

INDEX

CEMEX Latam Holdings S.A. and Subsidiaries:

Independent Auditor's Report – KPMG Auditores S.L.....	1
Consolidated Income Statements for the year ended December 31, 2013 and the six-month period ended December 31, 2012	2
Consolidated Statements of Comprehensive Income for the year ended December 31, 2013 and the six-month period ended December 31, 2012.....	3
Consolidated Balance Sheets as of December 31, 2013 and 2012	4
Consolidated Statements of Cash Flows for the year ended December 31, 2013 and the six-month period ended December 31, 2012	5
Consolidated Statements of Changes in Stockholders' Equity as of December 31, 2013 and 2012.....	6
Notes to the Consolidated Financial Statements.....	7

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
CEMEX Latam Holdings, S.A.:

[TO COME]

KPMG Auditores S.L

David Hernanz Sayans

Madrid, Spain
February 26, 2014

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

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

The accompanying notes are part of these consolidated financial statements.

Camilo González Téllez
Legal Representative

Luz Marina Laverde Torres
Accountant
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CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Statements of Comprehensive Income
(Thousands of U.S. dollars)

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

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

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

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

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

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

The accompanying notes are part of these consolidated financial statements.

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CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

1) DESCRIPTION OF BUSINESS

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

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

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

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

2) SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND DISCLOSURE

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

Functional and presentation currency

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
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(Thousands of U.S. dollars)

Income statements

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

Statements of other comprehensive income

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

Statements of cash flows

For the year ended December 31, 2013 and the six-month period ended December 31, 2012, the consolidated statements of cash flow present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transactions that did not represent sources or uses of cash:

- a) In 2013 and 2012, the increase in other equity reserves for \$2,743 and \$734, respectively, in connection with CEMEX's shares issued as part of share-based payments to executives of CEMEX Latam, as described in note 20D.
- b) The increase in property, machinery and equipment for approximately \$14,484 in 2012, and in debt during the same year for approximately \$12,521 associated with the negotiation of capital leases during the period.

Going Concern

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

The Parent Company's management has approved these consolidated financial statements as of December 31, 2013 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short-term. Where necessary, the Company considers that it will succeed renegotiating with other CEMEX's entities the maturity of some current accounts payable. For the year ended December 31, 2013, CEMEX Latam generated net cash from operations, after interest expense and income taxes, for approximately \$456,184.

Reorganization of entities under common control

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Reorganization of entities under common control – continued

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

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

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

B) PRINCIPLES OF CONSOLIDATION

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

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

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

C) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
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(Thousands of U.S. dollars)

Use of estimates and critical assumptions – continued

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

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

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

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

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

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

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

E) CASH AND CASH EQUIVALENTS (note 7)

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

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

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

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

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Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
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(Thousands of U.S. dollars)

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

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

H) INVENTORIES (note 11)

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

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

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

J) PROPERTY, MACHINERY AND EQUIPMENT (note 13)

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

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

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Property, machinery and equipment – continued

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

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

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

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

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

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

Property, machinery and equipment and intangible assets

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

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

Goodwill

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Impairment of long lived assets – goodwill – continued

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

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

M) FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS

Debt (note 15A)

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

Capital leases (notes 15A and 22A)

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Fair value measurements

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

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

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

N) PROVISIONS

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

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

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

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

Commitments and contingencies (notes 22 and 23)

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

O) EMPLOYEE BENEFITS (note 18)

Defined contribution pension plans

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

Defined benefit pension plans

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

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

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

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

P) INCOME TAXES (note 19)

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Income taxes – continued

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

Q) STOCKHOLDERS' EQUITY

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

These captions represent the value of stockholders' contributions.

