Consolidated Condensed Financial Statements

September 30, 2019

This is an unofficial translation into English of the condensed consolidated financial statements as of and for the nine-month periods ended September 30, 2019 and 2018 issued in the Spanish language on October 23, 2019. This translation is provided solely for the convenience of English-speaking readers. For any and all purposes, the condensed consolidated financial statements as of and for the nine-month periods ended September 30, 2019 and 2018 issued in the Spanish language on October 23, 2019 shall be considered the only official version of the document.

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CEMEX Latam Holdings S.A. and Subsidiaries

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

	Notas	(Unaudited) For the nine-month periods ended September 30, 2019	September 30, 2018
Revenues	3	751,826	848,520
Cost of sales	2E	(461,730)	(501,128)
Gross profit		**290,096**	**347,392**
Administrative and selling expenses		(120,203)	(137,176)
Distribution expenses		(82,766)	(79,521)
		(202,969)	(216,697)
Operating earnings before other expenses, net		**87,127**	**130,695**
Other expenses, net		(12,337)	(704)
Operating earnings		**74,790**	**129,991**
Financial expense	3	(39,598)	(44,191)
Financial income and other items, net	3, 6	(667)	(1,436)
Foreign exchange results		(21,928)	11,438
Earnings before income tax		**12,597**	**95,802**
Income tax	17A	(5,036)	(33,296)
Net income from continuing operations		7,561	62,506
Net loss from discontinued operations		–	(9,383)
CONSOLIDATED NET INCOME		**7,561**	**53,123**
Non-controlling interest net income		18	(186)
CONTROLLING INTEREST NET INCOME		**7,579**	**52,937**
Basic earnings per share	19	**0.01**	**0.10**
Basic earnings per share of continuing operations	19	**0.01**	**0.11**
Diluted earnings per share	19	**0.01**	**0.09**
Diluted earnings per share of continuing operations	19	**0.01**	**0.11**

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

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

			(Unaudited) For the nine-month periods ended	
	Notas		**September 30, 2019**	**September 30, 2018**
CONSOLIDATED NET INCOME		$	**7,561**	**53,123**
Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
Currency translation of foreign subsidiaries			(707)	(50,822)
Total other items of comprehensive income for the period			(707)	(50,822)
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD			6,854	2,301
Non-controlling interest comprehensive income			18	(186)
CONTROLLING INTEREST COMPREHENSIVE INCOME FOR THE PERIOD		$	**6,872**	**2,115**
Out of which:				
COMPREHENSIVE LOSS OF DISCONTINUED OPERATIONS			–	(9,383)
COMPREHENSIVE INCOME OF CONTINUING OPERATIONS			**6,872**	**11,498**

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

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

	Notes	(Unaudited) As of September 30, 2019	As of December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	$ 23,193	37,126
Trade accounts receivable, net	8	79,833	87,465
Accounts receivable from related parties	9	2,195	21,138
Other accounts receivable	10A	13,359	14,007
Prepaid taxes		38,829	29,696
Inventories, net	11	76,176	81,172
Other current assets	12	13,708	38,567
Total current assets		247,293	309,171
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	10B	4,153	4,306
Property, machinery and equipment and assets for the right-of-use, net	13	1,113,189	1,177,623
Goodwill and other intangible assets, net	14	1,543,801	1,555,413
Deferred income tax assets		26,189	18,597
Total non-current assets		2,687,332	2,755,939
TOTAL ASSETS		**$ 2,934,625**	**3,065,110**
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt and other short-term financial liabilities	15	$ 10,707	10,055
Trade payables		132,538	149,523
Accounts payable to related parties	9	172,790	42,870
Taxes payable		20,703	29,555
Other accounts payable and accrued expenses	16	56,120	65,474
Total current liabilities		392,858	297,477
NON-CURRENT LIABILITIES			
Debt and other long-term financial liabilities		18,664	19,400
Long-term accounts payable to related parties	9	628,253	835,102
Employee benefits		33,372	36,661
Deferred income tax liabilities		322,374	346,612
Other liabilities	16	17,114	17,575
Total non-current liabilities		1,019,777	1,255,350
TOTAL LIABILITIES		**1,412,635**	**1,552,827**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	18A	1,471,090	1,469,732
Other equity reserves	18B	(927,026)	(927,970)
Retained earnings	18C	965,231	902,800
Net income		7,579	62,431
Total controlling interest		1,516,874	1,506,993
Non-controlling interest	18E	5,116	5,290
TOTAL STOCKHOLDERS' EQUITY		**1,521,990**	**1,512,283**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 2,934,625**	**3,065,110**

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

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

	Notes		(Unaudited) As of September 30, 2019	(Unaudited) As of September 30, 2018
OPERATING ACTIVITIES				
Consolidated net income		$	7,561	62,506
Discontinued operations, net of tax			–	(9,383)
Net income from continuing operations			7,561	53,123
Non-cash items:				
Depreciation and amortization of assets	4		58,876	61,658
Provisions and other non-cash expenses (income)			1,559	(2,015)
Financial expense, financial income and foreign exchange results, net			62,193	34,189
Income taxes	17		5,036	33,296
Loss on the sale of fixed assets			3,495	1,348
Impairment losses			1,140	–
Recycling of cumulative currency translation effects upon disposal of subsidiaries			–	4,711
Changes in working capital, excluding income taxes			4,914	(48,588)
Net cash flow provided by operating activities from continuing operations before interest and income taxes			**144,774**	**137,722**
Financial expense paid in cash			(22,385)	(30,194)
Income taxes paid in cash			(35,069)	(40,008)
Net cash flow provided by operating activities of continuing operations			87,320	67,520
Net cash flow used in operating activities of discontinued operations			–	(1,117)
Net cash flows provided by operating activities			**87,320**	**66,403**
ACTIVIDADES DE INVERSIÓN				
Property, machinery and equipment and assets for the right-of-use, net	13		(21,221)	(16,760)
Financial income	6		965	439
Intangible assets and other deferred charges			(125)	(2,494)
Long term assets and others, net			5,761	6,094
Disposal of subsidiaries			–	31,064
Net cash flows used in investing activities of continuing operations			(14,620)	18,343
Net cash flows provided by investing activities of discontinued operations			–	878
Net cash flows used in investing activities			**(14,620)**	**19,221**
FINANCING ACTIVITIES				
Debt repayments to related parties			(290,779)	(431,444)
Loans from related parties			214,126	345,857
Debt repayments, net			(1,862)	(8,600)
Non-current liabilities, net			(6,485)	(11,916)
Net cash flows used in financing activities of continuing operations			(85,000)	(106,103)
Net cash flows provided by financing activities of discontinued operations			–	(242)
Net cash flows used in financing activities			**(85,000)**	**(106,345)**
Decrease in cash and cash equivalents			(12,300)	(20,240)
Decrease in cash and cash equivalents of discontinued operations			–	(481)
Cash foreign currency translation effect			(1,633)	(869)
Cash and cash equivalents at beginning of period			37,126	45,154
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	$	**23,193**	**23,564**
Changes in working capital, excluding income taxes:				
Trade accounts receivable, net		$	6,289	9,833
Other accounts receivable and other assets			36,077	13,875
Inventories			4,780	3,216
Trade accounts payable			(16,986)	(32,350)
Short-term related parties, net			(10,258)	2,723
Other accounts payable and accrued expenses			(14,988)	(45,885)
Changes in working capital, excluding income taxes		$	**4,914**	**(48,588)**

The accompanying notes are part of these consolidated financial statements.

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

	Notes		Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balance as of December 31, 2017		**$**	**718,124**	**749,863**	**(838,603)**	**908,751**	**1,538,135**	**4,910**	**1,543,045**
Effects from adoption of IFRS 9 (note 2A)			–	–	–	(608)	(608)	(3)	(611)
Effects from adoption of IFRS 16 (note 2A)			–	–	181	(5,343)	(5,162)	(6)	(5,168)
Balance as of January 1, 2018			**718,124**	**749,863**	**(838,422)**	**902,800**	**1,532,365**	**4,901**	**1,537,266**
Net income for the period			–	–	–	52,937	52,937	(186)	52,751
Total other items of comprehensive income for the period			–	–	(50,822)	–	(50,822)	–	(50,822)
Changes in non-controlling interest	**18E**		–	–	–	–	–	900	900
Stock-based compensation	**18D**		–	730	1,391	–	2,121	–	2,121
Balance as of September 30, 2018		**$**	**718,124**	**750,593**	**(887,853)**	**955,737**	**1,536,601**	**5,615**	**1,542,216**
Balance as of December 31, 2018		**$**	**718,124**	**751,608**	**(927,970)**	**965,231**	**1,506,993**	**5,290**	**1,512,283**
Net income for the period			–	–	–	7,579	7,579	18	7,597
Total other items of comprehensive income for the period			–	–	(707)	–	(707)	–	(707)
Changes in non-controlling interest	**18E**		–	–	–	–	–	(192)	(192)
Stock-based compensation	**18D**		–	1,358	1,651	–	3,009	–	3,009
Balance as of September 30, 2019		**$**	**718,124**	**752,966**	**(927,026)**	**972,810**	**1,516,874**	**5,116**	**1,521,990**

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

1) DESCRIPTION OF BUSINESS

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

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

The issuance of these consolidated condensed financial statements was authorized by Management and the Board of Directors of the Parent Company on October 23, 2019, considering the favorable report of the Audit Commission.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated condensed financial statements as of September 30, 2019, are the same as those applied in the consolidated financial statements as of December 31, 2018, except as subsequently described in note 2A.

