transforming our world for a better future

CEMEX 2011 ANNUAL REPORT

next>

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Benidorm West Beach Promenade in Spain
10,000 cubic meters of white ready-mix concrete

Cover: CEMEX San Antonio offices in Mexico City

to continue

building the future

CEMEX is engaged in a rigorous transformation to capture the untapped value of our entire organization and to regain our position as the value-creating leader of our industry. By transforming our business into a more efficient, more agile, more entrepreneurial, and more customer focused enterprise, we are preparing our company for a future of profitable, sustainable growth.

CEMEX is a global building materials company that provides high-quality products and reliable service to customers and communities in more than 50 countries throughout the world. CEMEX has a rich history of improving the well-being of those it serves through its efforts to pursue innovative industry solutions and efficiency advancements and to promote a sustainable future.

financial highlights

in millions of US dollars[1], except per-ADS data

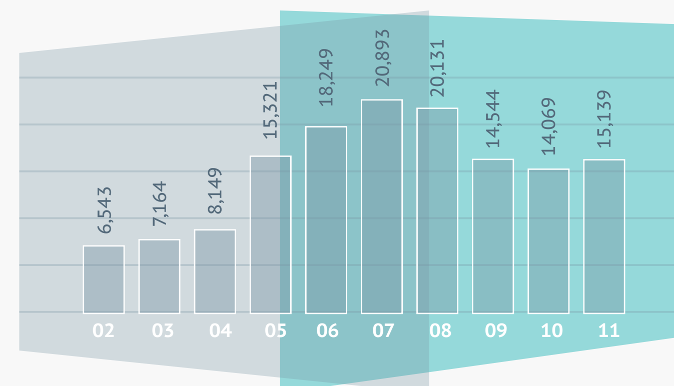
	2011	2010	%
Net sales	15,139	14,069	8
Operating income	960	856	12
Operating EBITDA	2,332	2,314	1
Controlling interest net income (loss)	(1,533)	(1,304)	(18)
Earnings (loss) per ADS[2]	(1.47)	(1.30)	(13)
Free cash flow after maintenance capital expenditures	386	512	(25)
Total assets	39,276	41,675	(6)
Total debt plus perpetual notes	18,067	17,729	2
Total controlling stockholders' equity	13,683	15,710	(13)

1 For the reader´s convenience figures are presented in US dollars. For statements of operations accounts, these figures result from translating the local currency amounts into US dollars at the average exchange rate for the year, which approximates a convenience translation of the Mexican peso results for 2011 and 2010 using the average exchange rates of the year of 12.48 MXN/US$ and 12.67 MXN/US$, respectively. For balance sheet accounts, US dollar figures result from translating the local currency amounts into US dollars at the closing exchange rate for the year, which approximates a convenience translation of the Mexican peso amounts at the end of each year using the end-of-year exchange rate of 13.96 MXN/US$ and 12.36 MXN/US$, respectively.

2 Based on an average of 1,042.2 and 999.2 million American Depositary Shares (ADSs) for 2011 and 2010, respectively.

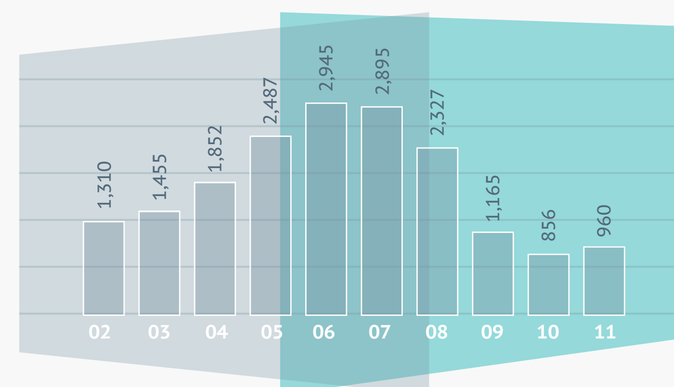
NET SALES

millions of US dollars



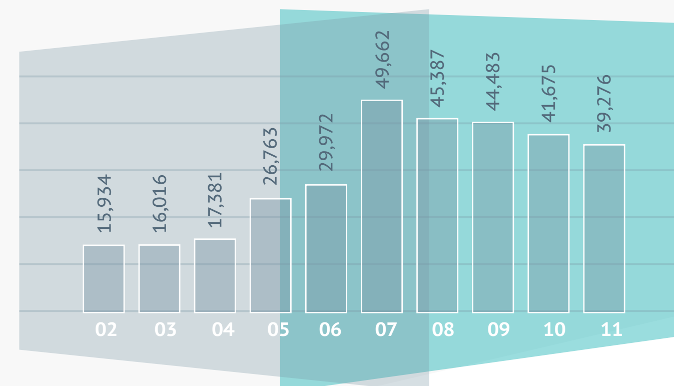
OPERATING INCOME

millions of US dollars



TOTAL ASSETS

millions of US dollars



transforming to capture

future growth

Dear fellow stockholders:

2011 was an important year for CEMEX. Although many of our markets continued to underperform because of a slow and painful recovery from the global economic recession, we launched a rigorous transformation designed to make us more efficient, more agile, and more customer focused. The changes we made, designed to position the company for a future of profitable growth, are already showing results.

From left to right: Juan Pablo San Agustín, Joaquín Estrada, Juan Romero, Jaime Muguiro, Lorenzo H. Zambrano, Ignacio Madridejos, Karl Watson, Jr., Jaime Elizondo, Fernando A. González, Luis Hernández.

After five consecutive quarters of top-line growth, our net sales rose 8% to US$15.14 billion in 2011. In addition, our operating EBITDA grew four out the past five quarters, representing an increase of 1% to US$2.33 billion for the full year. Nonetheless, our operating free cash flow after maintenance capital expenditures decreased 25% to US$386 million for the year.

During the year, we saw favorable volume dynamics in Mexico, Northern Europe, and the South, Central America and the Caribbean region. As a result of our pricing strategy, we have more than covered input cost inflation in our ready-mix concrete and aggregates businesses. However, we have only partially mitigated higher input costs with respect to our cement operations. Consequently, we remain focused on our commercial strategies to improve our profitability.

Our transformation is partly designed to change the company's underlying cost structure. During 2011, those efforts resulted in a recurring improvement in our steady-state EBITDA of US$150 million. We expect a further improvement of US$200 million in 2012, reaching a run rate of US$400 million by the end of the year. In fact, we have already implemented most of the actions necessary to realize those savings, including a more than 6% reduction in our total workforce worldwide—a regrettable, but essential decision.

WE ARE DEEPLY COMMITTED TO RETURNING CEMEX TO ITS LONG RUN PATH OF INDUSTRY-LEADING VALUE CREATION

However, CEMEX's transformation is about much more than cost savings. It is a far-reaching process that rests on five key pillars:

First, flattening our organization in order to improve efficiency and to position our operations as close as possible to their customers;

Second, decentralizing authority and increasing accountability at local levels;

Third, focusing corporate headquarters on only three tasks: building a solid balance sheet, nurturing world-class human resources, and defining profitable and sustainable strategies;

Fourth, reshaping our portfolio so that we are in the right businesses in the right markets with the right returns; and

Fifth, incentivizing our executives to act like owners.

This is an aggressive agenda, with a single purpose: to generate sustainable, superior shareholder returns.

An integral part of our transformation was a redefinition and expansion of the Executive Committee, which is the company's top leadership group. Today their job is to consolidate our recovery and reset the table for future growth. Tomorrow their job will be to renew CEMEX's industry-leading profitable growth trajectory. I am confident that the nine executives who report to me on the Committee have the skills, the experience, the imagination, and the wisdom to accomplish those tasks.

Getting closer to our customers is central to our future success. Among other initiatives, we are designing services aimed at helping our clients grow faster and more profitably; developing integrated value-added solutions to build municipal, state, and federal roads, highways, and other infrastructure projects; and designing and delivering specialty products that are tailored to customers' specific requirements. All these efforts also allow us to strengthen our brand equity.

Another important element of our transformation is the deepening of CEMEX's long-standing commitment to sustainability. This takes many forms—from our steadfast devotion to corporate social responsibility to our unwavering efforts to reduce our carbon footprint. Indeed, one of our most important initiatives is our intensified use of environmentally friendly alternative fuels and renewable sources of clean energy. In 2011, we increased our utilization of alternative fuels to 25% of our cement plants' total fuel consumption. Based on this performance, we established a new 2015 target of a 35% substitution rate for alternative fuels, by far the most ambitious commitment in the cement industry. The result of these and other efforts—including reducing the clinker content of our cement and utilizing renewable sources of energy such as the Eurus wind farm—is that we have reduced our CO_2 emissions per ton of cement by more than 23% from 1990 levels, thereby avoiding emissions equivalent to those generated by 900 thousand homes per year.

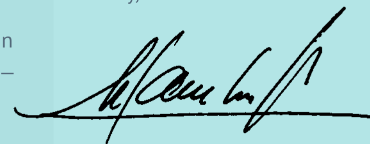
In addition to transforming our organization's structure, processes, and practices, we are also working to provide increased value to our shareholders by reshaping our portfolio. To this end, we adopted mandatory value-based management metrics to enable us to maximize long-term value creation and to divest unproductive assets. In 2011, we sold assets valued at US$225 million, and expect to sell an additional US$500 million in assets by the end of 2012. All of these sales meet two important criteria: they improve our return on capital employed and de-lever our balance sheet.

Strengthening our balance sheet and regaining our financial flexibility are critical to our future, and we have continued to make good progress on both. We have substantially prepaid all of our debt maturities until December 2013, have kept our interest expense roughly stable, and have maintained sufficient liquidity to support our operations. We have also complied with all our financial covenants and other obligations. Indeed, we have now paid close to US$7.7 billion—or more than half of the original balance outstanding under our main Financing Agreement—and have met the prepayment milestones under that Agreement.

Overall, I am proud of what the 44 thousand CEMEX employees accomplished during 2011. We made considerable progress in fulfilling our commitment to return CEMEX to its long-run path of industry-leading value creation. There is no doubt in my mind that we are on the right track.

On behalf of the board and our management team, I thank our stockholders, employees, customers, banks, note holders, and suppliers for their continued support.

Sincerely,



Lorenzo H. Zambrano
Chairman of the Board and Chief Executive Officer

CEMEX San Antonio offices in Mexico City

transforming to create
sustainable value

Over the past several years, we have been facing the consequences of the global economic and financial crisis:

we have worked aggressively to become more efficient and more agile; improved how we allocate and use capital; and sold assets, refinanced debt, raised equity, and strengthened our balance sheet. Amplifying these efforts, in early 2011, we embarked on a radical transformation of CEMEX to more rapidly return to the path of sustainable value creation.

WE HAVE CREATED AN ORGANIZATION THAT IS MORE AGILE, FLATTER, AND CLOSER TO THE MARKET

Organizational Changes

Through our transformation process, we have created an organization that is more agile, flatter, and closer to the market. It is designed to face outwards towards our customers and to reward entrepreneurial behavior on the part of executives across our organization.

This new organizational structure is built on three pillars:

First, our regional and country operations—the pivot points of our new organization—are at the center of our company's value creation. Focused on our customers, our managers and operators are situated as closely as possible to our markets. Accordingly, key market-oriented functions, such as technology, energy, trading, and procurement, were transferred from our corporate headquarters to these business units—decentralizing authority and increasing accountability at regional levels.

Second, our small, world-class, tightly focused corporate headquarters concentrates on the critical tasks of sustaining a solid balance sheet, nurturing human resources, and defining a profitable global and industrial strategy. Each of these responsibilities requires a company-wide vision; hence, they are best managed from the center.

Third, our Global Service Organization (GSO) provides reliable, high quality transactional and expert services—including accounting, employee services, and IT support—at fair and transparent costs to our business units and corporate headquarters. Leveraging economies of scale by consolidating services, GSO enables our business units and corporate headquarters to focus on their core activities.

This entire structure reports to our Executive Committee, which is responsible for setting the overall direction of our company, establishing clear governance, and managing the interests of all our stakeholders.

"Our top management is deeply committed to the core values that have defined CEMEX throughout our history, and that contributed to our historical track record of profitable growth."

–Luis Hernández
Executive Vice President of Organization and Human Resources

La Yesca Dam in Jalisco and Nayarit, Mexico
Two dedicated ready-mix concrete plants installed for construction of the 207-meter wall

Our redefined, ten-member Executive Committee is an essential element of our new organization. To reflect the diversity of our markets and emphasize the importance of our operations, the six Presidents of our recently created, more differentiated regions serve as members of the Committee. Together with the three corporate Executive Vice Presidents who manage strategic planning, human resources, and finance and administration, they report directly to our Chairman and CEO. Through this new structure, the Regional Presidents assume greater authority and accountability and the communication between our regions and our CEO is direct.

We applied the design principles underlying our global reorganization at the regional and country levels as well. This is not a one-size-fits-all design, but one based on the common principles of increased accountability and empowerment, market-driven orientation, and flexibility. In all cases, we de-layered the organization, broadened the scope of executive responsibility, improved collaboration, and removed barriers that separated managers from customers.

Ultimately, our organizational changes are laying the foundation for an important cultural evolution at CEMEX. This evolution rewards entrepreneurship, promotes collaboration, innovation, and knowledge sharing, accelerates decision-making, embraces accountability, and sharpens our focus on our customers' needs. Through our transformation process, we are dramatically strengthening these behaviors to ensure the long-term success of our company.

Financial Initiatives

Strengthening our balance sheet is critical to recreating sustainable, profitable growth—the ultimate goal of our transformation process. To that end, our track record demonstrates that we are "walking the talk" on this financial imperative:

- We have executed debt and equity transactions of US$10.7 billion since 2009, including long-term debt securities issuances of US$6.1 billion and equity transactions of US$4.6 billion.
- We have sold assets in the amount of US$2.6 billion since 2008.
- As a result of these transactions, we have prepaid approximately US$7.7 billion—or more than half of the US$15 billion Financing Agreement we entered into in 2009—and we have reduced total debt plus perpetual securities by US$4.2 billion since June 2009.
- In the process, we have significantly increased the average life of our debt, from two years in June 2009 to more than four years today.
- We have also diversified the sources of our funds.

Today, 59% of our debt is sourced from the capital markets, and 41% from commercial banks. Importantly, we have significantly reduced our exposure to interest rate volatility. Now, only 6% of our overall interest expense moves with base rates.

In 2011, our financial strategy contributed substantially to these results. First, in the face of a highly volatile environment, we refinanced almost US$2.6 billion through several market transactions. In the process, we practically eliminated our refinancing requirements through December 2013. Second, we kept our interest expense relatively stable. Third, we maintained more than adequate liquidity to support our operations. Fourth, we complied with our financial obligations under our Financial Agreement and met the final prepayment milestone ahead of schedule. This, together with the issuance of convertible securities at the beginning of the year, enabled us to avoid an aggregate 200-basis-point step-up in our interest expense, which translates into the avoidance of about a US$150 million per annum increase in our interest expense.

In addition to bolstering our balance sheet, we are determined to become even better stewards of the capital our shareholders have invested with us. We must use value-based management metrics such as Cash Value Added (CVA) and Return on Capital Employed (ROCE) to help us maximize long-term value creation; consistently evaluate cost of capital when making day-to-day decisions; shed unprofitable products; and divest unproductive assets. In this way, we are reshaping our portfolio to assure that we are in the right businesses in the right markets with the right returns. With this in mind, we are building our employees' understanding of value management through our global training programs. We are also redrawing our compensation system, so our managers are rewarded for the variables they control and the value they create.

Panama Canal in Panama
500,000 tons of cement for the third set of locks

"We recognize that recovering our financial flexibility is critical to recreating sustainable, profitable growth—and that requires a sound balance sheet."

–Fernando A. González
Executive Vice President of Finance and Administration

THE TRANSFORMATION PROCESS INVOLVES AN AGGRESSIVE EFFORT TO GET CLOSER TO OUR CUSTOMERS

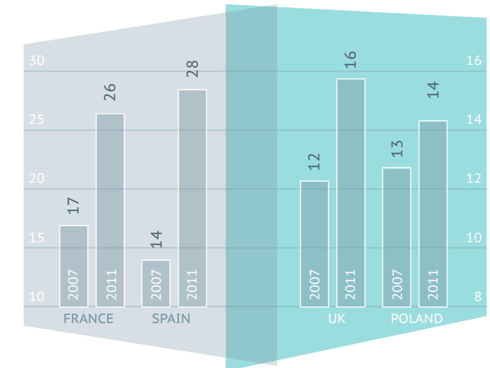
Commercial Strategies

The transformation process involves an aggressive effort to get closer to our customers throughout our global operations. For example, in Spain, before the transformation, different teams were managing our businesses across the value chain, and our commercial teams in each business were organized around products. Today, one management team is responsible for all our businesses in the same geography, and our commercial teams are organized around customer segments. As a result, we can respond faster to our clients' and markets' evolving needs.

A key element of our commercial strategy is to expand demand for our high-end specialty products. These products offer several advantages: they meet very specific customer needs; they strengthen brand loyalty; and they enjoy premium pricing. For example, in Mexico, we recently introduced our EXTRA brand bagged cement. This specialty cement mixes more readily with water and reduces cracks by 80%, characteristics that are highly valued by the country's mass market. Similarly, Impercem, our waterproof cement, eliminates the need for coating roofs and commands a premium over conventional cement products. In fact, our new specialty products comprise

ThyssenKrupp Headquarters in Essen, Germany
Specialty ready-mix concrete for flooring

SPECIALTY READY-MIX CONCRETE PRODUCTS
percentage of total volume



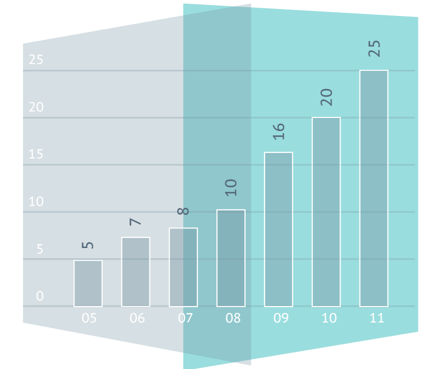
an increasing percentage of our total sales volumes. Today, specialty ready-mix concrete products account for more than one fourth of our concrete sales in France and Spain, 16% in the UK, as well as 14% in Poland. We expect to continue developing and deploying new specialty products in the coming years—enhancing customer satisfaction, product differentiation, and profitability.

Led by our Global Center for Technology and Innovation (GCTI) in Switzerland, our researchers design advanced building materials that fulfill our customers' increasingly demanding performance requirements. CEMEX recently launched two new global ready-mix concrete brands—Promptis and Hidratium—designed using proprietary admixtures developed by CEMEX researchers. Promptis is a rapid-hardening concrete that quickly reaches compressive strength but maintains its workability for at least 90 minutes. Hidratium is CEMEX's self-curing concrete solution; no additional curing is required, early-age cracking is eliminated, overall shrinkage is reduced by 50%, and water evaporation is reduced by 80%.

Baluarte Bicentennial Bridge in Mexico
One of the tallest bridges in the world
with a height of 390 meters

ALTERNATIVE FUELS

percentage of total fuels



Thanks to our talented team of professionals and our wide array of innovative products, we excel in offering tailor-made solutions that set us apart from our competitors and generate greater value for our customers. Responding to the unique needs of the US$1 billion Port of Miami project, we are supplying 90,000 cubic yards of concrete for 12,000 segments of tunnel lining. We are also providing 7,000 cubic yards of specialty concrete for the underwater floor inside the shaft for the four-story-high tunnel-boring machine. This concrete must be poured underwater so the machine can be assembled in place and dig the tunnel, while the tunnel segments are installed. Additionally, in northern Mexico, we supplied 40,000 cubic meters of specialty ready-mix concrete for the Baluarte Bicentennial Bridge. At a height of 390 meters and a span of 520 meters, Baluarte is one of the tallest and most complex bridge mega-structures in the world. Our global knowledge pool of concrete logistics enabled us to overcome the tremendous challenge of executing this formidable project. Moreover, in Southern France, we addressed the special architectural needs of French soccer star Zinedine Zidane's new sports center, designed in dominant shades of black. In harmony with the architect's concept, CEMEX delivered specialty black Advanci Architectonique ready-mix concrete for the center, as well as grey ready-mix concrete with specialty black quartz stone aggregates for paving. Furthermore, in Germany, we recently completed the installation of 25 six-meter-high, double-wall, pre-cast, bright white concrete elements composing the six faces of the striking garden pavilion of the Cologne Sculpture Park. At the construction site, the units were pivoted and mounted vertically, using a system developed by CEMEX to move such large pre-cast concrete elements without risk of damage. The elements were then set in concrete at the site, creating a massive, imposing structure. Ultimately, these are but a few illustrations of our customized building solutions.

Sustainable Development

An important component of our transformation process is our deepening commitment to sustainability. As one of the largest building materials companies in the world, it is incumbent upon us to help lead the transition to a truly sustainable construction industry and to contribute to improving the quality of life of our communities.

"Our strategy of product differentiation allows us to stay ahead of our competition, providing products with characteristics tailored to our clients' needs."

–Juan Romero
President CEMEX Mexico

Today, buildings account for approximately 40% of the energy consumed globally, and nearly 90% of a building's energy use during its life span comes from its operation, maintenance, and renovation. This offers our company and our industry both a responsibility and a great opportunity to develop products that satisfy our customers' growing demand for high-performance, low-carbon, energy-efficient building solutions. Through our ongoing research and development, we are designing an array of products that our clients can use for more energy-saving, sustainable construction. These include our insulating concrete forms, a flexible construction system that uses concrete between two layers of polystyrene to provide a robust thermal insulation layer that reduces heat transfer. Furthermore, our pervious concrete acts like natural drainage, filtering stormwater, minimizing runoff, removing pollution, and replenishing a site's natural aquifers; hence, it is often used for parking areas and roadways.

In addition to developing more sustainable products, we are substantially increasing our use of lower-carbon alternative fuels—such as tires, biomass, and household waste—in our manufacturing processes to lower our consumption of carbon-based fossil fuels, dampen rising energy costs, recover energy from society's waste, and preserve precious landfill space. In 2011, we significantly expanded our utilization of alternative fuels from 20% of our cement plants' total fuel consumption in 2010 to 25%. Building on our progress, we established a new 2015 target of a 35% substitution rate for alternative fuels, by far the most ambitious commitment in the cement industry.

Consistent with our carbon reduction strategy, in 2011, we obtained the United Nations Framework Convention on Climate Change (UNFCCC) approval of four additional Clean Development Mechanism (CDM) projects in Egypt, Panama, and Mexico. These initiatives will replace a percentage of the fossil fuels consumed in the cement kilns by alternative fuels such as biomass, refuse-derived fuel, and tires. Overall, our eight registered CDM projects will avoid more than 1.4 million tons of CO_2 emissions per year.

Thanks to these and other low-carbon initiatives, we are on track to achieve our goal of a 25% reduction in specific CO_2 emissions per ton of cement by 2015 from 1990 levels. In fact, as compared with our 1990 baseline, at the end of 2011, we had achieved a reduction of about 23% in our net CO_2 emissions per ton of cement produced. Consequently, we avoided 7.6 million metric tons of CO_2 emissions annually—including avoided emissions from the Eurus wind farm in Mexico—equal to the annual emissions from 900 thousand homes.

"We are developing new business solutions, improving our customer focus, and deepening our commitment to sustainability in ways that will improve our bottom line."

–Ignacio Madridejos
President CEMEX Northern Europe

Chelm Cement Plant in Poland
76% of fuel required comes from alternative fuels

CEMEX Community
Center in Colombia

Beyond reducing our carbon footprint, we work diligently to responsibly manage the land within and around our operations to protect biodiversity and maximize our contribution to nature conservation. At year-end 2011, 89% of our active cement and aggregates sites had quarry rehabilitation plans in place. Hence, we are on track to meet our target for 2015 of 100%.

An integral part of our company's culture, CEMEX's social responsibility programs focus on strengthening our local communities. Among our initiatives, we support self-construction and community infrastructure services; nurture education and training opportunities; cultivate self-employment and development of micro businesses; foster local environmental awareness; contribute to disaster relief; and encourage our employees to volunteer in their communities.

Over the years, CEMEX has implemented a series of measures to help provide disadvantaged families with homes and shelter. Since 1998, *Patrimonio Hoy*, our award-winning low-income housing program, has supplied affordable construction materials and services, as well as US$200 million in microfinancing, to more than 350,000 families in five countries to build or improve their homes. Moreover, in Mexico, our *Centros Productivos de Autoempleo* program enables families with income of less than twice the minimum wage to produce the basic materials, such as concrete blocks, required to construct or expand their homes; we supply the necessary machinery and materials, while the community contributes the labor. Furthermore, our recently announced affordable housing initiative helps low-income families in developing countries to obtain quality concrete housing. Through this program, we not only supply these families with inexpensive, reliable building materials and services, but also assist them to find the right financial solutions to secure quality housing. As part of this initiative, our housing experts have developed several prototypes of concrete houses for various urban and rural communities. The cost of building these homes is under US$10,000, including finishes, fixtures, and equipment. Through all of these programs, we play a welcome role in improving the quality of life of the local communities we serve.

Looking forward, we are on the right track to return our company to our long-term path of sustainable value creation.

Our transformation will lay the foundation for the CEMEX of the future: a leaner, more agile, and entrepreneurial enterprise focused on its core businesses and its key stakeholders.

selected consolidated

financial information

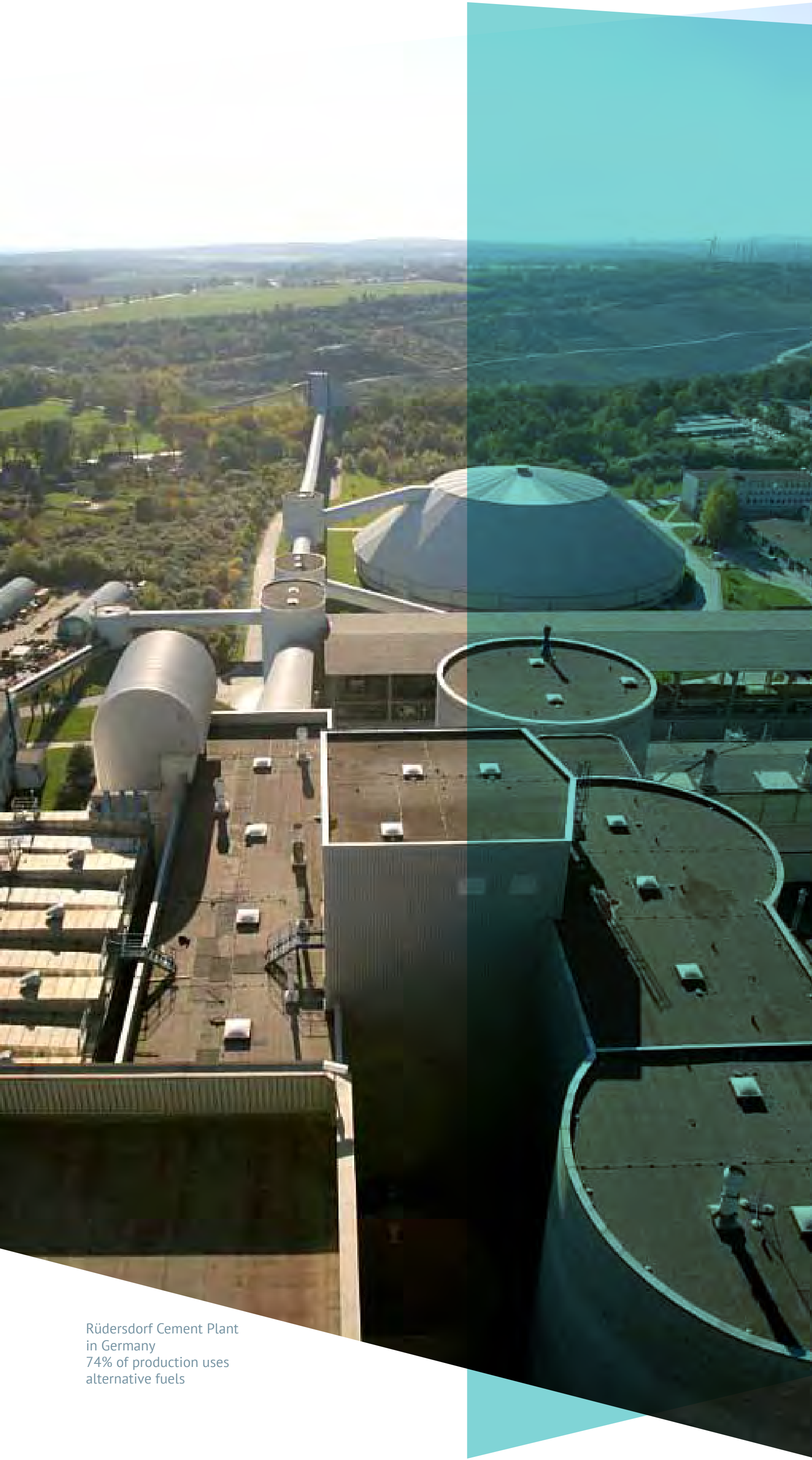
CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

in millions of US dollars, except ADSs and per-ADS amounts

OPERATING RESULTS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net sales	6,923	6,543	7,164	8,149	15,321	18,249	20,893	20,131	14,544	14,069	15,139
Cost of sales[1,2]	(3,894)	(3,656)	(4,130)	(4,586)	(9,271)	(11,649)	(13,868)	(13,735)	(10,270)	(10,127)	(10,823)
Gross profit	3,029	2,888	3,034	3,563	6,050	6,600	7,025	6,396	4,274	3,943	4,317
Operating expenses[2]	(1,376)	(1,577)	(1,579)	(1,711)	(3,563)	(3,655)	(4,130)	(4,069)	(3,109)	(3,087)	(3,356)
Operating income	1,653	1,310	1,455	1,852	2,487	2,945	2,895	2,327	1,165	856	960
Other expenses, net	(441)	(425)	(474)	(514)	(316)	(49)	(273)	(1,909)	(407)	(527)	(340)
Financial expense	(412)	(333)	(381)	(372)	(526)	(494)	(807)	(910)	(994)	(1,287)	(1,436)
Financial income	41	45	17	23	39	46	75	46	28	35	39
Comprehensive financing result[3]	265	(329)	(267)	133	239	(32)	93	(2,527)	(1,111)	(1,233)	(1,859)
Income before taxes	1,522	617	766	1,541	2,495	2,989	2,851	(2,031)	(341)	(946)	(1,271)
Discontinued operations[4]	-	-	-	-	-	-	26	187	(314)	-	-
Non-controlling interest[5,6,7]	153	37	30	21	55	110	77	4	18	2	(3)
Controlling interest net income (loss)	1,178	520	629	1,307	2,112	2,378	2,391	203	104	(1,304)	(1,533)
Millions of ADSs outstanding[8,9]	584	608	648	678	704	733	751	849	998	1,001	1,045
Earnings (loss) per ADS[9,10]	2.07	0.87	1.00	1.96	3.05	3.31	3.21	0.24	0.11	(1.30)	(1.47)
Dividends per ADS[8,9,11]	0.51	0.52	0.51	0.61	0.60	0.90	0.83	n.a	n.a	n.a	n.a
BALANCE SHEET INFORMATION											
Cash and temporary investments	428	361	291	342	601	1,579	743	939	1,077	676	1,155
Net working capital[12]	933	699	576	525	1,268	887	1,383	1,191	946	732	777
Property, plant, and equipment, net	8,940	8,963	9,265	9,613	15,542	17,196	22,895	19,671	19,776	18,726	17,605
Total assets	16,230	15,934	16,016	17,381	26,763	29,972	49,662	45,387	44,483	41,675	39,276
Short-term debt & other financial obligations[13]	1,028	1,393	1,329	1,044	1,191	1,252	3,311	6,934	565	456	373
Long-term debt & other financial obligations[13]	4,345	4,374	4,537	4,887	8,287	6,290	16,542	11,849	15,565	15,953	16,756
Total liabilities	8,078	8,983	9,250	9,161	16,409	15,193	30,967	28,119	24,806	24,385	24,396
Non-controlling interest[5,6,7]	1,975	1,207	532	389	529	1,920	3,753	3,390	3,338	1,580	1,198
Total controlling stockholders' equity	6,177	5,744	6,234	7,831	9,825	12,859	14,942	13,879	16,339	15,710	13,683
Total stockholders' equity	8,152	6,951	6,766	8,220	10,354	14,779	18,695	17,268	19,677	17,290	14,881
Book value per ADS[8,9]	10.58	8.63	8.78	11.55	13.94	17.55	19.90	16.34	16.37	15.70	13.09
OTHER FINANCIAL DATA											
Operating margin	23.9%	20.0%	20.3%	22.7%	16.2%	16.1%	13.9%	11.6%	8.0%	6.1%	6.3%
Operating EBITDA margin[12]	32.6%	29.3%	29.4%	31.1%	23.2%	22.7%	21.6%	20.3%	18.3%	16.4%	15.4%
Operating EBITDA[12]	2,256	1,917	2,108	2,538	3,557	4,138	4,512	4,080	2,657	2,314	2,332
Free cash flow[12,14]	1,145	948	1,143	1,478	2,198	2,689	2,455	2,600	1,215	512	386

