interest rate of the industry.

During the last quarter of 2012, CEMEX Latam performed its annual goodwill impairment test in connection with Colombia, Costa Rica and Nicaragua. Based on these analyses, CEMEX Latam did not determine impairment losses of goodwill associated with such countries. The operating segments recognized at fair value (Panama, Guatemala, Brazil and El Salvador) were not tested for impairment in 2012, considering that the related net assets were recorded at their estimated fair values as of the acquisition date of July 1, and there were no significant changes in such values as of December 31, 2012.

(Thousands of U.S. dollars)

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

	Discount rates	Growth rates
Reporting units	**2012**	**2012**
Colombia	10.7%	3.5%
Range of rates in other countries	11.1% – 13.3%	3.4% – 4.0%

In connection with the Company's assumptions included in the table above, as of December 31, 2012, the Company made sensitivity analyses to changes in assumptions, affecting the value in use of all groups of CGUs subject to impairment tests with an independent possible reasonable possible increase of 1% in the pre-tax discount rate and an independent decrease of 1% in the long-term growth rate.

15) FINANCIAL INSTRUMENTS

15A) DEBT

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

		2012
Banco Industrial S.A. [1]	$	3,000
Leasing Bolivar S.A, DTF[2] anticipated quarterly plus 6.62 basis points [3]		8,440
Leasing de Occidente S.A., DTF[2] anticipated quarterly plus 4.5 basis points [3]		5,774
Leasing Bancolombia S.A., DTF[2] anticipated quarterly plus 4.3 basis points [3]		8,215
Helm Leasing S.A., DTF[2] anticipated quarterly plus 4.85 basis points [3]		4,948
Leasing Bogotá S.A., DTF[2] anticipated quarterly plus 4.65 basis points [3]		4,305
Total	$	34,682
Long-term debt		26,345
Short-term debt	$	8,337

(1) Loan agreement in Guatemalan quetzals negotiated by Global Cement S.A., bearing an interest rate at 3.25% for the six month period ended December 31, 2012, and is scheduled to mature in June 2014. The company incurred interest on this financial obligation of $255 for the six month period ended December 31, 2012.

(2) Average interest rate paid by Colombia financial institutions over deposit certificates with a term.

(3) The capital leases with commercial finance companies, denominated in Colombian pesos, were documented in lease agreements with maturities within the next sixty months. CEMEX Colombia, S.A. incurred interest on these financial obligations amounting to $1,200 for six month period ended December 31, 2012. The assets acquired through the leases have been placed as guarantee for such leases obligations.

The maturities of CEMEX Latam's consolidated long-term debt as of December 31, 2012, were as follows:

		2012
2014	$	7,325
2015		6,340
2016		6,340
2017		6,340
Total	$	26,345

15B) FAIR VALUE OF ASSETS AND DEBT

Financial assets and liabilities

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

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

		2012	
Thousands of U.S. dollars		**Carrying amount**	**Fair Value**
Financial Assets:			
Other assets and non-current accounts receivable	$	32,813	31,274
Financial Liabilities:			
Long-term payables to related parties	$	1,461,207	1,502,237
Long-term debt		26,345	26,345
Other non-current liabilities		19,245	19,467
	$	1,506,797	1,548,049

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

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

		2012
Provision for legal claims and other commitments	$	18,167
Other provisions and liabilities		19,013
Accrued expenses		9,954
Advances from customers		22,307
Others		465
	$	69,906

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

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

		2012
Balance by business combinations	$	61,532
Additions due to new obligations or increase in estimates		7,670
Decrease due to obligation expired or decrease in estimates		(31,125)
Adjustment for translation effects		(897)
Balance at end of period	$	37,180

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

		2012
Provision for asset retirement obligations [1]	$	8,130
Equity taxes		6,810
Others		3,966
Deferred income		339
	$	19,245

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

(Thousands of U.S. dollars)

17) FINANCIAL INSTRUMENTS

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

Risk management framework

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

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

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterpart of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2012, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to 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's management requires guarantees from its customers and financial counterparties with regard to financial assets.