2A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated condensed financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of September 30, 2019, as issued by the International Accounting Standards Board ("IASB"), as well as with the International Accounting Standard 34, *Interim Financial Statements*.

The consolidated condensed statements of financial position as of September 30, 2019 and as of December 31, 2018, as well as the consolidated condensed income statements, the consolidated condensed statements of comprehensive income, the consolidated condensed statements of cash flows and the consolidated condensed statements of changes in stockholders' equity for the nine-month periods ended September 30, 2019 and 2018 and their related disclosures included in the notes to the financial statements, have not been audited.

These consolidated condensed financial statements under IFRS are presented quarterly to the securities and exchange regulator in Colombia due to the registration of the Parent Company's shares with the aforementioned authority for their trading on the BVC.

Presentation currency and definition of terms

The presentation currency of the consolidated condensed financial statements is the dollar of the United States of America ("United States"), which is also the functional currency of the Parent Company considering that is the main currency in which the Parent Company carries its operations and settles its obligations. The amounts in the financial statements and the accompanying notes are presented in thousands of dollars of the United States, except when specific references are made to other currency, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. For convenience of the reader, except when reference is made to other specific date, all amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings, which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of September 30, 2019. Consequently, despite any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates. These dollar translations should not be construed as representations that the dollar amounts were, could have been, or could be converted at the indicated exchange rates. See table of the main exchange rates included in note 2D.

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

Newly issued IFRS with impact on the reported periods

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

CEMEX Latam adopted IFRS 9 beginning January 1, 2018, which sets forth the guidance relating to the classification and measurement of financial assets and financial liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and replaced IAS 39, *Financial instruments: recognition and measurement* ("IAS 39"). CEMEX Latam applied IFRS 9 prospectively. The Company's accounting policies were changed to comply with IFRS 9.

(Thousands of U.S. dollars)

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

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

IFRS 16, Leases ("IFRS 16")

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

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

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

CEMEX Latam modified the previously reported income statements for the nine-month period ended September 30, 2018 and the year ended December 31, 2018 to give effect to the retrospective adoption of IFRS 16, as follows:

Condensed income statement information		**September 30, 2018 (Original)**	**September 30, 2018 (Modified)**	**December 31, 2018 (Original)**	**December 31, 2018 (Modified)**
Revenues	$	848,520	848,520	1,108,329	1,108,329
Cost of sales		(502,189)	(501,128)	(649,670)	(648,361)
Operating expenses		(217,115)	(216,697)	(290,848)	(290,142)
Other income (expenses), net		(704)	(704)	3,757	3,757
Financial expense, net and others		(32,349)	(34,189)	(62,469)	(64,885)
Earnings before income tax		96,163	95,802	109,099	108,698
Income tax		(33,344)	(33,296)	(36,593)	(36,532)
Earnings from continuing operations	$	62,819	62,506	72,506	72,166

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

Discontinued Operations

Considering the disposal of its entire reportable operating segment in Brazil on September 27, 2018 (note 3B), CEMEX Latam presents such reportable segment as discontinued operations in the income statement, the statement of comprehensive income and the statement of cash flows for the nine-month period ended September 30, 2018. Discontinued operations are presented net of income tax.

Income statements

CEMEX Latam includes in its consolidated condensed income statements the line item titled "Operating earnings before other expenses, net" considering that it is a relevant measure for CEMEX Latam's management as explained in note 3. Under IFRS, certain line items are regularly included in the income statements, such as net sales, operating costs and expenses and financial income and expense, among others. The inclusion of certain subtotals such as "Operating earnings before other expenses, net" and the display of the income statement vary significantly by industry and company according to their specific needs.

The line item "Other expenses, net" in the consolidated condensed income statements consists primarily of revenues and expenses not directly related to the CEMEX Latam's main activities, or which are of an unusual and/or non-recurring nature, such as the results on disposal of assets, damage recoveries from insurance companies, as well as certain employee severance payments during restructuring processes, among others (note 5).

Statements of cash flows

The consolidated condensed statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transactions that did not represent sources or uses of cash:

- For the nine-month periods ended September 30, 2019 and 2018, the increase in long-term accounts payable to related parties for $13,915 and $24,459, respectively, results from the capitalization of interest on debt with CEMEX's companies, and

- For the nine-month periods ended September 30 , 2019 and 2018, in connection with the executive stock-based compensation programs (notes 20D), the increases in other equity reserves for approximately $1,651 and $1,391, respectively, and the increases in additional paid-in capital for $1,358 in 2019 and $730 in 2018.

Going Concern

The Parent Company's Board of Directors approved these consolidated condensed financial statements as of September 30, 2019 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short term. As of September 30, 2019, the balance of current liabilities, which includes accounts payable to CEMEX's companies of approximately $172,790 (note 9), exceeded total current assets in approximately $145,565. In order to reduce liquidity risks, in the pass, the Company has renegotiated certain maturities of its debt with CEMEX´s companies. In case it is deemed necessary, CEMEX Latam considers that it would succeed in renegotiating on a long-term basis the maturity of some short-term payables to CEMEX. For the year ended December 31, 2018, net cash flows from operations after interest expense and income taxes amounted to $19,559.

2B) PRINCIPLES OF CONSOLIDATION

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

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

2C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

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

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

(Thousands of U.S. dollars)

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

The most significant closing exchange rates per U.S. dollar as of September 30, 2019 and December 31, 2018 for purposes of the statement of financial position and the average exchange rates per U.S. dollar for purposes of the income statements for nine-month periods ended September 30, 2019 and 2018, are as follows:

	2019		2018	
Currency	**Closing**	**Average**	**Closing**	**Average**
Colombian Pesos	3,462.01	3,267.51	3,249.75	2,885.80
Costa Rican Colones	583.88	592.56	611.75	572.57
Nicaraguan Cordobas	33.53	32.99	32.33	31.42
Guatemalan Quetzales	7.74	7.70	7.74	7.47

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

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

2F) NEWLY ISSUED IFRS NOT YET ADOPTED

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

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

CEMEX Latam does not expect any material effect on its consolidated financial statements as a result of the adoption of these IFRSs.

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

3A) REVENUES

CEMEX Latam's revenues are mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates and other construction materials and services in the construction industry. CEMEX Latam grants credit to its customers for terms ranging from 15 to 45 days depending on the type of project and the credit risk of each customer. For the periods ended September 30, 2019 and 2018, revenues, after eliminations between related parties, are detailed as follows:

		2019	2018
From the sale of cement	$	508,927	544,101
From the sale of ready-mix concrete		185,840	218,372
From the sale of aggregates		19,588	24,312
From the sale of other products and eliminations [1]		37,471	61,735
	$	751,826	848,520

1 Refers mainly to revenues generated in other business lines such as diverse products for the construction industry and infrastructure and housing projects.

Information of revenues by reportable segment and line of business for the periods ended September 30, 2019 and 2018 is presented in note 3C.

(Thousands of U.S. dollars)

3B) DISCONTINUED OPERATIONS

On September 27, 2018, the Parent Company jointly with its subsidiary Corporación Cementera Latinoamericana, S.L.U. ("CCL"), disposed off the operations of the Company in Brazil, which consisted of a fluvial cement distribution terminal located in Manaus, Amazonas province, as well as the operating license, through the sale to Votorantim Cimentos N/NE S.A. of all the shares of the Brazilian entity Cimentos Vencemos Do Amazonas Ltda, for an amount of approximately $31 million.