Other equity reserves (note 20B)

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

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

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

Retained earnings

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

Non-controlling interest (note 20C)

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

R) EXECUTIVE SHARE-BASED PAYMENTS (note 20D)

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

S) REVENUE RECOGNITION

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Revenue recognition – continued

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

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

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

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

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

U) CONCENTRATION OF CREDIT

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

V) NEWLY ISSUED IFRS NOT YET EFFECTIVE

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

- During 2012 and 2013, the IASB issued IFRS 9, *Financial instruments: classification and measurement* ("IFRS 9"), which as issued, reflects the first part of Phase 1 of the IASB's project to replace IAS 39. In subsequent phases, the IASB will address impairment methodology, derecognition and hedge accounting. IFRS 9 requires an entity to recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. The Company does not consider that current IFRS 9 will have a significant effect on the classification and measurement of its financial assets and financial liabilities. Nonetheless, the Company will evaluate the impact and will quantify the effect together with the other phases, when issued, to make a comprehensive analysis.
- In December 2011, the IASB amended IAS 32 regarding disclosure requirements for the offsetting of assets and liabilities on the balance sheet. The amended standard requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the balance sheet and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements and securities borrowing and securities lending agreements. The amendments to IAS 32 are effective beginning January 1, 2014 and require retrospective application. The Company is currently evaluating the impact of adopting this amended standard; nonetheless, the Company does not expect a significant impact on its consolidated financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

3) SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENTS

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

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

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

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

Income statement

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Selected consolidated income statement information by geographic operating segment – continued

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

Balance sheet

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

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

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

4) DEPRECIATION AND AMORTIZATION OF ASSETS

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

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

5) OTHER EXPENSES, NET

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

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

6) OTHER FINANCIAL EXPENSES, NET

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

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

7) CASH AND CASH EQUIVALENTS

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

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

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

8) TRADE ACCOUNTS RECEIVABLE LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

	<u>2013</u>	<u>2012</u>
Trade accounts receivable.....	\$ 166,849	97,163
Allowances for doubtful accounts.....	(2,654)	(35)
	<u>\$ 164,195</u>	<u>97,128</u>

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

	<u>2013</u>	<u>2012</u>
Allowances for doubtful accounts at beginning of period	\$ 35	-
Charges to administrative and selling expenses	2,924	595
Deductions.....	(305)	(560)
Allowances for doubtful accounts at end of period	<u>\$ 2,654</u>	<u>35</u>

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH RELATED PARTIES

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

	2013	2012
Cash and cash equivalents		
Lomez International B.V. ⁽¹⁾	\$ -	19,104
Accounts receivable – current		
CEMEX Dominicana, S.A.	\$ 482	-
Neoris Colombia S.A.	260	-
Puerto Rican Cement Company, Inc.	69	-
CEMEX España, S.A.	49	-
Cemex Central, S.A. de C.V.	35	26
Cemex Cartagena Investments B.V. (formerly CEMEX Caracas II Investments B.V.)	-	49
CEMEX Trading, LLC	-	29
Sunbulk Shipping N.V.	-	9
	<u>\$ 895</u>	<u>113</u>
Total assets with related parties	<u>\$ 895</u>	<u>19,217</u>
Accounts payable – current		
CEMEX España, S.A. ⁽²⁾	\$ 113,680	1,401
CEMEX Hungary K.F.T. ⁽⁸⁾	79,064	79,065
Construction Funding Corporation ⁽³⁾	65,620	63,459
Cemex Central, S.A. de C.V. ⁽⁷⁾	28,921	8,243
CEMEX Research Group AG ⁽⁵⁾	20,808	16,450
CEMEX Trading, LLC ⁽⁴⁾	19,586	13,137
CEMEX, S.A.B. de C.V. ⁽⁶⁾	7,683	9,085
Fujur, S.A. de C.V.	431	-
CEMEX Concretos, S.A. de C.V.	140	-
Sunbulk Shipping N.V.	107	209
CEMEX Denmark ApS	-	975
Others	44	439
	<u>\$ 336,084</u>	<u>192,463</u>
Accounts payable – non-current		
Construction Funding Corporation ⁽³⁾	\$ 588,788	584,023
CEMEX Hungary K.F.T. ⁽⁸⁾	517,411	765,175
CEMEX España, S.A.	-	112,009
	<u>\$ 1,106,199</u>	<u>1,461,207</u>
Total liabilities with related parties	<u>\$ 1,442,283</u>	<u>1,653,670</u>