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

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

		2012
Neither past due, nor impaired	$	64,347
Past due less than 90 days		23,709
Past due more than 90 days		9,107
	$	97,163

Considering the Company's best estimates of potential losses based on an analysis of aging and considering management's recovery efforts, the reserve for doubtful accounts amounted to $35 as of December 31, 2012.

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates mainly to its operational activities. Due to its geographical diversification, the Company's revenues and costs are generated and settled in various countries and in different currencies. For the six month period ended December 31, 2012, approximately 58% of the Company's net sales, before eliminations, were generated in Colombia, 17% in Panama, 8% in Costa Rica, 6% in Nicaragua, 5% in Guatemala, 5% in Brazil, and 1% in El Salvador.

As of December 31, 2012, approximately 97.9% of the Company's financial obligations which include related party loans were denominated in dollars; approximately 1.9% in Colombian pesos and approximately 0.2% in Guatemalan quetzals. Therefore, the Company had an exposure arising from the dollar-denominated financial obligations, as compared to the currencies in which the Company's revenues are settled in most countries in which it operates. The Company's only revenues denominated in dollars to cover such dollar-denominated obligations are those generated in Panama. As of December 31, 2012, the Company has not implemented any derivative financing hedging strategy to address this foreign currency risk.

Foreign exchange fluctuations occur when any member of the Company incur monetary assets and liabilities in a currency different from its functional currency. These translation gains and losses are recognized in the consolidated income statement.

As of December 31, 2012, a summary of the quantitative information of the Company's exposure related to foreign currencies is provided to the administration on the basis of its risk management policy as follows:

		2012					
Thousands of dollars		**Dollar**	**Colombian Ps**	**Colones**	**Cordobas**	**Quetzals**	**Reals**
Trade receivables, net	$	25,798	42,132	9,262	3,605	10,119	6,212
Non-trade receivables, net		24,455	66,845	4,120	5,572	7,734	8,690
Debt		–	(31,682)	–	–	(3,000)	–
Trade payables, net		(22,469)	(63,584)	(12,770)	(5,769)	(4,552)	(9,176)
Related parties, net		(1,640,114)	(1,805)	(4,620)	(4,285)	(1,783)	(950)
Non-trade payables, net		(30,358)	(177,647)	(3,006)	(12,794)	(9,676)	(1,034)
	$	(1,642,688)	(165,741)	(7,014)	(13,671)	(1,158)	3,742

Sensitivity analysis

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

Liquidity Risk

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

18) EMPLOYEE BENEFITS

Defined benefit pension plans

The Company sponsors a defined contribution pension plan in Colombia, which is closed to new participants and whose beneficiaries are only retirees. Actuarial results related to pension benefits are recognized in the income statement and/or in other comprehensive income for the period in which they are generated, as appropriate. For the six month period ended December 31, 2012, the effects of pension benefits are summarized as follows:

Net period cost:		**2012**
Recorded in other financial expenses, net		
Financial cost	$	1,513
Recorded in other comprehensive income, net		
Actuarial loss		14,414
	$	15,927

(Thousands of U.S. dollars)

The reconciliation of the actuarial amount of obligations for the six month period ended on December 31, 2012 is as follows:

		2012
Change in benefits obligations:		
Projected benefit obligation assumed through business combinations	$	58,190
Financial cost		1,513
Foreign currency translation		539
Actuarial loss		14,414
Benefits paid		(3,307)
Projected benefit obligations at end of period	$	71,349

As of December 31, 2012, estimated payments for pensions over the next ten years are as follows:

		2012
2013	$	10,060
2014		10,122
2015		10,163
2016		10,290
2017		10,381
2018-2022		51,116

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

	2012
Discount rates	8.5%
Rate of salary increases	–

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

The amounts of income taxes included in the consolidated income statement for the six month period ended on December 31, 2012 are summarized as follows:

		2012
Current income taxes	$	(36,950)
Deferred income taxes		(33,447)
	$	(70,397)
Out of which:		
Colombia	$	(48,222)
Costa Rica		(5,893)
Panama		(4,662)
Rest of CLH (a)		(11,620)

(a) This caption refers to the Company's income taxes in Guatemala, Nicaragua, El Salvador, Brazil and corporate offices (CLH and CCL).