The following table presents condensed information of the statement of operations of CLH' discontinued operations in Brazil for the period from January 1 to September 27, 2018:

		September 30, 2018
Revenues	$	26,832
Cost of sales and operating expenses		(28,111)
Other expenses, net		(54)
Financial expenses, net and others		(255)
Loss before income tax		**(1,588)**
Income tax		265
Net loss of discontinued operations		**(1,323)**
Disposal result, withholding taxes and reclassification of currency translation effects [1]		(8,060)
Net loss of discontinued operations		**(9,383)**

[1] As a result of the sale of the Brazilian operations, the Company recognized a loss on sale in the consolidated income statement for the nine-month period ended September 30, 2018, for the difference between the sale price and the net book value at the sale date of approximately $482, a withholding tax of $2,867 and the reclassification to the income statement of a foreign currency translation loss accrued in equity of $4,711.

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

The financial policies applied to elaborate the condensed financial information by reportable segments are consistent with those used in the preparation of the consolidated condensed financial statements for the nine-month periods ended September 30, 2019 and 2018. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua and El Salvador. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Selected consolidated condensed information of income statement by reportable segment for the nine-month periods ended September 30, 2019 and 2018 are as follow:

2019		Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating Earnings before other expenses, net	Other income (expenses), net	Financial expenses	Financial income and other items, net
Colombia	$	376,324	(4)	376,320	58,974	(20,245)	38,729	(2,156)	(17,009)	(968)
Panama		143,038	(157)	142,881	38,281	(12,857)	25,424	(8,225)	(5,443)	239
Costa Rica		80,109	(11,480)	68,629	23,689	(3,473)	20,216	(1,437)	(39)	1,992
Rest of CLH		164,369	(373)	163,996	46,442	(5,743)	40,699	146	(1,826)	3,263
Others		–	–	–	(21,383)	(16,558)	(37,941)	(665)	(15,281)	(5,193)
Total		763,840	(12,014)	751,826	146,003	(58,876)	87,127	(12,337)	(39,598)	(667)

2018		Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other income (expenses), net	Financial expenses	Financial income and other items, net
Colombia	$	399,249	–	399,249	73,761	(22,126)	51,635	4,777	(16,275)	258
Panama		169,412	(69)	169,343	52,256	(12,177)	40,079	955	(5,830)	457
Costa Rica		111,931	(10,486)	101,445	36,948	(3,698)	33,250	(333)	(73)	1,370
Rest of CLH		180,130	(1,647)	178,483	58,351	(6,078)	52,273	(125)	(1,282)	2,032
Others		–	–	–	(28,963)	(17,579)	(46,542)	(5,978)	(20,731)	(5,553)
Continuing operations		860,722	(12,202)	848,520	192,353	(61,658)	130,695	(704)	(44,191)	(1,436)
Discontinued operations		26,832	–	26,832	615	(1,894)	(1,279)	(54)	(23)	82
Total	$	887,554	(12,202)	875,352	192,968	(63,552)	129,416	(758)	(44,214)	(1,354)

(Thousands of U.S. dollars)

Selected financial information by reportable segments and line of business – continued

Revenues by line of business and reportable segments for the nine-month periods ended September 30, 2019 and 2018 are as follows:

2019	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia $	220,865	131,562	4,736	19,161	(4)	376,320
Panama	91,885	34,319	2,197	14,637	(157)	142,881
Costa Rica	54,101	10,384	10,954	4,670	(11,480)	68,629
Rest of CLH	142,076	9,575	1,701	11,017	(373)	163,996
Total	508,927	185,840	19,588	49,485	(12,014)	751,826

2018	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia $	215,418	140,765	6,425	36,641	–	399,249
Panama	101,716	49,097	2,986	15,613	(69)	169,343
Costa Rica	78,238	11,848	11,271	10,574	(10,486)	101,445
Rest of CLH	148,729	16,662	3,630	11,109	(1,647)	178,483
Continuing operations	544,101	218,372	24,312	73,937	(12,202)	848,520
Discontinued operations	26,816	–	–	16	–	26,832
Total $	570,917	218,372	24,312	73,953	(12,202)	875,352

As of September 30, 2019 and December 31, 2018, selected consolidated condensed statement of financial position information by reportable segments is as follows:

2019	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia [1] $	1,806,554	652,836	1,153,718	17,722
Panama	346,922	238,045	108,877	6,464
Costa Rica	162,050	42,502	119,548	3,024
Rest of CLH	224,783	90,789	133,994	3,882
Others [2]	394,316	388,463	5,853	–
Total $	2,934,625	1,412,635	1,521,990	31,092

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

1 As of September 30, 2019 and December 31, 2018, total assets of the "Colombia" reportable segment for $1,806,554 and $1,920,173, respectively, includes goodwill related to the same segment, as well as goodwill generated in the acquisition of the operations in Costa Rica and Nicaragua by CEMEX Colombia in 2009, for a total of $896,318 as of September 30, 2019 and $893,631 as of December 31, 2018 (note 14).

2 As of September 30, 2019 and December 31, 2018, total assets of the operating segment "Other and eliminations" for $394,316 and $433,841, respectively, includes goodwill generated in the acquisition of Panama, Guatemala and El Salvador by CCL in 2012 for a total of $594,630 on September 30, 2019 and $594,585 on December 31, 2018 (note 14).

4) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense by main activity for the nine-month periods ended September 30, 2019 and 2018 is detailed as follows:

	2019	2018
Depreciation and amortization expense of assets used in the production process $	41,109	44,932
Depreciation and amortization expense of assets used in administrative and selling activities	17,767	16,726
$	58,876	61,658

(Thousands of U.S. dollars)

5) OTHER EXPENSES, NET

The detail of other expenses, net for the nine-month periods ended September 30, 2019 and 2018 is as follows:

		2019	2018
Early termination of supply contract (note 21A)	$	(5,145)	–
Results from valuation and sale of assets, sale of scrap and other non-operating products and expenses, net		(4,774)	4,767
Impairment losses [1]		(1,140)	–
Severance payments and other personnel costs for reorganization		(716)	(1,780)
Assumed taxes, fines and other penalties		(562)	(3,691)
	$	(12,337)	(704)

1 During the nine-month period ended September 30, 2019, the Company recognized impairment losses in Colombia related to certain mining equipment.

6) FINANCIAL EXPENSE AND OTHER ITEMS, NET

The detail of financial expense and other items, net for the nine-month periods ended September 30, 2019 and 2018 is as follows:

		2019	2018
Interest cost on employee benefits	$	(1,632)	(1,875)
Other financial income, net		965	439
	$	(667)	(1,436)

7) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of September 30, 2019 and December 31, 2018 are as follows:

		2019	2018
Cash and bank accounts	$	17,091	26,068
Fixed-income securities and other cash equivalents		6,102	11,058
	$	23,193	37,126

8) TRADE ACCOUNTS RECEIVABLE

For the reported periods, the Company does not maintain programs for the sale of trade accounts receivable. Consolidated trade accounts receivable as of September 30, 2019 and December 31, 2018 are detailed as follows:

		2019	2018
Trade accounts receivable	$	89,480	95,769
Allowances for expected credit losses		(9,647)	(8,304)
	$	79,833	87,465

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

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

As of September 30, 2019 and December 31, 2018, balances of trade accounts receivable and the allowances for ECL were as follows:

		As of September 30, 2019			As of December 31, 2018		
		Accounts receivable	ECL allowance	ECL average rate	Accounts receivable	ECL allowance	ECL average rate
Colombia	$	34,564	1,117	3.23%	34,851	652	1.90%
Panama		27,257	2,230	8.18%	28,611	2,623	9.20%
Costa Rica [1]		13,290	4,903	36.89%	12,992	4,719	36.30%
Rest of CLH		14,369	1,397	9.72%	19,315	310	1.60%
	$	89,480	9,647		95,769	8,304	

1 As of September 30, 2019 and December 31, 2018, the balances of trade accounts receivable and the estimate ECL include approximately $4.8 million and $3.7 million, respectively, of trade accounts receivable in process of legal recovery that were fully provisioned.