notes to selected consolidated financial information

1. Cost of sales includes depreciation, amortization and depletion of assets involved in production, and expenses related to storage in producing plants, as well as, beginning in 2008, freight expenses of raw material in plants and delivery expenses of CEMEX's ready-mix concrete business.
2. For the periods ending December 31, 2002 through 2007, the expenses related to the distribution of the company's products were classified as selling expenses on the income statement. In 2001, such expenses were recognized partially as part of cost of sales.
3. Comprehensive financing result includes financial expense, financial income, realized and unrealized gains and losses on derivative financial instruments and marketable securities, foreign exchange results, and the monetary position result.
4. In October 2009, we completed the sale of our Australian operations for approximately A$2,020 million (approx. US$1,700 million). The consolidated income statements present the results of operations of the Australian assets, net of income tax, for the years 2007, 2008, and 2009 in a single line item as "Discontinued Operations" (see note 3B to the 2011 Annual Report's Financial Statements).
5. In 2000, a Dutch subsidiary of CEMEX issued preferred stock for US$1.5 billion in connection with the financing required for the CEMEX, Inc. (formerly Southdown) acquisition. After redemptions of preferred stock made during the life of this transaction, the outstanding amount of preferred stock included as minority interest as of December 31, 2001 and 2002, was US$900 million and US$650 million, respectively. In October 2003, CEMEX early redeemed the total outstanding amount of the preferred stock.
6. In 1998, a subsidiary of CEMEX in Spain issued US$250 million of capital securities. In April 2002, through a tender offer, US$184 million of capital securities were redeemed. The balance outstanding as of December 31, 2002 and 2003, was US$66 million and was liquidated during 2004. This transaction was recorded as minority interest during its tenure.
7. As of December 31, 2006, 2007, 2008, 2009, 2010, and 2011, non-controlling interest includes US$1,250 million, US$3,065 million, US$3,020 million, US$3,045 million, US$1,320 million and US$938 million, respectively, of aggregate notional amounts of perpetual debentures issued by consolidated entities. For accounting purposes, these debentures represent equity instruments (see note 16D to the 2011 Annual Report's Financial Statements).
8. The number of ADSs outstanding represents the total ADS equivalent units outstanding at the close of each year, stated in millions of ADSs, and includes the total number of ADS equivalents issued by CEMEX in underlying derivative transactions, and excludes the total number of ADS equivalents issued by CEMEX and owned by subsidiaries. Each ADS listed on the New York Stock Exchange represents 10 CPOs.
9. Our shareholders approved stock splits in 2005 and 2006. As a result, each of our existing CPOs was surrendered in exchange for two new CPOs. The proportional equity interest participation of the stockholders in CEMEX's common stock did not change as a result of the stock splits mentioned above. The number of our ADSs outstanding did not change as a result of the stock splits in the year 2005. Instead, the ratio of CPOs to ADSs was modified so that each ADS represented 10 new CPOs. As a result of the stock split approved during 2006, one additional ADS was issued in exchange for each existing ADS, each ADS representing 10 new CPOs. Earnings per ADS and the number of ADSs outstanding for the years ending December 31, 2001 through 2005, have been adjusted to make the effect of the stock splits retroactive for the correspondent years. In the Financial Statements, these figures are presented on a per-share basis (see note 18 to the 2011 Annual Report's Financial Statements).
10. For purposes of the selected financial information for the periods ended December 31, 2001 through 2011, the earnings (loss)-per-ADS amounts were determined by considering the year end balance number of ADS equivalent units outstanding during each year, i.e., 568.6, 598.3, 630.4, 665.8, 691.9, 718.4, 743.2, 838.1, 893.2, 999.2, and 1,042.2 million, respectively. These numbers of ADSs outstanding were not restated retroactively to give effect to stock dividends occurring during the period, as it would be required under MFRS for their disclosure in the financial statements.
11. Dividends declared at each year's annual stockholders' meeting for each period are reflected as dividends for the preceding year. We did not declare a dividend for the years 2008, 2009, and 2010. Instead, at our 2009, 2010, and 2011 annual shareholders' meetings, CEMEX's stockholders approved a capitalization of retained earnings. New CPOs issued pursuant to the capitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 335 million CPOs, 384 million CPOs, and 401 million CPOs were issued and paid during 2009, 2010, and 2011, respectively. CPO holders received one new CPO for each 25 CPOs held, and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares.
12. Please refer to page 105 for the definition of terms.
13. In 2010 and 2011, other financial obligations include the liability components associated with CEMEX's financial instruments convertible into CEMEX's CPOs, as well as CEMEX's capital leases (see note 12B to the 2011 Annual Report's Financial Statements). Prior to 2010, there were no significant transactions concerning capital leases or convertible financial instruments.
14. Beginning in 2005, free cash flow is calculated after maintenance capital expenditures only.



Rüdersdorf Cement Plant
in Germany
74% of production uses
alternative fuels

transforming to strengthen our

global leadership

WE PROVIDE PRODUCTS OF CONSISTENTLY HIGH QUALITY TO CUSTOMERS ACROSS THE WORLD

company overview

Business

CEMEX is a global building materials company that provides high-quality products and reliable service to customers and communities in more than 50 countries throughout the world. CEMEX has a rich history of improving the well-being of those it serves through its efforts to pursue innovative industry solutions and efficiency advancements and to promote a sustainable future.

Our company was founded in Mexico in 1906, and we have grown from a local player to one of the top global companies in our industry, with approximately 44,000 employees worldwide. Today, we are strategically positioned in the Americas, Europe, Africa, the Middle East, and Asia. Our operations network produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials to customers in over 50 countries, and we maintain trade relationships in approximately 102 nations.

Business Strategy

We seek to continue to strengthen our global leadership by growing profitably through our integrated positions along the cement value chain and maximizing our overall performance. Looking forward, we will:

- Focus on our core business of cement, ready-mix concrete, and aggregates;
- Provide our customers with the best value proposition;
- Strengthen our capital structure and regain our financial flexibility;
- Maximize our operating efficiency;
- Recruit, retain, and cultivate world-class managers; and
- Foster our sustainable development.

Focus on our core business of cement, ready-mix concrete, and aggregates
Leveraging our global presence and extensive operations worldwide, we plan to continue focusing on our core business of cement, ready-mix concrete, and aggregates. Our geographically diverse portfolio of cement, ready-mix concrete, and aggregates assets well positions us for the expected recovery of key construction markets, providing us with the opportunity for significant organic growth over the medium and long term. By managing our cement, ready-mix concrete, and aggregates assets as one vertically integrated business rather than as distinct businesses, we not only capture a greater portion of the cement value chain, but also get closer to our end consumers.

Provide our customers with the best value proposition
We want CEMEX to be the supplier of choice for our customers—whether global construction companies or individuals building their family's first home. We look to provide them with the most efficient and effective building solutions for their construction project, large or small. To this end, we tailor our products and services to suit our customers' specific needs in all major construction segments, including the residential, commercial, industrial, and infrastructure sectors.

We also see abundant opportunities to deepen our customer relationships by focusing on more vertically integrated building solutions rather than separate products. By developing our integrated offerings, we can provide customers with more reliable, higher-quality service and more consistent product quality.

Strengthen our capital structure and regain our financial flexibility
We continue to focus on strengthening our capital structure and regaining our financial flexibility by reducing our debt, improving our cash flow generation, and extending our maturities through different strategic initiatives.

As a result of our efforts, we have now paid close to US$7.7 billion—or more than half of the US$15 billion Financing Agreement we entered into in 2009—and we have reduced total debt plus perpetual securities by US$4.2 billion since June 2009. We have also issued approximately US$2.6 billion in senior secured notes and approximately US$1.7 billion in convertible subordinated notes during 2011.

In addition, we have continued a process to divest assets in order to reduce our debt and streamline our operations. In fact, we have raised US$225 million in asset sales during 2011.

Moreover, we have continued to optimize our maintenance and strategic capital expenditures to maximize our free cash flow generation. In 2011, we have limited our maintenance and strategic capital expenditures to approximately US$485 million.

Furthermore, we have substantially prepaid all of our maturities until December 2013, while keeping our interest expense relatively stable. We have maintained more than adequate liquidity to support our operations and continued to comply with our financial obligations.

Maximize our operating efficiency
We constantly look for ways to reduce our costs and maximize our operating efficiency. In a rapidly changing, challenging global business environment, we continually adapt our global operations network to meet current market dynamics. We are reshaping our portfolio to ensure that we are in the right businesses in the right markets with the right returns. We are also seizing every opportunity to drive down costs at both the operating and corporate levels. As a result of our transformation process, we achieved a recurring improvement of our steady-state EBITDA of US$150 million in 2011. In addition, we expect an incremental improvement of US$200 million in 2012, reaching a run rate of US$400 million by the end of that year.

Recruit, retain, and cultivate world-class managers
Our senior management enjoys a strong track record of operating diverse businesses throughout our industry's value chain in emerging and developed markets globally. With this in mind, we will continue to focus on recruiting, retaining, and developing motivated and knowledgeable professional managers.

"This transformation is about capturing the untapped value of our entire company, driving significant change throughout CEMEX—operationally, culturally, and strategically."

–Juan Pablo San Agustín
Executive Vice President of Strategic Planning and New Business Development

Quarry rehabilitation efforts
in the United Kingdom

We encourage our managers to regularly review our processes and practices and to identify innovative management and business approaches to improve our operations. By rotating our managers from one country to another and from one area of our operations to another, we increase their diversity of experience and knowledge of our business.

Foster our sustainable development

At CEMEX, sustainability is incorporated in our strategy and our day-to-day operations. Our goal is to provide building solutions that meet the needs of a resource-constrained world, to minimize the ecological footprint of our operations, and to foster closer relationships with all of our relevant stakeholders.

Among our priorities, we look to take the lead in sustainable construction through the development of products, services, and building solutions for a low-carbon economy. We also actively participate in low-income housing programs and high-scale infrastructure projects.

Moreover, as part of our efforts to reduce our ecological footprint, we increase our use of alternative fuels and raw materials, improve our energy efficiency, and contract renewable power where feasible. Additionally, we optimize air quality, waste management, and recycling; diminish disturbances from noise and dust; and implement biodiversity action plans at our quarries.

Furthermore, we engage our key stakeholders. In particular, we place a high priority on the health and safety of our employees, our contractors, and our communities. We are committed to help developing our local communities, and we collaborate with governments, NGOs, and opinion leaders to anticipate and address emerging social demands.

Alignment with Investor Interests

Employee stock-ownership plan

To better align our executives' interests with those of our stockholders, we began offering executives a new stock-ownership program in 2005. The plan moves our company's long-term incentives from stock option grants to restricted stock awards. As of December 31, 2011, our executives held 48,394,742 restricted CPOs, representing 0.5% of our total CPOs outstanding.

Corporate governance

We are committed to the highest standards of corporate governance. Our corporate governance practices are governed by our bylaws and all applicable provisions in both Mexican and U.S. securities laws. On a voluntary basis, we also comply with the Mexican Code of Best Practices, which provides recommendations for better corporate practices for listed companies in Mexico. Our company's board of directors is composed of qualified directors who provide appropriate oversight and meet the independence criteria under applicable laws. The requirement of independence of our audit committee members satisfies the independence and other requirements under applicable law, and one member of our audit committee meets the requirements of a "financial expert" as defined by the Sarbanes-Oxley Act of 2002 (SOX).

We also have designed and deployed 1) a formal internal process to support the certification by our chief executive officer and our executive vice president of finance and administration of the information that we present in CEMEX's periodic reports to the U.S. Securities and Exchange Commission, as well as to the corresponding securities authorities in Mexico; 2) a system to ensure that relevant information reaches senior management in a timely manner; 3) a system for anonymously and confidentially communicating to the audit committee complaints and concerns regarding accounting and audit issues; 4) a process for anonymously and confidentially submitting complaints related to unethical conduct and misuse of assets; and 5) a task force to follow legal requirements and best corporate-governance practices and, when appropriate, propose further improvements. Our code of ethics reflects the requirements of SOX.

We are in compliance with the applicable sections of SOX, including section 404.

management discussion and analysis

operational results and financial condition of the company

Consolidated Results

Net sales increased 8% to US$15.1 billion compared with 2010. The increase in sales was the result of higher sales mainly in our Northern European, South, Central America and the Caribbean, and Mexican operations.

Cost of sales as a percentage of net sales decreased 0.5 percentage points to 71.5% from 72.0%. The decrease in cost of sales as a percentage of net sales was mainly the result of the increase in sales and the results of our cost reduction initiatives, which were partially offset by the increase in fuel and raw materials costs. **Selling, general, and administrative (SG&A) expenses** as a percentage of sales increased from 21.9% to 22.2%. The increase in SG&A expenses was the result of higher distribution expenses, which were partially offset by savings from our cost-reduction initiatives.

Operating EBITDA increased 1% to US$2.3 billion. The increase was due mainly to higher contributions from our Northern European, South, Central America and the Caribbean, and Mexican operations. **Operating EBITDA margin** decreased 1.0 percentage point, from 16.4% in 2010 to 15.4% in 2011.

Other expenses, net, for the year were US$340 million, which included severance payments related to our transformation process, provisions for legal settlements, impairment of fixed assets, amortization of fees related to early redemption of debt, and a one-time tax provision in Colombia; all of them partially offset by the result of the compensation for the nationalization of our operations in Venezuela and the sale of fixed assets.

We reported an **exchange loss** of US$144 million, mainly resulting from the depreciation of the euro and Mexican peso against the U.S. dollar.

We reported a **loss on financial instruments** of US$330 million in 2011 compared with a loss of US$75 million in 2010. This loss resulted mainly from our equity derivatives related to CEMEX shares.

We reported a **controlling interest net loss** of US$1.5 billion versus a loss of US$1.3 billion in 2010 due to higher financial expenses, an exchange loss, and a higher loss on financial instruments, which were partially compensated by lower other expenses and lower income tax.

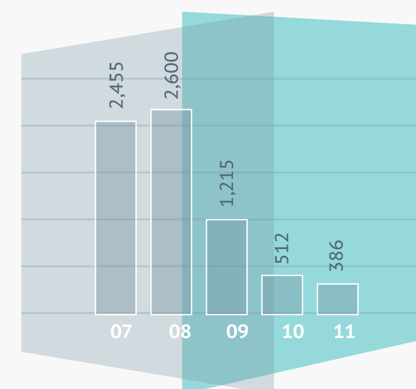
Total debt plus perpetual notes increased US$338 million to US$18.1 billion at the end of 2011.

Derivative financial instruments

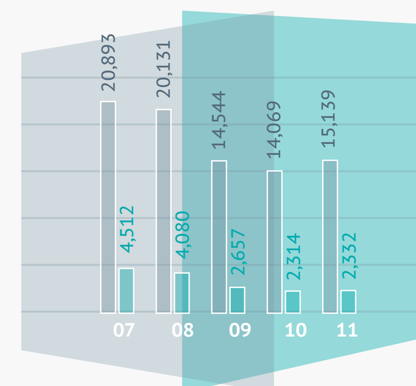
CEMEX uses derivative financial instruments ("derivative instruments") mainly in order to change the risk profile associated with changes in interest rates, the exchange rates of debt, or both; as an alternative source of financing; and as hedges of: (1) highly probable forecasted transactions and (2) CEMEX's net investments in foreign subsidiaries.

Under Mexican Financial Reporting Standards, CEMEX recognizes all derivative instruments on the balance sheet as assets or liabilities, at their estimated fair market value, with changes in such fair market values recorded on the income statement, except for cash-flow hedges. In such case, changes in the fair

FREE CASH FLOW
millions of US dollars



NET SALES AND OPERATING EBITDA
millions of US dollars



market value of the related derivative instrument are recognized temporarily in stockholders' equity and subsequently reclassified into earnings as the inverse effects of the underlying hedged items flow through the income statement. As required in the context of CEMEX's renegotiation with its major lenders prior to entering into the Financing Agreement, during the first half of 2009, CEMEX closed a significant portion of its derivative instruments. Therefore, as of December 31, 2011, CEMEX's remaining derivative instruments consisted of equity forward contracts, a forward instrument over the Total Return Index (TRI) of the Mexican Stock Exchange, and interest rate derivatives related to energy projects. As of December 31, 2011, in connection with the fair market value recognition of its derivatives portfolio, CEMEX had recognized increases in assets and liabilities, resulting in a net asset of US$146 million, which according to its financial agreements is presented net of the assets associated with the derivative instruments. The notional amounts of derivatives substantially match the amounts of underlying assets, liabilities, or equity transactions into which the derivatives are being entered.

The following table shows the notional amount for each type of derivative instrument and the aggregate fair market value for all of CEMEX's derivative instruments as of December 31, 2011.

Notional amounts [1]	2011
Equity [2]	2,794
Estimated aggregate fair market value [1,3]	94

in millions of US dollars as of December 31, 2011

1 Excludes an interest-rate swap related to its long-term energy contracts. As of December 31, 2011, the notional amount of this derivative was US$189 million, with a positive fair market value of approximately US$52 million.

2 Includes a notional amount of US$360 million in connection with a guarantee given by CEMEX under a financial transaction of its employees' pension fund trust. As of December 31, 2011, the fair value of such financial guarantee represents a liability of US$4 million, which is net of a collateral deposit of US$225 million.

3 Net of cash collateral deposited under open positions. Cash collateral was US$234 million as of December 31, 2011.

OUR DIVERSE PORTFOLIO WELL POSITIONS US FOR THE EXPECTED RECOVERY OF KEY MARKETS

Port of Miami Project in Florida, U.S.
250,000 cubic yards of ready-mix concrete

Photo courtesy of Bouygues Civil Works Florida

global review of operations

Mexico

In 2011, our Mexican operations' net sales increased 1% year over year to US$3.5 billion, and operating EBITDA increased 4% to US$1.2 billion. Our domestic gray cement and ready-mix concrete volumes increased 1% and 6%, respectively, while our aggregates volumes decreased 5% for the year.

Construction activity for the year was driven mainly by the infrastructure and industrial-and-commercial sectors. The self-construction sector experienced modest growth. Formal housing investment, mainly low- and middle-income housing, declined due to lower availability of bridge loans from commercial banks to homebuilders.

United States

Our U.S. operations' net sales increased 1% year over year to US$2.5 billion in 2011. Operating EBITDA was US$(100) million for the year. Our U.S. operations' domestic gray cement, ready-mix concrete, and aggregates volumes decreased 2%, increased 7%, and decreased 9%, respectively, for 2011. The consolidation of the Ready Mix USA joint venture as of August resulted in higher ready-mix concrete and aggregates volumes. On a like-to-like basis for the ongoing operations, both ready-mix concrete and aggregates volumes declined 6% for the year.

During the year, construction activity in the residential sector remained relatively stagnant due to excess inventory, tight credit conditions, weak job creation, and low confidence in the economic outlook. Continued weakness in state fiscal conditions and uncertainty over federal funding negatively affected the infrastructure sector. The industrial-and-commercial sector continued to show improvement.

"We are going to give people much more freedom to run and thus own their businesses. With this freedom will come greatly increased accountability."

–Karl Watson, Jr.
President CEMEX USA

Northern Europe

Our Northern European operations' net sales increased 18% year over year to US$4.7 billion, and operating EBITDA rose 54% to US$416 million for 2011. Our Northern European operations' domestic gray cement, ready-mix concrete, and aggregates volumes increased 13%, 13%, and 8%, respectively, for the year.

Our UK operations' domestic gray cement, ready-mix concrete, and aggregates volumes increased 6%, 11%, and 4%, respectively, in 2011. The main driver of construction activity during the year was the infrastructure sector, although a slowdown was apparent during the second half of the year. After a positive first half of the year, the residential sector was constrained by weak market fundamentals, which made it difficult to obtain mortgages. The industrial-and-commercial sector was negatively affected by economic instability that accelerated during the second half of 2011.

In France, our operations' ready-mix concrete and aggregates volumes increased 12% and 11%, respectively, for the year. Sales volumes for the year were driven by the residential sector, which benefited from economic stimulus plan measures such as social housing, tax incentives, and zero-rate loans, as well as favorable credit conditions. The increase in the number of new project starts and permits, especially from offices and warehouses, improved the performance of the industrial-and-commercial sector. Construction activity from the infrastructure sector remained stable, driven mainly by private investments, which offset the drop in public investment.

In Germany, our operations' domestic gray cement volumes increased 14% for the year. Sales volumes during the year were driven by the positive momentum of the residential sector, resulting from historically low mortgage rates, stable construction prices, shrinking unemployment, and higher wages. The industrial-and-commercial sector benefited from a strong manufacturing sector, as well as high capacity utilization. Construction activity from the infrastructure sector decreased slightly due to cuts in the national budget.

WE NEED TO ENSURE THAT WE ARE IN THE RIGHT BUSINESSES IN THE RIGHT MARKETS WITH THE RIGHT RETURNS

	CEMENT PRODUCTION CAPACITY (MILLION METRIC TONS/YEAR)	CEMENT PLANTS CONTROLLED	CEMENT PLANTS MINORITY PART.	READY-MIX PLANTS	AGGREGATES QUARRIES	LAND DISTRIBUTION CENTERS	MARINE TERMINALS
Mexico	29.3	15	3	323	16	80	7
United States	17.1	13	5	444	81	43	4
Northern Europe[1]	11.9	7	1	855	221	43	24
Mediterranean[2]	18.8	12	0	188	39	25	19
South, Central America and the Caribbean[3]	12.8	11	3	92	16	24	11
Asia[4]	5.7	3	0	19	4	11	5
Total	95.6	61	12	1,921	377	226	70

as of December 31, 2011

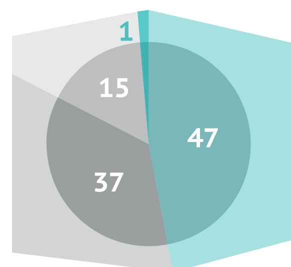
1 Includes operations in Austria, Czech Republic, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, Sweden, and the United Kingdom
2 Includes operations in Croatia, Egypt, Israel, Spain, and the United Arab Emirates
3 Includes operations in Argentina, Colombia, Costa Rica, Dominican Republic, Guatemala, Nicaragua, Panama, Puerto Rico, as well as other operations in the Caribbean region
4 Includes operations in Bangladesh, China, Malaysia, the Philippines, and Thailand

	SALES	OPERATING INCOME	OPERATING EBITDA	ASSETS [6]
Mexico	3,474	1,051	1,196	4,600
United States[1]	2,521	(656)	(100)	17,586
Northern Europe[2]	4,729	148	416	5,734
Mediterranean[3]	1,719	332	439	5,521
South, Central America and the Caribbean[4]	1,745	417	513	2,457
Asia[5]	505	61	81	793
Others and intercompany eliminations	445	(392)	(212)	2,585
Total	15,139	960	2,332	39,276

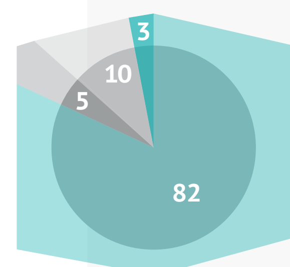
millions of US dollars as of December 31, 2011

1 Beginning August 1, 2011, includes the operations of Ready Mix USA LLC
2 Includes operations in Austria, Czech Republic, Finland, France, Germany, Hungary, Ireland, Latvia, Lithuania, Norway, Poland, Sweden, and the United Kingdom
3 Includes operations in Croatia, Egypt, Israel, Spain, and the United Arab Emirates
4 Includes operations in Argentina, Colombia, Costa Rica, Dominican Republic, Guatemala, Nicaragua, Panama, Puerto Rico, as well as other operations in the Caribbean region
5 Includes operations in Bangladesh, China, Malaysia, the Philippines, and Thailand
6 Includes assets in associated participation

SALES BY PRODUCT
percentage



OPERATING EBITDA BY PRODUCT
percentage



CEMENT
READY MIX
AGGREGATES
OTHERS

Domestic gray cement volumes for our operations in Poland increased 19% for the year. Construction activity for the year was driven by the ongoing strength of the infrastructure sector, which benefited from continued government spending on the construction of highways, express roads, and railways—supported by the use of financial assets from EU structural funds. Activity from the industrial and commercial sector was positive, with higher foreign direct investments resulting from the positive economic environment. The residential sector remained stable for the year.

Mediterranean

Net sales from our operations in the Mediterranean region declined 5% year over year to US$1.7 billion, while operating EBITDA decreased 18% to US$439 million in 2011. Our regional operations' domestic gray cement, ready-mix concrete, and aggregates volumes decreased 8%, 1%, and 9%, respectively, for the year.

Our Spanish operations' domestic gray cement and ready-mix concrete volumes decreased 19% and 21%, respectively, for the year. The decline in sales volumes for the year was the result of lower construction activity across all regions and demand sectors. The residential sector was negatively affected by high housing inventory levels and lack of financing, with housing permits at all time low levels. Large budget cuts and lack of economic resources negatively affected infrastructure sector activity. Furthermore, activity from the industrial-and-commercial sector declined given the low visibility, high risk premium, unfavorable macroeconomic conditions, and tighter credit.

"Our stakeholders have asked us to provide sustained profitability, now and in the long term. I am confident we are on track to do that."

–Jaime Muguiro
President CEMEX Mediterranean

In Egypt, our operations' domestic gray cement volumes decreased 3% in 2011. Our sales volumes were negatively affected by the country's political and social unrest, which slowed Egypt's economy and affected the overall business environment. In the infrastructure sector, most of the projects were on hold due to a reduction in government expenditures. Spending on other demand segments was stagnant as a result of heightened uncertainty given the difficult political situation.

South, Central America and the Caribbean

In 2011, our net sales in the region grew 21% to US$1.7 billion, while operating EBITDA increased 11% to US$513 million. Our regional operations' domestic gray cement, ready-mix concrete, and aggregates volumes improved 5%, 15%, and 51%, respectively, for the year.

Our Colombian operations' domestic gray cement volumes increased 5% in 2011. Construction activity for the year was driven by the residential sector, particularly middle- and high-income housing, which benefited from stable interest rates, controlled inflation, low unemployment, and favorable macroeconomic conditions. Construction spending in the industrial-and-commercial sector, mainly on warehouses and commercial buildings, had a positive effect on volumes for the year. In addition, construction spending on infrastructure projects, mainly road construction and maintenance, contributed to the performance of the sector.

Asia

Our regional operations' net sales decreased 2% year over year to US$505 million, while our operating EBITDA declined 34% to US$81 million in 2011. As a whole, our regional domestic gray cement, ready-mix concrete, and aggregates volumes decreased 2%, 8%, and 4%, respectively, for the year.

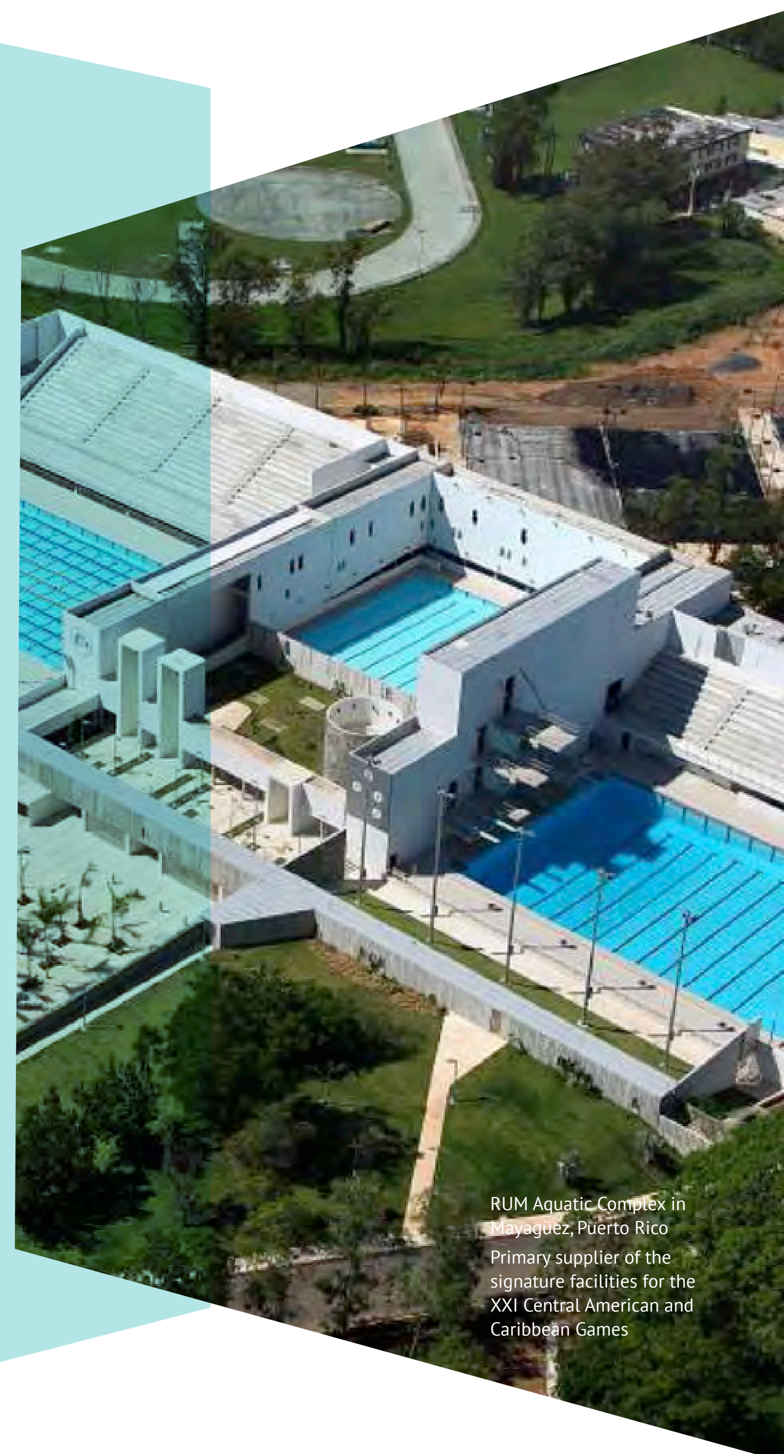
In the Philippines, our operations' domestic gray cement volumes declined 5% in 2011. Demand for building materials was negatively affected by the government's suspension of key infrastructure projects due to the slow processes on the bidding and disbursement of funds, as well as by the delay in the implementation of public-private partnership projects. In addition to this, unfavorable weather conditions in many regions of the country hampered construction activity during the year. However, after a slow first three quarters of the year, the country experienced a recovery in spending from the public sector in the fourth quarter. The residential sector remained strong along the year evidenced by the construction of large private projects, while the performance of the industrial-and-commercial sector was supported by demand for office space, sustained by the business process outsourcing industry in the country.