As of December 31, 2012, consolidated tax loss and tax credits carry forwards expire as follows:

		Amount of Carryforwards
2013	$	3,447
2014		27,067

(Thousands of U.S. dollars)

19B) DEFERRED INCOME TAXES

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

		December 31, 2012
Deferred tax assets:		
Tax loss carryforwards and other tax credits	$	1,152
Accounts payable and accrued expenses		10,641
Deferred assets		5,047
Others		1,133
Total deferred income tax assets		17,973
Deferred tax liabilities:		
Property, machinery and equipment		224,586
Goodwill and others		317,185
Intangible assets		128,887
Others		525
Total deferred tax income liabilities		671,183
Net deferred tax liability	$	653,210

The breakdown of changes in consolidated deferred income taxes for the six month period ended on December 31, 2012 was as follows:

		2012
Deferred income tax benefit recognized in the income statement	$	(33,447)
Currency translation effects		922
Change in deferred income tax for the period	$	(32,525)

The deferred income tax that is associated to the acquisition of the subsidiaries on fair value (notes 1) was $168,348, and it is presented as a net of the Goodwill identified in the transaction.

As of December 31, 2012, based on the same forecasts of future cash flows and operating results used by the Company's management to allocate resources and evaluate performance in the countries in which the Company operates, the Company believes that sufficient taxable income will be generated so that it is probable it will realize the tax benefits associated with the deferred income tax assets related to tax loss carry forwards prior to their expiration. In addition, the Company concluded that, the deferred tax liabilities that were considered in the analysis of recoverability of its deferred tax assets will reverse in the same period and tax jurisdiction of the related recognized deferred tax assets. In the event that present conditions change, and it is determined that future operations would not generate sufficient taxable income, currently recognized deferred tax assets would be evaluated and derecognized if necessary against the results of the period.

19C) EFFECTIVE TAX RATE

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

	2012
Consolidated average statutory tax rate	30.0%
Other non-taxable income [1]	(4.1%)
Expenses and other non-deductible items	8.5%
Other tax non-accounting benefits	2.5%
Effect of the rate exchange change	2.9%
Others	4.0%
Effective consolidated tax rate	43.8%

[1] Includes the effects of the different income tax rates in the countries that are part of this consolidated set of financial statement.

19D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

As of December 31, 2012, certain significant proceedings associated with the Company's tax positions are as follows:

- On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a special proceeding (*requerimiento especial*) in which the Colombian Tax Authority rejected certain deductions taken by CEMEX Colombia in its 2009 year-end tax return. The Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately Col$90 billion (approximately $51 million) and imposed a penalty in the amount of approximately Col$144 billion (approximately $81 million). The Colombian 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 taking into consideration that future revenue will be taxed with income tax in Colombia. CEMEX Colombia responded to the special proceeding notice on June 25, 2011. On December 15, 2011, the Colombian Tax Authority issued its final determination, which confirmed the information in the special proceeding. CEMEX Colombia appealed the final determination in February 15, 2012 and it is expected to have a response from the Tax Authorities no later than February, 2013. At this stage, CEMEX is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX's liquidity and financial position.

- On November 10, 2010, the Colombian tax authority notified CEMEX Colombia of a proceeding in which the Colombian tax authority rejected certain tax losses taken by CEMEX Colombia in its 2008 year-end tax return. In addition, the Colombian tax authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately Col$43 billion (approximately $24 million) and imposed a penalty in the amount of approximately Col$69 billion (approximately $39 million). The Colombian tax authority argues that CEMEX Colombia is limited in its use of prior year tax losses to 25% of such losses per subsequent year. CEMEX believes that the tax provision that limits the use of prior year tax losses does not apply in the case of CEMEX Colombia because the applicable tax law was repealed in 2006. Furthermore, CEMEX believes that the Colombian tax authority is no longer able to review the 2008 tax return because the time to review such return has already expired pursuant to Colombian law. The Colombian tax authority issued an official settlement on July 27, 2011, which confirmed its position in the special request. The official settlement was appealed by CEMEX on September 27, 2011. On July 31, 2012, the Colombian tax authority notified CEMEX Colombia of the resolution confirming the official liquidation. In November 2012, CEMEX Colombia appealed the official assessment. CEMEX believes it has adequately reserved for this proceeding. Nonetheless, CEMEX is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia, but if adversely resolved, this proceeding could have a material adverse impact on CEMEX's liquidity and financial position.