(Thousands of U.S. dollars)

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of September 30, 2019 and December 31, 2018 are detailed as follows:

Current accounts receivable		**2019**	**2018**
CEMEX Operaciones México, S.A. de C.V [1]	$	641	2,149
CEMEX España, S.A.		565	3,735
CEMEX, S.A.B. de C.V.		273	509
Trinidad Cement Limited		215	214
CEMEX Research Group, AG		176	199
CEMEX Dominicana, S.A.		165	54
CEMEX Denmark ApS		100	53
Torino RE Limited		–	14,165
Others		60	60
Total assets with related parties	$	2,195	21,138

Short-term accounts payable		**2019**	**2018**
Lomez International B.V. [2]	$	138,579	–
CEMEX Holdings, Inc. [3]		14,258	22,441
CEMEX Operaciones México, S.A. de C.V. [1, 4]		9,474	3,425
CEMEX Research Group, AG [4]		4,805	14,340
CEMEX España, S.A. [5]		3,328	618
CEMEX Internacional, S.A. de C.V.		767	830
CEMEX, S.A.B. de C.V.		717	727
Beijing Import & Export Co., Ltd		222	234
Torino RE Limited		206	–
Macoris Investments		148	–
CEMEX Dominicana, S.A.		98	29
Pro Ambiente, S.A. de C.V.		66	99
Fujur, S.A. de C.V.		37	38
CEMEX Jamaica Limited		30	32
Others		55	57
	$	172,790	42,870

Long-term accounts payable		**2019**	**2018**
Lomez International B.V. [2]	$	456,084	641,092
CEMEX España, S.A. [5]		172,169	194,010
		628,253	835,102
Total liabilities with related parties	$	801,043	877,972

1 On August 1, 2019, CEMEX Central, S.A. merged with CEMEX Operaciones México, S.A. of C.V., the latter entity prevailing.

2 On March 1, 2018, New Sunward Holding B.V. ("NSH") assigned to Lomez International, B.V., both Dutch entities subsidiaries of CEMEX, the loans that had been granted by NSH to the Parent Company, CCL and Cemento Bayano. The conditions of these credits and loans were not affected by the referred assignment. Balances as of September 30, 2019 and December 31, 2018, include: a) loan agreement and accrued interest negotiated by CCL of $247,391 in 2019 and $344,110 in 2018; b) loan agreement and accrued interest negotiated by the Parent Company of $100,246 in 2019 and $94,131 in 2018, as well as a revolving credit of $115,232 in 2019 and $72,656 in 2018; and c) loan agreement and accrued interest negotiated by Cemento Bayano of $131,794 in 2019 and $130,195 in 2018. The later was renewed on June 29, 2018 and expires on June 29, 2020.

3 Balances generated by imports of clinker and grey cement.

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

5 Loan originally negotiated in October 2010 by CEMEX Colombia with CEMEX España, subsequently renegotiated, which is outstanding until December 28, 2020, bearing 6-month LIBOR rate plus 250 basis points.

The maturities of non-current accounts payable as of September 30, 2019 are as follows:

Debtor		**2020**	**2023**	**Total**
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)	$	–	243,517	243,517
CEMEX Latam Holdings, S.A. (5.65% annual)		–	212,567	212,567
CEMEX Colombia S.A (6M Libor + 250 bps)		172,169	–	172,169
	$	172,169	456,084	628,253

(Thousands of U.S. dollars)

Balances and transactions with related parties – continued

The Company's main transactions entered into with related parties for the nine-month periods ended September 30, 2019 and 2018 are as follows:

Purchases of raw materials		**2019**	**2018**
CEMEX Holdings Inc.	$	25,251	32,290
CEMEX Internacional, S.A. de C.V.		4,962	4,599
Others		86	62
	$	30,299	36,951

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

Royalties and technical assistance		**2019**	**2018**
CEMEX Research Group, AG.	$	24,892	27,264
CEMEX Operaciones México, S.A. de C.V. [1]		9,453	11,550
CEMEX, S.A.B. de C.V.		3,246	3,612
	$	37,591	42,426

Financial expenses		**2019**	**2018**
Lomez International B.V.	$	27,284	24,704
CEMEX España, S.A.		7,470	6,775
New Sunward Holding B.V.		–	7,646
	$	34,754	39,125

1 On August 1, 2019, CEMEX Central, S.A. merged with CEMEX Operaciones México, S.A. of C.V., the latter entity prevailing.

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

During the nine-month periods ended September 30, 2019 and 2018, the independent members of the Parent Company's Board of Directors and Mr. Jaime Muguiro Domínguez, who are members of the Board of Directors of such parent company, in fulfillment of their functions, accrued compensation including remuneration and annual allowances, for a total of approximately $328 and $303, respectively. The Company's independent directors have not received advances or loans and the Company has not provided guarantee or assumed pension obligations and, except for the civil liability insurance contracted by CEMEX, S.A.B. de C.V., the Company has not provided insurance for such directors The Parent Company has no members of the Company's senior management among its employees.

In addition, for the nine-month periods ended September 30, 2019 and 2018, the aggregate compensation accrued by the members of the Company's top management was of approximately $3,810 and $4,519, respectively. Out of these amounts, approximately $3,360 in 2019 and $3,854 in 2018 corresponded to base compensation base plus performance bonuses including pensions and other post-employment benefits. In addition, approximately $450 in 2019 and $665 in 2018 of the aggregate amount in each period corresponded to allocations of shares to eligible executives under CEMEX's and the Parent Company's executive compensation programs.

In its cement operations in Panama, which represented approximately 12% of the consolidated sales in both nine-month periods ended September 30, 2019 and 2018, the Company carried out transactions with Cemento Interoceánico, S.A., local competitor and producer of cement, which were incurred under market conditions and for amounts not deemed significant. A subsidiary of CEMEX, S.A.B. de C.V. holds a non-controlling interest of 25% in the common stock of Cemento Interoceánico, S.A.

(Thousands of U.S. dollars)

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of September 30, 2019 and December 31, 2018 consisted of:

		2019	2018
Non-trade accounts receivable [1]	$	11,653	12,867
Loans to employees and others		1,706	1,140
	$	13,359	14,007

1 Includes in both periods CEMEX Colombia's residual interest in a trust oriented to promote housing projects, which only asset is land in the municipality of Zipaquirá, Colombia and its only liability is a bank credit for $5,608 as of September 30, 2019 and $6,589 as of December 31, 2018, obtained for the purchase of such land, which is guaranteed by CEMEX Colombia. On July 25, 2019, CEMEX Colombia and the other partner in the project accepted the binding offer of a local construction firm ("the Acquirer"), for the transfer of the Zipaquira project, who will acquire the project through the full repayment of the trust's debt. On August 1, 2019 the Acquirer liquidated the first repayment of debt agreed for an amount in Pesos equivalent to approximately $571. The following payments by the Acquirer are on October 30, 2019 for approximately $1.1 million, on February 28, 2020 for approximately $2.3 million and on November 30, 2020 for approximately $2.2 million. The Acquirer signed promissory notes to CEMEX Colombia securing its obligations until the aforementioned debt has been fully repaid.

10B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of September 30, 2019 and December 31, 2018 are detailed as follows:

		2019	2018
Loans and notes receivable [1]	$	3,722	3,780
Other non-current assets		431	526
	$	4,153	4,306

1 As of September 30, 2019 and December 31, 2018 this line item mainly includes a fund of Cemento Bayano to secure seniority premium payments for $2,805 and $3,041, respectively.

11) INVENTORIES, NET

Consolidated balances of inventories as of September 30, 2019 and December 31, 2018 are summarized as follows:

		2019	2018
Materials	$	26,978	24,263
Finished goods		10,629	10,574
Work-in-process		14,548	17,742
Raw materials		19,169	19,619
Inventory in transit		5,396	9,295
Other inventories		467	474
Allowance for inventory obsolescence		(1,011)	(795)
	$	76,176	81,172

12) OTHER CURRENT ASSETS

As of September 30, 2019 and December 31, 2018 consolidated other current assets consisted of:

		2019	2018
Advance payments [1]	$	12,247	21,898
Assets held for sale [2]		1,461	4,354
Restricted cash [3]		–	12,315
	$	13,708	38,567

1 As of September 30, 2019 and December 31, 2018, advance payments include $12,240 and $19,083, respectively, associated with insurance premiums and advance to inventory suppliers.

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

3 As of December 31, 2018, refers to cash balances of CEMEX Colombia subject to a temporary restriction on its availability due to a seizure order within a legal proceeding initiated by a supplier in connection with a commercial dispute over an amount in Pesos being claimed equivalent to approximately $2 million. On July 8, 2019, in relation to such cash seizure, CEMEX Colombia released all restricted funds during the length of the commercial dispute process, by means of granting a bank guarantee.