Trading

Our global trading network is one of the largest in the industry. Our trading operations help us to optimize our worldwide production capacity, deliver excess cement to where it is most needed, and explore new markets without

"Our commercial strategies will allow us not only to strengthen our market positions, but also to grow our business—and grow it profitably."

–Jaime Elizondo
President CEMEX South, Central America and the Caribbean



RUM Aquatic Complex in Mayagüez, Puerto Rico
Primary supplier of the signature facilities for the XXI Central American and Caribbean Games

the necessity of making immediate capital investments. Our worldwide network of strategically located marine terminals and broad third-party customer base also provide us with the added flexibility to fully place contracted supplies in an optimal way.

In 2011, we had trading relationships in 102 countries. Our trading volume totaled almost 9.1 million metric tons of cementitious materials—including approximately 8.4 million metric tons of cement and clinker. We also maintained a sizeable trading position of 0.7 million metric tons of granulated blast furnace slag, a non-clinker cementitious material.

In 2011, our trading network continued to rapidly redirect excess capacity from our operations affected by reduced local demand. It also enabled us to promptly adjust our product purchases from third parties in light of declining cement and clinker import requirements.

Freight rates, which have been extremely volatile in recent years, account for a large share of our total import supply cost. However, we have obtained significant savings by timely contracting maritime transportation and by using our own and chartered fleets—which transported approximately 17% of our cement and clinker import volume in 2011.

In addition, we provide freight service to third parties when we have spare fleet capacity. This not only provides us with valuable shipping market information, but also generates additional profit for our operations.

"Our clients expect us to grow along with them and require continually improving service, so they can deliver effectively to their own customers."

–Joaquín Estrada
President CEMEX Asia

capital market initiatives and other relevant events

CEMEX receives compensation for nationalization of CEMEX Venezuela

On December 13, 2011, pursuant to the terms of an agreement reached on November 30, 2011, CEMEX received payment of US$600 million from the Government of the Bolivarian Republic of Venezuela and its public entity Corporación Socialista del Cemento, S.A. as compensation for the nationalization of CEMEX Venezuela, S.A.C.A. ("CEMEX Venezuela"). In addition, US$154 million of accounts payable by CEMEX subsidiaries to CEMEX Venezuela were cancelled and claims between the parties were released.

Compensation was paid US$240 million in cash and in various negotiable securities issued by Petróleos de Venezuela, S.A. that during their full term pay an aggregate total of US$360 million.

CEMEX enhances its operations with new business process model

On September 5, 2011, CEMEX successfully integrated an SAP-centric enterprise platform for its operations across all business lines in Mexico, Spain, and Costa Rica. This platform is implemented in other operations, including the United States, the United Kingdom, Germany, and France, among others. Cement, ready-mix concrete, and aggregates operations are now using one of the most advanced enterprise application software available on the market to provide more value for CEMEX's customers, suppliers, and other key stakeholders. CEMEX achieved this integration in a record time with the help of a transformation team that included key representatives of the different business operations and expert guidance from individuals in the internal CEMEX business process areas. During 2012, the integration process will continue in CEMEX's operations in Central and South America, Europe, and Asia. For the project, CEMEX is receiving support from its Neoris subsidiary, a global business and IT consulting firm with extensive experience in SAP integrations.

CEMEX complies with Ready Mix USA put option obligation

On August 12, 2011, pursuant to the exercise of a put option by Ready Mix USA, CEMEX assumed full ownership in the two joint ventures between CEMEX USA and Ready Mix USA, which were created in 2005 and have cement, aggregates, ready-mix concrete, and concrete block assets located in the southeastern U.S.

The aggregate purchase price for Ready Mix USA's interests was approximately US$350 million. CEMEX also consolidated approximately US$28 million in net debt held by one of the joint ventures.

CEMEX rolls over securitization of accounts receivables program in Mexico

On August 9, 2011, CEMEX successfully rolled over its securitization of accounts receivables program in Mexico. To fund the transaction, a trust (at HSBC Mexico) issued MXN$2.5 billion (approximately US$202 million using an exchange rate of MXN$12.37 per U.S. dollar) of receivables-backed bonds maturing on October 5, 2015. The sale of receivables is on a nonrecourse basis and does not represent debt for CEMEX. The bonds were priced at a spread of 200 basis points over the 28-day TIIE interbank rate. Proceeds of the securitization were used to fully amortize the receivables-backed bonds issued in July 2009 under the securitization program, which is being rolled over, and to pay down debt.

CEMEX issues US$650 million reopening of 9.000% notes due 2018

On July 6, 2011, CEMEX issued US$650 million in additional notes as a reopening of its 9.000% Senior Secured Notes due 2018, which were originally issued on January 11, 2011, in the amount of US$1 billion. The additional US$650 million of notes were issued at a price of US$97.616 per US$100 principal amount, plus any accrued interest.

CEMEX changes its senior level organization

On April 12, 2011, CEMEX changed its senior level organization. CEMEX's operations, now organized in six regions, are led by the following executives, all of whom have served previously in various senior level operating positions within the company:

Juan Romero, President of CEMEX Mexico, who also oversees Global Technology;
Karl Watson, Jr., President of CEMEX USA;
Jaime Elizondo, President of CEMEX South, Central America and the Caribbean, who also oversees Global Procurement;
Ignacio Madridejos, President of CEMEX Northern Europe, who also oversees Global Energy and Sustainability;
Jaime Muguiro, President of CEMEX Mediterranean; and
Joaquín Estrada, President of CEMEX Asia, who also oversees Global Trading.

Additionally, CEMEX appointed the following executives to lead the company's corporate staff functions:
Fernando A. González, Executive Vice President of Finance and Administration, who also is CEMEX's Chief Financial Officer;
Juan Pablo San Agustín, Executive Vice President for Strategic Planning and Business Development; and
Luis Hernández, Executive Vice President for Organization and Human Resources.

These nine executives report directly to CEMEX's Chairman and CEO, Lorenzo H. Zambrano, and, with him, comprise the company's ten-member Executive Committee.

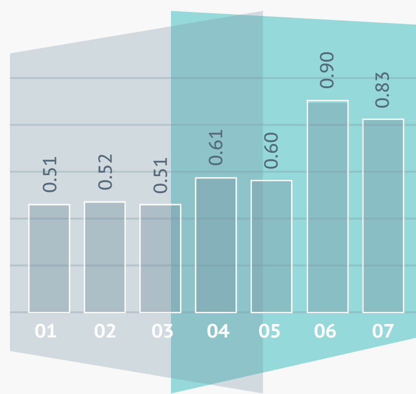
CEMEX shareholders receive new shares

On March 31, 2011, as a result of the application of retained earnings for a capital increase approved by CEMEX's shareholders at the General Ordinary Shareholders' Meeting held on February 24, 2011, CEMEX shareholders received new shares as follows:

1 new CEMEX CPO per 25 CEMEX CPOs held, or, if applicable, 3 new shares per 75 shares currently outstanding;
1 new CEMEX American Depositary Share ("ADS") per 25 ADSs held; and
No cash was distributed by CEMEX, not even for fractions from which no shares are issued.

The delivery of the new CPOs or shares was made starting on March 30, 2011. Only holders of record of CEMEX CPOs or ADSs as of March 29, 2011 (the record date), received new shares as a result of the increase in the capital stock. The new ADSs issued were distributed on or about March 31, 2011. As a result, the conversion rate of CEMEX's optional convertible subordinated notes due 2015, 2016, and 2018, as well as CEMEX's mandatory convertible obligations due 2019, were adjusted accordingly. The price was MXN$10.5185 per new CEMEX CPO. The shares were issued at an approximate price of MXN$3.5062 per share, of which MXN$0.00277661 went to our capital stock and the remaining amount as premium, and were deemed fully paid by the capitalization of retained earnings. CEMEX shareholders were not required to pay any consideration in connection with the issuance of the shares.

DIVIDENDS
US dollars per ADS



During 2008, 2009 and 2010, a recapitalization of retained earnings was approved.
For more information, read note 11 on page 13.

STRENGTHENING OUR BALANCE SHEET IS CRITICAL TO RECREATING SUSTAINABLE, PROFITABLE GROWTH

CEMEX issues US$800 million in floating rate notes

On March 29, 2011, CEMEX issued US$800 million aggregate principal amount of floating rate senior secured notes (the "2015 Notes") denominated in U.S. dollars.

The 2015 Notes will mature on September 30, 2015, pay interest quarterly at three-month U.S. dollar LIBOR plus 500 basis points, and were issued at a price of 99.001% of face value.

CEMEX issues US$1.67 billion aggregate in convertible subordinated notes

On March 16, 2011, CEMEX issued approximately US$980 million in principal amount of 3.25% convertible subordinated notes, which will mature on March 15, 2016, and US$690 million in principal amount of 3.75% convertible subordinated notes, which will mature on March 15, 2018 (the "2016 and 2018 Convertible Subordinated Notes"). The amounts reflected the full exercise of the US$267.5 million over-allotment options granted to the initial purchasers.

The 2016 and 2018 Convertible Subordinated Notes are convertible into American Depositary Shares (ADSs) of CEMEX based on an initial conversion rate of 88.6211 ADSs per US$1,000 principal amount of 2016 and 2018 Convertible Subordinated Notes, which is equivalent to an initial conversion price of approximately US$11.28 per ADS. The 2016 and 2018 Convertible Subordinated Notes are general unsecured subordinated obligations of CEMEX, subordinated to all of CEMEX's existing and future senior indebtedness and rank pari passu with CEMEX's 4.875% Convertible Subordinated Notes due 2015.

CEMEX used a portion of the net proceeds from the issuance of the 2016 and 2018 Convertible Subordinated Notes to fund the purchase of capped call transactions, which were expected generally to reduce the potential cost to CEMEX upon future conversion of the 2016 and 2018 Convertible Subordinated Notes, and to prepay indebtedness under CEMEX's Financing Agreement, as amended. CEMEX used the remaining net proceeds to repay Certificados Bursátiles.

CEMEX announces private agreement to exchange a portion of its outstanding perpetual debentures for new 9.25% U.S. dollar notes due 2020

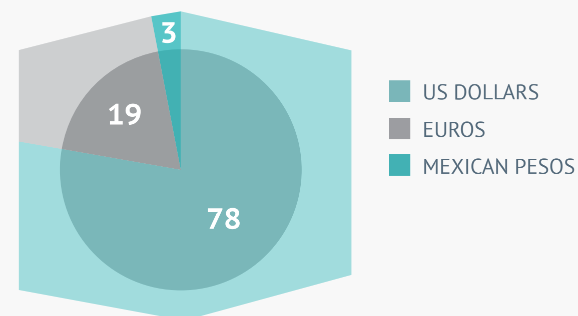
On February 25, 2011, CEMEX entered into a private agreement with an institutional investor, providing for the investor to exchange €119,350,000.00 (equivalent to US$162,423,415.00 at an exchange rate of €1.3609 per US$1.00) aggregate principal amount of 6.277% Fixed-to-Floating Rate Callable Perpetual Debentures issued by C-10 EUR Capital (SPV) Limited and held by the investor (including accrued interest thereon) for US$125,331,000.00 aggregate principal amount of new 9.25% U.S. dollar-denominated Senior Secured Notes due 2020, issued by CEMEX España, S.A., acting through its Luxembourg branch, and guaranteed by CEMEX, CEMEX México, S.A. de C.V., and New Sunward Holding B.V.

CEMEX holds Extraordinary Shareholders' Meeting

On February 24, 2011, CEMEX held an Extraordinary Shareholders' Meeting at which our shareholders approved an increase in the variable portion of our capital stock of up to 6 billion shares (equivalent to 2 billion CPOs or 200 million ADSs). Pursuant to the resolution approved by our shareholders, the subscription and payment of the new shares represented by CPOs may occur through a public offer of CPOs and/or issuance of convertible bonds and, until then, these shares will be kept in the company's Treasury. With the issuance on March 15, 2011, of approximately US$1.67 billion in Convertible Subordinated Notes due in 2016 and 2018, substantially all the new shares approved at CEMEX's Extraordinary Shareholders' Meeting were reserved to satisfy conversion of the Notes.

CURRENCY DENOMINATION OF TOTAL DEBT PLUS PERPETUAL NOTES

percentage as of December 31, 2011



CEMEX issues US$1,000 million of senior secured notes

On January 4, 2011, CEMEX issued US$1,000 million aggregate principal amount of U.S. dollar-denominated senior secured notes (the "2018 Notes").

The 2018 Notes will mature in 2018, and will pay a coupon of 9.00% annually. The 2018 Notes were issued at a discount of 99.364% of face value and will be callable commencing on their 4th anniversary.

financial statements

Tianjin Express Road in China
123,000 cubic meters of ready-mix concrete

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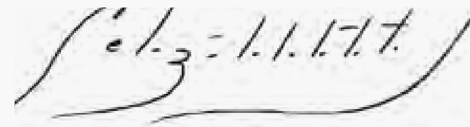
The Board of Directors and Stockholders
CEMEX, S.A.B. de C. V.:

We have audited the accompanying parent company-only and consolidated balance sheets of CEMEX, S.A.B. de C.V. and CEMEX, S.A.B. de C.V. and subsidiaries (the Company) as of December 31, 2011 and 2010, and the related parent company-only and consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2011, 2010 and 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company-only and consolidated financial statements referred to above present fairly, in all material respects, the financial position of CEMEX, S.A.B. de C.V. and CEMEX, S.A.B. de C.V. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations, changes in their stockholders' equity and their cash flows for the years ended December 31, 2011, 2010 and 2009, in conformity with Mexican Financial Reporting Standards.

KPMG Cárdenas Dosal, S.C.



C.P.C. Celin Zorrilla Rizo

Monterrey, N.L., México
January 26, 2012

consolidated balance sheets

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

(Millions of Mexican pesos)

	Notes		December 31, 2011	2010
ASSETS				
CURRENT ASSETS				
Cash and investments	4	$	16,128	8,354
Trade receivables less allowance for doubtful accounts	5		13,472	12,193
Other accounts receivable	6		8,454	16,124
Inventories, net	7		17,539	15,098
Other current assets	8		3,354	2,798
Total current assets			58,947	54,567
NON-CURRENT ASSETS				
Investments in associates	9A		8,642	8,261
Other investments and non-current accounts receivable	9B		11,065	15,118
Property, machinery and equipment, net	10		245,763	231,254
Goodwill, intangible assets and deferred charges, net	11		223,882	205,897
Total non-current assets			489,352	460,530
TOTAL ASSETS		$	548,299	515,097
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term debt including current maturities of long-term debt	12A	$	4,674	5,618
Other financial obligations	12B		659	132
Trade payables			20,168	18,686
Other accounts payable and accrued expenses	13		31,169	30,683
Total current liabilities			56,670	55,119
NON-CURRENT LIABILITIES				
Long-term debt	12A		204,603	189,439
Other financial obligations	12B		31,062	9,623
Employee benefits	14		8,020	7,583
Deferred income taxes	15B		15,038	17,147
Other non-current liabilities	13		25,169	22,486
Total non-current liabilities			283,892	246,278
TOTAL LIABILITIES			340,562	301,397
STOCKHOLDERS' EQUITY				
Controlling interest:				
Common stock and additional paid-in capital	16A		113,444	108,722
Other equity reserves	16B		37,642	22,180
Retained earnings	16C		59,058	79,790
Net loss			(19,127)	(16,516)
Total controlling interest			191,017	194,176
Non-controlling interest and perpetual debentures	16D		16,720	19,524
TOTAL STOCKHOLDERS' EQUITY			207,737	213,700
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$	548,299	515,097

The accompanying notes are part of these consolidated financial statements.

consolidated statements of operations

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

(Millions of Mexican pesos, except for earnings (loss) per share)

	Notes		2011	2010	2009
			YEARS ENDED DECEMBER 31,		
Net sales	2P	$	188,938	178,260	197,801
Cost of sales	2Q		(135,068)	(128,307)	(139,672)
Gross profit			53,870	49,953	58,129
Administrative and selling expenses			(25,718)	(25,871)	(28,611)
Distribution expenses			(16,169)	(13,239)	(13,678)
Total operating expenses	2Q		(41,887)	(39,110)	(42,289)
Operating income			11,983	10,843	15,840
Other expenses, net	2R		(4,241)	(6,672)	(5,529)
Operating income after other expenses, net			7,742	4,171	10,311
Comprehensive financing result:					
Financial expense	12		(17,927)	(16,302)	(13,513)
Financial income			484	439	385
Results from financial instruments	12		(4,112)	(956)	(2,127)
Foreign exchange results			(1,804)	926	(266)
Monetary position result	2S		159	266	415
Comprehensive financing result			(23,200)	(15,627)	(15,106)
Equity in income of associates	9A		(409)	(524)	154
Loss before income tax			(15,867)	(11,980)	(4,641)
Income tax	15		(3,297)	(4,509)	10,566
Income (loss) before discontinued operations			(19,164)	(16,489)	5,925
Discontinued operations	3B		–	–	(4,276)
Consolidated net income (loss)			(19,164)	(16,489)	1,649
Non-controlling interest net income (loss)			(37)	27	240
CONTROLLING INTEREST NET INCOME (LOSS)		$	(19,127)	(16,516)	1,409
BASIC EARNINGS (LOSS) PER SHARE OF CONTINUING OPERATIONS	18	$	(0.61)	(0.53)	0.20
Basic earnings (loss) per share of discontinued operations	18	$	–	–	(0.15)
DILUTED EARNINGS (LOSS) PER SHARE OF CONTINUING OPERATIONS	18	$	–	–	0.20
Diluted loss per share of discontinued operations	18	$	–	–	(0.15)

The accompanying notes are part of these consolidated financial statements.

consolidated statements of cash flows

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

(Millions of Mexican pesos)

	Notes		2011	2010	2009
			YEARS ENDED DECEMBER 31,		
OPERATING ACTIVITIES					
Consolidated net income (loss)		$	(19,164)	(16,489)	1,649
Discontinued operations			–	–	(4,276)
Net income (loss) from continuing operations			(19,164)	(16,489)	5,925
Non-cash items:					
Depreciation and amortization of assets	10, 11		17,119	18,474	20,313
Impairment losses	2R		1,751	1,904	889
Equity in income (loss) of associates	9A		409	524	(154)
Other expenses (income), net			(2,550)	1,499	9,015
Comprehensive financing result			23,200	15,627	15,106
Income taxes	15		3,297	4,509	(10,566)
Changes in working capital, excluding income taxes			2,327	100	(2,599)
Net cash flows provided by continuing operations before income taxes			26,389	26,148	37,929
Income taxes paid in cash			(3,778)	(4,310)	(4,201)
Net cash flows provided by continuing operations			22,611	21,838	33,728
Net cash flows provided by discontinued operations			–	–	1,023
Net cash flows provided by operating activities			22,611	21,838	34,751
INVESTING ACTIVITIES					
Property, machinery and equipment, net	10		(3,198)	(4,726)	(6,655)
Disposal of subsidiaries and associates, net	9, 11		1,232	1,172	21,115
Intangible assets and other deferred charges	11		(932)	117	(8,440)
Long term assets and others, net			1,400	1,575	186
Net cash flows (used in) provided by investing activities of continuing operations			(1,498)	(1,862)	6,206
Net cash flows used in investing activities of discontinued operations			–	–	(491)
Net cash flows (used in) provided by investing activities			(1,498)	(1,862)	5,715
FINANCING ACTIVITIES					
Issuance of common stock	16A		11	5	23,953
Financial expense paid in cash including coupons on perpetual debentures	16D		(13,352)	(14,968)	(14,607)
Derivative instruments			(5,464)	69	(8,513)
Issuance (repayment) of debt and other financial obligations, net	12A, 12B		5,702	(9,615)	(35,812)
Non-current liabilities, net			1,430	122	(2,795)
Net cash flows used in financing activities of continuing operations			(11,673)	(24,387)	(37,774)
Net cash flows provided by financing activities of discontinued operations			–	–	628
Net cash flows used in financing activities			(11,673)	(24,387)	(37,146)
Increase (decrease) in cash and investments of continuing operations			9,440	(4,411)	2,160
Increase in cash and investments of discontinued operations			–	–	1,160
Cash conversion effect, net			(1,666)	(1,339)	(2,116)
Cash and investments at beginning of year			8,354	14,104	12,900
CASH AND INVESTMENTS AT END OF YEAR	4	$	16,128	8,354	14,104
Changes in working capital, excluding income taxes:					
Trade receivables, net		$	554	477	3,530
Other accounts receivable and other assets			1,064	(2,666)	510
Inventories			(82)	396	3,911
Trade payables			(454)	1,599	(2,422)
Other accounts payable and accrued expenses			1,245	294	(8,128)
Changes in working capital, excluding income taxes		$	2,327	100	(2,599)

The accompanying notes are part of these consolidated financial statements.

balance sheets

CEMEX, S.A.B. DE C.V. (PARENT COMPANY-ONLY)

(Millions of Mexican pesos, except for earnings (loss) per share)

	Note 25		December 31, 2011	2010
ASSETS				
CURRENT ASSETS				
Cash and investments		$	4,103	195
Other accounts receivable	C		498	575
Accounts receivable from related parties	I		670	4,378
Total current assets			5,271	5,148
NON-CURRENT ASSETS				
Investment in subsidiaries and associates	D		299,842	264,551
Other investments and non-current accounts receivable			2,186	1,780
Long-term accounts receivable from related parties	I		13,943	39,139
Land and buildings, net	E		1,968	1,977
Goodwill and deferred charges, net	F		7,517	8,121
Total non-current assets			325,456	315,568
TOTAL ASSETS		$	330,727	320,716
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short-term debt including current maturities of long-term debt	H	$	4,154	4,681
Other financial obligations	H, N2		131	113
Other accounts payable and accrued expenses	G, J		3,519	2,792
Accounts payable to related parties	I		12,469	3,530
Total current liabilities			20,273	11,116
NON-CURRENT LIABILITIES				
Long-term debt	H		60,847	40,231
Other financial obligations	H, N2		29,591	9,573
Long-term accounts payable to related parties	I		17,222	54,858
Other liabilities	J		11,777	10,762
Total non-current liabilities			119,437	115,424
TOTAL LIABILITIES			139,710	126,540
STOCKHOLDERS' EQUITY	K			
Common stock and additional paid-in capital			113,444	108,722
Other equity reserves			37,642	22,180
Retained earnings			59,058	79,790
Net loss			(19,127)	(16,516)
TOTAL STOCKHOLDERS' EQUITY			191,017	194,176
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$	330,727	320,716

The accompanying notes are part of these Parent Company-only financial statements.

statements of operations

CEMEX, S.A.B. DE C.V. (PARENT COMPANY-ONLY)

(Millions of Mexican pesos, except for earnings (loss) per share)

	Note 25		YEARS ENDED DECEMBER 31, 2011	2010	2009
Equity in income (loss) of subsidiaries and associates	D	$	(6,689)	(7,362)	11,621
Rental income	I		336	370	272
License fees	I		978	814	1,002
Total revenues and interest in subsidiaries and associates			(5,375)	(6,178)	12,895
Administrative expenses			(130)	(74)	(37)
Operating income (loss)			(5,505)	(6,252)	12,858
Other expenses, net			(1,691)	(1,154)	(1,285)
Operating income (loss) after other expenses, net			(7,196)	(7,406)	11,573
Comprehensive financing result:					
Financial expense			(8,437)	(7,934)	(7,163)
Financial income			1,565	2,755	1,197
Results from financial instruments			(4,399)	(306)	(4,650)
Foreign exchange result			(1,598)	2,296	993
Comprehensive financing result			(12,869)	(3,189)	(9,623)
Income (loss) before income tax			(20,065)	(10,595)	1,950
Income tax	J		938	(5,921)	(541)
NET INCOME (LOSS)		$	(19,127)	(16,516)	1,409
BASIC EARNINGS (LOSS) PER SHARE	M	$	(0.61)	(0.53)	0.05
DILUTED EARNINGS PER SHARE	M	$	–	–	0.05

The accompanying notes are part of these Parent Company-only financial statements.

statements of cash flows

CEMEX, S.A.B. DE C.V. (PARENT COMPANY-ONLY)

(Millions of Mexican pesos)

	Note 25		YEARS ENDED DECEMBER 31, 2011	2010	2009
OPERATING ACTIVITIES					
Net income (loss)		$	(19,127)	(16,516)	1,409
Non-cash items:					
Depreciation and amortization of assets	E		6	6	6
Amortization of deferred charges	F		938	699	287
Equity in income of subsidiaries and associates	D		6,689	7,362	(11,621)
Comprehensive financing result			11,931	2,489	9,336
Income taxes	J		(938)	5,921	541
Changes in working capital, excluding income taxes			13,746	3,673	(7,076)
Net cash flows provided by (used in) operating activities before income taxes			13,245	3,634	(7,118)
Income taxes paid in cash	J		(506)	(325)	–
Net cash flows provided by (used in) operating activities			12,739	3,309	(7,118)
INVESTING ACTIVITIES					
Investment in subsidiaries	D		–	–	4,359
Deferred charges			(545)	(235)	(2,678)
Long-term assets, net			3	33	490
Net cash flows (used in) provided by investing activities			(542)	(202)	2,171
FINANCING ACTIVITIES					
Long-term related parties, net	I		(29,076)	5,633	14,293
Financial expenses paid in cash			(6,383)	(5,873)	(4,645)
Issuance of common stock	K		11	5	23,953
Derivative instruments			(5,118)	(141)	(7,585)
Issuance (repayment) of debt, net	H		32,277	(2,536)	(19,373)
Long-term liabilities, net			–	–	(1,696)
Net cash flows (used in) provided by financing activities			(8,289)	(2,912)	4,947
Decrease in cash and investments			3,908	195	–
Cash and investments at beginning of year			195	–	–
CASH AND INVESTMENTS AT END OF YEAR		$	4,103	195	–
Changes in working capital:					
Other accounts receivable		$	(722)	(283)	2,867
Short-term related parties, net	I		12,647	4,037	(9,484)
Other accounts payable and accrued expenses	G		1,821	(81)	(459)
Changes in working capital, excluding income taxes		$	13,746	3,673	(7,076)

The accompanying notes are part of these Parent Company-only financial statements.

statement of changes in stockholders' equity

CEMEX, S.A.B. DE C.V. (PARENT COMPANY-ONLY) AND CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

(Millions of Mexican pesos)

	NOTES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	OTHER EQUITY RESERVES	RETAINED EARNINGS	TOTAL CONTROLLING INTEREST	NON-CONTROLLING INTEREST	TOTAL STOCKHOLDERS' EQUITY
Balance at December 31, 2008		$ 4,117	70,171	28,730	87,674	190,692	46,575	237,267
Currency translation of foreign subsidiaries	16B	–	–	(904)	–	(904)	–	(904)
Hedge derivative financial instruments	12	–	–	450	–	450	–	450
Deferred income tax recognized directly in equity	15	–	–	941	–	941	–	941
Net income		–	–	–	1,409	1,409	240	1,649
Comprehensive income for the period		–	–	487	1,409	1,896	240	2,136
Adoption of new Mexican Financial Reporting Standards	15A	–	–	–	(2,245)	(2,245)	–	(2,245)
Capitalization of retained earnings	16A	3	4,370	–	(4,373)	–	–	–
Issuance of common stock	16A	7	14,633	–	–	14,640	–	14,640
Treasury shares owned by subsidiaries	16	–	9,623	–	–	9,623	–	9,623
Issuance and effects of convertible securities	16B	–	–	1,971	–	1,971	–	1,971
Effects of perpetual debentures	16D	–	–	(2,704)	–	(2,704)	(1,636)	(4,340)
Changes in non-controlling interest	16D	–	–	–	–	–	(1,482)	(1,482)
Balance at December 31, 2009		4,127	98,797	28,484	82,465	213,873	43,697	257,570
Currency translation of foreign subsidiaries	16B	–	–	(12,050)	–	(12,050)	–	(12,050)
Deferred income tax recognized directly in equity	15	–	–	737	–	737	–	737
Net loss		–	–	–	(16,516)	(16,516)	27	(16,489)
Comprehensive loss for the period		–	–	(11,313)	(16,516)	(27,829)	27	(27,802)
Adoption of new Mexican Financial Reporting Standards	15A	–	–	–	2,806	2,806	–	2,806
Capitalization of retained earnings	16A	5	5,476	–	(5,481)	–	–	–
Issuance of common stock	16A	–	317	–	–	317	–	317
Issuance and effects of convertible securities	16B	–	–	1,232	–	1,232	–	1,232
Effects of perpetual debentures	16D	–	–	3,777	–	3,777	(23,549)	(19,772)
Changes in non-controlling interest	16D	–	–	–	–	–	(651)	(651)
Balance at December 31, 2010		4,132	104,590	22,180	63,274	194,176	19,524	213,700
Currency translation of foreign subsidiaries	16B	–	–	12,495	–	12,495	–	12,495
Effects from available-for-sale investments	9B	–	–	(58)	–	(58)	–	(58)
Deferred income tax recognized directly in equity	15	–	–	(1,374)	–	(1,374)	–	(1,374)
Net loss		–	–	–	(19,127)	(19,127)	(37)	(19,164)
Comprehensive loss for the period		–	–	11,063	(19,127)	(8,064)	(37)	(8,101)
Capitalization of retained earnings	16A	3	4,213	–	(4,216)	–	–	–
Issuance of common stock	16A	–	506	–	–	506	–	506
Issuance and effects of convertible securities	16B	–	–	3,959	–	3,959	–	3,959
Effects of perpetual debentures	16D	–	–	827	–	827	(3,221)	(2,394)
Changes in non-controlling interest	11A, 16D	–	–	(387)	–	(387)	454	67
Balance at December 31, 2011		$ 4,135	109,309	37,642	39,931	191,017	16,720	207,737

The accompanying notes are part of these consolidated and Parent Company-only financial statements.