- During the period from 2005 to 2011, CEMEX Colombia filed four judicial proceedings and two resources against official liquidations related to the payment of the tax on industry and commerce (*impuesto de industria y comercio*) in the Municipality of San Luis. Although the Municipality alleges that such tax is due as a result of the early beginning of industrial activities in such jurisdiction, CEMEX Colombia thinks otherwise since it pays higher royalties for mineral extraction and its activities in such jurisdiction are mining and no industrial. The foregoing, pursuant to section 39 of the 14 Act of 1983 which bans the Municipalities from collecting the tax on industry and commerce when the payable amount of royalties is equal or higher to such tax. The disputed amount is of approximately Col$33 billion (approximately $18.6 million). At this stage, CEMEX Colombia believes it is not probable that payment will have to be made with respect to this matter.

- On August 15, 2012, CEMEX Colombia was notified by the tax authorities to report that the years 2010 and 2011 will be audited in relation to the income tax.

- On September 13, 2012, CEMEX Colombia received a request from the Colombian Tax Authority to restate its income tax return for fiscal year 2011 in connection with its amortization of commercial credits of Lomas del Tempisque S.R.L., which were deducted in such tax return. CEMEX Colombia's management believes that, in the event that the tax authorities initiate a formal proceeding in connection with these deductions, it has valid arguments to defend CEMEX Colombia in any such proceeding.

(Thousands of U.S. dollars)

20) STOCKHOLDERS' EQUITY

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

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

		Authorized	Treasury shares	Total
Common stock	$	718,358	–	718,358
Additional paid-in capital		895,959	(150,012)	745,947
	$	1,614,317	(150,012)	1,464,305

As of December 31, 2012, the common stock of CEMEX Latam Holdings, S.A. was composed by the following shares:

Shares	2012
Subscribed and paid shares	556,054,342
Out of which:	
Initial contribution by CEMEX España in April 17, 2012	60,000
CEMEX España's capital increase on July 31, 2012	407,830,342
CEMEX Latam Holdings, S.A.'s initial equity offering on November 6, 2012	148,164,000

As of December 31, 2012, CEMEX Latam's common stock amounted to $718,358, and was represented by 578,278,342 ordinary shares with a nominal value of 1 euro each. The number of subscribed and paid shares of CEMEX Latam presented in the table above excludes 22,224,000 shares in the Company's treasury (treasury shares).

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

As mentioned in note 1, on November 15, 2012, the Parent Company completed its initial equity offering of 170,388,000 new ordinary shares at a price of 12,250 Colombian pesos per share. The ordinary shares offered by the Parent Company included: (a) 148,164,000 new ordinary shares offered in a public offering to investors in Colombia and in a concurrent private placement to eligible investors outside of Colombia, and (b) an additional 22,224,000 new ordinary shares offered in such private placement that were subject to a put option granted to the initial purchasers during the 30-day period following closing of the offering.

After giving effect to the offering, and the exercise of the put option by the initial purchasers after the 30-day period, which resulted in the repurchase by the Parent Company of 22,224,000 own shares for $150,012, recognized as treasury shares. As of December 31, 2012 CEMEX España, S.A., owns approximately 73.35% of the Parent Company's outstanding common shares, excluding shares held in treasury.

The line item additional paid-in capital includes offering expenses of $36,737.

20B) OTHER EQUITY RESERVES

As of December 31, 2012, the balance of other equity reserves is summarized as follows:

		2012
Reorganization of entities under common control (note 1)	$	(327,840)
Comprehensive loss of the period (Consolidated statement of comprehensive income)		(34,260)
Other items		27,184
	$	(334,916)

As of December 31, 2012, consolidated other equity reserves include a reduction of approximately $327,840 resulting from the difference between the transaction amount determined in the reorganization of entities of approximately $2,971 million and the amount of net assets from Colombia and subsidiaries, Panama, Guatemala, Brazil and El Salvador incorporated as of July 1, 2012.

Other items correspond to costs for management fees arising from royalty contracts with CEMEX (note 22B).