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

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

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

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

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

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

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

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

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

Borrowers	2015	2016 – 2018
CEMEX Bogotá, B.V. (7% per year) ⁽⁷⁾	\$ 79,065	438,346
Corporación Cementera Latinoamericana, S.L.U. (7% per year) ⁽²⁾	31,035	277,484
CEMEX Latam Holdings, S.A. (7% per year) ⁽²⁾	27,473	128,298
Cemento Bayano, S.A. (3M Libor plus 415 basis points) ⁽²⁾	-	124,498
	<u>\$ 137,573</u>	<u>968,626</u>

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

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

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

10) OTHER ACCOUNTS RECEIVABLE

10A) OTHER CURRENT ACCOUNTS RECEIVABLE

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

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

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

10B) OTHER ASSETS AND NON-CURRENT ACCOUNTS RECEIVABLE

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

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

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

11) INVENTORIES, NET

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

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

12) OTHER CURRENT ASSETS

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

13) PROPERTY, MACHINERY AND EQUIPMENT, NET

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

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

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

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

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

14) GOODWILL, INTANGIBLE ASSETS AND DEFERRED ASSETS, NET

14A) BALANCES AND CHANGES DURING THE PERIOD

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

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

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

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

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

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

14B) ANALYSIS OF GOODWILL IMPAIRMENT

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Analysis of goodwill impairment – continued

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

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

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

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

15) FINANCIAL INSTRUMENTS

15A) DEBT

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

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

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

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

15B) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

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

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

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

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

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

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

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Other accounts payable and accrued expenses and other non-current liabilities – continued

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

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

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

17) FINANCIAL INSTRUMENTS

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

Risk management framework

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

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

Credit risk

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

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Foreign currency risk

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

Sensitivity analysis

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

Liquidity risk

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

Equity risk

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

18) EMPLOYEE BENEFITS

Defined contributions plans

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

Defined benefit pension plans

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

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

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

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

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

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

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

Sensitivity analysis of pension and other postretirement benefits

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

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

19) INCOME TAXES

19A) INCOME TAXES FOR THE PERIOD

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

	2013	2012
Current income taxes	\$ 114,561	36,950
Deferred income taxes	23,276	33,447
	<u>\$ 137,837</u>	<u>70,397</u>
Out of which:		
Colombia.....	\$ 87,689	48,222
Costa Rica	11,756	5,893
Panama	12,592	4,662
Rest of CLH	\$ 25,800	11,620