(Thousands of U.S. dollars)

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

As of September 30, 2019 and December 31, 2018, the consolidated balances of this caption consisted of:

		2019	2018
Property, machinery and equipment, net	$	1,096,449	1,162,672
Assets for the right-of-use, net [1]		16,740	14,951
	$	1,113,189	1,177,623

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

13A) PROPERTY, MACHINERY AND EQUIPMENT

As of September 30, 2019 and December 31, 2018, the consolidated balances of property, machinery and equipment, net consisted of:

		2019				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress [1]	Total
Cost at end of the period		210,672	198,631	695,382	252,347	1,357,032
Accumulated depreciation and depletion		(30,919)	(53,051)	(176,613)	–	(260,583)
Net book value at end of the period	$	179,753	145,580	518,769	252,347	1,096,449

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

In 2017, CEMEX Colombia concluded almost entirely the construction of a cement plant in the Colombian municipality of Maceo in the Antioquia department with an annual capacity of approximately 1.3 million tons. As of the reporting date, the development of the access road to the plant remains suspended and the beginning of commercial operations is subject to the successful conclusion of several ongoing processes for the use of the plant's assets (note 21B). As of September 30, 2019 and December 31, 2018, the aggregate book value of the plant included in the balances of property, machinery and equipment, net of adjustments for the write off of certain advances (note 21B), is for amounts in Pesos equivalent to approximately $263 and $280 million, respectively, considering the exchange rates as of September 30, 2019 and December 31, 2018, respectively. The portion of cement milling assets of the plant was reclassified in 2017 from investments in progress to the specific items of buildings and machinery and equipment. Changes in the project's book value expressed in dollars terms during the period ended September 30, 2019 was mainly due to the variation in exchange rates. Out of the aforementioned book value of $263 million, a portion equivalent to approximately $75 million is recognized in the books of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam"), subsidiary of CEMEX Colombia and holder of the free zone declaration. Of these $75 million, approximately $47 million correspond to equipments contributed to Zomam by CEMEX Colombia as equity contribution and the complement of $29 million corresponded to investments made directly by Zomam, mainly through a loan granted by CCL amounting to approximately $40 million including capitalized interest. The rest of Maceo's carrying amount is held directly in the books of CEMEX Colombia. These amounts translated at the exchange rate as of September 30, 2019. As mentioned in note 21B, the shares of Zomam and Maceo's land are subject to an expiration of property process carried by the Colombian authorities.

13B) ASSETS FOR THE RIGHT-OF-USE

As of September 30, 2019 and December 31, 2018, the consolidated balances of the assets for the right-of-use associated with the recognition of IFRS 16 refer to the following underlying concepts in the contracts:

		2019		
		Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at end of the period		20,436	17,060	37,496
Accumulated amortization [1]		(9,891)	(10,865)	(20,756)
Net book value at end of the period	$	10,545	6,195	16,740

(Thousands of U.S. dollars)

Assets for the right-of-use – continued

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

1 These assets are amortized during the term of the related lease agreements which have an average duration of 4 years as of September 30, 2019.

14) GOODWILL AND INTANGIBLE ASSETS

As of September 30, 2019 and December 31, 2018, consolidated balances are summarized as follows:

		2019			2018		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Intangible assets of indefinite useful life							
Goodwill	$	1,490,948	–	1,490,948	1,488,216	–	1,488,216
Intangible assets of definite useful life							
Customer relations		191,363	(139,651)	51,712	191,343	(125,301)	66,042
Industrial property and trademarks		600	(600)	–	706	(703)	3
Mining projects		1,383	(307)	1,076	1,386	(326)	1,060
Other intangibles		65	–	65	92	–	92
	$	1,684,359	(140,558)	1,543,801	1,681,743	(126,330)	1,555,413

As of September 30, 2019 and December 31, 2018, goodwill balances allocated by reportable segment are as follows:

		2019	2018
Costa Rica	$	419,979	400,846
Panama		344,703	344,703
Colombia		289,533	299,036
Guatemala		234,839	234,794
Nicaragua		186,806	193,749
El Salvador		15,088	15,088
	$	1,490,948	1,488,216

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

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

15) SHORT-TERM AND LONG-TERM DEBT

As of September 30, 2019 and December 31, 2018, consolidated debt by type of financial instruments is summarized as follows:

		2019	2018
Financial liabilities related to lease agreements (notes 2A and 13B) [1]	$	23,763	22,320
Trust guarantee for the development of housing projects [2]		5,608	6,589
Foreign currency-denominated promissory notes, variable rate [3]		–	546
Total debt and other financial liabilities	$	29,371	29,455
Out of which:			
Short-term debt	$	10,707	10,055
Long-term debt		18,664	19,400

(Thousands of U.S. dollars)

Short-term and long-term debt – continued

1 The financial liability aggregated by lease agreements represents the net present value of the fixed cash flows agreed in each contract for the duration thereof as consideration for the use of the related assets and is determined for each contract on the date of its negotiation. As of September 30, 2019, the resulting average discount rate is 6.75%.

2 Debt guaranteed by CEMEX Colombia borrowed through a promissory note by the trust for the development of housing projects as described in note 10A. Such promissory note was renewed during the second quarter of 2019 due in November 2020 in order to align the amortization of this liability with the binding agreement described in note 10A, by means of which, it is expected that the Acquirer will settle this debt gradually during 2019 and 2020. The loan accrues interest at DTF rate plus 4.48%, which beginning from July 25, 2019 is liquidated by the Acquirer.

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

16) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of September 30, 2019 and December 31, 2018 consolidated other current accounts payable and accrued expenses were as follows:

		2019	2018
Accrued expenses	$	19,069	20,556
Others provisions and liabilities		12,465	22,210
Advances from customers		12,520	14,126
Provisions for employee benefits		6,829	4,075
Provisions for legal claims and other commitments		4,358	3,557
Contract liabilities with customers (note 3A)		251	267
Others		628	683
	$	56,120	65,474

As described in the different items of the table above, the amounts refer mainly to employee benefits accrued at the reporting date, insurance, litigation and environmental resolutions, for the portion that is expected to be settled in the short term. These are revolving amounts and are expected to be settled and replaced for similar amounts within the next 12 months.

As of September 30, 2019 and December 31, 2018, consolidated other non-current liabilities were as follows:

		2019	2018
Deferred revenue	$	6,911	5,734
Provision for asset retirement obligations [1]		3,958	4,463
Other provisions and liabilities		3,971	3,922
Other taxes		2,274	3,456
	$	17,114	17,575

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

17) INCOME TAXES

17A) INCOME TAXES FOR THE PERIOD

The recognition of income taxes during interim periods is based on the best estimate of the expected income tax rate for the entire year, applied to earnings before income taxes. For the nine-month periods ended September 30, 2019 and 2018, income tax expense recognized in the condensed consolidated income statements was as follows:

		2018	2017
Current income taxes	$	23,493	37,647
Deferred income taxes		(18,457)	(4,351)
	$	5,036	33,296
Out of which:			
Colombia [1]	$	1,962	7,174
Costa Rica		2,467	13,000
Panama		(4,098)	(470)
Rest of CLH and others [2]		4,705	13,592
	$	5,036	33,296

1 As part of a tax modifications package effective beginning January 1, 2019, the income tax rate is modified to 32% in 2020, 31% in 2021 and 30% in 2022 and onwards. The rate for 2019 remains at 33%.

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

17B) SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable an adverse resolution considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of September 30, 2019, a summary of relevant facts of the most significant proceedings in progress, or which were resolved during the reported periods, were as follows:

Colombia

- On April 6, 2018, CEMEX Colombia received a special proceeding from the Colombian Tax Authority (the "Tax Authority"), where certain deductions included in the 2012 income tax return were rejected. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia and imposed an inaccuracy penalty for amounts in Pesos equivalent to approximately $36 million of income tax and $36 million of penalty. On December 28, 2018 CEMEX Colombia received an official review settlement ratifying the rejected deductible items and amounts. CEMEX Colombia filed an appeal for reconsideration on February 21, 2019 and the Tax Authority has one year from this date to resolve the appeal. If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of September 30, 2019, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse resolution in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- In September 2012, the Tax Authority requested CEMEX Colombia to amend its income tax return for the year 2011 in connection with several deductible expenses including the amortization of goodwill. CEMEX Colombia rejected the arguments of the ordinary request and filed a motion requesting the case to be closed. The tax return was under audit by the Tax Authority from August 2013 until September, 2018, when CEMEX Colombia was notified of a special requirement in which the Tax Authority rejects certain deductions included in such income tax return of the year 2011 and determined an increase in the income tax payable and imposed a penalty for amounts in Pesos equivalent to approximately $25 million of income tax and $25 million of penalty. CEMEX Colombia filed a response to the special requirement on November 30, 2018 and the tax authority notified the official review liquidation on May 15, 2019, maintaining the claims of the special requirement and CEMEX Colombia filed the appeal for reconsideration within the legal term on July 11, 2019. If the proceeding would be adversely resolved in its final stage, CEMEX Colombia would have to pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the date of payment. As of September 30, 2019, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- In April, 2011, the Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions included in the 2009 tax return considering they were not linked to direct revenues recorded in the same tax year, and assessed an increase in the income tax payable by CEMEX Colombia and imposed a penalty for amounts in Pesos equivalent to approximately $26 million of income tax and approximately $26 million of penalty, considering changes in the law that reduced the original sanction. After several appeals of CEMEX Colombia to the Colombian Tax Authority's special proceeding over the years in the applicable courts in which CEMEX Colombia obtained negative resolutions in each case, in July 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of September 30, 2019, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse resolution in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- The municipality of San Luis (the "Municipality") has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the tax years from 1999 to 2013 and 2016. The Municipality argues that the tax is generated as a result of CEMEX Colombia's industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The processes from 1999 to 2012 have finalized without disbursements for CEMEX Colombia. In relation to the tax year 2013, there is a requirement from the Municipality, appealed by CEMEX Colombia, for amounts in Pesos equivalent to approximately $5 million of purported tax and $8 million of penalties, and in connection with this requirement. With respect to the 2016 tax year, based on the same arguments, on March 27, 2019, the Municipality notified CEMEX Colombia of a request regarding the payment of the industry and commerce tax, claiming amounts in Pesos equivalent to approximately $5 million of purported tax and $8 million of penalties. CEMEX Colombia will respond to this requirement. If these proceedings would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the tax adjustments until the payment date. As of September 30, 2019, in this stage of the proceedings, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures.