1. DESCRIPTION OF BUSINESS

CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States, or Mexico, is a holding company (parent) of entities whose main activities are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered with the Mercantile Section of the Public Register of Property and Commerce in Monterrey, N.L., Mexico in 1920 for a period of 99 years. In 2002, this period was extended to the year 2100. The shares of CEMEX, S.A.B. de C.V. are listed on the Mexican Stock Exchange ("MSE") as Ordinary Participation Certificates ("CPOs"). Each CPO represents two series "A" shares and one series "B" share of common stock of CEMEX, S.A.B. de C.V.. In addition, CEMEX, S.A.B. de C.V.'s shares are listed on the New York Stock Exchange ("NYSE") as American Depositary Shares ("ADSs") under the symbol "CX." Each ADS represents ten CPOs.

The terms "CEMEX, S.A.B. de C.V." or the "Parent Company" used in these accompanying notes to the financial statements refer to CEMEX, S.A.B. de C.V. without its consolidated subsidiaries. The terms the "Company" or "CEMEX" refer to CEMEX, S.A.B. de C.V. together with its consolidated subsidiaries. The issuance of Parent Company only and consolidated financial statements was authorized by the Company's management on January 26, 2012. These financial statements will be submitted for approval to the ordinary shareholders' meeting, scheduled to take place on February 23, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND DISCLOSURE

The Parent Company-only financial statements and their accompanying notes (note 25), complementary to CEMEX's consolidated financial statements, are presented herein to comply with requirements to which CEMEX, S.A.B. de C.V. is subject as an independent legal entity.

The consolidated financial statements were prepared in accordance with Mexican Financial Reporting Standards ("MFRS") issued by the Mexican Board of Financial Reporting Standards ("CINIF"). For the reasons described below, these are the last consolidated financial statements of CEMEX prepared in accordance with MFRS.

Migration to International Financial Reporting Standards beginning January 1, 2012

In November 2008, the Mexican National Banking and Securities Commission ("CNBV") published regulations requiring registrants whose shares are listed on the MSE, to stop preparing their financial statements using MFRS and to begin preparing their consolidated financial statements using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") no later than January 1, 2012. Earlier adoption was allowed following certain requirements published by the CNBV.

On August 31, 2010, CINIF issued MFRS Interpretation 19 ("Interpretation 19") requiring companies in the process of adopting IFRS to disclose any obligation and/or decision to adopt IFRS, the expected date of adoption of IFRS and the estimated impact of the adoption on the financial statements. The interpretation is effective for all financial statements issued on or after September 30, 2010.

In order to be a in position to adopt IFRS, as issued and interpreted by the IASB, CEMEX gathered the necessary material and human resources required for the identification and quantification of the differences between MFRS and IFRS for purposes of the initial balance sheet as of January 1, 2010, as well as for the conversion to IFRS of its financial information systems. As of December 31, 2011, the migration process to IFRS had been substantially completed. CEMEX is in the process of finalizing its financial statements under IFRS for the years ended December 31, 2011 and 2010, using for these purposes, the IFRS effective as of December 31, 2011, and expects to issue its financial statements under IFRS during the first quarter of 2012. See note 24 for a description of CEMEX's migration to IFRS and the detail of the main effects in its consolidated financial statements, following disclosure requirements of Interpretation 19.

Definition of terms

When reference is made to pesos or "$," it means Mexican pesos. Except when specific references are made to "earnings per share" and "prices per share," the amounts in the financial statements and the accompanying notes are stated in millions of pesos. When reference is made to "US$" or dollars, it means millions of dollars of the United States of America ("United States"). When reference is made to "£" or pounds, it means millions of British pounds sterling. When reference is made to "€" or euros, it means millions of the currency in circulation in a significant number of European Union countries.

When it is deemed relevant, certain amounts presented in the notes to the financial statements include between parentheses a convenience translation into dollars, into pesos, or both, as applicable. These translations are provided as informative data and should not be construed as representations that the amounts in pesos or dollars, as applicable, actually represent those peso or dollar amounts or could be converted into pesos or dollars at the rate indicated.

The convenience translation procedures used for amounts in the balance sheet and the statement of operations are as follows:

- In 2011, 2010 and 2009, translations of pesos into dollars and dollars into pesos, were determined for balance sheet amounts using the closing exchange rates of $13.96, $12.36 and $13.09 pesos per dollar, respectively, and for statements of operations amounts, using the average exchange rates of $12.48, $12.67 and $13.60 pesos per dollar for 2011, 2010 and 2009, respectively.
- When the amounts between parentheses are the peso and the dollar, the amounts were determined by translating the foreign currency amount into dollars using the closing exchange rates at year-end, and then translated into pesos using the closing exchange rates of $13.96 pesos per dollar in 2011, $12.36 pesos per dollar in 2010 and $13.09 pesos per dollar in 2009.

Inflationary accounting

Beginning in 2008, pursuant to MFRS B-10, "Inflation Effects" ("MFRS B-10"), the financial statements subject to restatement are those related to an entity whose functional currency relates to a country in which the cumulative inflation rate over the past three years equals or exceeds 26% (i.e., a high-inflation environment). Designation takes place at the end of each year and inflation restatement is applied prospectively. In 2011 and 2010, CEMEX restated the financial statements of its subsidiaries in Egypt, Nicaragua and Costa Rica; and in 2009, CEMEX restated the financial statements of its subsidiaries in Egypt, Nicaragua, Latvia and Costa Rica.

The amounts in the statements of operations, the statements of cash flows and the statement of changes in stockholders' equity are presented in nominal pesos. The restatement adjustments as of December 31, 2007, the date the inflationary accounting was discontinued, are part of the carrying amounts of the related assets. When moving from a low-inflation to a high-inflation environment, the initial restatement factor must consider the cumulative inflation since the last time in which inflationary accounting was applied.

Statements of cash flows

The statements of cash flows present cash inflows and outflows in nominal currency, and exclude inflation effects and unrealized foreign exchange effects. The statement of cash flows for the year ended December 31, 2009, considers the classification of CEMEX's operations in Australia as discontinued operations. The statements of cash flows exclude the following transactions that did not represent sources or uses of cash:

- In 2011, the decrease in debt and in perpetual debentures within non-controlling interest for approximately $239 and $1,391, respectively, in connection with the gains resulting from the difference between the notional amount and the fair value of CEMEX's debt and perpetual instruments held by subsidiaries (note 12A);
- In 2011, the increases in property, plant and equipment for approximately $1,519 and in debt for approximately $1,558, associated with the negotiation of capital leases during the year (note 12);
- In 2011, the increase in debt for $1,352 related mainly with the acquisition of Ready Mix USA, LLC (note 11A);
- In 2011, the exchange of a portion of CEMEX's perpetual debentures for new notes for US$125, and in 2010, the exchange of a portion of CEMEX's perpetual debentures for notes for US$1,067 and €115 (note 12A), which represented a net increase in debt of $1,491 in 2011 and $15,437 in 2010, a reduction in equity's non-controlling interest of $1,937 in 2011 and $20,838 in 2010, and an increase in equity's controlling interest of $446 in 2011 and $5,401 in 2010. In 2009, the exchange of promissory notes for mandatorily convertible securities (note 12B), which represented a reduction in debt of $4,007, an increase in other financial obligations of $2,036 and an increase in equity's controlling interest of $1,971 (net of issuance expenses);
- In 2011, 2010 and 2009, the increases in stockholders' equity associated with: i) the capitalization of retained earnings for $4,216, $5,481 and $4,373, respectively (note 16A); and ii) CPOs issued as part of the executive stock-based compensation for $495, $312 and $163, respectively (note 16A); and
- In 2010 and 2009, a decrease of $2,911 and an increase of $2,245, respectively, in taxes payable as a result of the Mexican tax reform of 2009, which were recognized against retained earnings (notes 15A and 16B).

B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of CEMEX, S.A.B. de C.V. and the entities in which the Parent Company holds, directly or through subsidiaries, more than 50% of their common stock and/or has control. Control exists when CEMEX, S.A.B. de C.V. has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity in order to obtain benefits from its activities. Balances and operations between related parties are eliminated in consolidation.

Investments in associates are accounted for by the equity method when CEMEX has significant influence, which is generally presumed with an equity interest between 10% and 50% in public companies, and between 25% and 50% in non-public companies, unless it is proven in each specific case that CEMEX has significant influence with a lower percentage. The equity method reflects in the financial statements the investment's original cost and the proportional interest of the holding company in the associate's equity and earnings after acquisition, considering, if applicable, the effects of inflation. The financial statements of joint ventures, which are those entities in which CEMEX and other third-party investors have agreed to exercise joint control, are recognized under the equity method.

C) USE OF ESTIMATES

The preparation of financial statements in accordance with MFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, 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.

The main captions subject to estimates and assumptions include, among others, long-lived assets, allowances for doubtful accounts and inventories, deferred income tax assets, the measurement of financial instruments at fair value, and the assets and liabilities related to employee benefits.

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

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into pesos at the exchange rates prevailing at the balance sheet date, and the resulting foreign exchange fluctuations are recognized in earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness directly related to the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency that are of a long-term investment nature. These fluctuations are recorded against stockholders' equity, as part of the foreign currency translation adjustment of foreign subsidiaries (note 16B).

The financial statements of foreign subsidiaries, which are determined using the functional currency applicable in each country, are translated to pesos at the closing exchange rate for balance sheet accounts and at the average exchange rates of each month for income statement accounts. The corresponding translation adjustment is included within "Other equity reserves" in the balance sheet. The closing exchange rates and the approximate average exchange rates for balance sheet accounts and income statement accounts, respectively, in 2011, 2010 and 2009, were as follows:

	2011		2010		2009	
CURRENCY	CLOSING	AVERAGE	CLOSING	AVERAGE	CLOSING	AVERAGE
United States Dollar	13.9600	12.4800	12.3600	12.6700	13.0900	13.6000
Euro	18.1017	17.4204	16.4822	16.7106	18.7402	18.9186
British Pound Sterling	21.6939	20.0321	19.2854	19.5404	21.1436	21.2442
Colombian Peso	0.0072	0.0067	0.0065	0.0067	0.0064	0.0062
Egyptian Pound	2.3151	2.0952	2.1285	2.2410	2.3823	2.4483
Philippine Peso	0.3184	0.2886	0.2819	0.2813	0.2833	0.2845

The financial statements of foreign subsidiaries are initially translated from their functional currencies into dollars and subsequently into pesos. Therefore, the foreign exchange rates presented in the table above between the functional currency and the peso represent the exchange rates resulting from this methodology. The peso to U.S. dollar exchange rate used by CEMEX is an average of free market rates available to settle its foreign currency transactions. No significant differences exist, in any case, between the foreign exchange rates used by CEMEX and those exchange rates published by the Mexican Central Bank.

E) CASH AND INVESTMENTS (note 4)

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

The amount of cash and investments in the balance sheet includes restricted cash and investments, comprised by deposits in margin accounts that guarantee several CEMEX's obligations, to the extent that the restriction will be lifted in less than three months from the balance sheet date. When the restriction period is greater than three months, such restricted cash and investments are not considered cash equivalents and are included within short-term or long-term "Other accounts receivable," as appropriate. When contracts contain provisions for net settlement, these restricted amounts of cash and investments are offset against the liabilities that CEMEX has with its counterparties.

F) INVENTORIES (note 7)

Inventories are valued using the lower of their production cost and market value. Production cost may correspond to the latest purchase price, the average price of the last purchases or the last production cost. CEMEX 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, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results of the period.

Beginning January 1, 2011 and with retrospective application, based on MFRS C-5, "Advance payments," advances to suppliers of inventory are presented as part of other short-term accounts receivable. As a result, advances to suppliers of inventory for approximately $446 originally reported within the caption of inventories in 2010, were reclassified to other current assets in the comparative balance sheet.

G) OTHER INVESTMENTS AND NON-CURRENT RECEIVABLES (note 9B)

Other investments and non-current accounts receivable include CEMEX's collection rights with respect to investments with maturities of more than twelve months as of the balance sheet date. Non-current assets resulting from the valuation of derivative financial instruments, as well as investments in private funds and other investments which are recognized at their estimated fair value as of the balance sheet date, and their changes in valuation are included in the statements of operations as part of the Comprehensive Financing Result, except for those marketable investments designated as held for sale. In such case the changes in valuation are recognized as part of comprehensive net income (loss) within other equity reserves until their disposition, moment in which all valuation effects accrued in equity are reclassified to the Comprehensive Financing Result.

Beginning on January 1, 2010, in accordance with MFRS C-3 "Accounts Receivable," long-term accounts receivable are initially recognized at fair value. Subsequent changes in valuation are recognized in the Comprehensive Financing Result. The adoption of MFRS C-3 as of January 1, 2010, generated a reduction of approximately $146 in long-term accounts receivable, an increase in deferred tax assets of approximately $41 and a reduction in retained earnings of approximately $105.

H) PROPERTY, MACHINERY AND EQUIPMENT (note 10)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable. When inflationary accounting is applied during high-inflation periods, such assets should be restated using the factors derived from the general price index of the countries where the assets are held.

Depreciation of fixed assets is recognized within "Cost of sales" and "Administrative and selling expenses," depending on the utilization of the respective assets, 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. The maximum average useful lives by category of assets are as follows:

	YEARS
Administrative buildings	35
Industrial buildings	34
Machinery and equipment in plant	21
Ready-mix trucks and motor vehicles	8
Office equipment and other assets	9

CEMEX capitalizes, as part of the historical cost of fixed assets, the Comprehensive Financing Result, which includes interest expense, and, when inflationary accounting is applied during periods of high inflation, the monetary position result, arising from existing debt during the construction or installation period of significant fixed assets, considering CEMEX'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.

In addition, beginning January 1, 2011 and with retrospective application, also based on MFRS C-5, "Advance payments," advances to suppliers of fixed assets are presented as part of other long-term accounts receivable. As a result, advances to suppliers of fixed assets for approximately $204 originally accounted for as property, plant and equipment in 2010, were reclassified to other long-term accounts receivable in the comparative balance sheet and related disclosures.

I) BUSINESS COMBINATIONS, GOODWILL, OTHER INTANGIBLE ASSETS AND DEFERRED CHARGES (note 11)

CEMEX applies the purchase method as the sole recognition alternative for a business combination by allocating the purchase price to all assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Intangible assets acquired are identified and recognized at fair value. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 2J). 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.

CEMEX 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, and are restated during high inflation periods to comply with MFRS B-10. 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.

Direct costs incurred in debt issuances or borrowings are capitalized and amortized as part of the effective interest rate of each transaction over its maturity. These costs include commissions and professional fees. Direct costs incurred in the development stage of computer software for internal use are capitalized and amortized through the operating results over the useful life of the software, which on average is approximately 5 years.

Startup costs are recognized in the income statement as they are incurred. Costs associated with research and development activities ("R&D"), performed by CEMEX to create new products and services, as well as to develop processes, equipment and methods to optimize operational efficiency and reduce costs, are recognized in the operating results as incurred. The Technology and Energy departments in CEMEX undertake all significant R&D activities as part of their daily activities. In 2011, 2010 and 2009, total combined expenses of these departments were approximately $487 (US$39), $519 (US$41) and $408 (US$30), respectively.

J) IMPAIRMENT OF LONG LIVED ASSETS (notes 10 and 11)

Property, machinery and equipment, intangible assets of definite life and other investments

Property, machinery and equipment, intangible assets of definite life and other investments are tested for impairment upon the occurrence of factors such as the appearance of a significant adverse event, changes in CEMEX's operating environment, changes in projected use or in technology, as well as expectations of lower operating results for each cash generating unit, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recorded in the income statements for the period when such determination is made within "Other expenses, net." The impairment loss results from the excess of the carrying amount over the net present value of estimated cash flows related to such assets.

Goodwill and intangible assets of indefinite life

Goodwill and other intangible assets of indefinite life are tested for impairment when needed or at least once a year, during the last quarter of such year, by determining the value in use of the reporting units, which consists in the discounted amount of estimated future cash flows to be generated by such reporting units to which those assets relate. CEMEX determines the discounted amount of estimated future cash flows over a period of 5 years, unless a longer period is justified in a specific country considering its economic cycle and the situation of the industry. A reporting unit refers to a group of one or more cash generating units. An impairment loss is recognized if the value in use is lower than the net book value of the reporting unit.

The geographic segments reported by CEMEX (note 3A), each integrated by multiple cash generating units, also represent the reporting units for purposes of testing goodwill for impairment, considering: a) that the operating components that comprise the reported segment have similar economic characteristics; b) that the reported segments are used by CEMEX 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.

Impairment tests are significantly sensitive, among other factors, to the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. CEMEX uses specific after-tax discount rates for each reporting unit, which are applied to discount after-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit.

K) FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (note 12)

Financial liabilities

Financial liabilities such as bank loans and notes payable are recognized at their nominal amount. Interest accrued on financial instruments is recognized in the balance sheet within "Other accounts payable and accrued expenses" against financial expense. During 2011, 2010 and 2009, CEMEX did not have financial liabilities recognized voluntarily at fair value or associated to fair value hedge strategies with derivative financial instruments.

Capital leases

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

Financial instruments with components of both liability and equity

When a financial instrument contains components of both liability and equity, such as a note that at maturity is convertible into shares of CEMEX, each component is recognized separately in the balance sheet according to the specific characteristics of each transaction. In the case of instruments mandatorily convertible into shares of the issuer, the liability component represents the net present value of interest payments on the principal amount using a market interest rate, without assuming any early conversion, and is recognized within "Other financial obligations," whereas the equity component represents the difference between the principal amount and the liability component, and is recognized within "Other equity reserves" net of commissions. In the case of instruments that are optionally convertible into a fixed number of shares, the liability component represents the difference between the principal amount and the fair value of the call option premium, which reflects the equity component (note 20).

Derivative financial instruments

In compliance with the guidelines established by its Risk Management Committee and the restrictions set forth by its debt agreements, CEMEX uses derivative financial instruments ("derivative instruments"), mainly in order to change the risk profile associated with changes in interest rates, the exchange rates of debt, or both; as an alternative source of financing, and as hedges of: i) highly probable forecasted transactions and ii) CEMEX's net investments in foreign subsidiaries.

CEMEX recognizes derivative instruments as assets or liabilities in the balance sheet at their estimated fair values, and the changes in such fair values are recognized in the statements of operations within "Results from financial instruments" for the period in which they occur, including derivative instruments on the price of CEMEX's own shares, derivative instruments on interest rates and derivative instruments on foreign exchange rates, among others, except for hedges of cash flows, in which case, changes in the fair value of the derivative instrument are recognized in stockholders' equity, and are reclassified to earnings as the interest expense of the related debt is accrued, in the case of interest rate swaps, or when the underlying products are consumed in the case of forward contracts on the price of raw materials and commodities. Likewise, in hedges of the net investment in foreign subsidiaries, changes in the fair value are recognized in stockholders' equity as part of the foreign currency translation result (notes 2D and 16B), which reversal to earnings would take place upon disposal of the foreign investment. Some derivative instruments have been designated as cash flow hedges. For the years ended December 31, 2011, 2010 and 2009, CEMEX has not designated any fair value hedges.

Accrued interest generated by interest rate swaps and cross currency swaps, when applicable, is recognized as financial expense in the relevant period, adjusting the effective interest rate of the related debt.

CEMEX reviews its different contracts to identify the existence of embedded derivatives. Identified embedded derivatives are analyzed to determine if they need to be separated from the host contract, and recognized in the balance sheet as assets or liabilities, applying the same valuation rules used with other derivative instruments.

Derivative instruments are negotiated with institutions with significant financial capacity; therefore, CEMEX believes the risk of non-performance of the obligations agreed to by such counterparties to be minimal. The estimated fair value represents the amount at which a financial asset could be bought or sold, or a financial liability could be extinguished, between willing parties in an arm's length transaction. Occasionally, there is a reference market that provides the estimated fair value; in the absence of such market, such value is determined by the net present value of projected cash flows or through mathematical valuation models. The estimated fair values of derivative instruments determined by CEMEX and used for valuation, recognition and disclosure purposes in the financial statements and their notes, are supported as well by the confirmations of these values received from the financial counterparties, which act as valuation agents in these transactions.

Put options granted for the purchase of non-controlling interests and associates

Represent agreements by means of which CEMEX commits to acquire, in case the counterparty exercises its right to sale in a future date at a predefined price formula, the shares of a non-controlling interest in a subsidiary of CEMEX or an associate. CEMEX would recognize a liability against a loss in the statement of operations, to the extent the put option is exercisable at the measurement date, whenever the estimated purchase price exceeds the fair value of the net assets to be acquired by CEMEX, had the counterparty exercised its right to sell.

L) PROVISIONS

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

Restructuring (note 13)

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

Asset retirement obligations (note 13)

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 statements of operations. Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively.

These obligations are related mainly to future costs of demolition, cleaning and reforestation, so that quarries, maritime terminals and other production sites are left in acceptable condition at the end of their operation.

Costs related to remediation of the environment (notes 13 and 20)

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

Contingencies and commitments (notes 19 and 20)

Obligations or losses related to contingencies are recognized as liabilities in the 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 financial statements. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements on an incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the financial statements. The Company does not recognize contingent revenues, income or assets.

M) PENSIONS AND POSTRETIREMENT EMPLOYEE BENEFITS (note 14)

Defined contribution pension plans

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

Defined benefit pension plans, other postretirement benefits and termination benefits

CEMEX recognizes the costs associated with employees' benefits for: a) defined benefit pension plans; b) other postretirement benefits, basically comprised of health care benefits, life insurance and seniority premiums, granted pursuant to applicable law or by Company grant; and c) termination benefits, not associated with a restructuring event, which mainly represent severance payments by law. These costs are recognized in the operating results, as services are rendered, based on actuarial estimations of the benefits' present value. The actuarial assumptions in a low-inflation environment consider the use of nominal rates. For certain pension plans, irrevocable trust funds have been created to cover future benefit payments. These assets are valued at their estimated fair value at the balance sheet date.

The actuarial gains and losses ("actuarial results"), which exceed the greater of 10% of the fair value of the plan assets, and 10% of the present value of the plan obligations, the prior service cost and the transition liability, are amortized to the operating results over the employees' estimated active service life. In accordance with the transition rules of MFRS D-3, beginning January 1, 2008, the actuarial results, prior service costs and the transition liability recognized as of December 31, 2007, should be amortized to the income statement in a maximum period of five years. The net periodic cost for the years ended December 31, 2011, 2010 and 2009 includes a portion of this transition amortization.

The net periodic cost includes: a) the service cost for additional benefits earned by employees during the period; b) the interest cost for the increase in the liability by the passage of time; c) the amortization of the actuarial gains and losses, prior service cost and transition liability; d) the expected return on plan assets for the period; and e) settlement and curtailment effects.

N) INCOME TAXES (note 15)

The effects reflected in the statements of operations 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, subject to a recoverability analysis. Deferred income taxes for the period represent the difference between balances of deferred income 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 MFRS, all items charged or credited directly in stockholders' equity are recognized net of their 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.

For the recognition of deferred tax assets derived from net operating losses and their corresponding valuation reserve, CEMEX analyses the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where CEMEX believes, based on available evidence, that the tax authorities would not reject; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If CEMEX believes that it is more-likely-than-not that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if CEMEX believes that it would not be able to use a tax loss carryforward before its expiration, CEMEX would increase its valuation reserve. 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 more-likely-than-not that deferred tax assets will ultimately be realized, CEMEX takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, CEMEX analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from CEMEX's estimates, the deferred tax asset and/or valuations may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect CEMEX's income statement in such period.

In November 2009, Mexico approved amendments to the income tax law, which became effective on January 1, 2010 (note 15D). Such amendments modified the tax consolidation regime in Mexico by requiring entities to determine income taxes as if the tax consolidation provisions did not exist from 1999 onward. In connection with these amendments, on December 15, 2009, CINIF issued MFRS Interpretation 18, "Effects on income taxes arising from the tax reform 2009" ("Interpretation 18"), effective on such date. Interpretation 18 establishes that the portion of the liability related to: a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes; b) dividends from the controlled entities for tax purposes to CEMEX, S.A.B. de C.V.; and c) other transactions that represented the transfer of resources between the companies included in the tax consolidation, should be recognized against retained earnings. Interpretation 18 also clarifies that the tax liabilities associated with the tax loss carryforwards used in the tax consolidation of the Mexican subsidiaries should not be offset with deferred tax assets in the balance sheet. Beginning in 2009, CEMEX recognizes separately assets and liabilities associated with these concepts. The realization of these tax assets is subject to the generation of future tax earnings in the controlled subsidiaries that generated the tax loss carryforwards in the past. In December 2010, by means of miscellaneous rules, the tax authority in Mexico eliminated the taxable amount for the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes. Based on Interpretation 18, the effects from these amendments were recognized in 2010 against "Retained earnings" (notes 15D and 16C).

O) STOCKHOLDERS' EQUITY

Common stock and additional paid-in capital (note 16A)

These items represent the value of stockholders' contributions, restated considering the Mexican inflation until December 31, 2007, including those increases related to the recapitalization of retained earnings and executive compensation (note 16A).

Other equity reserves (note 16B)

This caption groups the cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to stockholders' equity, and includes the elements of "Comprehensive income (loss) for the period," which is presented in the statement of changes in stockholders' equity. Comprehensive income includes, in addition to net income (loss), 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:

Items of "Other equity reserves" included within comprehensive income for the period:

- Currency translation effects from the translation of foreign subsidiaries' financial statements, net of: a) exchange results from foreign currency debt directly related to the acquisition of foreign subsidiaries; b) exchange results from foreign currency related parties balances that are of a long-term investment nature (note 2D); and c) when positions exist, changes in the estimated fair value of foreign currency forward contracts related to net investment in foreign subsidiaries (note 2K);
- The effective portion of the valuation and liquidation effects from derivative instruments under cash flow hedging relationships, which are recorded temporarily in stockholders' equity (note 2K);
- Changes in fair value during the tenure of available-for-sale investments until their disposal; and
- The deferred income tax arising from items whose effects are directly recognized in stockholders' equity.

Items of "Other equity reserves" not included in comprehensive income for the period:

- Effects related to controlling stockholders' equity for changes or transactions affecting non-controlling interest stockholders in CEMEX's consolidated subsidiaries;
- Effects attributable to controlling stockholders' equity for financial instruments issued by consolidated subsidiaries that qualify for accounting purposes as equity instruments, such as the interest expense paid on perpetual debentures;
- The equity component of outstanding mandatorily convertible securities into shares of the Parent Company (note 12A). Upon conversion, this amount will be reclassified to common stock and additional paid-in capital;
- The equity component of optional convertible subordinated notes into shares of the Parent Company (note 12A). If the conversion option is exercised, this amount would be reclassified to additional paid-in capital; and
- The cancellation of the Parent Company's shares held by consolidated subsidiaries.

Retained earnings (note 16C)

Retained earnings represent the cumulative net results of prior accounting periods, net of dividends declared to stockholders, and net of any recapitalizations of retained earnings. Retained earnings also include the effects from the adoption of certain MFRS as detailed in note 16C.

Non-controlling interest and perpetual debentures (note 16D)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. This caption also includes the amount as of the balance sheet date of financial instruments (perpetual notes) issued by consolidated entities that qualify as equity instruments because there is: a) no contractual obligation to deliver cash or another financial asset; b) no predefined maturity date; and c) an unilateral option to defer interest payments or preferred dividends for indeterminate periods.

P) REVENUE RECOGNITION

CEMEX's consolidated net sales represent the value, before tax on sales, of revenues originated by products and services sold by consolidated subsidiaries as a result of their ordinary activities, after the elimination of transactions between 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. Revenue from trading activities, in which CEMEX acquires finished goods from a third party and subsequently sells the goods to another third party, are recognized on a gross basis, considering that CEMEX assumes the total risk of property on the goods purchased, not acting as agent or broker.

Revenue 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 entity.

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

Cost of sales represents the production cost of inventories at the moment of sale. Such cost of 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 the administrative and selling expenses. Cost of sales includes freight expenses of raw material in plants and delivery expenses of CEMEX'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 years ended December 31, 2011, 2010 and 2009, selling expenses included as part of the selling and administrative expenses line item amounted to $8,122, $7,894 and $9,310, respectively.

R) OTHER EXPENSES, NET

The caption consists primarily of revenues and expenses not directly related to CEMEX's main activity, or which are of an unusual or non-recurring nature. Other expenses, net in 2011, 2010 and 2009, consisted of the following:

		2011	2010	2009
Restructuring costs	$	(1,975)	(897)	(1,100)
Impairment losses (notes 8, 9B, 10 and 11)		(1,751)	(1,904)	(889)
Charitable contributions		(140)	(385)	(264)
Results from the sale of assets and others, net		(375)	(3,486)	(3,276)
Other expenses, net	$	(4,241)	(6,672)	(5,529)

S) MONETARY POSITION RESULT

Monetary position result represents the gain or loss for holding monetary assets and liabilities in high-inflation environments and is calculated applying the inflation rate of the country where the subsidiary operates to its net monetary position (monetary assets less monetary liabilities).

T) EXECUTIVE STOCK-BASED COMPENSATION (note 17)

Based on MFRS D-8, "Share-based payments" ("MFRS D-8"), stock awards based on CEMEX shares granted to executives are defined as equity instruments, when services received from employees are settled delivering CEMEX's shares; or as liability instruments, when CEMEX commits to make cash payments to the executives on the exercise date of the awards based on changes in the CEMEX's own stock (intrinsic value). The cost of equity instruments represents their estimated fair value at the date of grant and is recognized in the income statement during the period in which the exercise rights of the employees become vested. In respect of liability instruments, these instruments are valued at their estimated fair value at each reporting date, recognizing the changes in fair value through the operating results. CEMEX determines the estimated fair value of options using the binomial financial option-pricing model.

U) EMISSION RIGHTS

In some of the countries where CEMEX operates, such as in countries of the European Union ("EU"), governments have established mechanisms aimed at reducing carbon-dioxide emissions ("CO_2") by means of which, industries releasing CO_2 must submit to the environmental authorities at the end of a compliance period, emission rights for a volume equivalent to the tons of CO_2 released. Since the mechanism for emissions reduction in the EU has been in operation, a certain number of emission rights based on historical levels have been granted by the environmental authorities to the different industries free of cost. Therefore, companies should buy additional emission rights to meet deficits between actual CO_2 emissions during the compliance period and emission rights held or can dispose of any surplus of emission rights in the market. In addition, the United Nations Framework Convention on Climate Change ("UNFCCC") grants Certified Emission Reductions ("CERs") to qualified CO_2 emission reduction projects. CERs may be used in specified proportions to settle emission rights obligations in the EU. CEMEX actively participates in the development of projects aimed to reduce CO_2 emissions. Some of these projects have been awarded with CERs.