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Income taxes – continued

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

19B) DEFERRED INCOME TAXES

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

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

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

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

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

19C) RECONCILIATION OF EFFECTIVE TAX RATE

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

19D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

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

Colombia

- On April 15, 2013, the Colombian Tax Authority issued a notice of formal conclusion in connection with the fiscal year 2010, which means that the year has been closed and the authority's audit timeframe fully elapsed. CEMEX Colombia presented a voluntary restatement of its income tax return for the fiscal year 2010, which originated an income tax payment of Col\$9 billion (\$5 million).
- On September 13, 2012, CEMEX Colombia received an ordinary request from the Colombian Tax Authority to review its income tax return for the fiscal year 2011 in connection with its amortization of goodwill of Lomas del Tempisque S.R.L., which was considered tax deductible by CEMEX Colombia in its income tax return. CEMEX Colombia replied on October 5, 2012 rejecting the arguments of the proceeding and requesting the dismissal of the case. On August 9, 2013, the Colombian Tax Authority informed CEMEX Colombia regarding its intention to review the income tax return that was under audit. Moreover, on June 28, 2013, CEMEX Colombia requested a restatement project increasing its income tax credit for such year, which was officially accepted on September 6, 2013.
- On April 1, 2011, the Colombian Tax Authority notified CEMEX Colombia of a special proceeding pursuant to which the Colombian Tax Authority rejected certain deductions taken by CEMEX Colombia in its tax return for the fiscal year 2009. The Colombian Tax Authority assessed an increase in the income tax payable by CEMEX Colombia in the amount of approximately Col\$90 billion (\$47 million) and imposed a penalty in the amount of approximately Col\$144 billion (\$75 million). The Colombian Tax Authority argues that certain expenses are not tax deductible considering that such expenses are not related to direct revenues recorded in the same fiscal year, without taking into consideration that future revenue will be taxed with income tax in Colombia. CEMEX Colombia responded to the special proceeding notice on September 25, 2011. On December 15, 2011, the Colombian Tax Authority issued its final determination, which confirmed the information in the special proceeding. CEMEX Colombia appealed the final determination in February 15, 2012. On January 17, 2013, CEMEX Colombia was notified of the resolution confirming the official liquidation. On May 10, 2013, CEMEX Colombia appealed the final determination to the Administrative Tribunal of Cundinamarca motion that was admitted on June 21, 2013. In addition, this request was electronically notified on July 3, 2013 to the Colombian Tax Authority, the National Legal Agency (*Agencia Nacional del Derecho*) and the Public Prosecutor. On December 5, 2013, CEMEX Colombia was notified of the initial hearing scheduled on February 18, 2014.
- On November 10, 2010, the Colombian Tax Authority notified CEMEX Colombia of a proceeding in which the Colombian Tax Authority rejected certain tax losses taken by CEMEX Colombia in its tax return for the fiscal year 2008. In addition, the Colombian Tax Authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately Col\$43 billion (\$22 million) and imposed a penalty in the amount of approximately Col\$69 billion (\$36 million). The Colombian Tax Authority argues that CEMEX Colombia was limited in its use of prior year tax losses to 25% of such losses per subsequent year. CEMEX Colombia believes that the tax provision that limits the use of prior year tax losses does not apply in the case of CEMEX Colombia because the income tax law applied by the Colombian Tax Authority was repealed in 2006. Furthermore, CEMEX believes that the Colombian Tax Authority is no longer able to review the 2008 tax return because the time to review such return has already expired pursuant to Colombian law. The Colombian Tax Authority notified a resolution on July 27, 2011, which confirmed its position in the special request. The resolution was appealed by CEMEX on September 27, 2011. On July 31, 2012, the Colombian Tax Authority notified CEMEX Colombia of the resolution confirming the official liquidation. On November 16, 2012, CEMEX Colombia appealed the official assessment. On June 27, 2013, CEMEX Colombia filed a formal request for conciliation to the Colombian Tax Authority through the payment of the income tax due and asking for the removal of the penalty and interest accrued. On September 16, 2013, the final conciliation agreement was signed finalizing this proceeding.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Uncertain tax positions and significant tax proceedings – continued

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

Costa Rica

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

20) STOCKHOLDERS' EQUITY

20A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

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

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

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

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Common stock and additional paid-in capital – continued

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

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

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

20B) OTHER EQUITY RESERVES

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

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

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

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

20C) NON-CONTROLLING INTEREST

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

20D) EXECUTIVE SHARE-BASED PAYMENTS

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

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Executive share-based payments – continued

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

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

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

21) EARNINGS PER SHARE

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

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

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

22) COMMITMENTS

22A) CONTRACTUAL OBLIGATIONS

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

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Contractual obligations – continued