Significant tax proceedings – continued

- In addition, on April 3, 2019, CEMEX Colombia was notified of a special requirement issued by the municipality of Ibague corresponding to the Industry and Commerce tax return for the year 2016, where the municipality rejects the entire amount of deductions declared, and as a result, the municipality is increasing the tax payable and imposing a penalty for amounts in Pesos equivalent to approximately $3 million of tax and $3 million of penalty. On April 23, 2019, CEMEX Colombia responded to the special requirement. On August 22, 2019, CEMEX Colombia was notified of the resolution dismissing by the authority this proceeding.

Costa Rica

- In August 2013, the Costa Rican Tax Department (*Dirección General de Tributación* or the "Tax Department") submitted to CEMEX Costa Rica, S.A. ("CEMEX Costa Rica") a provisional regularization proposal related to income tax in connection with the 2008 tax year. After several resolutions and appeals thereof, motions of unconstitutionality, cancellation and replenishment of the processes over the years, in July 2017, the Tax Department confirmed by means of notification the sanctions imposed and required amounts in Colons equivalent to approximately $6 million of income tax plus accrued interest and approximately $0.8 million of penalty. In April, 2018, the Administrative Tax Court issued an adverse resolution to the appeal filed by CEMEX Costa Rica in all its aspects. In September, 2018, the Tax Department notified a request for payment for amounts in Colons equivalent to approximately $3 million of purported tax, allowing CEMEX Costa Rica to decide regarding the settlement of accrued interest. In November 2018, CEMEX Costa Rica proceeded with the payments of the income tax adjustment plus accrued interest for an amount in Colons equivalent to approximately $6 million. In respect to the penalty, CEMEX Costa Rica has not received a payment request. In December, 2018, CEMEX Costa Rica filed a claim against the Costa Rican State before the Administrative Contentious Court (the "Court"). On March 15, 2019, the Court notified CEMEX Costa Rica that the Attorney General Office (the "Attorney General") did not agree with its defense arguments. The preliminary hearing that was scheduled for June 25, 2019 was rescheduled for November 12, 2019. CEMEX Costa Rica actively defends its position in this proceeding. As of September 30, 2019, at this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures. Nonetheless, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

Nicaragua

- On July 26, 2019, the Nicaraguan Tax Authority notified CEMEX Nicaragua S.A. of an Act of Charges in connection with the review of the income tax of the taxable year 2015, in which mainly the deductibility of royalty payments and administrative services is rejected, and determined an increase in the income tax payable and a penalty for amounts in Cordobas equivalent to approximately $ 3.5 million of income tax plus $0.9 million of penalty. On August 16, 2019, CEMEX Nicaragua S.A. submitted its response to the Act of Charges including its rebuttal evidence. On September 18, 2019, the Nicaraguan Tax Authority issued a determinative resolution confirming the proposed adjustments. On September 30, 2019, CEMEX Nicaragua S.A. filed the respective appeal. The Nicaraguan Tax Authority has 30 business days to resolve the appeal. After these deadlines the litigation would continue in the administrative route and afterwards in the contentious route. If the proceeding would be adversely resolved in the final stage, CEMEX Nicaragua S.A. must pay the amounts determined in the Act of Charges plus interest accrued on the tax until the adjustment until the payment date plus an adjustment for changes in the exchange rate against the dollar. As of September 30, 2019, at this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding at the end of all instances. Nonetheless, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

(Thousands of U.S. dollars)

18) STOCKHOLDERS' EQUITY

18A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of September 30, 2019 and December 31, 2018, the line item common stock and additional paid-in capital was detailed as follows:

		2019			2018		
		Authorized	Treasury shares	Total	Authorized	Treasury shares	Total
Common stock	$	718,124	–	718,124	718,124	–	718,124
Additional paid-in capital		894,701	(141,735)	752,966	894,701	(143,093)	751,608
	$	1,612,825	(141,735)	1,471,090	1,612,825	(143,093)	1,469,732

During the nine-month periods ended September 30 , 2019 and 2018 the Parent Company made physical deliveries of its own shares to the executives subject to the stock-based long-term incentive plan benefits, which increased additional paid-in capital in the amount of $1,358 and $730, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of September 30, 2019 and December 31, 2018, the Parent Company's subscribed and paid shares by owner were as follows:

Stocks	2019	2018
Owned by CEMEX España	407,890,342	407,890,342
Owned by third-party investors	149,390,144	149,188,887
Total subscribed and paid shares	557,280,486	557,079,229

As of September 30, 2019 and December 31, 2018, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 Euro per share. The number of subscribed and paid shares of CEMEX Latam Holdings presented in the table above excludes 20,997,856 in 2019 and 21,199,113 shares in 2018 held in the Company's treasury (treasury shares).

As of September 30, 2019, CEMEX España owned approximately 73.19% of the Parent Company's common shares, excluding shares held in treasury.

18B) OTHER EQUITY RESERVES

As of September 30, 2019 and December 31, 2018, the balances of other equity reserves are summarized as follows:

		2019	2018
Reorganization of entities under common control and other effects [1]	$	(300,422)	(300,422)
Translation effects of foreign subsidiaries [2]		(639,536)	(639,122)
Share-based payments [3]		12,932	11,574
	$	(927,026)	(927,970)

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

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

3 As of September 30, 2019 and December 31, 2018, the line item other equity reserves includes effects associated with the stock-based executive compensation programs, which costs are recognized in the results of each subsidiary during the vesting period of the awards against other equity reserves. Upon physical delivery of the Parent Company's shares, the amounts accrued in other equity reserves are reclassified to additional paid-in capital.

18C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its profit for the year, determined individually, to a legal reserve until it reaches at least an amount equivalent to 20% of the share capital. As of September 30, 2019 and December 31, 2018, the Parent Company's legal reserve amounted to $22,339 and $22,174, respectively.

18D) EXECUTIVE STOCK-BASED COMPENSATION

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

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

In addition, during the years preceding the implementation of the long-term incentives program previously mentioned, some executives of the Company participated in CEMEX's stock-based long-term incentives program, by means of which, new shares of CEMEX, S.A.B. de C.V. are issued over a services period of four years under each annual program. All executives eligible to the benefits of the stock-based long-term incentives program that join CEMEX Latam's operations from CEMEX, stop receiving shares of CEMEX, S.A.B. de C.V. and start receiving shares of the Parent Company in the following grant date after their entry.

During the nine-month periods ended September 30, 2019 and 2018, total compensation expense related to the stock-based long-term incentive programs described above amounted to $3,009 and $2,121, respectively, which was recognized in the operating results of each subsidiary against other equity reserves.

18E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of September 30, 2019 and December 31, 2018, non-controlling interest in equity amounted to approximately $5,116 and $5,290, respectively.