20C) NON-CONTROLLING INTEREST

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

20D) EXECUTIVE STOCK-BASED COMPENSATION

Similar to CEMEX´s stock-based payments programs, until the 2012 program, the Company had long-term compensation programs providing for the grant of CEMEX's CPOs to a group of its executives, pursuant to which new CPOs are issued under each annual program over a 4 year period. By agreement with the executives, the CPOs of the annual grant, which is equivalent to 25% of the CPOs related to each plan, are placed in a trust established for the benefit of the executives to comply with a 1 year restriction on sale. The compensation expense related to these programs for the six month period ended December 31, 2012, recognized in the operating results, represented by the fair value of CEMEX's CPOs at the date of grant, amounted to $734.

Based on IFRS 2, Share-based Payment ("IFRS 2"), based instruments from CEMEX granted to executives are defined as equity instruments, considering that the services received from employees are settled by delivering shares. The cost of equity instruments represents the estimated fair value at the grant date of the plan and is recognized in the income statement during the period in which the employees render the services and execute the rights.

In addition, according to an agreement signed on January 6, 2013, from January 1, 2013, the Company will incur stock-based compensation to its eligible executives using the Parent Company's CPOs (note 24).

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 income per share ("LPS") in 2012 were as follows:

Denominator (thousands of shares)		**2012**
Weighted average number of shares outstanding – basic		189,623
Numerator		
Consolidated net income	$	90,417
Less: non-controlling interest net income		522
Controlling interest net income		89,895
Controlling Interest Basic Income Per Share	$	0.47
Controlling Interest Diluted Income Per Share	$	0.47

22) COMMITMENTS

22A) CONTRACTUAL OBLIGATIONS

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

(U.S. dollars thousands)	December 31, 2012				
Obligations	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	Total
Long-term debt	$ 2,000	1,000	–	–	3,000
Long-term payables to related parties [1]	142,524	249,582	1,211,625	–	1,603,731
Operating leases [2]	1,896	5,572	3,508	12,042	23,018
Financial leases [3]	6,337	19,005	6,340	–	31,682
Pension plans and other benefits [4]	10,060	30,575	30,827	30,670	102,132
Energy and fuel purchase [5]	17,436	–	–	–	17,436
Total contractual obligations	180,292	305,734	1,252,300	42,712	1,781,038

(1) Loan agreements: a) loan agreement of $112,009 as of December 31, 2012, negotiated by CEMEX Colombia bearing a 3 month Libor rate plus 539 basis points and the maturing on December 28, 2014; b) loan agreements of $344,391 as of December 31, 2012, negotiated by Corporación Cementera S.L.U, bearing annual interest rates of 7% as of December 31, 2012, maturing in different dates from 2013 to 2018; c) loan agreements of $173,733 as of December 31, 2012, negotiated by CEMEX Latam Holdings, bearing annual interest rate of 7%, with maturity in Different dates from 2013 to 2018 and a revolving credit by $4,949 with a interest rate of 7%; d) loan agreements of $124,407 as of December 31, 2012, negotiated by CEMEX Bayano, bearing annual interest rate of 3 months Libor plus 415 basis points and with maturity on September 26, 2018; e) loan agreement negotiated by CEMEX Bogotá INV. B.V by $844,240 with an annual interest rate, with maturity on different dates from 2013 to 2018.

(2) The amounts of payments under operating leases have been determined on the basis of nominal cash flows. In January 2001, the Company and the Government of the Nicaraguan Republic entered into an operating lease, 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 period of 25 years. Rental expense for the six month period ended December 31, 2012 was $850. Additionally, operative leases from Global Cement, S.A. are included and CEMEX El Salvador by $29 and $26.1, respectively, for a six month period ended on December 31, 2012.

(3) Capital leases for transport equipment negotiated by CEMEX Colombia by $31,682 with maturity on 60 months.

(4) Represents the estimated yearly payments for employee benefits over the next 10 years (note 18). Future payments include an estimation of new pensioned personnel over those years.

(5) It corresponds to the commitment to purchase petcoke negotiated by CEMEX Panama. The future payments of energy were calculated under a consumption basis.