- (1) The line item includes: a) loan agreement of \$339,555 as of December 31, 2013 negotiated by CCL, bearing an annual interest rate of 7% maturing in different dates from 2014 to 2018; b) loan agreement of \$137,433 as of December 31, 2013 negotiated by the Parent Company, bearing an annual interest rate of 7%, maturing in different dates from 2014 to 2018, and a revolving credit facility of \$45,812 with an annual interest rate of 7%; c) loan agreement of \$124,498 as of December 31, 2013 negotiated by Cementos Bayano, bearing an interest rate equivalent to 3-month LIBOR plus 415 basis points, with maturity on September 26, 2018; and d) loan agreement negotiated by CEMEX Bogotá Investments B.V. of \$596,474 with an annual interest rate of 7%, maturing in different dates from 2014 to 2018.
- (2) Includes interest expense on third-party debt, financial leases and related parties debt using the interest rates set forth by the contracts as of December 31, 2013.
- (3) The amounts of payments under operating leases have been determined on the basis of nominal cash flows. In January 2001, the Company and the Government of the Republic of Nicaragua entered into an operating lease, which includes the operating and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A, for a period of 25 years. According to the applicable laws to mining concessions, during the term of this lease contract, the Company should pay a semi-annual extraction fee based on total tons of materials extracted. Rental expenses for the year ended December 31, 2013 and the six-month period ended 2012 were \$1,700 and \$850, respectively. Additionally, the line item includes operating leases of CEMEX Guatemala and CEMEX El Salvador of \$63.2 and \$68.4, respectively, for the year ended December 31, 2013 and by \$29 and \$26.1, respectively, for the six-month period ended December 31, 2012.
- (4) Financial leases of machinery and equipment negotiated by CEMEX Colombia of \$24,601 with maturity in 60 months.
- (5) Represents the estimated yearly payments for employee benefits over the next 10 years (note 18), including the estimate of new retirees during such future years.
- (6) Corresponds to a commitment for the purchase of petcoke negotiated by CEMEX Panama. Future payments were calculated on the basis of actual consumption.

22B) OTHER COMMITMENTS

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

- On November 1, 2013, CEMEX Colombia accepted the offer of Arenas y Gravas La Fontana Limitada, of the same date, by which Arena y Gravas La Fontana Limitada proposes the supply of sand and / or gravel to CEMEX Colombia. The contract has duration of five years. Although the final calculation of the contract value will be made through the multiplication of the unit prices for goods actually supplied is the approximate amount of Col\$ 9,161 million annually (\$4.6 million annually).
- On July 12, 2013, CEMEX Colombia accepted the offer of B&F Constructores, S.A.S. on the same date, through which B&F Constructores S.A.S. proposes the supply of sand and / or gravel to CEMEX Colombia. The contract has duration of five years. Although the final calculation of the contract value will be made through the multiplication of the unit prices for goods actually supplied is the approximate amount of Col\$6,501 million annually (\$3.2 million annually).
- On May 23, 2013, CEMEX Colombia accepted the offer of Mincivil, SA dated May 22, 2013 , through which Mincivil, S.A. proposes the provision of services to develop mining quarry owned by CEMEX Colombia, located in the Municipality of Los Patios (Norte de Santander - Colombia), under the supervision and immediate technical direction and approval of CEMEX Colombia . The contract runs for five years without automatic extension. Although the final calculation of the contract value will be made through the multiplication of the unit prices for services actually rendered the approximate amount is Col\$26,175 million for the five years (\$13 million for five years).
- On January 16, 2013, the Management Administration of the Company, subject to a favorable report by the Appointments and Remuneration Committee, approved with effect from January 1, 2013, a plan for long-term incentives for certain executives subsidiaries of CEMEX Latam Holdings, S.A, consisting of an annual retribution plan by the Financial shares (note 20D).
- During 2012, CEMEX Latam Holdings S.A.(the “Company”), through its branch in Switzerland entered in to the next’s agreements:
 - i) Agreement with CEMEX, S.A.B de C.V. for the use of CEMEX’s trademarks. These contracts are effective for five years, automatically renewable for equal periods. This entity must pay annually the use of trademarks calculated based on annual net sales of goods and services and transfer prices. The total charge of trademarks use reported in operating expenses amounted to \$9,321 for the year ended December 31, 2013, and \$4,592 for the six-months ended December 31, 2012.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Other commitments – continued