19) BASIC EARNINGS PER SHARE

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

The amounts considered for calculations of earnings per share ("EPS") for the nine-month periods ended September 30, 2019 and 2018 are as follows:

Denominator (thousands of shares)		**2019**	**2018**
Weighted average number of shares outstanding – Basic EPS		557,140	556,873
Effect of dilutive instruments – stock-based compensation		1,777	1,313
Weighted average number of shares outstanding – Diluted EPS		558,917	558,186
Numerator			
Consolidated net income from continuing operations	$	7,561	62,506
Non-controlling interest		18	(186)
Controlling interest net income from continuing operations		7,579	62,320
Net loss from discontinued operations		–	(9,383)
Controlling interest net income		7,579	52,937
Controlling interest basic earnings	$	0.01	0.10
Controlling interest basic earnings from continuing operations		0.01	0.11
Basic loss from discontinued operations of controlling interest		–	(0.02)
Controlling interest diluted earnings	$	0.01	0.09
Controlling interest diluted earnings from continuing operations		0.01	0.11
Diluted loss from discontinued operations of controlling interest		–	(0.02)

20) COMMITMENTS

20A) CONTRACTUAL OBLIGATIONS

As of September 30, 2019, the Company had the following contractual obligations:

(Thousands of Dollars)		2019				
Items		Less than 1 year	1–3 years	3–5 years	More than 5 years	Total
Long-term debt with related parties [1]	$	172,790	172,169	456,084	–	801,043
Interest payments on debt [2]		37,728	53,327	10,449	–	101,504
Leases [3]		7,989	9,932	7,376	4,509	29,806
Pension plans and other benefits [4]		3,410	6,777	6,669	15,541	32,397
Purchases of raw materials, fuel and energy [5]		36,371	61,364	17,484	44,800	160,019
Investments in property, machinery and equipment		8,343	–	–	–	8,343
Total contractual obligations	$	266,631	303,569	498,062	64,850	1,133,112

1 This line item refers entirely to the Company's liabilities with related parties described in note 9.

2 Includes future interest payments under debt owed to third-party creditors, capital leases and debt owed to related parties using the current interest rates on the contracts as of September 30, 2019.

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

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

5 Includes commitments of the Company for the purchase of raw materials, fuels and energy.

As of September 30, 2019, the summary of certain significant contracts related to the commitments for the purchase of raw materials, supplies and other items presented in the previous table, which are commonly negotiated in the local currency of each subsidiary and which considering the nature of the underlying supply are renewed at maturity for similar maturities and amounts, is as follows:

		(U.S. Dollars millions)				
Vendor	Client	Concept	Start date	Term		Annual approximate amount
General de Maquinaria y Excavación Colombia S.A.S.	CEMEX Colombia	Quarry exploitation	July 2018	4 years	$	2
Turgas S.A. E.S.P.	CEMEX Colombia	Natural gas	October 2017	4 years		10
Exxonmobil Colombia S.A.	CEMEX Colombia	Fuels	June 2017	4 years		10
Excavaciones y Proyectos de Colombia S.A.S.	CEMEX Colombia	Raw materials	May 2017	5 years		6
IBM	Various subsidiaries	Administrative services	July 2012	10 years		4
En el Fortuna, S.A. [1]	Cemento Bayano, S.A.	Energy	January 2010	10 years		13

1 The contract with En el Fortuna, S.A. expires on December 31, 2019. Cementos Bayano S.A. signed with the company AES Panamá S.R.L. a contract for the supply of electrical energy for the cement plant in Panama. The supply begins on January 1, 2020 and finalizes on December 31, 2029. Cemento Bayano will pay approximately $8.6 million per year.

In addition, there is a contract associated with the supply of energy with Wärtsilä Colombia S.A. which expired on June 25, 2019 and was extended until November 30, 2019 considering the renegotiation process. During its term of 5 years, this contract generated an annual cost of approximately $10 million.

Hedge of fuel prices

As of September 30, 2019 and December 31, 2018, CEMEX Colombia maintains call option contracts negotiated with CEMEX to hedge the price of diesel fuel for an aggregate nominal amount of $6,254 and 7,503, respectively, with an estimated fair value representing assets of $57 as of September 30, 2019 and $182 as of December 31, 2018. By means of these contracts, for own consumption, CEMEX Colombia fixed the price of this fuel over certain volume that represents a portion of the estimated consumption of this fuel in the applicable operations. The contracts have been designated as cash flow hedges of such diesel consumption; therefore, changes in fair value are recognized through other comprehensive income and are recycled to operating costs when the related fuel volumes are consumed. During the nine-month period ended September30, 2019, changes in the fair value of these contracts recognized in comprehensive income represented losses of $239.

20B) OTHER COMMITMENTS

In addition, as of September 30, 2019, the Parent Company had the following relevant contracts with entities of CEMEX for several concepts, the amounts of which, except for the leasing of offices, are based on fixed percentages over the life of the contracts on consolidated net sales based on market conditions, which are summarized below:

		(Millions of dollars)				
Counterpart	**Contractor**	**Concept**	**Start date**	**Term**		**Annual approximate amount**
CEMEX, S.A.B de C.V.	Parent Company	Use of trademarks	July 2017	5 years	$	4.5
CEMEX Research Group, A.G.	Parent Company	Use, operation and enjoyment of assets	January 2014	5 years		35.8
CEMEX Central, S.A. de C.V.	Parent Company	Administrative services	July 2017	5 years		15.1

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

In connection with CEMEX Colombia's housing projects, there is a remaining commitment to build and deliver 86 homes in the department of Cesar in the Gamarra municipality, a commitment subject to the municipality granting land for the development.

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

21) LEGAL PROCEEDINGS

21A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various significant legal proceedings and other processes, different than those associated with taxes detailed in note 17B, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam. As a result, certain provisions or losses have been recorded in the financial statements, representing the best estimate of payments or impairment of assets thereof. As a result, CEMEX Latam considers that there will not be significant payments or additional losses in excess of the amounts already recognized. As of September 30, 2019, the detail of the most significant proceedings that have led to the recognition of provisions or losses is as follows:

- In connection with a long-term contract service with a provider for the processing of aggregates for the construction industry entered into by Cemento Bayano and a supplier, under which, the consumption was suspended by Cemento Bayano since October 2017, considering that the raw material did not comply with the quality characteristics agreed upon which are necessary for the operation, on July 22, 2019, Cemento Bayano and such supplier signed a termination and settlement agreement. As compensation for this termination and settlement, Cemento Bayano recognized a loss for an amount of approximately $5 million against the income statement for the nine-month period ended September 30, 2019 (note 5), of which, approximately $4.3 million related to the supplier's payment and the complement to other termination expenses.

- In December, 2017, in the context of a market investigation started in 2013 against five cement companies and some executives of said companies, including two former executives of CEMEX Colombia for alleged practices against free competition, and after various arrangements over the years, the Colombian Superintendence of Industry and Commerce (the "SIC") imposed a final penalty on CEMEX Colombia for an amount in Pesos equivalent to approximately $25 million, amount that was accrued by CEMEX Colombia against "Other expenses, net" as of December 31, 2017. The amount of the penalty was liquidated on January 5, 2018. On June 7, 2018, CEMEX Colombia filed with the Administrative Contentious Court a claim for nullity and reinstatement of rights, seeking the cancellation of the charges imposed by the SIC and the restitution of the penalty paid, with any adjustment indicated by Colombian law. This claim can take up to six years to be resolved. As of September 30, 2019, CEMEX Latam is not able to assess the likelihood for the recovery of the fine imposed by the SIC.

21B) CONTINGENCIES FROM LEGAL PROCEEDINGS AND OTHER SIGNIFICANT PROCESSES

As of September 30, 2019, CEMEX Latam is involved in various legal proceedings, in addition to those related to tax matters (note 17B), which have not required the recognition of accruals considering the likelihood of an adverse resolution to be low, although a favorable resolution cannot be assured based on the evidence at the Company's disposal. In addition, CEMEX Latam describes other significant processes. The disclosure of facts of the most significant proceedings with a quantification of the potential amount in dispute when such amount can be reasonably determined is as follows:

Other significant processes - Maceo Plant

Memorandums of understanding

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

Expiration of property process and other related matters

- After the signing of the MOU, in December 2012, a former shareholder of CI Calizas, who presumptively transferred its shares of CI Calizas two years before the signing of the MOU, was linked to a process of expiration of property initiated by the Attorney General. Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU, including the shares of Zomam acquired by CEMEX Colombia before the beginning of such process. As a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process fully cooperating with the Attorney General. As of September 30, 2019, it is estimated that a final resolution in the ongoing expiration of property process, under which is about to begin the evidentiary phase, may take between 10 and 15 years from its beginning. As of September 30, 2019, pursuant to the expiration of property process of the assets subject to the MOU and the failures to legally formalize the purchases under the Land MOU, CEMEX Colombia does not have the legal representation of Zomam, is not the rightful owner of the land and is not the assigned entity of the mining concession.