22B) OTHER COMMITMENTS

- CEMEX Nicaragua, S.A. is the beneficiary through an operating lease contract with Compañía Nacional Productora de Cemento, S.A., of quarry extraction rights. The lease contract started in 2001 and the term is for a period of twenty five years. Based on the applicable law for mining concession agreements, the Company is obligated to semiannual royalty payments according to the established rates for ton of extracted materials during the length of the lease.

- During the year 2008, CEMEX Panama and a third party entered into a long-term contract for the supply of clinker in the Republic of Panama with Cemento Panama, S.A. This contract was established for a period of 10 years and provides for annual partial deliveries of clinker in metric tons of 1,944,000t from 2013 to 2014, and 2,735,498t from 2015 to 2018.

- By mutual agreement, prices under the contract can be reviewed on a semiannual basis. In addition, as per the provisions thereof, the parties may terminate the agreement if the mutually agree to do so in writing, however, penalties to be borne by the third party from the eighth to the tenth year of the contract. As of December 31, 2012, the Company had delivered 1,170 million metric tons.

- CEMEX Latam Holdings S.A., through its branch in Switzerland, entered into a contract with CEMEX, S.A.B. de C.V. for the use of CEMEX's trademarks. These contracts are effective for five years, automatically renewable for equal periods. This entity must pay annually the use of trademarks calculated based on annual net sales of goods and services and transfer prices. The total charge of trademark use reported in operating expenses amounted to $4,592 for the six months ended on December 31, 2012.

- CEMEX Latam Holdings S.A. through its branch in Switzerland negotiated an agreement with CEMEX Research Group AG for the use, operation and enjoyment of assets. The contract term is five years, automatically renewable for equal periods. This entity must pay royalties calculated annually based on annual net sales of goods and services. The total charge of royalties reported in operating expenses amounted $27,184 for the six months ended on December 31, 2012.

- CEMEX Latam Holdings S.A. through its branch in Switzerland, made an agreement for the provision of administrative services with CEMEX Central, S.A. de C.V., for the technical, financial, marketing, legal, human resources and IT. The term of service contracts is five years, automatically renewable for equal periods. This entity must pay annually to provide these administrative services based on annual net sales of goods and services. The total service charge reported in operating expenses amounted $8,203 for the six months ended on December 31, 2012.

- In consideration of the services and the rights of use, operation and enjoyment of CEMEX marks, names and intellectual property, under non-exclusive agreement, leave-operation and asset services agreement management and business support and license agreement, described above, CEMEX Latam Holdings has agreed to pay to CEMEX, consistent with market practices and principles of unrelated parties, a fee equal to 5% of consolidated revenue, payable quarterly during each fiscal year. The rate of 5% paid under the non-exclusive agreements, operation and enjoyment of licensed asset management services and business support license and cannot be increased without the agreement of the independent directors of CEMEX Latam Holdings during a board meeting. The post offer fees have been adjusted for the rest of 2012, so that the sum of the rates of fees Pre-Placement and Post-Offer received by CEMEX for the year ended December 31, 2012 represented 5% of the pro forma consolidated net sales for the twelve month period ended on December 31, 2012.

- In connection with the initial offering of new common shares (note 1), the Parent Company entered into a Framework Agreement, a non exclusive use, exploitation and enjoyment of assets license agreement, a management and business support services agreement, and a license agreement, each of which was become effective after the closing of the initial offering with retroactive effect to June 30, 2012 and will have an initial term of five years, automatically renewable for subsequent five-year terms unless terminated by either party by providing one-month written notice prior to the end of the applicable term.

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

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

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

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

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

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

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

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

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

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

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

23) CONTINGENCIES

23A) PROVISIONS RESULTING FROM LEGAL PROCEEDINGS

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

In addition, the Company is involved in other minor legal proceedings. As of December 31, 2012, appropriate provisions have been recorded for these matters which in aggregate are not material.

