

## CEMEX LATAM HOLDINGS, S.A.

## Notes to the Annual Accounts

(3) Distribution of Profit

The distribution of the Euros 68,578,718.55 profit for the year ended December 31, 2016, proposed by the Board of Directors and approved by the shareholders at their annual general meeting on June 29, 2017, was as follows:

<u>Distribution</u>	<u>Euros</u>
Legal reserve	6,857,871.85
Voluntary reserves	<u>61,720,846.70</u>
	<u>68,578,718.55</u>

The Board of Directors will propose to the shareholders at their annual general meeting that the Euros 13,773,636.33 profit for the year ended December 31, 2017 be distributed as follows:

<u>Distribution</u>	<u>Euros</u>
Legal reserve	1,377,363.63
Voluntary reserves	<u>12,396,272.70</u>
	<u>13,773,636.33</u>

The Company's freely distributable reserves are nonetheless subject to the legal limits. Dividends may not be distributed if equity would be less than share capital as a result. Moreover, the distribution of dividends by the Company with a charge to reserves is subject to the limits set out in the Framework Agreement, as explained in note 16.

(4) Significant Accounting Policies(a) Leases

The Company has rights to use certain assets through lease contracts.

Leases in which, upon inception, the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

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