In the absence of a MFRS or an IFRS that defines an accounting treatment for these schemes, CEMEX accounts for the effects associated with CO2 emission reduction mechanisms as follows:

- Emission rights granted by governments are not recognized in the balance sheet considering their cost is zero;
- Revenues from the sale of any surplus of emission rights are recognized decreasing cost of sales; in the case of forward sale transactions, revenues are recognized upon physical delivery of the emission certificates;
- Emission rights and/or CERs acquired to hedge current CO_2 emissions are recognized as intangible assets at cost, and are further amortized to cost of sales during the compliance period. In the case of forward purchases, assets are recognized upon physical reception of the emission certificates;
- CEMEX accrues a provision against cost of sales when the estimated annual emissions of CO_2 are expected to exceed the number of emission rights, net of any benefit obtained through swap transactions of emission rights for CERs;
- CERs received from the UNFCCC are recognized as intangible assets at their development cost, which are attributable mainly to legal expenses incurred with authorities in the process of obtaining such CERs;
- CEMEX does not maintain emission rights, CERs and/or forward transactions with trading purposes.

The combined effect of the use of alternate fuels that help reduce the emission of CO_2 and the downturn in produced cement volumes in the EU, has generated a surplus of emission rights held over the estimated CO_2 emissions. From the consolidated surplus of emission rights, during 2011, 2010 and 2009, CEMEX sold an aggregate amount of approximately 16.7 million certificates, receiving revenues of approximately $1,518, $1,417 and $961, respectively.

V) CONCENTRATION OF CREDIT

CEMEX sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which CEMEX operates. As of December 31, 2011, 2010 and 2009, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

3. SELECTED FINANCIAL INFORMATION BY GEOGRAPHIC OPERATING SEGMENT AND DISCONTINUED OPERATIONS

3A) GEOGRAPHIC OPERATING SEGMENTS

Operating segments are defined as the components of an entity oriented to the production and sale of goods and services, which are subject to risks and benefits different from those associated with other business segments. CEMEX operates principally in the construction industry segment through the production, distribution, marketing and sale of cement, ready-mix concrete and aggregates.

CEMEX operates geographically on a regional basis. Each regional president supervises and is responsible for all the business activities in the countries comprising the region. These activities refer to the production, distribution, marketing and sale of cement, ready-mix concrete and aggregates. The country manager, who is one level below the regional president in the organizational structure, reports the operating results of the country manager's business unit to the regional president, including all the operating sectors. CEMEX's top management internally evaluates the results and performance of each country and region for decision-making purposes, following a vertical integration approach. According to this approach, in CEMEX's daily operations, management allocates economic resources on a country basis rather than on an operating component basis. During April 2011, CEMEX's operations were reorganized into six geographical regions, each under the supervision of a regional president: 1) Mexico, 2) United States, 3) Northern Europe, 4) Mediterranean, 5) South America and the Caribbean, and 6) Asia. Selected financial information by geographic operating segment for 2010 and 2009 has been reclassified as applicable in order to be comparable to the new organization in 2011. The major changes as compared to the previous organization are the creation of the "Mediterranean" region with Spain and Croatia, formerly part of the extinguished "Europe" region, and Egypt and Israel, formerly part of the extinguished "Africa and Middle East" region, among others.

The main indicator used by CEMEX's management to evaluate the performance of each country is operating EBITDA, which CEMEX defines as operating income plus depreciation and amortization. This indicator, which is presented in the selected financial information by geographic operating segment, is consistent with the information used by CEMEX'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. CEMEX recognizes sales and other transactions between related parties based on market values.

Selected information of the consolidated statements of operations by geographic operating segment for the years ended December 31, 2011, 2010 and 2009 was as follows:

2011	NET SALES (INCLUDING RELATED PARTIES)	LESS: RELATED PARTIES	NET SALES	OPERATING EBITDA	LESS: DEPRECIATION AND AMORTIZATION	OPERATING INCOME (LOSS)	OTHER EXPENSES, NET	FINANCIAL EXPENSE	OTHER FINANCING ITEMS, NET
Mexico	$ 43,361	(924)	42,437	15,203	1,862	13,341	(989)	(528)	794
United States	31,643	(86)	31,557	(1,265)	7,175	(8,440)	(725)	(355)	22
Northern Europe									
United Kingdom	15,753	–	15,753	1,716	1,044	672	(144)	(160)	30
Germany	15,975	(1,015)	14,960	1,086	605	481	(274)	(55)	3
France	14,170	–	14,170	1,603	872	731	(150)	(72)	7
Rest of Northern Europe [1]	14,278	(650)	13,628	1,646	823	823	(1,113)	(65)	(217)
Mediterranean									
Spain	7,142	(108)	7,034	1,568	762	806	(726)	(1,317)	301
Egypt	6,686	(13)	6,673	2,913	255	2,658	(72)	(5)	175
Rest of Mediterranean [2]	7,762	(39)	7,723	962	302	660	(121)	(32)	(35)
South America and the Caribbean									
Colombia	8,533	–	8,533	2,984	288	2,696	(263)	(135)	(104)
Rest of South America and the Caribbean [3]	14,852	(1,689)	13,163	3,875	1,278	2,597	(194)	(36)	12
Asia									
Philippines	3,701	(44)	3,657	614	341	273	(53)	(3)	7
Rest of Asia [4]	2,597	–	2,597	155	82	73	(34)	(2)	(11)
Others [5]	14,858	(7,805)	7,053	(3,958)	1,430	(5,388)	617	(15,162)	(6,257)
Total	$ 201,311	(12,373)	188,938	29,102	17,119	11,983	(4,241)	(17,927)	(5,273)

2010	NET SALES (INCLUDING RELATED PARTIES)	LESS: RELATED PARTIES	NET SALES	OPERATING EBITDA	LESS: DEPRECIATION AND AMORTIZATION	OPERATING INCOME (LOSS)	OTHER EXPENSES, NET	FINANCIAL EXPENSE	OTHER FINANCING ITEMS, NET
Mexico	$ 42,907	(744)	42,163	14,320	1,940	12,380	(919)	(447)	(19)
United States	31,575	(70)	31,505	(1,012)	7,978	(8,990)	(2,101)	(460)	21
Northern Europe									
United Kingdom	14,320	–	14,320	373	1,153	(780)	(71)	(139)	(32)
Germany	13,524	(864)	12,660	615	589	26	(146)	(50)	1
France	12,179	–	12,179	1,118	897	221	(75)	(72)	(4)
Rest of Northern Europe [1]	11,677	(454)	11,223	850	642	208	(98)	(67)	210
Mediterranean									
Spain	8,013	(110)	7,903	1,761	777	984	(885)	(1,395)	(24)
Egypt	8,608	(174)	8,434	4,420	274	4,146	(152)	(9)	310
Rest of Mediterranean [2]	7,253	(178)	7,075	756	308	448	(30)	(28)	(87)
South America and the Caribbean									
Colombia	6,964	(8)	6,956	2,488	262	2,226	(161)	(58)	(200)
Rest of South America and the Caribbean [3]	12,380	(1,588)	10,792	3,301	1,079	2,222	(279)	(68)	83
Asia									
Philippines	4,014	–	4,014	1,231	322	909	(7)	(2)	(86)
Rest of Asia [4]	2,512	–	2,512	197	124	73	(69)	(2)	16
Others [5]	8,215	(1,691)	6,524	(1,101)	2,129	(3,230)	(1,679)	(13,505)	486
Total	$ 184,141	(5,881)	178,260	29,317	18,474	10,843	(6,672)	(16,302)	675

Selected information of the statements of operations by geographic operating segment – continued.

2009	NET SALES (INCLUDING RELATED PARTIES)	LESS: RELATED PARTIES	NET SALES	OPERATING EBITDA	LESS: DEPRECIATION AND AMORTIZATION	OPERATING INCOME (LOSS)	OTHER EXPENSES ,NET	FINANCIAL EXPENSE	OTHER FINANCING ITEMS, NET
Mexico	$ 42,339	(730)	41,609	15,843	1,878	13,965	(660)	(644)	160
United States	38,472	(58)	38,414	1,340	8,630	(7,290)	(1,334)	(630)	18
Northern Europe									
United Kingdom	16,126	–	16,126	579	1,438	(859)	26	(90)	(326)
Germany	16,492	(1,068)	15,424	1,403	745	658	(229)	(238)	(6)
France	13,866	–	13,866	1,556	770	786	632	(128)	(9)
Rest of Northern Europe [1]	13,622	(313)	13,309	1,315	888	427	(51)	(38)	(69)
Mediterranean									
Spain	11,308	(127)	11,181	2,579	912	1,667	(1,224)	(2,230)	(183)
Egypt	8,372	–	8,372	3,754	289	3,465	(18)	(9)	434
Rest of Mediterranean [2]	8,977	(74)	8,903	1,680	301	1,379	129	(35)	(15)
South America and the Caribbean									
Colombia	6,766	(2)	6,764	3,078	406	2,672	(284)	(110)	37
Rest of South America and the Caribbean [3]	13,857	(1,776)	12,081	3,931	1,147	2,784	(9)	(87)	(27)
Asia									
Philippines	3,867	(68)	3,799	1,323	327	996	5	(12)	(46)
Rest of Asia [4]	2,566	–	2,566	239	137	102	(22)	(2)	1
Others [5]	9,709	(4,322)	5,387	(2,467)	2,445	(4,912)	(2,490)	(9,260)	(1,562)
Total	$ 206,339	(8,538)	197,801	36,153	20,313	15,840	(5,529)	(13,513)	(1,593)

The information of equity in income of associates by geographic operating segment for the years ended December 31, 2011, 2010 and 2009 is included in note 9A.

All significant balances and transactions between related parties have been eliminated in the preparation of the selected balance sheet information by operating geographic segments. As of December 31, 2011 and 2010, the information was as follows:

DECEMBER 31, 2011		INVESTMENTS IN ASSOCIATES	OTHER SEGMENT ASSETS	TOTAL ASSETS	TOTAL LIABILITIES	NET ASSETS BY SEGMENT	CAPITAL EXPENDITURES
Mexico	$	841	63,375	64,216	14,535	49,681	2,612
United States		154	245,346	245,500	5,588	239,912	875
Northern Europe							
United Kingdom		201	32,641	32,842	12,734	20,108	607
Germany		96	11,749	11,845	6,644	5,201	340
France		622	15,682	16,304	5,288	11,016	289
Rest of Northern Europe [1]		108	18,946	19,054	5,333	13,721	501
Mediterranean							
Spain		161	57,616	57,777	25,675	32,102	501
Egypt		–	8,447	8,447	3,833	4,614	175
Rest of Mediterranean [2]		7	10,844	10,851	3,443	7,408	273
South America and the Caribbean							
Colombia		–	11,869	11,869	3,968	7,901	179
Rest of South America and the Caribbean [3]		25	22,408	22,433	4,579	17,854	484
Asia							
Philippines		–	9,423	9,423	2,195	7,228	494
Rest of Asia [4]		–	1,648	1,648	643	1,005	69
Corporate [5]		4,568	15,661	20,229	236,377	(216,148)	27
Others [5]		1,859	14,002	15,861	9,727	6,134	151
Total	$	8,642	539,657	548,299	340,562	207,737	7,577

DECEMBER 31, 2010		INVESTMENTS IN ASSOCIATES	OTHER SEGMENT ASSETS	TOTAL ASSETS	TOTAL LIABILITIES	NET ASSETS BY SEGMENT	CAPITAL EXPENDITURES
Mexico	$	803	62,079	62,882	11,222	51,660	1,265
United States		193	219,506	219,699	18,535	201,164	945
Northern Europe							
United Kingdom		227	30,424	30,651	12,503	18,148	657
Germany		72	10,804	10,876	6,186	4,690	593
France		633	14,933	15,566	7,076	8,490	294
Rest of Northern Europe [1]		97	18,821	18,918	4,353	14,565	584
Mediterranean							
Spain		155	49,668	49,823	26,171	23,652	589
Egypt		–	7,780	7,780	3,116	4,664	315
Rest of Mediterranean [2]		9	10,096	10,105	2,983	7,122	222
South America and the Caribbean							
Colombia		–	10,422	10,422	4,533	5,889	241
Rest of South America and the Caribbean [3]		22	20,003	20,025	3,951	16,074	775
Asia							
Philippines		–	8,371	8,371	1,783	6,588	181
Rest of Asia [4]		–	1,647	1,647	624	1,023	53
Corporate [5]		4,374	13,190	17,564	196,609	(179,045)	135
Others [5]		1,676	29,092	30,768	1,752	29,016	114
Total	$	8,261	506,836	515,097	301,397	213,700	6,963

Total consolidated liabilities in 2011 and 2010 include debt of $209,277 and $195,057, respectively. Of such balances, 31% and 23% is in the Parent Company, 37% and 44% in Spain, 30% and 31% in finance subsidiaries in Holland, Luxembourg and the United States, and 2% and 2% in other countries, in 2011 and 2010, respectively. The Parent Company and the finance subsidiaries mentioned above are included within the segment "Corporate."

Net sales by product and geographic segment for the years ended December 31, 2011, 2010 and 2009 were as follows:

2011		CEMENT	CONCRETE	AGGREGATES	OTHERS	ELIMINATIONS	NET SALES
Mexico	$	28,215	12,618	2,387	10,477	(11,260)	42,437
United States		11,772	11,811	6,868	9,097	(7,991)	31,557
Northern Europe							
United Kingdom		3,377	5,942	5,315	8,710	(7,591)	15,753
Germany		5,156	6,797	4,143	3,609	(4,745)	14,960
France		–	11,853	4,092	362	(2,137)	14,170
Rest of Northern Europe [1]		6,155	6,917	2,184	1,207	(2,835)	13,628
Mediterranean							
Spain		5,567	1,676	647	441	(1,297)	7,034
Egypt		5,917	490	26	367	(127)	6,673
Rest of Mediterranean [2]		2,015	4,801	1,092	304	(489)	7,723
South America and the Caribbean							
Colombia		6,600	2,779	486	774	(2,106)	8,533
Rest of South America and the Caribbean [3]		11,164	3,037	449	813	(2,300)	13,163
Asia							
Philippines		3,699	–	–	3	(45)	3,657
Rest of Asia [4]		843	1,524	200	122	(92)	2,597
Others [5]		–	–	–	14,689	(7,636)	7,053
Total	$	90,480	70,245	27,889	50,975	(50,651)	188,938

2010		CEMENT	CONCRETE	AGGREGATES	OTHERS	ELIMINATIONS	NET SALES
Mexico	$	27,911	11,233	1,622	10,723	(9,326)	42,163
United States		12,232	10,708	7,091	9,274	(7,800)	31,505
Northern Europe							
United Kingdom		3,055	5,107	4,870	6,092	(4,804)	14,320
Germany		4,313	5,770	3,494	3,126	(4,043)	12,660
France		–	10,051	3,371	368	(1,611)	12,179
Rest of Northern Europe [1]		4,874	5,459	1,924	1,088	(2,122)	11,223
Mediterranean							
Spain		6,107	2,057	757	1,089	(2,107)	7,903
Egypt		7,050	702	41	968	(327)	8,434
Rest of Mediterranean [2]		2,312	4,125	1,020	687	(1,069)	7,075
South America and the Caribbean							
Colombia		5,612	2,021	283	626	(1,586)	6,956
Rest of South America and the Caribbean [3]		10,139	2,732	337	469	(2,885)	10,792
Asia							
Philippines		3,976	–	–	38	–	4,014
Rest of Asia [4]		779	1,497	190	146	(100)	2,512
Others [5]		–	–	–	7,660	(1,136)	6,524
Total	$	88,360	61,462	25,000	42,354	(38,916)	178,260

Net sales by product and geographic segment – continued.

2009	CEMENT	CONCRETE	AGGREGATES	OTHERS	ELIMINATIONS	NET SALES
Mexico	$ 27,992	11,344	1,471	8,929	(8,127)	41,609
United States	13,746	13,788	8,402	11,434	(8,956)	38,414
Northern Europe						
United Kingdom	3,421	5,886	5,674	6,691	(5,546)	16,126
Germany	5,225	7,428	4,176	3,731	(5,136)	15,424
France	–	11,397	3,835	394	(1,760)	13,866
Rest of Northern Europe [1]	4,809	6,776	2,611	1,445	(2,332)	13,309
Mediterranean						
Spain	8,447	3,205	985	1,647	(3,103)	11,181
Egypt	7,129	706	46	607	(116)	8,372
Rest of Mediterranean [2]	3,377	5,155	936	707	(1,272)	8,903
South America and the Caribbean						
Colombia	5,314	2,032	303	551	(1,436)	6,764
Rest of South America and the Caribbean [3]	11,460	3,198	317	509	(3,403)	12,081
Asia						
Philippines	3,850	–	–	17	(68)	3,799
Rest of Asia [4]	738	1,533	169	226	(100)	2,566
Others [5]	–	–	–	9,189	(3,802)	5,387
Total	$ 95,508	72,448	28,925	46,077	(45,157)	197,801

Footnotes to the geographic segment tables presented above:

[1] The segment "Rest of Northern Europe" refers primarily to operations in Ireland, the Czech Republic, Austria, Poland, Hungary and Latvia, as well as trading activities in Scandinavia and Finland.

[2] The segment "Rest of Mediterranean" includes mainly the operations in Croatia, the United Arab Emirates and Israel.

[3] The segment "Rest of South America and the Caribbean" includes CEMEX's operations in Costa Rica, Panama, Puerto Rico, the Dominican Republic, Nicaragua, other countries in the Caribbean, Guatemala, and small ready-mix concrete operations in Jamaica and Argentina.

[4] The segment "Rest of Asia" includes the operations in Thailand, Bangladesh, China and Malaysia.

[5] This segment refers to: 1) cement trade maritime operations, 2) the subsidiary involved in the development of information technology solutions (Neoris, N.V.), 3) the Parent Company and other corporate entities, and 4) other minor subsidiaries with different lines of business.

3B) DISCONTINUED OPERATIONS

On October 1, 2009, CEMEX sold its Australian operations to Holcim Ltd. for 2,020 million Australian dollars (US$1,700). The assets divested consisted of 249 ready-mix concrete plants, 83 aggregate quarries, 16 concrete pipe plants, as well as CEMEX's 25% interest in Cement Australia Pty Limited, with an aggregate cement production capacity of 5.1 million tons. As a result of this significant divestiture, the Australian operations for 2009 were reclassified to the single line item of "Discontinued operations," which includes a loss on sale of approximately $5,901 (US$446), net of an income tax benefit of approximately $2,528 (US$191), and an expense of approximately $1,310 (US$99) from the reclassification of foreign currency translation effects accrued in equity until the moment of sale. Condensed financial information of the discontinued operations of CEMEX Australia for the nine-month period ended September 30, 2009 (unaudited), is as follows:

	SEPTEMBER 30, 2009
Sales	$ 13,015
Cost of sales and operating expenses	(11,817)
Operating income	1,198
Other expenses, net	(87)
Comprehensive financial result	(179)
Equity in income of associates	208
Income before income tax	1,140
Income tax	512
Net income	$ 1,652
Depreciation	$ 631
Amortization	$ 256
Capital expenditures	$ 128

4. CASH AND INVESTMENTS

As of December 31, 2011 and 2010, consolidated cash and investments consisted of:

	2011	2010
Cash and bank accounts	$ 6,123	3,659
Fixed-income securities and other cash equivalents	10,005	4,695
	$ 16,128	8,354

Based on net settlement agreements, as of December 31, 2011 and 2010, the balance of cash and investments excludes deposits in margin accounts that guarantee several obligations of CEMEX for approximately $4,010 and $2,918, respectively. In 2011 and 2010, fixed-income securities include approximately $4,103 and $195 for the Mexican promissory notes ("Certificados Bursátiles" or "CBs") reserve (note 12A), as well as restricted deposits related to insurance contracts for approximately $425 in 2011 and $185 in 2010.

5. TRADE ACCOUNTS RECEIVABLE

As of December 31, 2011 and 2010, consolidated trade accounts receivable consisted of:

	2011	2010
Trade accounts receivable	$ 15,643	14,439
Allowances for doubtful accounts	(2,171)	(2,246)
	$ 13,472	12,193

As of December 31, 2011 and 2010, trade accounts receivable exclude receivables of $11,779 (US$844) and $9,968 (US$807), respectively, that were sold to financial institutions under securitization programs for the sale of trade accounts receivable, established in Mexico, the United States, Spain, France and the United Kingdom; the later forms part of the program in France and was initiated in 2011. Under these programs, CEMEX effectively surrenders control associated with the trade accounts receivable sold and there is no guarantee or obligation to reacquire the assets; therefore, the accounts receivable sold are removed from the balance sheet at the moment of sale, except for the amounts owed by the counterparties, which are reclassified to other short-term accounts receivable. Trade accounts receivable qualifying for sale exclude amounts over certain days past due or concentrations over certain limits to any one customer, according to the terms of the programs. The discount granted to the acquirers of the trade accounts receivable is recorded as financial expense and amounted to approximately $390 (US$31) in 2011, $368 (US$29) in 2010 and $645 (US$47) in 2009. CEMEX's securitization programs are negotiated for specific periods and should be renewed at their maturity. The securitization programs outstanding as of December 31, 2011 in Mexico, the United States, Spain, France and the United Kingdom, were initiated or renewed during 2011 and mature in October 2015, May 2013, May 2016, March 2013 and March 2013, respectively.

Allowances for doubtful accounts are established according to the credit history and risk profile of each customer. Changes in the valuation allowance for doubtful accounts in 2011, 2010 and 2009, were as follows:

		2011	2010	2009
Allowances for doubtful accounts at beginning of period	$	2,246	2,571	2,261
Charged to selling expenses		338	353	777
Deductions		(695)	(609)	(454)
Business combinations		82	2	–
Foreign currency translation effects		200	(71)	(13)
Allowances for doubtful accounts at end of period	$	2,171	2,246	2,571

6. OTHER ACCOUNTS RECEIVABLE

As of December 31, 2011 and 2010, consolidated other accounts receivable consisted of:

		2011	2010
Non-trade accounts receivable [1]	$	3,895	4,041
Current portion of valuation of derivative instruments		7	7,448
Interest and notes receivable [2]		3,564	3,633
Loans to employees and others		169	264
Refundable taxes		819	738
	$	8,454	16,124

[1] Non-trade accounts receivable are mainly attributable to the sale of assets.

[2] Include $3,181 in 2011 and $3,306 in 2010, arising from uncollected trade accounts receivable sold under securitization programs (note 5), and $185 in 2011 and $221 in 2010 representing the short-term portion of the investment arising from the settlement of derivative instruments related to perpetual debentures issued by CEMEX (notes 12C and 16D)

7. INVENTORIES

As of December 31, 2011 and 2010, consolidated balances of inventories are summarized as follows:

		2011	2010
Finished goods	$	6,359	5,434
Work-in-process		2,545	2,710
Raw materials		3,219	2,783
Materials and spare parts		5,343	4,383
Inventory in transit		517	301
Allowance for obsolescence		(444)	(513)
	$	17,539	15,098

During December 2010, as a result of the analyses performed during the year, main components of plant and equipment that were held as part of materials and spare parts in inventory for approximately $724 (US$59) were reclassified to fixed assets (note 10). CEMEX recognized in the statements of operations, inventory impairment losses of approximately $19 in 2011, $17 in 2010 and $91 in 2009.

8. OTHER CURRENT ASSETS

As of December 31, 2011 and 2010, consolidated other current assets consisted of:

		2011	2010
Advance payments	$	1,926	1,833
Assets held for sale		1,428	965
	$	3,354	2,798

As of December 31, 2011 and 2010, advance payments include $549 and $446, respectively, associated with advances to suppliers of inventory (note 2F). Assets held for sale are stated at their estimated realizable value and include real estate properties received in payment of trade receivables. During 2011 and 2010, CEMEX recognized within "Other expenses, net" impairment losses in connection with assets held for sale for approximately $190 and $420, respectively.

9. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

9A) INVESTMENTS IN ASSOCIATES

As of December 31, 2011 and 2010, investments in shares of associates were as follows:

	ACTIVITY	COUNTRY	%	2011	2010
Control Administrativo Mexicano, S.A. de C.V.	Cement	Mexico	49.0	$ 4,566	4,366
Trinidad Cement Ltd	Cement	Trinidad	20.0	548	560
Cancem, S.A. de C.V.	Cement	Mexico	10.3	486	465
Société Méridionale de Carrières	Aggregates	France	33.3	253	264
Société d'Exploitation de Carrières	Aggregates	France	50.0	202	188
ABC Capital, S.A. Institución de Banca Múltiple [1]	Financing	Mexico	49.0	371	333
Société des Ciments Antillais	Cement	French Antilles	26.0	136	124
Lehigh White Cement Company	Cement	United States	24.5	160	155
Ready Mix USA, LLC	Concrete	United States	49.9	–	66
Other companies	–	–	–	1,920	1,740
				$ 8,642	8,261
Out of which:					
Book value at acquisition date				2,736	3,257
Changes in stockholders' equity				5,906	5,004

[1] Formerly ABC Capital, S.A. de C.V.S.F.O.M. until October 2, 2011.

Equity in income of associates by geographic operating segment in 2011, 2010 and 2009 is detailed as follows:

	2011	2010	2009
Mexico	$ (53)	32	21
United States	(279)	(685)	(29)
Northern Europe	146	78	(23)
Mediterranean	(8)	(3)	–
Corporate and Others	(215)	54	185
	$ (409)	(524)	154

Combined condensed balance sheet information of CEMEX's associates as of December 31, 2011 and 2010 is set forth below:

	2011	2010
Current assets	$ 16,254	18,040
Non-current assets	44,830	51,627
Total assets	61,084	69,667
Current liabilities	8,616	9,132
Non-current liabilities	21,299	24,646
Total liabilities	29,915	33,778
Total net assets	$ 31,169	35,889

Combined selected information of the statements of operations of CEMEX's associates in 2011, 2010 and 2009 is set forth below:

		2011	2010	2009
Sales	$	16,083	19,085	24,616
Operating income		1,092	1,176	2,161
Income (loss) before income tax		(879)	429	615
Net income (loss)		(435)	265	(254)

In 2005, CEMEX and Ready Mix USA formed two joint ventures, which were comprised of the following assets: a) CEMEX Southeast, LLC, the joint venture owned at 50.01% and consolidated by CEMEX, owns the Demopolis cement plant in Alabama with an annual installed capacity of 0.9 million tons, the Clinchfield cement plant in Georgia with an annual installed capacity of 0.8 million tons, and 12 cement terminals; and b) Ready Mix USA LLC, the joint venture owned at 50.01% and consolidated by Ready Mix USA, owns 10 sand and gravel pits, 149 concrete plants and 20 block plants located throughout the states of Arkansas, Mississippi, Tennessee, Alabama, Georgia, and the Florida Panhandle. Starting on June 30, 2008, Ready Mix USA had the right, but not the obligation, to sell its interest in both entities to CEMEX. On September 30, 2010, Ready Mix USA exercised its put option. Effective on August 1, 2011, CEMEX concluded the acquisition of Ready Mix USA interests in the two joint ventures (note 11A).

In January 2008, as part of the joint venture agreements, CEMEX contributed and sold certain assets located also in Georgia, Tennessee and Virginia to Ready Mix USA, LLC for approximately US$380 of which US$120 represented the sale of assets and was received in cash. The difference between the US$380 and the fair value of the assets of approximately US$437 was included within investments in associates. On February 22, 2010, Ready Mix USA, LLC sold 12 quarries located in Georgia, Tennessee and Virginia and certain other assets to SPO Partners & Co. for US$420. The assets were deemed non-strategic by CEMEX and Ready Mix USA. The proceeds from the sale were partly used to reduce debt held by Ready Mix USA, LLC, and to effect a cash distribution of approximately US$100 to each joint venture partner.

In June 2009, CEMEX sold its 49% interest in an aggregates sector joint venture located in Wyoming to Martin Marietta Materials, Inc., as well as three quarries located in Nebraska, Wyoming and Utah in the United States, for approximately US$65 and recognized a loss related to the sale of these assets of approximately US$64.

In April 2010, as allowed by its debt agreements, CEMEX announced its plans to contribute, as an initial investment up to US$100 for a non-controlling interest in a vehicle that would invest in the cement and related industries originally named Blue Rock Cement Holdings S.A. which is now named TRG Blue Rock HBM Holdings S.à.r.l. ("Blue Rock - TRG") and managed by entities that are part of The Rohatyn Group. Initially, a project in Peru, which consisted of the construction of a new cement plant with an initial production capacity of approximately one million metric tons per year, had been identified. As of December 31, 2011, this and/or other projects in Peru are still being considered. Depending on funds raised from third-party investors and the availability of financing, Blue Rock - TRG may decide to invest in different assets in the cement industry and/or related industries and/or enter into operating contracts providing for our assistance in the development, building and operation of the invested assets, if any. As of December 31, 2011, CEMEX had not made any investment.

9B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

As of December 31, 2011 and 2010, other investments and non-current accounts receivable are summarized as follows:

		2011	2010
Non-current portion of valuation of derivative financial instruments	$	2,085	1,615
Non-current accounts receivable and other assets [1, 2, 3]		8,670	13,046
Investments in private funds [4]		310	457
	$	11,065	15,118

[1] Includes, among other concepts: a) $2,513 in 2011 representing the fair value of available-for-sale investments, as described below; b) $6,203 in 2010, related to CEMEX's net investment in its expropriated assets in Venezuela; c) $59 in 2011 and $94 in 2010 of an investment in CPOs of Axtel, S.A.B. de C.V. ("Axtel"); d) $632 in 2011 and $726 in 2010 of the investment resulting from the settlement of derivative instruments associated with the perpetual debentures, which is used to pay coupons under such instruments (notes 12C and 16D); and e) $1,144 in 2010 of a restricted investment maintained for purchases of cement, concrete and/or aggregates businesses. In 2011, considering the lack of investment projects, the restrictions were lifted and the funds were used for general corporate purposes.

[2] In 2011 and 2010, this line item includes advances to suppliers of fixed assets for approximately $216 and $204, respectively.

[3] CEMEX recognized impairment losses of non-current accounts receivable in the Caribbean and the United States for approximately $167 in 2011 and in the United States for approximately $129 in 2010 (note 2R).

[4] In 2011 and 2010, no contributions were made to private funds.

Nationalization of CEMEX Venezuela

On August 18, 2008, the Government of Venezuela expropriated all businesses, assets and shares of CEMEX in Venezuela and took control of its facilities. CEMEX controlled and operated CEMEX Venezuela until August 17, 2008. In October 2008, CEMEX submitted a request to the International Centre for Settlement of Investment Disputes ("ICSID"), seeking international arbitration claiming that the nationalization and seizure of the facilities located in Venezuela and owned by CEMEX Venezuela did not comply with the terms of the treaty for the protection of investments signed by the Government of Venezuela and the Netherlands and with international law because CEMEX had not received any compensation and no public purpose was proven. On November 30, 2011, following negotiations with the Government of Venezuela and its public entity Corporación Socialista de Cemento, S.A., a settlement agreement was reached between CEMEX and the Government of Venezuela that closed on December 13, 2011. Under this settlement agreement, CEMEX received compensation for the expropriation of CEMEX Venezuela and administrative services provided after the expropriation in the form of: i) a cash payment of US$240; and ii) notes issued by Petróleos de Venezuela, S.A. ("PDVSA"), with nominal value and interest income to maturity totaling approximately US$360. Additionally, as part of the settlement, claims among all parties and their affiliates were released and all intercompany payments due from or to CEMEX Venezuela to and from CEMEX were cancelled, resulting in the cancellation for CEMEX of accounts payable, net of approximately US$154. Pursuant to this settlement agreement, CEMEX and the Government of Venezuela agreed to withdraw the ICSID arbitration. As a result of this settlement, CEMEX cancelled the book value of its net assets in Venezuela of approximately US$503 and recognized a settlement gain in the statement of operations of approximately US$150, which includes the write-off of the currency translation effects accrued in equity.