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

Lease contract, mandate agreement and operation contract

- In July 2013, CEMEX Colombia signed with the provisional depository designated by the former Drugs National Department (then depository of the assets subject to the expiration of property process), which functions after its liquidation were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the "SAE"), a lease contract for a period of five years by means of which CEMEX Colombia was duly authorized to build and operate the plant (the "Lease Contract"). Moreover, in 2014, the provisional depository granted a mandate (the "Mandate") to CEMEX Colombia for an indefinite period for the same purpose of continuing the construction and operation of the plant. On July 15, 2018, the aforementioned Lease Contract expired.

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

  - As consideration for entering into the agreement, CEMEX Colombia and /or a subsidiary will pay to CI Calizas and Zomam the following amounts in Pesos equivalent: a) an annual payment of approximately $14 to CI Calizas for the use of land that will be adjusted annually for changes in the Consumer Price Index; b) a single payment for the rental of the aforementioned land from July 2013 to the signing date, based on the agreed upon rental amounts, reducing the lease payments made by CEMEX Colombia prior to the signing of the Operation Contract; c) an additional single payment in Pesos equivalent to approximately $289 already paid for considerations not received during the negotiations of the Operation Contract; and d) a payment for the limestone extracted to date for an amount in Pesos equivalent to approximately $1 million payable in two installments, the first already paid and the second a year after the signing of the Operation Contract.

Lease contracts, mandate agreement and operation contract – continued

- Once the Maceo Plant begins commercial operations, CEMEX Colombia and/or a subsidiary will pay on a quarterly basis: a) 0.9% of the net sales resulting from the cement produced in the plant as compensation to CI Calizas for the right of CEMEX Colombia to extract and use the mineral reserves; and b) 0.8% of the net sales resulting from the cement produced in the plant as payment to Zomam for cement manufacturing and delivery services, as long as Zomam maintains the Free Zone benefit, or, 0.3% of the aforementioned net sales exclusively for the use of equipments, in case that Zomam losses the benefits as Free Trade Zone.

- The Operation Contract will continue in force regardless of the result in the expiration of property process, except that the applicable criminal judge would recognize ownership rights of the assets under expiration of property to CEMEX Colombia and its subsidiary, in which case the Operation Contract would no longer be needed and would be early terminated.

Under the presumption that CEMEX Colombia conducted itself in good faith, CEMEX Latam considers that it will be able to keep ownership of the plant, and that the rest of its investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard its rights. In the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, if the assets were adjudicated to a third party in a public tender offer, considering the signing of the Operation Contract, such third party would have to subrogate to the Operation Contract. As of September 30, 2019, CEMEX Latam is not able to estimate whether the expiration of property over the assets subject to the MDE will be ordered in favor of the State, or, if applicable, if the assets would be adjudicated to a third party in a public tender offer.

Status in connection with the commissioning of the plant

On September 3, 2019, CEMEX Colombia was notified of the resolution issued by Corantioquia's Directive Council, the regional environmental authority, regarding to the approval for the subtraction from the Integrated Management District ("IMD") of the Canyon of the Alicante River of 169.2 hectares corresponding to the surface of the Maceo Plant. As of September 30, 2019, after the signing of the Operation Contract and the subtraction of the plant's surface from the IMD, the commissioning of the Maceo plant and the conclusion of the access road remain suspended until favorable resolutions would be obtained in other significant procedures in process with the respective authorities to guarantee the start-up of the project, such as: a) modify the land use where the project is located to harmonize it with industrial and mining use; b) modify the environmental license to expand production at least up to 950 thousand tons per year; and c) obtaining several permits for the conclusion of the access road. CEMEX Colombia continues to work to address these issues as soon as possible. Meanwhile, CEMEX Colombia will limit its activities to those on which it has the relevant authorizations.

Contingencies from market related proceedings

- In June 2018, the Consumer Protection and Defense of Competition Authority in Panama initiated an administrative investigation to Cemento Bayano and other local producers for the presumed commission of practices against free competition in the market of gray concrete and ready-mix concrete. As a result of the investigation, the authority considered the possible existence of absolute monopolistic practice, such as: (i) price fixing and/or restriction of production in the gray cement market sold to ready-mix concrete producers in Panama, (ii) unilateral or joint predatory acts and/or exchange of subsidies in the concrete market. In October 2018, the Authority requested additional information to Cemento Bayano to continue such investigation and confirm if there were violations to the law. In December 2018, two executives of Cemento Bayano provided an affidavit. In February 2019, Cemento Bayano finalized the delivery to the Panamanian Authority of the required information and documentation. Cemento Bayano considers it did not committed improper acts and is fully cooperating with the Panamanian Authority. As of September 30, 2019, CEMEX Latam cannot determine if the investigation would result in a fine, penalization or remediation, or if such fine, penalization or remediation, should any exist, could have a material adverse effect on its operating results, liquidity or financial position.

Environmental Contingencies

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

(Thousands of U.S. dollars)

Other legal proceedings

- In September 2018, CEMEX Colombia received an arbitrage claim filed by a constructor who seeks for the payment of damages caused by a purported breach of the contract for the supply of ready-mix concrete for the construction of the civil works called “Túnel de Crespo" located in the city of Cartagena, for an amount in Pesos equivalent to approximately $10 million. CEMEX Colombia considers that it has the legal and technical arguments that prove full compliance with the supply contract and will apply the corresponding actions at each stage of the process. In October 2018, simultaneously after responding the arbitrage claim, CEMEX Colombia filed a counterclaim against the aforementioned constructor seeking the recognition of amounts owed to CEMEX Colombia for an amount in Pesos equivalent to approximately $6 million related to repairs to such civil works paid by CEMEX Colombia during the years 2014 and 2015 by causes allegedly imputable to the constructor. The probationary period within the process began the last week of September 2019. As of September 30, 2019, at this stage of the proceeding, CEMEX Latam considers that with the judgment elements available it is necessary to move along the phases of this proceeding in order to measure the probability of an adverse resolution. Nonetheless, if the claim would be adversely resolved in the final stage, an adverse resolution in this case could have a material adverse impact on CEMEX Latam’s results of operations, liquidity or financial position.

- As a result of the premature damages presented in the Transmilenio slabs - North Highway, six popular actions were filed against CEMEX Colombia. The Administrative Litigation Court decided to declare the nullity of five lawsuits and, currently, the lawsuit is filed by a citizen. On June 17, 2019, a judgment of first instance was issued, and CEMEX Colombia and other concrete suppliers were held liable for the violation of consumer rights, due to alleged technical deficiencies in the landfill fluid that was provided. In the aforementioned ruling, a publication was ordered in which the responsibility for deficiencies in the product was acknowledged and it was committed not to incur again in similar situations. The judgment of first instance had no economic implications for the Company. CEMEX Colombia filed an appeal before the Administrative Tribunal of Cundinamarca**.** As of September 30, 2019, CEMEX Latam considers remote the probability of an adverse result in this proceeding after conclusion of all available defense procedures. Nonetheless, an adverse resolution in this case could have a material adverse impact on CEMEX Latam’s results of operations, liquidity or financial condition**.**

In addition, as of September 30, 2019, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; and 3) other similar claims brought against us that have arisen in the ordinary course of business.

22) MAIN SUBSIDIARIES

The Parent Company’s main direct and indirect subsidiaries as of September 30, 2019 and December 31, 2018 are as follows:

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

1 CEMEX Latam Holdings, S.A. indirectly controls through CCL, the Parent Company’s operations in Colombia, Costa Rica, Panama, Nicaragua, Guatemala and El Salvador.

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

23) SUBSEQUENT EVENTS

On October 16, 2019, the Constitutional Court of Colombia declared the unconstitutionality of the Financing Law / Tax Reform of 2018, which, according to the resolution, its provisions will only apply until the end of 2019 and will be without effect beginning January 1, 2020. This represents that the tax modifications discussed in note 17A, by means of which, the income tax rate would decrease to 32% in 2020, 31% in 2021 and 30% in 2022 and thereafter, will be canceled beginning January 1, 2020. It is probable that before December 31, 2019 the Colombian Congress could approve a new reform that would replace the repealed provisions, however, if not, the resolution establishes that the existing tax regime before the repealed Financing Law would come back into application beginning January 1, 2020, resulting in the return of a 33% income tax rate. Considering that under IFRS the assets and liabilities for deferred income taxes are determined with the last enacted income tax rate, which currently is 30%, if the previous income tax rate of 33% would become effective, CEMEX Colombia would have to recalculate its balances and recognize any adjustment through stockholders' equity and the income statement for the period, as applicable.