23B) OTHER CONTINGENCIES FROM LEGAL PROCEEDINGS

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

- In August 2005, a lawsuit was filed against a subsidiary of CEMEX Colombia and other members of the Asociación Colombiana de Productores de Concreto, or ASOCRETO, a union formed by all the ready-mix concrete producers in Colombia. The lawsuit claimed that CEMEX Colombia and other ASOCRETO members were liable for the premature distress of the roads built for the mass public transportation system in Bogotá using ready-mix concrete supplied by CEMEX Colombia and other ASOCRETO members. 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 sought the repair of the roads and estimated that the cost of such repair would be approximately Col$100 billion (approximately $56.5 million). In January 2008, CEMEX Colombia was subject to a court order, sequestering a quarry called El Tunjuelo, as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia would be required to deposit with the court Col$337.8 billion (approximately $191.6 million) in cash. CEMEX appealed this decision and also requested that the guarantee be covered by all defendants in the case. In March 2009, the Superior Court of Bogotá allowed CEMEX to offer security in the amount of Col$20 billion (approximately $11.10 million). CEMEX deposited the security and, in July 2009, the attachment was lifted. The preliminary hearing to dismiss was unsuccessful and the final argument stage concluded on August 28, 2012. On October 10, 2012, the court nullified the accusation made against two ASOCRETO officials, but the judgment convicted the former director of the Urban Development Institute and legal representatives of the builder and the auditor to a prison term of 85 months and a fine of Col$32 million (Approximately $18). As a consequence of the annulment the judge ordered a restart of the proceedings against the ASOCRETO officers. The ruling can be appealed, but the practical effect of this decision is that the criminal action against ASOCRETO officers will prescribe and therefore there will be no condemnation against CEMEX. As of December 31, 2012, CEMEX Colombia has not recorded any provision as it feels it has sufficient arguments to overcome this action, but if adversely resolved it could have a negative effect on CEMEX's liquidity and financial position.

(Thousands of U.S. dollars)

- In November 2000, Cemex (Costa Rica) received an executive process issued by the Abangares Municipality related to the collection of prior years' Mining Exploitation Taxes for the years 1998, 1999 and 2000 of approximately ¢3,514 million (approximately $6,832), including principal and fines. In 2006, Cemex (Costa Rica) received an additional charge for ¢3,618 million (approximately $7,034), including principal and fines, for the years 2001 to 2005, reaching a total of ¢7,132 million (approximately $13,866). Cemex (Costa Rica) issued two Tax Special Prosecutions against the Abangares Municipality seeking the nullification of the municipal's decision and the nullification of the notice of deficiency issued in 2006. The Administrative Litigation Court held that the Abangares Municipality does not have the right or sufficient authority to issue the notice of deficiency requesting the collection of all amounts claimed. Accordingly, such ruling must be heard by the Collection Court in order to dismiss the claim. As a result of the proceedings mentioned above, Cemex (Costa Rica) elected to provide unconditional and irrevocable payment guarantees and mortgages in the amount of ¢12.7 million and ¢2.6 million, respectively (approximately $24,692 and $5,050, respectively). The guarantees and mortgages cover obligations to be incurred in the event of an unfavorable outcome for Cemex (Costa Rica). At this stage, Cemex (Costa Rica) believes it is not probable that payment will have to be made with respect to this matter. Nonetheless, Cemex (Costa Rica) would not expect this matter to have a material adverse effect on its financial position.

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

24) SUBSECUENT EVENTS

On January 16, 2013, CEMEX Latam Holdings signed an agreement to provide, effective from January 1, 2013, an executive compensation plan using the Financial CPOs.

25) MAIN SUBSIDIARIES

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

Subsidiary	Country	Position	% de interest 2012
Corporación Cementera Latinoamericana, S.A.U. (1) ..	Spain	Parent	100.0
CEMEX Bogotá, N.V.	Netherlands	Parent	100.0
CEMEX Colombia S.A.	Colombia	Operative	99.7
CEMEX (Costa Rica), S.A.	Costa Rica	Operative	99.1
CEMEX Nicaragua, S.A.	Nicaragua	Operative	100.0
CEMEX Caribe II Investments, B.V……………………	Netherlands	Parent	100.0
Cemento Bayano, S.A.	Panama	Operative	99.5
Cimentos Vencemos do Amazonas, Ltda.	Brazil	Operative	100.0
Global Cement, S.A.	Guatemala	Operative	100.0
CEMEX El Salvador, S.A.	El Salvador	Operative	100.0

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