As of December 31, 2011, CEMEX maintained PDVSA notes as available-for-sale investments with a notional amount of approximately US$203 ($2,834) and a fair value of approximately US$180 ($2,513). During 2011, changes in valuation of these investments generated a loss of approximately $58 recognized as part of other comprehensive loss within other equity reserves.

10. PROPERTY, MACHINERY AND EQUIPMENT

As of December 31, 2011 and 2010, consolidated property, machinery and equipment consisted of:

		2011	2010
Land and mineral reserves [1]	$	83,440	76,146
Buildings [1]		69,058	63,391
Machinery and equipment [2]		258,297	240,283
Construction in progress		14,700	12,541
Accumulated depreciation and depletion		(179,732)	(161,107)
	$	245,763	231,254

[1] Include a corporate building and its land sold in 2011, which were leased back not incurring in any change on the carrying amount or gain or loss on the transaction. The aggregate carrying amount of these assets as of December 31, 2011 was approximately $554.

[2] Includes assets, mainly mobile equipment, acquired in 2011 through capital leases, whose carrying amount as of December 31, 2011 was approximately $1,519. In 2010, there were no significant capital leases.

Changes in property, machinery and equipment in 2011, 2010 and 2009, excluding the discontinued operations in Australia (note 3B), were as follows:

	2011	2010	2009
Cost of property, machinery and equipment at beginning of period	$ 392,361	420,408	425,805
Accumulated depreciation and depletion at beginning of period	(161,107)	(162,220)	(157,248)
Net book value at beginning of period	231,254	258,188	268,557
Capital expenditures	5,943	6,875	8,307
Additions through capital leases	1,519	–	–
Capitalization of comprehensive financing result	115	88	347
Total additions	7,577	6,963	8,654
Disposals [1]	(2,316)	(2,978)	(4,040)
Reclassifications [2]	–	1,169	4,608
Additions through business combinations	5,166	38	733
Depreciation and depletion for the period	(13,720)	(14,442)	(15,963)
Impairment losses	(1,249)	(1,161)	(503)
Foreign currency translation effects	19,051	(16,523)	(3,858)
Cost of property, machinery and equipment at end of period	425,495	392,361	420,408
Accumulated depreciation and depletion at end of period	(179,732)	(161,107)	(162,220)
Net book value at end of period	$ 245,763	231,254	258,188

[1] In 2011, includes sales of non-strategic fixed assets in the United Kingdom, Mexico and the United States for $424, $567 and $968, respectively. In 2010, includes sales of non-strategic fixed assets in the Unites States and Mexico for $1,140 and $749, respectively. In 2009, includes sales in the United States, France and Mexico for $2,196, $747 and $293, respectively.

[2] In 2010, the amount refers to the reclassification of main components of plant and equipment from the inventories of materials and spare parts (note 7) for $724, and the net capitalization of advances to suppliers of fixed assets during the period for $445. In 2009, refers to the reclassification of fixed assets from Austria and Hungary for $3,603 that were reinstated to this caption after being classified as assets held for sale in prior years, and the net capitalization of advances to suppliers to fixed assets during the period for $1,005.

As a result of impairment tests conducted on several cash generating units considering certain triggering events, mainly the closing and/or reduction of operations of cement and ready-mix plants resulting from adjusting the supply to current demand conditions, and the transferring of installed capacity to more efficient plants, CEMEX adjusted the related fixed assets to their estimated realizable value and recognized impairment losses (note 2R) in 2011, 2010 and 2009 in the following countries and for the following amounts:

	2011	2010	2009
Ireland	$ 790	91	–
Mexico	101	138	–
United Kingdom	84	–	–
Latvia	68	–	–
Colombia	46	–	–
Poland	29	76	–
Germany	21	103	–
Thailand	15	136	–
United States	11	500	154
Puerto Rico	–	–	282
Other countries	84	117	67
	$ 1,249	1,161	503

11. GOODWILL, INTANGIBLE ASSETS AND DEFERRED CHARGES

As of December 31, 2011 and 2010, consolidated goodwill, intangible assets and deferred charges are summarized as follows:

	2011			2010		
	COST	ACCUMULATED AMORTIZATION	CARRYING AMOUNT	COST	ACCUMULATED AMORTIZATION	CARRYING AMOUNT
Intangible assets of indefinite useful life:						
Goodwill	$ 158,951	–	158,951	$ 142,094	–	142,094
Intangible assets of definite useful life:						
Extraction rights	30,480	(3,842)	26,638	27,051	(2,738)	24,313
Cost of internally developed software	7,666	(6,957)	709	7,664	(6,537)	1,127
Industrial property and trademarks	3,999	(3,000)	999	3,476	(2,209)	1,267
Customer relationships	5,172	(2,324)	2,848	4,587	(1,596)	2,991
Mining projects	2,083	(402)	1,681	1,969	(600)	1,369
Others intangible assets	8,209	(5,820)	2,389	7,239	(4,564)	2,675
Deferred charges and others:						
Deferred income taxes (notes 15A and 15B)	25,577	–	25,577	24,504	–	24,504
Deferred financing costs	7,691	(3,601)	4,090	7,743	(2,186)	5,557
	$ 249,828	(25,946)	223,882	$ 226,327	(20,430)	205,897

The amortization of intangible assets of definite useful life was approximately $3,399 in 2011, $4,032 in 2010 and $4,350 in 2009, and was recognized within operation costs and expenses.

During 2009, CEMEX capitalized financing costs associated with its debt Financing Agreement (note 12A) for approximately $8,378 (US$616). Under MFRS, CEMEX's debt Financing Agreement in 2009 qualified as the issuance of new debt and the extinguishment of the old facilities. Consequently, in 2009, approximately $608 (US$45) of deferred financing costs associated with the extinguished debt were recognized immediately in the statement of operations.

Goodwill

Goodwill balances by reporting unit as of December 31, 2011 and 2010, were as follows:

	2011	2010
United States	$ 124,144	109,765
Mexico	6,369	6,354
Northern Europe		
United Kingdom	4,647	4,254
France	3,690	3,302
Rest of Northern Europe [1]	420	545
Mediterranean		
Spain	9,549	8,750
United Arab Emirates	1,383	1,275
Egypt	231	229
South America and the Caribbean		
Colombia	5,628	5,031
Dominican Republic	214	195
Rest of South America and the Caribbean [2]	775	714
Asia		
Philippines	1,513	1,339
Others		
Other reporting units [3]	388	341
	$ 158,951	142,094

[1] This caption refers to the reporting units in Czech Republic and Latvia.

[2] This caption refers to the reporting units in Costa Rica and Panama.

[3] This caption is primarily associated with CEMEX's subsidiary in the information technology and software development business.

Changes in goodwill in 2011, 2010 and 2009, excluding effects from the discontinued Australian operations (note 3B), were as follows:

	2011	2010	2009
Balance at beginning of period	$ 142,094	150,827	157,541
Increase for business acquisitions	14	81	504
Disposals	–	(448)	(414)
Impairment losses (note 11B)	(145)	(189)	–
Foreign currency translation effects	16,988	(8,177)	(6,804)
Balance at end of period	$ 158,951	142,094	150,827

As mentioned in note 11B, during 2011 and 2010, based on impairment tests made during the last quarter of such years, CEMEX recognized within "Other expenses, net" goodwill impairment losses in connection with the reporting units in Latvia and Puerto Rico, respectively, for approximately $145 (US$12) in 2011 and $189 (US$15) in 2010. Based on CEMEX's impairment tests made during the last quarter of the year, no goodwill impairment losses were determined in 2009.

Intangible assets of definite life

Changes in intangible assets of definite life in 2011, 2010 and 2009, excluding effects from the discontinued Australian operations (note 3B), were as follows:

	2011	2010	2009
Balance at beginning of period	$ 33,742	39,253	45,303
Increase for business acquisitions	6	48	5
Additions (disposals), net [1]	621	(287)	47
Amortization	(3,399)	(4,032)	(4,350)
Impairment losses	–	(5)	(42)
Foreign currency translation effects	4,294	(1,235)	(1,710)
Balance at end of period	$ 35,264	33,742	39,253

[1] CEMEX capitalized the direct costs incurred in the development stage of internal-use software, such as professional fees, direct labor and related travel expenses, for $501 in 2011, $30 in 2010 and $161 in 2009.

11A) MAIN ACQUISITIONS AND DIVESTITURES DURING THE REPORTED PERIODS

Acquisition of Ready Mix USA, LLC

As a result of Ready Mix USA's exercise of its put option (note 9A) and after performance of the obligations by both parties under the put option agreement, effective August 1, 2011, CEMEX acquired for approximately US$352 ($4,914) its former joint venture partner's interests in CEMEX Southeast, LLC and Ready Mix USA, LLC, including a non-compete and a transition services agreement. In accordance with the joint venture agreements, from the date in which Ready Mix USA exercised its put option until CEMEX's acquisition date, Ready Mix USA continued to control and manage Ready Mix USA, LLC. Upon acquisition, the purchase price was assigned to each joint venture proportionately to CEMEX's relative contribution interest in CEMEX Southeast, LLC and Ready Mix USA, LLC considering the original fair values as of the dates of the agreements in 2005. The acquisition of the minority interest in CEMEX Southeast, LLC, fully consolidated by CEMEX as of the acquisition date and Ready Mix USA, LLC, generated an aggregate loss of approximately US$31 ($387), which, as a transaction between stockholders under MFRS, was recognized within "Other equity reserves." As of December 31, 2011, CEMEX was in the process of completing the allocation of the purchase price of Ready Mix USA, LLC to the fair values of the assets acquired and liabilities assumed. The consolidated financial statements of CEMEX include the balance sheet of Ready Mix USA, LLC as of December 31, 2011, based on the best estimate of its net asset's fair value as of the acquisition date, and its results of operations for the five-month period ended December 31, 2011.

According to CEMEX's best estimate of the fair value of Ready Mix USA, LLC's net assets as of December 31, 2011, CEMEX consolidated net assets for approximately $4,487, which includes cash and cash equivalents for approximately $912 and debt for approximately $1,347.

Sale of assets in Australia

During 2009, CEMEX sold its Australian operations (note 3B).

11B) ANALYSIS OF GOODWILL IMPAIRMENT

Goodwill amounts are allocated to the multiple cash generating units, which together constitute a geographic operating segment commonly comprising all of the operations in each country. CEMEX's geographic segments represent its reporting units for purposes of impairment testing. An impairment loss would be recognized for the amount that the carrying amount of the reporting unit exceeds the respective fair value, represented by the value in use (discounted cash flows) attributable to such reporting unit. Cash flow projection models include long-term economic variables. CEMEX believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering that: a) the starting point of the future cash flow models is the operating cash flow for the previous period; b) the cost of capital reflects current risks and volatility in the markets; and c) the cost of debt represents CEMEX's specific interest rates observed in recent transactions.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, long-term growth expectations in the different markets, as well as the discount rates and the rates of growth in perpetuity used. CEMEX uses after-tax discount rates, which are applied to after-tax cash flows for each reporting unit. Undiscounted cash flows are significantly sensitive to the growth rates in perpetuity used. Likewise, discounted cash flows are significantly sensitive to the discount rate used. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit.

During the last quarter of 2011, 2010 and 2009, CEMEX performed its annual goodwill impairment test. Based on these analyses, in 2011 and 2010, CEMEX determined impairment losses of goodwill for approximately $145 (US$12) and $189 (US$15), respectively, associated with the reporting units in Latvia in 2011 and Puerto Rico in 2010, in both cases representing 100% of the goodwill balance associated with such reporting units. The estimated impairment losses are mainly attributable to market dynamics in these countries and their position in their business economic cycle. For the year 2009, based on its goodwill impairment tests, CEMEX did not determine impairment losses of goodwill.

In 2011 and 2010, CEMEX's discount rates and growth rates in perpetuity used to determine the discounted cash flows in the reporting units with the main goodwill balances, were as follows:

	DISCOUNT RATES		GROWTH RATES	
REPORTING UNITS	2011	2010	2011	2010
United States	8.3%	8.7%	2.5%	2.5%
Spain	10.0%	10.2%	2.5%	2.5%
Mexico	9.3%	10.0%	2.5%	2.5%
Colombia	9.4%	10.0%	2.5%	2.5%
France	9.2%	9.6%	2.5%	2.5%
United Arab Emirates	13.2%	11.5%	2.5%	2.5%
United Kingdom	9.2%	9.7%	2.5%	2.5%
Egypt	11.1%	11.1%	2.5%	2.5%
Range of discount rates in other countries	9.7% – 12.1%	10.3% – 13.9%	2.5%	2.5%

CEMEX considers that beginning in 2009, certain macroeconomic variables had stabilized after the global economic crisis at the end of 2008; however, high volatility persists in debt and capital markets associated, which affected the construction industry in certain countries in which CEMEX operates, mainly as a result of the high level of inventories existing at the beginning of the financial crisis, and the lack of investment projects considering the reaction of investors to the liquidity problems in countries like Greece, Spain, Ireland and Portugal, among others. CEMEX periodically analyzes the evolution of cash flows in those reporting units that present a relative goodwill impairment risk.

12. FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

12A) SHORT-TERM AND LONG-TERM DEBT

As of December 31, 2011 and 2010, consolidated debt by interest rates, currencies and type of instrument is summarized as follows:

	2011 SHORT-TERM	2011 LONG-TERM	2011 TOTAL	2010 SHORT-TERM	2010 LONG-TERM	2010 TOTAL
Floating rate debt	$ 2,998	107,158	110,156	$ 4,785	120,551	125,336
Fixed rate debt	1,676	97,445	99,121	833	68,888	69,721
	$ 4,674	204,603	209,277	$ 5,618	189,439	195,057
Effective rate [1]						
Floating rate	5.0%	5.3%		5.2%	5.0%	
Fixed rate	10.5%	8.4%		7.7%	8.3%	

CURRENCY	2011 SHORT-TERM	2011 LONG-TERM	2011 TOTAL	2011 EFFECTIVE RATE [1]	2010 SHORT-TERM	2010 LONG-TERM	2010 TOTAL	2010 EFFECTIVE RATE [1]
Dollars	$ 310	156,722	157,032	6.9%	$ 172	129,556	129,728	6.3%
Euros	93	44,496	44,589	5.9%	593	47,130	47,723	5.5%
Pesos	4,269	3,267	7,536	9.5%	4,705	12,636	17,341	6.8%
Other currencies	2	118	120	5.8%	148	117	265	5.5%
	$ 4,674	204,603	209,277		$ 5,618	189,439	195,057	

[1] Represents the weighted average effective interest rate.

2011	SHORT-TERM	LONG-TERM
Bank loans		
Loans in Mexico, 2012 to 2014	$ –	1,820
Loans in foreign countries, 2012 to 2018	17	23,798
Syndicated loans, 2012 to 2014	–	71,347
	17	96,965
Notes payable		
Notes payable in Mexico, 2012 to 2017	–	4,647
Medium-term notes, 2012 to 2020	–	105,092
Other notes payable, 2012 to 2025	124	2,432
	124	112,171
Total bank loans and notes payable	141	209,136
Current maturities	4,533	(4,533)
	$ 4,674	204,603

2010	SHORT-TERM	LONG-TERM
Bank loans		
Loans in Mexico, 2011 to 2014	$ –	2,217
Loans in foreign countries, 2011 to 2018	499	27,985
Syndicated loans, 2011 to 2014	–	83,741
	499	113,943
Notes payable		
Notes payable in Mexico, 2011 to 2017	–	13,224
Medium-term notes, 2011 to 2020	–	64,778
Other notes payable, 2011 to 2025	563	2,050
	563	80,052
Total bank loans and notes payable	1,062	193,995
Current maturities	4,556	(4,556)
	$ 5,618	189,439

Changes in consolidated debt as of December 31, 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Debt at beginning of year	$ 195,057	210,942	257,697
Proceeds from new debt instruments	33,736	12,436	40,223
Debt repayments	(44,368)	(29,641)	(76,035)
Issuance of debt in exchange for perpetual notes	1,491	15,437	–
Exchange of debt into convertible securities	–	–	(4,126)
Increase (decrease) from business combinations	1,352	–	–
Foreign currency translation and inflation effects	22,009	(14,117)	(6,817)
Debt at end of year	$ 209,277	195,057	210,942

The most representative exchange rates for the financial debt were as follows:

	JANUARY 26, 2012	2011	2010
Mexican pesos per dollar	13.00	13.96	12.36
Euros per dollar	0.7630	0.7712	0.7499

The maturities of consolidated long-term debt as of December 31, 2011, were as follows:

	2011
2013	$ 7,573
2014	111,258
2015	10,669
2016	24,551
2017 and thereafter	50,552
	$ 204,603

As of December 31, 2011, CEMEX had the following lines of credit, the majority of which are subject to the banks' availability, at annual interest rates ranging between 1.1% and 16.3%, depending on the negotiated currency:

	LINES OF CREDIT	AVAILABLE
Other lines of credit in foreign subsidiaries	$ 7,960	5,299
Other lines of credit from banks	209	120
	$ 8,169	5,419

Relevant debt transactions during 2011 and 2010

During December 2011, CEMEX exchanged through market transactions a portion of the PDVSA notes received in payment from the Government of Venezuela (note 9B), for perpetual and debt instruments issued by CEMEX subsidiaries. In addition, during the same month, CEMEX received from a third party, as a settlement of an account receivable, the equity interest of an entity whose assets were mainly comprised by perpetual and debt instruments issued by CEMEX subsidiaries. As a result, as of December 31, 2011, CEMEX cancelled in its balance sheet a portion of several series of its subsidiaries' debt instruments, held by the newly acquired entity and its other subsidiaries, for an aggregate notional amount of approximately $977, including portions of notes denominated in Dollars issued in May 2010, described below, and notes denominated in Dollars issued in April 2011, described below, as well as portions of several series of perpetual debentures (note 16D) for an aggregate notional amount of approximately $3,029, among others. Considering the difference between the fair value of the instruments and their notional amount, as part of this cancellation, CEMEX recognized gains, net of certain commissions, for approximately $1,630, of which, approximately $239 associated with CEMEX's debt instruments, were recognized within other expenses, net, and approximately $1,391 associated with the perpetual debentures, were recognized in stockholders' equity as part of other equity reserves.

As of December 31, 2010 and 2011, in connection with its obligations under the Financing Agreement, which is described within this note 12A, CEMEX had already paid 35.4%, or approximately US$5,263, and 51.0%, or approximately US$7,571, respectively. These accumulated repayments exceeded the scheduled amortizations of 19.1%, or approximately US$2,837 by December 15, 2010, and 33.1%, or approximately US$4,918 by December 15, 2011. Through these repayments, CEMEX avoided a 0.5% increase in the interest rate beginning in January 2012 and addressed all maturities under the Financing Agreement until December 2013.

On July 11, 2011, CEMEX, S.A.B. de C.V. closed the reopening of notes issued in January 2011, described below, and issued US$650 aggregate principal amount of additional notes at 97.616% of face value plus any accrued interest. CEMEX used the net proceeds from the reopening for general corporate purposes and the repayment of debt, including debt under the Financing Agreement, in order to continue improving its debt maturities profile and avoid incremental interest costs.

On April 5, 2011, CEMEX, S.A.B. de C.V. closed the offering of US$800 aggregate principal amount of Floating Rate Senior Secured Notes due in 2015 (the "April 2011 Notes"), which were issued at 99.001% of face value. The April 2011 Notes are unconditionally guaranteed by CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A.. The net proceeds from the offering, approximately US$788, were used to repay indebtedness under the Financing Agreement.

On March 4, 2011, a CEMEX subsidiary closed a private exchange transaction of approximately €119 aggregate principal amount of its 6.277% Perpetual Debentures for approximately US$125 ($1,491) aggregate principal amount of new 9.25% U.S. Dollar-Denominated Senior Secured Notes due 2020, issued by a Luxembourg Branch of CEMEX España, and guaranteed by CEMEX, S.A.B. de C.V., CEMEX México, S.A. de C.V., and New Sunward Holding B.V.. As a result of the private exchange, approximately €119 in aggregate principal amount of the 6.277% Perpetual Debentures were cancelled, generating in 2011 a gain of approximately $446, representing the difference between the notional amount of the reacquired perpetual debentures and the new senior secured notes, which was recognized within "Other equity reserves."

On January 11, 2011, CEMEX, S.A.B. de C.V. closed the offering of US$1 billion aggregate principal amount of its 9.0% senior secured notes due in 2018 (the "January 2011 Notes"), which were issued at 99.364% of face value, and are callable beginning on their fourth anniversary. The January 2011 Notes share the collateral pledged to the lenders under the Financing Agreement and other senior secured indebtedness having the benefit of such collateral, and are guaranteed by CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A.. This transaction improved CEMEX's debt maturity profile and reduced short-term refinancing risk.

In June 2010, CEMEX prepaid $4,077 (US$330) of long-term CBs following a public tender offer and the exercise of a call option. As of December 31, 2010, the balance of CBs outstanding under this program amounted to $198 (US$16). These CBs matured and were repaid in March 2011.

In May 2010, CEMEX exchanged at a discount, part of each series of its perpetual debentures (note 16D) into new senior secured notes as follows: 1) US$1,067 senior secured notes denominated in Dollars maturing in May 2020, with an annual coupon of 9.25% and callable commencing on the fifth anniversary of their issuance; and 2) €115 (US$153) senior secured notes denominated in Euros maturing in May 2017, with an annual coupon of 8.875% and callable commencing on the fourth anniversary of their issuance. The senior secured notes, issued by the Luxembourg branch of CEMEX España, S.A., are fully guaranteed by CEMEX, S.A.B. de C.V., CEMEX México S.A. de C.V. and New Sunward Holding B.V.. As a result of the exchange, CEMEX generated a gain of approximately $5,401 (US$437), representing the differences between the amount of perpetual debentures reacquired and the amount of new secured notes issued, which was recorded in "Other equity reserves" in 2010.

On January 13, 2010, through a reopening of the offering of its 9.5% notes due in 2016 issued on December 14, 2009, a CEMEX financial subsidiary issued notes for an additional amount of US$500. The additional notes were issued at a price of US$105.25 per US$100 principal amount plus accrued interest from December 14, 2009 with a yield to maturity of 8.477%. CEMEX used approximately US$411 of the net proceeds to prepay principal due in 2011 under CEMEX's Financing Agreement and the difference was used for general corporate purposes. The original and additional notes are guaranteed by CEMEX, S.A.B. de C.V. and certain subsidiaries.

Financing Agreement

On August 14, 2009, CEMEX, S.A.B. de C.V. and certain subsidiaries entered into the Financing Agreement with its major creditors, by means of which the maturities of approximately US$14,961 ($195,839) in syndicated and bilateral loans, private placements and other obligations were extended, providing for a semi-annual amortization schedule. The Financing Agreement is guaranteed by several CEMEX's operating subsidiaries, including CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A.. As of December 31, 2011 and 2010, after the application of the proceeds from all the refinancing transactions disclosed above and in note 12B, the application of the net proceeds obtained from the sale of assets in Australia, and the equity offering in 2010 (note 16A), the remaining debt balance under the Financing Agreement was of approximately US$7,195 ($100,442) and US$9,566 ($118,235), respectively, with payments due for approximately US$6,707 in February 2014. As mentioned above, considering that CEMEX was able to prepay by December 31, 2011 approximately US$2,301 of debt under the Financing Agreement, CEMEX avoided an increase in the interest rate of debt under such Financing Agreement of 0.5%. Until its maturity, the Financing Agreement does not provide for any further increases in the interest rate associated to a certain amount of prepayments.

On October 25, 2010, as described in the "Covenants" section within this note 12A, CEMEX, S.A.B. de C.V. and its lenders under the Financing Agreement agreed to amendments which prospectively modified certain financial ratios and other financial tests. In addition, CEMEX's creditors under the Financing Agreement consented to the following amendments: a) allowing CEMEX to use the proceeds from a permitted fundraising to be applied to repay short-term CBs; b) allowing CEMEX to replenish its CBs reserve with cash on hand or disposal proceeds following a voluntary prepayment of debt under the Financing Agreement made using amounts from the CBs reserve; c) assuming that specified debt reductions are met, allowing CEMEX to apply the proceeds from equity or equity-linked securities to the CBs reserve in the same way as it was permitted for proceeds from debt and convertible securities; d) the modification of solvency tests applying to certain intermediate holding companies to permit the elimination of subordinated intercompany liabilities; e) assuming that specified debt repayments are met, allowing the Parent Company and other subsidiaries to provide guarantees and other security described in note 19B in connection with the refinancing of certain debt held by subsidiaries in the Netherlands; f) permitting CEMEX to enter into a greater variety of derivative transactions for hedging exposures under voluntary convertible/exchangeable obligations, and permitting CEMEX to enter into such transactions with respect to mandatorily convertible securities; and g) if by September 30, 2011, CEMEX had not issued equity or equity-linked securities for at least US$1 billion the interest rate on its debt under the Financing Agreement would had increased until such amount of equity or equity-linked securities had been issued, among other obligations. To obtain the amendments package, CEMEX paid a fee to its creditors under the Financing Agreement. The commitment to issue at least US$1 billion by September 30, 2011 was met with the issuance in 2011 of CEMEX's convertible notes described in note 12B. In addition, CEMEX avoided the payment of an additional fee in January 2012 as a result of the repayment of at least US$1.5 billion by December 31, 2011, of the debt outstanding under the Financing Agreement as of September 30, 2010. CEMEX believes that the aforementioned amendments will increase its flexibility to refinance and/or repay existing debt.

Under the Financing Agreement, in addition to complying with certain financial ratios and restrictions, and subject in each case to the permitted negotiated amounts and other exceptions, CEMEX is limited in its ability to incur new debt, grant guarantees, engage in acquisitions and/or joint ventures, declare and pay cash dividends and make other cash distributions to stockholders. Furthermore, the Financing Agreement requires, in addition to the scheduled debt amortization, the application of cash on hand for any period for which it is being calculated in excess of US$650 to prepay debt (other than as may be held in the CBs reserve pursuant to the terms of the Financing Agreement), and that aggregate capital expenditures should not exceed US$800 for 2011 and each year thereafter until debt under the Financing Agreement has been repaid in full.

On March 18, 2011, CEMEX, S.A.B. de C.V. requested consent from the required lenders and its major creditors under the Financing Agreement to make certain amendments to the Financing Agreement to allow to retain funds in the CBs reserve from disposal proceeds, permitted fundraisings and cash in hand, to meet CBs maturing in April and September of 2012. The required Participating Creditors provided their consent to such proposed amendments and on April 13, 2011 the Financing Agreement was amended.

Covenants

Most debt contracts of CEMEX require the compliance with financial ratios calculated on a consolidated basis, which mainly include: a) the ratio of net debt to operating EBITDA ("leverage ratio"); and b) the ratio of operating EBITDA to financial expense ("coverage ratio"). Financial ratios are calculated according to formulas established in the debt contracts and require in most cases pro forma adjustments, using definitions that differ from terms defined under MFRS.

On October 25, 2010, amendments were made to the Financing Agreement financial ratios and tests, including a coverage ratio of no less than i) 1.75 times for each semi-annual period beginning on June 30, 2010 through December 31, 2012; and ii) 2.0 times for the remaining semi-annual periods to December 31, 2013. In addition, the maximum leverage ratio must not exceed 7.75 times for each semi-annual period beginning on June 30, 2010 through the period ending June 30, 2011, decreasing to 7.0 times for the period ending December 31, 2011, decreasing to 6.5 times for the period ending June 30, 2012, decreasing to 5.75 times for the period ending December 31, 2012, and decreasing gradually for subsequent semi-annual periods to 4.25 times for the period ending December 31, 2013.

As of December 31, 2011 and 2010, taking into account the Financing Agreement and its amendment thereto, the modifications to the credit contracts and the waivers obtained, CEMEX, S.A.B. de C.V. and its subsidiaries were in compliance with the restrictive covenants imposed by its debt contracts. The main consolidated financial ratios were as follows:

CONSOLIDATED FINANCIAL RATIOS		2011	2010
Leverage ratio [1, 2]	Limit	=< 7.00	=< 7.75
	Calculation	6.64	7.43
Coverage ratio [3]	Limit	> 1.75	> 1.75
	Calculation	1.88	1.95

[1] The leverage ratio is calculated in pesos by dividing "funded debt" by pro forma operating income plus depreciation and amortization ("operating EBITDA") for the last twelve months as of the calculation date. Funded debt equals debt, as reported in the balance sheet excluding finance leases, plus perpetual debentures and guarantees, plus or minus the fair value of derivative financial instruments, as applicable, among other adjustments.

[2] Pro forma operating EBITDA represents, all calculated in pesos, operating EBITDA for the last twelve months as of the calculation date, plus the portion of operating EBITDA referring to such twelve-month period of any significant acquisition made in the period before its consolidation in CEMEX, minus operating EBITDA referring to such twelve-month period of any significant disposal that had already been liquidated.

[3] The coverage ratio is calculated in pesos using the amounts from the financial statements, by dividing the pro forma operating EBITDA by the financial expense for the last twelve months as of the calculation date. Financial expense includes interest accrued on the perpetual debentures.

For 2012, CEMEX believes that it will continue to comply with its covenants under its agreements, as it is expecting to benefit from cost savings programs implemented during 2011, favorable market conditions in some of its key markets and softening costs for key inputs such as energy. Furthermore, CEMEX has an asset disposal plan in place which, as in prior years, is expected to support CEMEX's efforts to reduce its overall debt during 2012. In addition, as of December 31, 2011, CEMEX holds a portion of PDVSA bonds, which could be used to reduce debt (note 9B).

CEMEX will classify all of its outstanding debt as current debt in its balance sheet if: 1) as of any relevant measurement date on which CEMEX fails to comply with the financial ratios agreed upon pursuant to the Financing Agreement; or 2) as of any date prior to a subsequent measurement date on which CEMEX expects not to be in compliance with its financial ratios agreed upon under the Financing Agreement, in the absence of: a) amendments and/or waivers covering the next succeeding 12 months; b) high probability that the violation will be cured during any agreed upon remediation period and be sustained for the next succeeding 12 months; and/or c) a signed refinancing agreement to refinance the relevant debt on a long-term basis. The aforementioned classification of debt in the short-term could have a material adverse effect on CEMEX's liquidity and financial position.

12B) OTHER FINANCIAL OBLIGATIONS

Other financial obligations in the consolidated balance sheet as of December 31, 2011 and 2010 are detailed as follows:

		2011		2010	
		SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
I. Convertible subordinated notes due 2018	$	–	7,542	–	–
I. Convertible subordinated notes due 2016		–	11,364	–	–
II. Convertible subordinated notes due 2015		–	8,936	–	7,690
III. Convertible securities due 2019		131	1,749	113	1,881
IV. Capital leases		528	1,471	19	52
	$	659	31,062	132	9,623

As mentioned in note 2K, financial instruments convertible into CEMEX's CPOs contain components of both liability and equity, which are recognized differently depending if the instrument is mandatorily convertible, or is optionally convertible by election of the note holders. Beginning in 2011, CEMEX presents all convertible instruments and capital leases within "Other financial obligations." The information of these items as of December 31, 2010 was reclassified accordingly.