- ii) Agreement with CEMEX Research Group, A.G. for the use, operation and enjoyment of assets. The contract term is five years, automatically renewable for equal periods. This entity must pay royalties calculated annually based on annual net sales of goods and services. The total charge of royalties reported in operating expenses amounted \$57,412 for the year ended December 31, 2013 and \$27,184 for the six-month period ended December 31, 2012.
- iii) Agreement with CEMEX Central, S.A. de C.V., for the technical, financial, marketing, legal, human resources and IT. The term of service contracts is five years, automatically renewable for equal periods. This entity must pay annually to provide these administrative services based on annual net sales of goods and services. The total service charge reported in operating expenses amounted \$20,751 for the year ended December 31, 2013 and \$8,203 for the six-month period ended December 31, 2012.
- As of December 31, 2013 and 2012, in consideration of the services and the rights of use, operation and enjoyment of CEMEX marks, names and intellectual property, under non-exclusive agreement, leave-operation and asset services agreement management and business support and license agreement, described above, CEMEX Latam Holdings has agreed to pay to CEMEX, consistent with market practices and principles of unrelated parties, a fee equal to 5% of consolidated revenue, payable quarterly during each fiscal year. The rate of 5% paid under the non-exclusive agreements, operation and enjoyment of licensed asset management services and business support license and cannot be increased without the agreement of the independent directors of CEMEX Latam Holdings during a board meeting.
- In order to try to avoid potential conflicts of interest between CEMEX Latam Holdings and CEMEX, we have concluded a framework agreement, which will become effective at the closing of the Offer, and may be modified or finished by written agreement between CEMEX S.A.B. de C.V., CEMEX España and CEMEX Latam Holdings, for which CEMEX Latam Holdings will require approval of its independent directors. In addition, the Framework Agreement shall cease to have effect if the Company ceases to be subordinate of CEMEX or whether CEMEX does not have to recognize its investment in CEMEX Latam Holdings on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).
- Within the framework agreement signed with CEMEX and in order to assist CEMEX to accomplish its debt agreements, the Company will require the prior consent of CEMEX and CEMEX España, S.A. for:
 - a) Any consolidation, merger or partnership with a third party;
 - b) Any sale, lease, exchange or other disposition, acquisition to any person other than CEMEX;
 - c) The issuance or sale of any stock or equity securities derivatives or the adoption of any stock incentive plan, except for (i) the issuance of shares by the Company to CEMEX (ii) the issuance of titles under the plan stocks incentive that does not exceed \$1.75 million;
 - d) The declaration, decree or payment of dividends or other distribution by the Company in connection with its shares other than (i) through the issuance of common stocks of the Company or the issuance of the right to subscribe ordinary shares of the company to the shareholders of the Company proportionally, always whether is not paid or transferred to another person who is not part of CEMEX (other than the company) cash or other assets of CEMEX (or any interest in such cash or assets) in connection with such distribution or interest and/or (ii) in proportion to the shares of each of the minority shareholders of the Company, always that each shareholder receives its share in any dividend , distribution or interest payment at the same time;
 - e) The creation, assumption, grant or guarantee by the Company for any type of debt, and (ii) the creation of liens or charges on any of our assets, by a total amount above \$25 million at any time (taking into account the assumption (i) as the (ii));
 - f) Granting loans or become creditor of any debt, except (i) with respect to commercial loans granted to customers on normal commercial terms and in the ordinary course of business, (ii) as deferred compensation in respect of any sale, lease, exchange or other disposition that we or any of our subsidiaries are allowed to run without the consent of CEMEX and CEMEX España;
 - g) Take any action that could result on default for CEMEX under any contract or agreement, under its financing agreements and any refinancing, relocation or modifications thereto, to the extent that all CEMEX's notification obligations included in the Framework Agreement are fulfilled for contracts or agreements other than (i) the debt contract and any refinancing, replacement or modification thereto, and (ii) the issuance of minutes of CEMEX and any replacement or modification thereto.
- In addition there are other agreements, (i) a lease agreement for (a) corporate office in Madrid and research and (b) development office in Switzerland, (ii) compliance with CEMEX's debt agreements, among others, with CEMEX, each of which became effective upon the completion of the Global Offering.