I. Optional convertible subordinated notes due in 2016 and 2018

On March 15, 2011, CEMEX, S.A.B. de C.V. closed the offering of US$978 ($11,632) aggregate principal amount of 3.25% convertible subordinated notes due in 2016 (the "2016 Notes") and US$690 ($8,211) aggregate principal amount of 3.75% convertible subordinated notes due in 2018 (the "2018 Notes"). The aggregate principal amounts reflect the full exercise of the US$177.5 and US$90 over-allotment option granted to the relevant initial purchasers of the 2016 Notes and the 2018 Notes, respectively. The notes are subordinated to all of CEMEX's liabilities and commitments. The initial conversion price was equivalent to an approximate 30% premium to the closing price of CEMEX's ADSs on March 9, 2011, and the notes are convertible into CEMEX's ADSs, at any time after June 30, 2011. A portion of the net proceeds from this transaction were used to fund the purchase of capped call transactions (note 12D), which are generally expected to reduce the potential dilution cost to CEMEX, S.A.B. de C.V. upon future conversion of the 2016 Notes and the 2018 Notes. This transaction improved CEMEX's debt maturity profile and reduced short-term refinancing risk. As a result of the issuance, substantially all the new shares approved at CEMEX, S.A.B. de C.V.'s extraordinary shareholders' meeting on February 24, 2011 (note 16) were reserved by CEMEX, S.A.B. de C.V. to satisfy conversion of these notes. The equity component of the transaction amounted to approximately $3,959 and was recognized upon issuance within "Other equity reserves." After antidilution adjustments, the conversion rate as of December 31, 2011 was 92.1659 ADS per each 1 thousand dollars principal amount of such notes.

II. Optional convertible subordinated notes due in 2015

On March 30, 2010, CEMEX, S.A.B. de C.V. issued US$715 ($8,837) aggregate principal amount of 4.875% Optional Convertible Subordinated Notes due 2015 (the "2015 Notes"), including the full exercise of the US$65 over-allotment option granted to the initial purchasers of the notes. The notes are subordinated to all of CEMEX's liabilities and commitments. The holders of the notes have the option to convert their notes for CEMEX's ADSs at a conversion price per ADS 30% higher than the ADS price at the pricing of the transaction. In connection with the offering, CEMEX, S.A.B. de C.V. entered into a capped call transaction expected to generally reduce the potential dilution cost to CEMEX, S.A.B. de C.V. upon future conversion of the notes (note 12D). The equity component amounted to $1,232 and was recognized upon issuance within "Other equity reserves." After antidilution adjustments, the conversion rate as of December 31, 2011 was 79.5411 ADS per each 1 thousand dollars principal amount of such notes.

III. Mandatorily convertible securities due in 2019

In December 2009, CEMEX, S.A.B. de C.V. completed its offer to exchange CBs issued in Mexico with maturities between 2010 and 2012, into mandatorily convertible securities for approximately $4,126 (US$315). Reflecting antidilution adjustments, at their scheduled conversion in ten years or earlier if the price of the CPO reaches approximately $34.50, the securities will be mandatorily convertible into approximately 179.4 million CPOs at a conversion price of approximately $23.00 per CPO. During their tenure, the securities yield a 10% interest payable quarterly. Holders have an option to voluntarily convert their securities, after the first anniversary of their issuance, on any interest payment date into CPOs. The equity component for $1,971 was recognized within "Other equity reserves."

IV. Capital leases

As of December 31, 2011 and 2010, CEMEX held several operating assets, mainly mobile equipment, under capital lease contracts for a total of approximately US$143 ($1,999) and US$6 ($71), respectively. Future payments associated with these contracts are presented in note 19E.

12C) FAIR VALUE OF ASSETS AND DEBT

Financial assets and liabilities

CEMEX's carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity and revolving nature of these financial assets and liabilities. Temporary investments (cash equivalents), long-term accounts receivable and long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of long-term debt is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX to negotiate debt with the same maturities, or determined by discounting future cash flows using interest rates currently available to CEMEX. As of December 31, 2011 and 2010, the carrying amounts of long-term debt (including current maturities) and their respective fair values were as follows:

		2011		2010	
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Bank loans	$	96,982	89,412	114,442	114,442
Notes payable		112,295	92,933	80,615	79,959

12D) DERIVATIVE FINANCIAL INSTRUMENTS

During the reported periods, CEMEX held interest rate swaps, cross currency swaps ("CCS"), forward contracts and other foreign exchange derivatives, as well as forward contracts and other derivative instruments on CEMEX, S.A.B. de C.V.'s own shares and third parties' shares, with the objective of, as the case may be: a) changing the profile of the interest rates and/or the interest rates and currencies originally negotiated in a portion of the debt; b) changing the mix of currencies of the debt; c) changing the risk profile associated with the price of raw materials and other energy projects; and d) other corporate purposes.

As of December 31, 2011 and 2010, the notional amounts and fair values of CEMEX's derivative instruments were as follows:

(U.S. DOLLARS MILLIONS)		2011		2010	
		NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
I. Interest rate swaps	US$	189	52	196	35
II. Equity forwards on third party shares		46	1	53	15
III. Forward instruments over indexes		5	–	16	1
IV. Options on CEMEX's own shares		2,742	93	1,575	(71)
	US$	2,982	146	1,840	(20)

The caption "Results from financial instruments" included gains and losses related to the recognition of changes in fair values of the derivative instruments during the applicable period and that represented net losses of approximately $3,994 (US$320) in 2011, $849 (US$67) in 2010 and $2,160 (US$141) in 2009. As of December 31, 2011 and 2010, pursuant to net balance settlement agreements, cash deposits in margin accounts that guaranteed obligations through derivative financial instruments were offset with the fair value of the derivative instruments for approximately US$234 ($3,267) and US$160 ($1,978), respectively.

As of December 31, 2011 and 2010, the main exposure of CEMEX was related to changes in the prices of its CPOs and third party shares. A significant decrease in the market price of CEMEX's CPOs and third party shares would negatively affect CEMEX's liquidity and financial position.

During April 2009, following negotiations with its creditors, CEMEX completed the settlement of a significant portion of its derivative financial instruments held at the beginning of that year in order to reduce the risk of further margin calls, including all outstanding foreign exchange forward contracts, as well as interest rate swaps related to debt, held at the beginning of 2009. By means of this settlement, in 2009, CEMEX recognized an aggregate loss of approximately US$1,093, which after netting US$624 of cash margin deposits already posted in favor of CEMEX's counterparties and cash payments of approximately US$48, was documented through promissory notes for approximately US$421, which increased CEMEX's outstanding debt. Previously, in February 2009, CEMEX and its counterparties agreed to settle a portion of the obligations incurred through derivative instruments. The counterparties permanently withdrew part of the amounts deposited in such margin accounts at the beginning of the year for an amount of approximately US$392.

As mentioned above, all CCS outstanding at the beginning of 2009 were settled in April 2009. In 2009, changes in the fair value of CCS generated losses of approximately US$61 ($830).

On July 15, 2009, in connection with the derivative financial instruments associated with CEMEX's perpetual debentures (note 16D), by means of which the Company changed the risk profile of the interest rates and the currencies of the debentures from the U.S. Dollar and the Euro to the Yen; and in order to eliminate CEMEX's exposure to the Yen and the Yen interest rate, CEMEX concluded the settlement of its Yen cross currency swap derivatives, as well as the forward contracts for US$196 as of December 2008, negotiated to eliminate the variability of cash flows in Yen to be incurred through the CCS until 2010, in which CEMEX received cash flows in Yen and paid U.S. Dollars. As a result, a total amount of approximately US$94 was deposited with trustees for the benefit of the debenture holders. This amount is being used to pay CEMEX's coupons on the perpetual debentures. As a result of this settlement, during 2009, CEMEX recognized a loss from changes in the fair value of the instruments of approximately US$162 ($2,203).

The estimated fair value of derivative instruments fluctuates over time and is determined by measuring the effect of future relevant economic variables according to the yield curves shown in the market as of the reporting date. These values should be analyzed in relation to the fair values of the underlying transactions and as part of CEMEX's overall exposure attributable to fluctuations in interest rates and foreign exchange rates. The notional amounts of derivative instruments do not represent amounts exchanged by the parties, and consequently, there is no direct measure of CEMEX's exposure to the use of these derivatives. The amounts exchanged are determined based on the basis of the notional amounts and other terms included in the derivative instruments.

I. Interest rate swap contracts

As of December 31, 2011 and 2010, CEMEX had an interest rate swap maturing in September 2022 with notional amounts of US$189 and US$196, respectively, negotiated to exchange floating for fixed rates in connection with agreements entered into by CEMEX for the acquisition of electric energy in Mexico (note 19C). As of December 31, 2011 and 2010, the fair value of the swap represented assets of approximately US$52 and US$35, respectively. Pursuant to this instrument, during the tenure of the swap and based on its notional amount, CEMEX will receive a fixed rate of 5.4% and will pay a LIBO rate, which is the international reference for debt denominated in U.S. dollars. As of December 31, 2011 and 2010, LIBOR was 0.81% and 0.46%, respectively. Changes in the fair value of interest rate swaps, including in 2009 those settled in April 2009, generated gains of approximately US$17 ($212) in 2011 and US$9 ($114) in 2010, and a loss of approximately US$2 ($27) in 2009, recognized in the statement of operations for each year.

II. Equity forwards in third party shares

As of December 31, 2011 and 2010, CEMEX had forward contracts to be settled in cash over the price of 119 million CPOs of Axtel, 59.5 million CPOs with each counterparty, with an aggregate notional amount of US$46 and US$53, respectively, with both tranches due in April 2012. These transactions were intended to maintain the exposure to changes in the price of such entity after the sale by CEMEX of 119 million CPOs of Axtel in March 2008. The sale represented approximately 9.5% of the equity capital of Axtel in that date and nearly 90% of CEMEX's position in Axtel, which had been part of CEMEX's investments in associates. Changes in the fair value of this instrument generated losses of approximately US$34 ($424) in 2011 and US$43 ($545) in 2010, and a gain of approximately US$32 ($435) in 2009, recognized in the statement of operations for each year.

III. Forward instruments over indexes

As of December 31, 2011 and 2010, CEMEX held forward derivative instruments over the TRI (Total Return Index) of the Mexican Stock Exchange, which matured in October 2011 and were extended until October 2012, through a payment of approximately US$1 ($12). By means of these instruments, CEMEX maintained exposure to increases or decreases of such index. TRI expresses the market return on stocks based on market capitalization of the issuers comprising the index. Changes in the fair value of these instruments generated a loss of approximately US$1 ($12) in 2011, and gains of approximately US$5 ($63) in 2010 and US$18 ($245) in 2009, recognized in the statement of operations for each year.

IV. Options on CEMEX's own shares

In August 2011, upon their maturity, CEMEX settled through a payment of approximately US$188 ($2,346), options based on the price of CEMEX's ADS for a notional amount of US$500, structured within a debt transaction of US$500 ($6,870) issued in June 2008. By means of these options, considering that the price per ADS remained below approximately US$20.5, as adjusted as of December 31, 2010, CEMEX paid the maximum net interest rate of 12% on the related debt transaction. CEMEX could have gradually obtained a net interest rate of zero on this debt, had the ADS price exceeded approximately US$30.4, as adjusted as of December 31, 2010. As of December 31, 2010, the fair value represented a liability of approximately US$71 ($878), which included deposits in margin accounts of approximately US$105 ($1,298). Changes in the fair value were recognized in the statements of operations within "Results from financial instruments," representing losses of approximately US$1 ($12) in 2011 and US$21 ($266) in 2010, and a gain of approximately US$2 ($25) in 2009, recognized in the statement of operations for each year.

On March 15, 2011, in connection with the offering of the 2016 Notes and the 2018 Notes and to effectively increase the conversion price for CEMEX's CPOs under such notes, CEMEX, S.A.B. de C.V. entered into a capped call transaction over approximately 148 million ADSs (87 million ADS maturing in March 2016 and 61 million ADSs maturing in March 2018), by means of which, for the 2016 Notes, at maturity of the notes in March 2016, if the price per ADS is above US$11.284, CEMEX will receive in cash the difference between the market price of the ADS and US$11.284, with a maximum appreciation per ADS of US$5.21. Likewise, for the 2018 Notes, at maturity of the notes in March 2018, if the price per ADS is above US$11.284, CEMEX will receive in cash the difference between the market price of the ADS and US$11.284, with a maximum appreciation per ADS of US$6.94. CEMEX paid a total premium of approximately US$222. As of December 31, 2011, the fair value of such options represented an asset of approximately US$85 ($1,187). During 2011, changes in the fair value of these instruments generated a loss of approximately US$137 ($1,710), which was recognized within "Results from financial instruments" in the statements of operations.

On March 30, 2010, in connection with the offering of the 2015 Notes and to effectively increase the conversion price for CEMEX's CPOs under such notes, CEMEX, S.A.B. de C.V. entered into a capped call transaction over approximately 52.6 million ADSs maturing in March 2015, by means of which, at maturity of the notes, if the price per ADS is above US$13.60, CEMEX will receive in cash the difference between the market price of the ADS and US$13.60, with a maximum appreciation per ADS of US$5.23. CEMEX paid a premium of approximately US$105. As of December 31, 2011 and 2010, the fair value of such options represented an asset of approximately US$12 ($168) and US$95 ($1,174), respectively. During 2011 and 2010, changes in the fair value of this contract generated losses of approximately US$83 ($1,036) and US$11 ($139), respectively, which were recognized within "Results from financial instruments" in the statements of operations.

As of December 31, 2011 and 2010, CEMEX had granted a guarantee for a notional amount of approximately US$360, in both years, in connection with put option transactions on CEMEX's CPOs entered into by Citibank with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX's directors and current and former employees in April 2008, as described in note 19C. The fair value of such guarantee, net of deposits in margin accounts, represented liabilities of approximately US$4 ($56) in 2011 and US$95 ($1,174) in 2010. Changes in the fair value were recognized in the statements of operations within "Results from financial instruments," representing losses of approximately US$80 ($998) in 2011 and US$6 ($76) in 2010, and a gain of approximately US$51 ($694) in 2009. As of December 31, 2011 and 2010, cash deposits in margin accounts were approximately US$225 ($3,141) and US$55 ($680), respectively.

13. OTHER CURRENT AND NON-CURRENT LIABILITIES

As of December 31, 2011 and 2010, consolidated other current accounts payable and accrued expenses were as follows:

		2011	2010
Provisions	$	11,712	9,372
Other accounts payable and accrued expenses		3,158	2,967
Taxes payable		11,301	6,911
Advances from customers		1,830	1,564
Interest payable		3,134	1,697
Current liabilities for valuation of derivative instruments		1	8,142
Dividends payable		33	30
	$	31,169	30,683

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.

Other non-current liabilities include the best estimate of cash flows with respect to diverse issues where CEMEX is determined to be responsible and which are expected to be settled over a period greater than 12 months. As of December 31, 2011 and 2010, consolidated other non-current liabilities were as follows:

		2011	2010
Asset retirement obligations [1]	$	5,351	5,658
Environmental liabilities [2]		1,214	849
Accruals for legal assessments and other responsibilities [3]		988	2,665
Non-current liabilities for valuation of derivative instruments		71	1,207
Other non-current liabilities and provisions [4]		17,545	12,107
	$	25,169	22,486

[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.

[2] Environmental liabilities include future estimated costs arising from legal or constructive obligations, related to cleaning, reforestation and other remedial actions to remediate damage caused to the environment. The expected average period to settle these obligations is greater than 15 years.

[3] Provisions for legal claims and other responsibilities include items related to tax contingencies.

[4] As of December 31, 2011 and 2010, includes approximately $11,717 and $9,578, respectively, of the non-current portion of taxes payable recognized beginning in 2009 as a result of changes to the tax consolidation regime in Mexico (note 15D). Approximately $693 in 2011 and $501 in 2010 are included within current taxes payable in its corresponding table.

As of December 31, 2011 and 2010, some significant proceedings that gave rise to a portion of the carrying amount of CEMEX's other current and non-current liabilities and provisions are detailed in note 20A.

Changes in consolidated other non-current liabilities for the years ended December 31, 2011, 2010 and 2009, excluding changes in liabilities related to the 2009 sale of assets in Australia, are the following:

		2011	2010	2009
Balance at beginning of period	$	22,486	29,937	22,710
Current period additions due to new obligations or increase in estimates		4,830	3,438	16,003
Current period releases due to payments or decrease in estimates		(3,856)	(916)	(9,153)
Additions due to business combinations		21	5	48
Reclassification from current to non-current liabilities, net		(23)	(8,654)	1,186
Foreign currency translation		1,711	(1,324)	(857)
Balance at end of period	$	25,169	22,486	29,937

14. PENSIONS AND POSTRETIREMENT EMPLOYEE BENEFITS

Defined contribution pesion plans

The costs of defined contribution plans for the years ended December 31, 2011, 2010 and 2009 were approximately $357, $550 and $479, respectively. CEMEX contributes periodically the amounts offered by the pension plan to the employee's individual accounts, not retaining any remaining liability as of the balance sheet date.

Defined benefit pension plans

As of December 31, 2011, except for the transitional amortization described in note 2M, the approximate average years of service, in which prior services and actuarial results related to pension plans and other postretirement benefits are amortized to the operating results is 11 years for pension plans and 15.4 years for other postretirement benefits. Actuarial results related to termination benefits are recognized in the results of the period in which they are generated. For the years ended December 31, 2011, 2010 and 2009, the net periodic cost for pension plans and other postretirement benefits, which includes termination benefits, are summarized as follows:

		PENSIONS			OTHER BENEFITS			TOTAL		
		2011	2010	2009	2011	2010	2009	2011	2010	2009
Net period cost:										
Service cost	$	330	273	295	123	107	115	453	380	410
Interest cost		1,792	1,825	1,834	126	125	134	1,918	1,950	1,968
Actuarial return on plan assets		(1,328)	(1,310)	(1,382)	(2)	(2)	(1)	(1,330)	(1,312)	(1,383)
Amortization of prior service cost, transition liability and actuarial results		(64)	443	327	(130)	74	156	(194)	517	483
Loss (gain) for settlements and curtailments		(139)	(7)	68	(97)	(52)	(38)	(236)	(59)	30
	$	591	1,224	1,142	20	252	366	611	1,476	1,508

The reconciliations of the actuarial benefits obligations, pension plan assets, and liabilities recognized in the balance sheet as of December 31, 2011 and 2010 are presented as follows:

	PENSIONS		OTHER BENEFITS		TOTAL	
	2011	2010	2011	2010	2011	2010
Change in benefits obligation:						
Projected benefit obligation at beginning of year	$ 32,552	33,334	2,028	1,946	34,580	35,280
Service cost	330	273	123	107	453	380
Interest cost	1,792	1,825	126	125	1,918	1,950
Actuarial results	278	1,602	(244)	120	34	1,722
Employee contributions	55	58	–	–	55	58
Changes for acquisitions (disposals)	–	7	–	1	–	8
Foreign currency translation	3,470	(2,652)	111	(78)	3,581	(2,730)
Settlements and curtailments	(939)	(10)	(94)	(27)	(1,033)	(37)
Benefits paid	(1,825)	(1,885)	(71)	(166)	(1,896)	(2,051)
Projected benefit obligation at end of year	35,713	32,552	1,979	2,028	37,692	34,580
Change in plan assets:						
Fair value of plan assets at beginning of year	20,388	21,659	23	22	20,411	21,681
Return on plan assets	1,001	1,716	(2)	1	999	1,717
Foreign currency translation	2,409	(1,723)	–	–	2,409	(1,723)
Additions through business combinations	–	(19)	–	–	–	(19)
Employer contributions	677	583	71	166	748	749
Employee contributions	55	58	–	–	55	58
Settlements and curtailments	(674)	(1)	–	–	(674)	(1)
Benefits paid	(1,825)	(1,885)	(71)	(166)	(1,896)	(2,051)
Fair value of plan assets at end of year	22,031	20,388	21	23	22,052	20,411
Amounts recognized in the balance sheets:						
Funded status	13,682	12,164	1,958	2,005	15,640	14,169
Transition liability	(20)	(40)	(30)	(77)	(50)	(117)
Prior service cost and actuarial results	(7,635)	(6,471)	65	2	(7,570)	(6,469)
Net projected liability recognized in the balance sheet	$ 6,027	5,653	1,993	1,930	8,020	7,583

As of December 31, 2011 and 2010, plan assets were measured at their estimated fair value at year end and consisted of:

		2011	2010
Cash	$	560	708
Investments in corporate bonds		4,156	8,481
Investments in government bondss		9,206	2,916
Total fixed-income securities		13,922	12,105
Investment in marketable securities		4,974	5,026
Other investments and private funds		3,156	3,280
Total variable-income securities		8,130	8,306
Total plan assets	$	22,052	20,411

As of December 31, 2011, estimated payments for pensions and other postretirement benefits over the next ten years were as follows:

		2011
2012	$	2,179
2013		2,155
2014		2,178
2015		2,178
2016		2,228
2017 – 2021		15,460

The most significant assumptions used in the determination of the net periodic cost were as follows:

	2011				2010			
	MEXICO	UNITED STATES	UNITED KINGDOM	RANGE OF RATES IN OTHER COUNTRIES	MEXICO	UNITED STATES	UNITED KINGDOM	RANGE OF RATES IN OTHER COUNTRIES
Discount rates	8.0%	5.5%	5.3%	4.2% - 9.5%	8.5%	5.5%	5.7%	4.0% - 8.9%
Rate of return on plan assets	9.0%	7.5%	6.5%	3.0% - 9.0%	9.0%	7.5%	6.5%	3.8% - 9.0%
Rate of salary increases	4.5%	3.0%	3.4%	2.3% - 4.9%	4.5%	3.0%	3.6%	2.0% - 6.0%

As of December 31, 2011 and 2010, the aggregate projected benefit obligation ("PBO") for pension plans and other postretirement benefits and the plan assets by country were as follows:

		2011			2010		
		PBO	ASSETS	DEFICIT	PBO	ASSETS	DEFICIT
Mexico	$	3,670	269	3,401	3,725	710	3,015
United States		5,177	3,426	1,751	4,665	3,475	1,190
United Kingdom		23,039	17,053	5,986	19,928	14,404	5,524
Germany		3,267	304	2,963	2,942	276	2,666
Other countries		2,539	1,000	1,539	3,320	1,546	1,774
	$	37,692	22,052	15,640	34,580	20,411	14,169

Significant events related to employees' pension benefits

During 2011, following the required notices to the plans' trustees, CEMEX settled its defined benefit pension plans in the Republic of Ireland. As a result, the available assets were used to provide beneficiaries' entitlements in accordance with the agreement reached between CEMEX and the trustees of the relevant pension schemes. As of the wind up date, the total deficit in these schemes was approximately €15 (US$19 or $266). As part of the wind up agreement to settle this liability, CEMEX agreed to make contributions of approximately €11, of which approximately €10 will be paid over the next 20 years subject to a compound annual interest rate of 3% from the date of wind up to the date of payment. CEMEX granted security over certain non-operating assets for this payment. The wind up gave rise to a settlement gain in 2011 of approximately €4 (US$6 or $70), and the remaining liability as of December 31, 2011 of approximately €10 (US$13 or $181) was reclassified to other current and non-current liabilities, as appropriate.

During 2010 and 2009, CEMEX reduced its workforce, subject to defined pension and medical benefits in the United States, among other countries. These actions generated events of settlement and curtailment of obligations in the respective pension plans pursuant to MFRS D-3. As a result, changes in the plan liabilities and proportional parts of prior services and actuarial results pending to be amortized were recognized in the statements of operations for the periods, which represented a gain of approximately $46 in 2010 and a loss of approximately $68 in 2009.

During 2011, based on the applicable regulation, CEMEX communicated to the pension plans' trustees, its decision to adopt the consumer price index for purposes of the restatement by inflation of the related obligations, in replacement of the retail price index, used until 2010, resulting in a decrease in the projected benefit obligation related to past services of approximately $509, which is reflected in both, the table of the net periodic cost and the table of the reconciliation of the benefits' obligations, within the line item of actuarial results. In addition, applicable regulation in the United Kingdom requires entities to maintain plan assets at a level similar to that of the obligations. As a result, it is expected that significant contributions to the United Kingdom's pension plans will be required in the following years. As of December 31, 2011, the deficit in these plans, excluding other postretirement benefits, was approximately $5,540 (US$397). These plans in the United Kingdom have been closed to new participants since 2004.

During 2011, CEMEX reduced significantly its workforce subject to defined pension and other postretirement benefits due to the ongoing streamlining of its operations in Mexico. The net periodic cost for 2011, reflects a curtailment gain of approximately $107 related to the significant decrease in the number of active participants, of which, approximately $10 refer to pensions and approximately $97 to other postretirement benefits.

Information related to termination benefits

In some countries, CEMEX pays benefits to personnel pursuant to legal requirements upon termination of their working relationships based on the years of service and the last salary received. The projected benefits obligation of these benefits as of December 31, 2011 and 2010 was approximately $481 and $509, respectively.

Information related to other postretirement benefits

In some countries, CEMEX has established health care benefits for retired personnel limited to a certain number of years after retirement. As of December 31, 2011 and 2010, the projected benefits obligation related to these benefits was approximately $1,230 and $1,268, respectively. The medical inflation rates used to determine the projected benefits obligation of these benefits for Mexico were 7.0% in 2011 and 2010, for Puerto Rico and the United States were 4.7% in 2011 and 2010, and for the United Kingdom were 7.4% in 2011 and 2010.

15. INCOME TAXES

A) INCOME TAXES FOR THE PERIOD

The amounts for income taxes included in the statements of operations in 2011, 2010 and 2009 are summarized as follows:

	2011	2010	2009
Current income taxes			
From Mexican operations	$ (6,544)	(3,119)	(3,804)
From foreign operations	(1,307)	(4,914)	(4,885)
	(7,851)	(8,033)	(8,689)
Deferred income taxes			
From Mexican operations	1,411	786	2,181
From foreign operations	3,143	2,738	17,074
	4,554	3,524	19,255
	$ (3,297)	(4,509)	10,566

As of December 31, 2011, consolidated tax loss and tax credits carryforwards expire as follows:

	AMOUNT OF CARRYFORWARDS
2012	$ 1,152
2013	7,030
2014	7,121
2015	1,529
2016 and thereafter	331,128
	$ 347,960

B) DEFERRED INCOME TAXES

As of December 31, 2011 and 2010, the income tax effects of the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

		2011	2010
Deferred tax assets:			
Tax loss carryforwards and other tax credits	$	89,215	74,173
Accounts payable and accrued expenses		8,772	10,420
Intangible assets and deferred charges, net		12,844	13,096
Others		956	1,032
Total deferred tax assets		111,787	98,721
Less – Valuation allowance		(52,815)	(42,681)
Net deferred tax assets		58,972	56,040
Deferred tax liabilities:			
Property, machinery and equipment		(41,551)	(42,284)
Investments and other assets		(2,994)	(3,205)
Others		(3,890)	(3,194)
Total deferred tax liabilities		(48,435)	(48,683)
Net deferred tax asset	$	10,537	7,357

Changes to the consolidated valuation allowance of deferred tax assets in 2011, 2010 and 2009 were as follows:

		2011	2010	2009
Balance at the beginning of the period	$	(42,681)	(32,079)	(27,194)
Increases		(8,828)	(17,324)	(18,638)
Decreases [1]		1,622	3,436	13,547
Translation effects		(2,928)	3,286	206
Balance at the end of the period	$	(52,815)	(42,681)	(32,079)

The breakdown of changes in consolidated deferred income taxes during 2011, 2010 and 2009 were as follows:

		2011	2010	2009
Deferred income tax charged to the statements of operations	$	4,554	3,524	19,255
Deferred income tax in stockholders' equity [2]		(1,374)	778	941
Reclassification to other captions in the balance sheet		–	(1,054)	1,060
Change in deferred income tax for the period	$	3,180	3,248	21,256

[1] Includes in 2009 the reclassification of the liability related to the income tax law reforms in Mexico.

[2] The change in stockholders' equity in 2011, 2010 and 2009, includes an expense of $1,190, an expense of $338 and an income of $585, respectively, generated by the debt components of both the voluntary and mandatorily convertible securities (note 12B).

CEMEX believes that sufficient taxable income will be generated so that it may realize the tax benefits associated with the deferred income tax assets and tax loss carryforwards, prior to their expiration. Nevertheless, a valuation allowance is recorded for the deferred tax assets on tax loss carryforwards that are estimated and may not be recoverable in the future. In the event that present conditions change, and it is determined that future operations would not generate sufficient taxable income, the valuation allowance on deferred tax assets would be increased against the results of the period.

CEMEX, S.A.B de C.V. has not provided for any deferred tax liability for the undistributed earnings generated by its subsidiaries recognized under the equity method, considering that such undistributed earnings are expected to be reinvested, and to not generate income tax in the foreseeable future. Likewise, CEMEX does not recognize a deferred income tax liability related to its investments in subsidiaries and interests in joint ventures, considering that CEMEX controls the reversal of the temporary differences arising from these investments.

C) EFFECTIVE TAX RATE

Differences between the financial reporting and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to CEMEX, among other factors, give rise to permanent differences between the statutory tax rate applicable in Mexico, and the effective tax rate presented in the consolidated statements of operations, which in 2011, 2010 and 2009 were as follows:

	2011 %	2010 %	2009 %
Consolidated statutory tax rate	(30.0)	(30.0)	(28.0)
Non-taxable dividend income	(1.5)	–	(7.4)
Other non-taxable income [1]	(0.2)	(14.7)	(179.9)
Expenses and other non-deductible items	44.7	(3.1)	30.8
Non-taxable sale of marketable securities and fixed assets	(14.7)	21.0	(86.9)
Difference between book and tax inflation	7.8	11.7	27.1
Other tax non-accounting benefits	36.6	46.3	(0.5)
Foreign exchange fluctuations [2]	(21.5)	3.2	12.8
Others	(0.4)	3.2	4.3
Effective consolidated tax rate	20.8	37.6	(227.7)

[1] Includes the effects of the different income tax rates in the countries where CEMEX operates.

[2] Includes the effects of foreign exchange fluctuations recognized as translation effects (note 16B).

D) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

As of December 31, 2011 and 2010, as part of short-term and long-term provisions and other liabilities (note 13), CEMEX has recognized provisions for approximately $12,451 (US$892) and $10,940 (US$885), respectively, excluding interest and penalties, related to unrecognized tax benefits in connection with uncertain tax positions taken, in which it is deemed probable that the tax authority would differ from the position adopted by CEMEX. As of December 31, 2011, the tax returns submitted by some subsidiaries of CEMEX located in several countries are under review by the respective tax authorities in the ordinary course of business. CEMEX cannot anticipate if such reviews will result in new tax assessments, which would, should any arise, be appropriately disclosed and/or recognized in the financial statements.