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Other commitments – continued

- On July 30, 2012, CEMEX signed a 10-year strategic agreement with IBM, which includes CEMEX Latam and its subsidiaries, pursuant to which IBM will provide business processes services and information technology (“IT”). Moreover, IBM will provide business consulting to detect and promote sustainable improvements in CEMEX’s profitability. The 10-year contract assigned to IBM is expected to generate cost reductions to CEMEX, measured in respect to costs incurred in such activities, to the extent that processes efficiencies would be achieved during such 10-year period. The services from IBM include: data processing services (back office) in finance, accounting and human resources; as well as IT infrastructure services and maintenance and development of IT applications in the different countries in which CEMEX operates, including CEMEX Latam and its subsidiaries. The cost to be incurred by for CEMEX Latam and its subsidiaries with IBM under this agreement is approximately of \$4 million dollars per year.
- During 2008, Cementos Bayano S.A. entered into a contract to supply long term clinker in the Republic of Panama with Cemento Panama, S.A. The supply contract was established for a period of (10) years and includes partial deliveries annual clinker in metric tons (“TM”), 1,944,000 TM for the 2013 to 2014 period, and 2,735,498TM for the 2015 to 2018 period.

23) LEGAL PROCEEDINGS

23A) PROVISIONS RESULTING FROM LEGAL PROCEEDINGS

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

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

23B) OTHERS CONTINGENCIES FROM LEGAL PROCEEDINGS

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

Antitrust Proceedings

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Environmental Proceedings

- On June 5, 2010, the District Environmental Secretary of Bogota (*Secretaría Distrital de Ambiente de Bogotá* or the "Environmental Secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogotá, as well as those of other aggregates producers in the same area. The Environmental Secretary claims that during the past 60 years CEMEX Colombia and the other companies have illegally changed the course of the Tunjuelo River, have used the percolating waters without permission and have improperly used the edge of the river for mining activities. In connection with the injunction, on June 5, 2010, CEMEX Colombia received a notification from the Environmental Secretary informing the initiation of proceedings to impose fines against CEMEX Colombia based on the above mentioned alleged environmental violations. CEMEX Colombia responded to the injunction by requesting that it be revoked based on the fact that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the Territorial Development, Housing and Environmental Ministry (*Ministerio del Medio Ambiente, Vivienda y Desarrollo Territorial*). On June 11, 2010, the local authorities in Bogotá, in compliance with the environmental secretary's decision, sealed off the mine to machinery and prohibited the removal of our aggregates inventory. Although there is not an official quantification of the possible fine, the environmental secretary has publicly declared that the fine could be as much as Col\$300 billion (approximately \$169.6 million). The temporary injunction does not currently compromise the production and supply of ready-mix concrete to our clients in Colombia. CEMEX Colombia is analyzing its legal strategy to defend itself against these proceedings. At this stage, we are not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia.
- In the ordinary course of our business, we are subject to extensive laws and regulations on environmental issues in each of the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air pollutant emissions, wastewater discharges, the use and handling of hazardous materials or waste disposal practices and the remediation of pollution or environmental damage. These laws and regulations expose us to a risk of substantial environmental costs and liabilities, including liabilities associated with divested assets and past activities and, in some cases, the acts and omissions of prior owners or operators of a property or plant. Also, in some jurisdictions, certain environmental laws and regulations impose liability without regard to fault or the legality of the original activity at the time of the actions giving rise to liability.

Others Legal Proceedings

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

Other legal proceedings – continued

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

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

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

24) SUBSEQUENT EVENTS

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013 and
the six-month period ended December 31, 2012
(Thousands of U.S. dollars)

25) MAIN SUBSIDIARIES

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

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

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

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