As of December 31, 2011, certain significant proceedings associated with these tax positions are as follows:

- On November 16, 2011, the Mexican tax authorities notified Centro Distribuidor de Cemento, S.A. de C.V. and Mexcement Holdings, S.A. de C.V., subsidiaries of CEMEX in Mexico, of tax assessments related to direct and indirect investments in entities considered to be preferential tax regimes, in the amount of approximately $1,251 (US$90) and approximately $759 (US$54), respectively. CEMEX has challenged these assessments before the corresponding courts. At this stage, CEMEX is not able to assess the likelihood of an adverse result in these proceedings.

- In May, 2011, the U.S. Internal Revenue Service ("IRS") issued various Notices of Proposed Adjustment ("NOPAs") for the years 2005 through 2007 proposing certain adjustments to CEMEX's tax returns. CEMEX requested the opportunity to discuss and negotiate these with the IRS field team before they are finalized as formal Revenue Agent Reports. As of December 31, 2011, CEMEX and the IRS have reached a tentative resolution for the years 2005 through 2007 and for certain adjustments in post-2007 years. It is uncertain at this time whether the tentative resolution will be finalized in its current form. The IRS continues to audit the years 2008 and 2009, and it is possible there will be additional adjustments for these years. CEMEX believes that it is possible that the audits for 2005–2007 and 2008-2009 will be settled in the next twelve months. Moreover, CEMEX believes it has adequately reserved for its uncertain tax position. The amount of which is not specified, as doing so may harm the current negotiations of CEMEX with the IRS. Nonetheless, there can be no assurance that the outcome of the IRS negotiations will not require further provisions for taxes.

- On April 1, 2011, the Colombian tax authority notified CEMEX Colombia of a proceeding in which the Colombian tax authority rejected certain deductions taken by CEMEX Colombia in its 2009 year-end tax return. In addition, the tax authority seeks to increase the taxes to be paid by CEMEX Colombia in the amount of approximately 90 billion Colombian pesos (US$46 or $642) and to impose a penalty in the amount of approximately 144 billion Colombian pesos (US$74 or $1,033). The Colombian tax authority argues that certain expenses are not deductible for tax purposes because they are not linked to direct revenues recorded in the same fiscal year, without taking into consideration that future revenue will be subject to income tax in Colombia. CEMEX Colombia responded to the special proceeding notice on June 25, 2011. The Colombian tax authority issued its final determination on December 15, 2011, which confirmed its position in the special proceeding. CEMEX Colombia will appeal the final determination no later than by February 15, 2012. At this stage, CEMEX is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia.

- On January 21, 2011, the Mexican tax authority notified CEMEX, S.A.B. de C.V., of a tax assessment for approximately $996 (US$71) pertaining to the tax year 2005. The tax assessment is related to the corporate income tax in connection with the tax consolidation regime. As a result of a tax reform in 2005, the law allows the cost of goods sold to be deducted, instead of deducting purchases. Since there were inventories as of December 31, 2004, in a transition provision, the law allowed the inventory to be accumulated as income (thus reversing the deduction via purchases) and then be deducted from 2005 onwards as cost of goods sold. In order to compute the income resulting from the inventories in 2004, the law allowed this income to be offset against accumulated tax losses of some of CEMEX's subsidiaries. The authorities argued that because of this offsetting, the right to use such losses at the consolidated level had been lost; therefore, CEMEX had to increase its consolidated income or decrease its consolidated losses. CEMEX believes that there is no legal support for the conclusion of the Mexican tax authority and will proceed to challenge the assessment before the tax court.

- On November 10, 2010, the Colombian tax authority notified CEMEX Colombia of a proceeding in which the Colombian tax authority rejected certain tax losses taken by CEMEX Colombia in its 2008 year-end tax return. In addition, the Colombian tax authority assessed an increase in taxes to be paid by CEMEX Colombia in the amount of approximately 43 billion Colombian pesos (US$22 or $307) and imposed a penalty in the amount of approximately 69 billion Colombian pesos (US$36 or $503), both amounts as of December 31, 2011. The Colombian tax authority argues that CEMEX Colombia is limited in its use of prior year tax losses to 25% of such losses per subsequent year. CEMEX believes that the tax provision that limits the use of prior year tax losses does not apply in the case of CEMEX Colombia because the applicable tax law was repealed in 2006. Furthermore, CEMEX believes that the Colombian tax authority is no longer able to review the 2008 tax return because the time to review such return has already expired pursuant to Colombian law. The Colombian tax authority issued an official settlement on July 27, 2011, which confirmed its position in the special request. The official settlement was appealed by CEMEX on September 27, 2011. The tax authorities have one year to resolve the appeal. At this stage, CEMEX is not able to assess the likelihood of an adverse result or potential damages which could be borne by CEMEX Colombia.

- Pursuant to amendments to the Mexican income tax law effective on January 1, 2005, Mexican companies with investments in entities incorporated outside of Mexico whose income tax liability is less than 75% of the income tax that would be payable in Mexico, are required to pay taxes in Mexico on net passive income, such as dividends, royalties, interest, capital gains and rental fees obtained by such controlled subsidiaries, provided, however, that such revenues are not derived from entrepreneurial activities in such countries. CEMEX challenged the constitutionality of the amendments before the Mexican federal courts. In September 2008, the Supreme Court of Justice ruled the amendments were constitutional for tax years 2005 to 2007. Since the Supreme Court's decision only determined that this tax regime is constitutional and does not dictate the details of how to calculate the amount of taxes due, CEMEX has self-assessed taxes due pursuant to these provisions through the submission of amended tax returns. The amounts determined are currently being reviewed by the Mexican tax authorities. Nonetheless, if the Mexican tax authorities do not agree with CEMEX's self-assessment of the taxes due for past periods, they may assess additional amounts of taxes past due. As of December 31, 2011 and 2010, CEMEX has recognized certain provisions in connection with these amendments to the income tax law in Mexico. The amounts of which are not specified, as doing so may harm the current negotiations of CEMEX with the tax authorities in connection with this tax uncertainty. Changes in the provision are recognized through income tax expense for the period as the review by the tax authorities' progresses.

- In 2009, in connection with changes to the tax consolidation regime in Mexico (note 2N) and based on Interpretation 18, CEMEX recognized an aggregate liability of $10,461; $8,216 were recognized against "Other non-current assets" in connection with the net liability recognized before the new tax law and that CEMEX will recover through the payment of this tax liability, and $2,245 were recognized against "Retained earnings" for the portion, according to the new law, related to: a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes; b) dividends from the controlled entities for tax purposes to the Parent Company; and c) other transactions that represented the transfer of resources between the companies included in the tax consolidation. In December 2010, pursuant to miscellaneous rules, the tax authority in Mexico granted the option to defer the calculation and payment of the income tax over the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes, until the subsidiary is disposed of or CEMEX eliminates the tax consolidation. As a result, CEMEX reduced its estimated tax payable by approximately $2,911 against a credit to "Retained earnings." Changes in the Parent Company's tax payable associated with the tax consolidation in Mexico in 2011 and 2010 were as follows:

		2011	2010
Balance at the beginning of the year	$	10,079	10,461
Income tax received from subsidiaries		2,352	2,496
Restatement for the period		485	358
Payments during the period		(506)	(325)
Effects associated with miscellaneous rules		–	(2,911)
Balance at the end of the year	$	12,410	10,079

16. STOCKHOLDERS' EQUITY

The balances of consolidated stockholders' equity exclude investments in shares of CEMEX, S.A.B. de C.V. held by subsidiaries of approximately $129 (17,334,881 CPOs) in 2011, $220 (16,668,156 CPOs) in 2010 and $187 (16,107,081 CPOs) in 2009. These amounts are canceled within "Other equity reserves." The increase in CPOs held by subsidiaries during 2011 and 2010 relates to CPOs received by subsidiaries as a result of the recapitalization of retained earnings as described below.

A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2011 and 2010, the breakdown of common stock and additional paid-in capital was as follows:

	2011	2010
Common stock	$ 4,135	4,132
Additional paid-in capital	109,309	104,590
	$ 113,444	108,722

As of December 31, 2011 and 2010, the common stock of CEMEX, S.A.B. de C.V. was represented as follows:

	2011		2010	
SHARES [1]	SERIES A [2]	SERIES B [3]	SERIES A [2]	SERIES B [3]
Subscribed and paid shares	20,939,727,526	10,469,863,763	20,043,602,184	10,021,801,092
Unissued shares authorized for stock compensation programs	250,782,926	125,391,463	345,164,180	172,582,090
Shares that guarantee the issuance of convertible securities [4]	5,932,438,520	2,966,219,260	1,896,584,924	948,292,462
Shares authorized for the issuance of stock or convertible securities [5]	7,561,480	3,780,740	3,415,076	1,707,538
	27,130,510,452	13,565,255,226	22,288,766,364	11,144,383,182

[1] As of December 31, 2011 and 2010, 13,068,000,000 shares correspond to the fixed portion, and 27,627,765,678 shares as of December 31, 2011 and 20,365,149,546 shares as of December 31, 2010 correspond to the variable portion.

[2] Series "A" or Mexican shares must represent at least 64% of CEMEX's capital stock.

[3] Series "B" or free subscription shares must represent at most 36% of CEMEX's capital stock.

[4] Shares that guarantee the conversion of both the voluntary and mandatorily convertible securities (note 12).

[5] Shares authorized for the issuance of stock through a public offer or through the issuance of convertible securities.

On February 24, 2011, stockholders at the extraordinary shareholders' meeting approved an increase in the variable portion of our capital stock of up to 6 billion shares (2 billion CPOs). Pursuant to the resolution approved by CEMEX, S.A.B. de C.V.'s stockholders, the subscription and payment of the new shares may occur through a public offer of CPOs and/or the issuance of convertible securities. These shares are kept in CEMEX's treasury as a guarantee for the potential issuance of shares through CEMEX's convertible securities (note 12B).

On February 24, 2011, stockholders at the annual ordinary shareholders' meeting approved resolutions to: i) increase the variable common stock through the capitalization of retained earnings, issuing up to 1,202.6 million shares (400.9 million CPOs) based on a price of $10.52 per CPO. Stockholders received 3 new shares for each 75 shares held (1 new CPO for each 25 CPOs held), through the capitalization of retained earnings. As a result, shares equivalent to approximately 401 million CPOs were issued, representing an increase in common stock of approximately $3, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of approximately $4,213; and ii) increase the variable common stock by up to 60 million shares (20 million CPOs) issuable as a result of antidilution adjustments upon conversion of CEMEX's convertible securities. These shares are kept in CEMEX's treasury. There was no cash distribution and no entitlement to fractional shares.

On April 29, 2010, stockholders at the annual ordinary shareholders' meeting approved resolutions to: i) increase the variable common stock through the capitalization of retained earnings, issuing up to 1,153.8 million shares (384.6 million CPOs) based on a price of $14.24 per CPO. Stockholders received 3 new shares for each 75 shares held (1 new CPO for each 25 CPOs held), through the capitalization of retained earnings. As a result, shares equivalent to approximately 384.6 million CPOs were issued, representing an increase in common stock of approximately $3, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of approximately $5,476, and ii) increase the variable common stock by up to 750 million shares (250 million CPOs) issuable as a result of antidilution adjustments upon conversion of CEMEX's convertible securities. These shares are kept in CEMEX's treasury. There was no cash distribution and no entitlement to fractional shares.

On September 28, 2009, through a global offering, CEMEX, S.A.B. de C.V. completed the sale of a total of 1,495 million CPOs (directly and in the form of ADSs), including CPOs sold through the exercise in full of the over-allotment option granted to the underwriters, of which approximately 373.8 million CPOs were sold in Mexico, and approximately 1,121.2 million CPOs were sold in the United States and elsewhere outside Mexico. The CPOs were offered to the public at a price of $16.65 per CPO and US$12.50 per ADS. The net aggregate proceeds from the global offering were approximately $23,948, increasing stockholders' equity by $7 considering a nominal value of $0.00833 per CPO, and additional paid-in capital of $23,941. Of the 1,495 million CPOs sold, approximately 595 million CPOs were sold by subsidiaries. CEMEX used the net proceeds from the global offering to pay down debt.

On September 4, 2009, stockholders at the extraordinary shareholders' meeting approved resolutions to: i) increase the variable common stock by up to 4,800 million shares (1,600 million CPOs) through additional subscription, which subscription and payment could be done indistinctively through the issuance of stock in a public offer or through the issuance of convertible securities; and ii) finalize any public offer or issuance of convertible securities within the following 24 months.

On April 23, 2009, stockholders at the annual ordinary shareholders' meeting approved resolutions to increase the variable common stock through the capitalization of retained earnings, issuing up to 1,004 million shares (335 million CPOs) based on a price of $13.07 per CPO. Stockholders received 3 new shares for each 75 shares held (1 new CPO for each 25 CPOs held), through the capitalization of retained earnings. As a result, shares equivalent to approximately 334 million CPOs were issued, representing an increase in common stock of approximately $3, considering a nominal value of $0.00833 per CPO, and additional paid-in capital of approximately $4,370. In addition, stockholders approved resolutions to cancel a corresponding number of shares held in CEMEX's treasury. There was no cash distribution and no entitlement to fractional shares.

The CPOs issued pursuant to the exercise of options under the "Fixed program" (note 17A) generated additional paid-in capital of approximately $11 in 2011, $5 in 2010 and $5 in 2009, and increased the number of shares outstanding. Likewise, in connection with the long-term compensation program (note 17) in 2011, 2010 and 2009, CEMEX issued approximately 43.4 million, 25.7 million and 13.7 million CPOs, respectively, generating an additional paid-in capital of approximately $495, $312 and $163, respectively, associated with the fair value of the compensation received by executives.

B) OTHER EQUITY RESERVES

As of December 31, 2011 and 2010, the balance of other equity reserves is summarized as follows:

	2011	2010
Cumulative translation effect, net of effects from perpetual debentures and deferred income taxes recognized directly in equity (notes 15B and 16D)[1]	$ 33,812	19,197
Issuance of convertible securities[2]	3,959	3,203
Treasury shares held by subsidiaries	(129)	(220)
	$ 37,642	22,180

[1] In 2011 and 2010, includes gains of approximately $1,837 and $5,401, respectively, resulting from the exchange of perpetual debentures (note 12A).

[2] Represents the equity components associated with the issuances of securities convertible into shares of CEMEX, S.A.B. de C.V. described in note 12B. Upon mandatory or voluntary conversion of these securities, these balances will be correspondingly reclassified to common stock and/or additional paid-in capital.

For the years ended December 31, 2011, 2010 and 2009, the translation effects of foreign subsidiaries included in the statement of changes in stockholders' equity were as follows:

	2011	2010	2009
Foreign currency translation adjustment[1]	$ 31,868	6,123	(17,716)
Foreign exchange fluctuations from debt[2]	(11,305)	1,886	2,158
Foreign exchange fluctuations from intercompany balances[3]	(8,068)	(20,059)	14,654
	$ 12,495	(12,050)	(904)

[1] These effects refer to the result from the translation of the financial statements of foreign subsidiaries.

[2] Generated by foreign exchange fluctuations over a notional amount of debt in CEMEX, S.A.B. de C.V. associated with the acquisition of foreign subsidiaries and designated as a hedge of the net investment in foreign subsidiaries.

[3] Refers to foreign exchange fluctuations arising from balances with related parties in foreign currencies that are of a long-term investment nature considering that their liquidation is not anticipated in the foreseeable future and foreign exchange fluctuations over a notional amount of debt of a subsidiary of CEMEX España identified and designated as a hedge of the net investment in foreign subsidiaries.

C) RETAINED EARNINGS

In 2010 and 2009, in accordance with Interpretation 18, this caption includes a credit of approximately $2,911 and a charge of approximately $2,245, respectively, in connection with changes in the Mexican tax consolidation rules in 2009 and the subsequent miscellaneous rules in 2010 (note 15D). In addition, in 2010, in connection with the initial adoption of MFRS C-3, CEMEX reduced its retained earnings by approximately $105 (note 2G).

Net income for the year is subject to a 5% allocation toward a legal reserve until such reserve equals one fifth of the common stock. As of December 31, 2011, the legal reserve amounted to $1,804.

D) NON-CONTROLLING INTEREST AND PERPETUAL DEBENTURES

Non-controlling interest

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated subsidiaries. As of December 31, 2011 and 2010, non-controlling interest in equity amounted to approximately $3,631 and $3,214, respectively.

Perpetual debentures

As of December 31, 2011 and 2010, the balances of the non-controlling interest included approximately US$938 ($13,089) and US$1,320 ($16,310), respectively, representing the notional amount of perpetual debentures. The balance in 2011 excludes the notional amount of perpetual debentures held by subsidiaries, acquired in December 2011 through a series of asset swaps (note 12A). In May 2010, as mentioned in note 12A, following an exchange offer with the debenture holders, a Luxembourg branch of a CEMEX, S.A.B. de C.V. subsidiary exchanged amounts in excess of a majority of the then outstanding principal amount of each series of perpetual debentures for new secured notes. Likewise, in March 2011, a Luxembourg branch of a CEMEX, S.A.B. de C.V. subsidiary concluded a private exchange for a portion of the then outstanding principal amount of Euro denominated perpetual debentures for new secured notes (note 12A).

Interest expense on the perpetual debentures, which is accrued based on the principal amount, was included within "Other equity reserves" and represented expenses of approximately $1,010 in 2011, $1,624 in 2010 and $2,704 in 2009, excluding in 2011 the amount of interest accrued by perpetual debentures held by subsidiaries.

These debentures have no fixed maturity date and do not represent a contractual payment obligation for CEMEX. As a result, these debentures, issued entirely by Special Purpose Vehicles ("SPVs"), qualify as equity instruments and are classified within non-controlling interest, as they were issued by consolidated entities. In addition, subject to certain conditions, CEMEX has the unilateral right to defer indefinitely the payment of interest due on the debentures. The classification of the debentures as equity instruments was made under applicable IFRS, which were applied to these transactions in compliance with the supplementary application of IFRS in Mexico. The different SPVs were established solely for purposes of issuing the perpetual debentures and were included in CEMEX's consolidated financial statements.

As of December 31, 2011 and 2010, the detail of CEMEX's perpetual debentures, giving effect to the exchange transactions that occurred during these periods, as mentioned above, and to the exclusion of perpetual debentures held by subsidiaries, was as follows:

ISSUER	ISSUANCE DATE	2011 NOMINAL AMOUNT	2010 NOMINAL AMOUNT	REPURCHASE OPTION	INTEREST RATE
C10-EUR Capital (SPV) Ltd.	May 2007	€ 147	€ 266	Tenth anniversary	6.3%
C8 Capital (SPV) Ltd.	February 2007	US$288	US$369	Eighth anniversary	6.6%
C5 Capital (SPV) Ltd. [1]	December 2006	US$111	US$147	Fifth anniversary	6.2%
C10 Capital (SPV) Ltd.	December 2006	US$349	US$449	Tenth anniversary	6.7%

[1] CEMEX did not exercise its repurchase option by December 31, 2011. Therefore, beginning January 1, 2012, the annual interest rate of this series will change to 3-month LIBOR plus 4.277%, which will be reset quarterly. Interest payments on this series will be made quarterly instead of semi-annually. CEMEX is not permitted to call these debentures under the Financing Agreement. As of December 31, 2011, 3-month LIBOR was approximately 0.5810%.

17. EXECUTIVE STOCK-BASED COMPENSATION

CEMEX has a long-term compensation program providing for the grant of CEMEX's CPOs to a group of executives, pursuant to which, new CPOs are issued under each annual program over a 4 year period. By agreement with the executives, the CPOs of the annual grant, which is equivalent to 25% of the CPOs related to each plan, are placed in a trust established for the benefit of the executives (the "executives' trust") to comply with a 1 year restriction on sale. Under this program, CEMEX granted approximately 43.4 million CPOs in 2011, 25.7 million CPOs in 2010 and 13.7 million CPOs in 2009 that were subscribed and pending for payment in CEMEX's treasury. Of the total CPOs granted in 2011, approximately 10.3 million CPOs relate to termination payments associated with restructuring events (note 2R). As of December 31, 2011, there are approximately 58.2 million CPOs associated to these annual programs that are expected to be issued during the following years as the executives render services to CEMEX. The compensation expense related to these programs in 2011, 2010 and 2009 recognized in the operating results amounted to approximately $415, $536 and $606, respectively. The weighted average price per CPO granted during the period was approximately $11.42 in 2011, $12.12 in 2010 and $11.90 in 2009.

Until 2005, CEMEX granted stock options to executives based on CEMEX's CPO. Options outstanding under CEMEX's programs represent liability instruments, except for those of its "Fixed program," which was designated as equity instruments (note 2T). The information related to options granted in respect of CEMEX, S.A.B. de C.V. shares is as follows:

OPTIONS	FIXED PROGRAM (A)	VARIABLE PROGRAM (B)	RESTRICTED PROGRAM (C)	SPECIAL PROGRAM (D)
Options outstanding at the beginning of 2009	747,245	1,358,920	15,022,272	745,999
Changes in 2009:				
Options exercised	(133,606)	–	–	(23,381)
Options at the end of 2009	613,639	1,358,920	15,022,272	722,618
Changes in 2010:				
Options cancelled and adjustments	(57,933)	–	–	–
Options exercised	(106,963)	–	–	(8,000)
Options at the end of 2010	448,743	1,358,920	15,022,272	714,618
Changes in 2011:				
Options cancelled and adjustments	(115,617)	(815,424)	–	(81,826)
Options exercised	(333,126)	–	–	–
Options at the end of 2011	–	543,496	15,022,272	632,792
Underlying CPOs [1]	–	2,950,479	76,233,524	12,655,840
Weighted average exercise prices per CPO:				
Options outstanding at the beginning of 2011 [1]	$5.85	US$1.52	US$2.00	US$1.36
Options exercised in the year [1]	$4.99	–	–	–
Options outstanding at the end of 2011 [1]	–	US$1.55	US$2.00	US$1.39
Average life of options:	–	1.1 years	0.5 years	2.1 years
Number of options per exercise price:	–	70,746 – US$1.7	15,022,272 – US$2.0	125,345 – US$1.4
	–	141,679 – US$1.8	–	135,751 – US$1.0
	–	67,295 – US$1.5	–	257,291 – US$1.4
	–	205,034 – US$1.3	–	114,405 – US$1.9
	–	58,742 – US$1.6	–	–
Percent of options fully vested:	–	100%	100%	100%

[1] Exercise prices and the number of underlying CPOs are technically adjusted for the dilutive effect of stock dividends and recapitalization of retained earnings.

A) Fixed program

From June 1995 through June 2001, CEMEX granted stock options with a fixed exercise price in pesos, equivalent to the market price of the CPO at the grant date and with tenure of 10 years. The employees' option rights vested up to 25% annually during the first 4 years after having been granted.

B) Variable program

This program started in November 2001, through an exchange of fixed program options, with exercise prices denominated in dollars increasing annually at a 7% rate.

C) Restricted program

This program started in February 2004 through a voluntary exchange of options mainly from the variable program. These options have an exercise price denominated in dollars which, depending on the program, increase annually at a 5.5% rate or at a 7% rate. Executives' gains under these options are settled in the form of CPOs, which are restricted for sale for an approximate period of 4 years from the exercise date.

D) Special program

From June 2001 through June 2005, a CEMEX subsidiary in the United States granted to a group of its employees a stock option program to purchase CEMEX ADSs. The options granted have a fixed exercise price denominated in dollars and tenure of 10 years. The employees' option rights vested up to 25% annually after having been granted. The option exercises are hedged using ADSs currently owned by subsidiaries, which increases stockholders' equity and the number of shares outstanding. The amounts of these ADS programs are presented in terms of equivalent CPOs (ten CPOs represent one ADS).

Other programs

CEMEX's subsidiary in Ireland has an outstanding stock option program in its own shares. As of December 31, 2011 and 2010, this subsidiary had outstanding options over 19,814 and 251,918 of its shares, respectively, with an average exercise price per share of approximately €0 in 2011 and €1.18 in 2010. As of December 31, 2011 and 2010, the market price per share of CEMEX's subsidiary in Ireland was €0.04 and €0.21, respectively.

Valuation of options at fair value and accounting recognition

All options of programs that qualify as liability instruments are valued at their estimated fair value as of the date of the financial statements, recognizing changes in valuations in the statements of operations. Changes in the provision for executive stock option programs for the years ended December 31, 2011, 2010 and 2009 were as follows:

		RESTRICTED PROGRAM	VARIABLE PROGRAM	SPECIAL PROGRAM	TOTAL
Provision as of December 31, 2008	$	111	23	32	166
Net expense in current period results		8	2	18	28
Estimated decrease from exercises of options		–	–	5	5
Foreign currency translation effect		(5)	(1)	(1)	(7)
Provision as of December 31, 2009		114	24	54	192
Net revenue in current period results		(92)	(15)	(40)	(147)
Estimated decrease from exercises of options		–	–	2	2
Foreign currency translation effect		(7)	(1)	(3)	(11)
Provision as of December 31, 2010		15	8	13	36
Net revenue in current period results		(17)	(9)	(15)	(41)
Estimated decrease from exercises of options		–	–	–	–
Foreign currency translation effect		2	1	2	5
Provision as of December 31, 2011	$	–	–	–	–

The options' fair values were determined through the binomial option-pricing model. As of December 31, 2011, 2010 and 2009, the most significant assumptions used in the valuations were as follows:

ASSUMPTIONS	2011	2010	2009
Expected dividend yield	4.0%	4.0%	4.0%
Volatility	35%	35%	35%
Interest rate	0.1%	1.2%	1.8%
Weighted average remaining tenure	1.2 years	2.1 years	3.1 years

18. EARNINGS (LOSS) PER SHARE

The amounts considered for calculations of earnings (loss) per share ("EPS") in 2011, 2010 and 2009 were as follows:

DENOMINATOR (THOUSANDS OF SHARES)	2011	2010	2009
Weighted average number of shares outstanding – basic	31,267,218	31,177,140	27,998,821
Effect of dilutive instruments – stock-based compensation (note 17)	–	–	39,963
Effect of dilutive instruments – convertible securities (note 12B)	–	–	517,440
Potentially dilutive shares	–	–	557,403
Weighted average number of shares outstanding – diluted	–	–	28,556,224
NUMERATORS			
Controlling interest income (loss) before discontinued operations	$ (19,164)	(16,489)	5,925
Less: non-controlling interest net income	(37)	27	240
Controlling interest income (loss) before discontinued operations – basic	(19,127)	(16,516)	5,685
Plus: interest expense on convertible securities	–	–	16
Controlling interest income before discontinued operations – diluted	$ –	–	5,701
Loss from discontinued operations	$ –	–	(4,276)
BASIC EARNINGS (LOSS) PER SHARE			
Controlling interest basic EPS from continuing operations	$ (0.61)	(0.53)	0.20
Basic EPS from discontinued operations	–	–	(0.15)
DILUTED EARNINGS (LOSS) PER SHARE			
Controlling interest diluted EPS from continuing operations	$ –	–	0.20
Diluted EPS from discontinued operations	–	–	(0.15)

Diluted earnings per share reflect the effects of any transactions which have a potentially dilutive effect on the weighted average number of common shares outstanding. The dilutive effect of the number of shares resulting from the executives' stock option programs is determined under the inverse treasury method. In connection with the restricted CPO grants under the long-term compensation program initiated in 2009, as well as the convertible securities, the total amount of CPOs committed for issuance in the future is computed from the beginning of the reporting period. Based on MFRS B-14 "Earnings per Share" ("MFRS B14"), the weighted average number of shares outstanding in 2010 and 2009 includes the shares issued as a result of the capitalization of retained earnings declared in February 2011 and April 2010, respectively (note 16A).

According to MFRS B-14, diluted earnings per share shall not be disclosed when the result from continuing operations is a loss.

19. COMMITMENTS

A) GUARANTEES

As of December 31, 2011 and 2010, CEMEX, S.A.B. de C.V. had guaranteed loans of certain subsidiaries for approximately US$8,993 and US$13,028, respectively.

B) PLEDGED ASSETS

As of December 31, 2011 and 2010, CEMEX had liabilities amounting to US$129 and US$186, respectively, secured by property, machinery and equipment. These amounts exclude the financial liabilities associated with capital leases (note 12B), since there are no legal liens on the related assets.

In addition, in connection with the Financing Agreement (note 12A), CEMEX transferred to a trust for the benefit of the Financing Agreement lenders, note holders and other creditors having the benefit of negative pledge clauses, the shares of several of its main subsidiaries, including CEMEX México, S.A. de C.V. and CEMEX España, S.A., in order to guarantee payment obligations under the Financing Agreement and other financial transactions. These shares secure several other financings entered into subsequent to the date of the Financing Agreement.

C) OTHER COMMITMENTS

As of December 31, 2011 and 2010, CEMEX had commitments for the purchase of raw materials for an approximate amount of US$184 and US$288, respectively.

In 2006, in order to take advantage of the high wind potential in the "Tehuantepec Isthmus," CEMEX and the Spanish company ACCIONA formed an alliance to develop a wind farm project for the generation of 250 Megawatts (MW) in the Mexican state of Oaxaca. CEMEX acted as promoter of the project, which was named EURUS. ACCIONA provided the required financing, constructed the facility and currently operates the wind farm. The installation of 167 wind turbines in the farm was finished on November 15, 2009. The agreements between CEMEX and ACCIONA established that CEMEX's plants in Mexico will acquire a portion of the energy generated by the wind farm for a period of at least 20 years, which began in February 2010, when EURUS reached the committed limit capacity. For the years ended December 31, 2011 and 2010, EURUS supplied (unaudited) approximately 23.4% and 20.1%, respectively, of CEMEX's overall electricity needs in Mexico during such year. This agreement is for CEMEX's own use and there is no intention of trading in energy by CEMEX.

In 1999, CEMEX entered into agreements with an international partnership, which built and operated an electrical energy generating plant in Mexico called *Termoeléctrica del Golfo* ("TEG"). In 2007, another international company replaced the original operator. The agreements established that CEMEX would purchase the energy generated for a term of not less than 20 years, which started in April 2004. Likewise, CEMEX committed to supply TEG all fuel necessary for its operations, a commitment that has been hedged through a 20-year agreement entered with *Petróleos Mexicanos*, which terminates in 2024. With the change of the operator, in 2007, CEMEX extended the term of its agreement with TEG until 2027. Consequently, for the last 3 years of the TEG fuel supply contract, CEMEX intends to purchase the required fuel in the market. CEMEX is not required to make any capital expenditure in the project. For the years ended December 31, 2011, 2010 and 2009, TEG supplied (unaudited) approximately 69.3%, 72.8% and 73.7%, respectively, of CEMEX's 15 cement plants' electricity needs in Mexico during such year. This agreement is for CEMEX's own use and there is no intention of trading in energy by CEMEX.

In 2007, CEMEX Ostzement GmbH ("COZ"), CEMEX's subsidiary in Germany, entered into a long-term energy supply contract with *Vattenfall Europe New Energy Ecopower* ("VENEE"), pursuant to which VENEE committed to supply energy to CEMEX's Rüdersdorf plant for a period of 15 years starting on January 1, 2008. Based on the contract, each year COZ has the option to fix in advance the volume of energy that it will acquire from VENEE, with the option to adjust the purchase amount one time on a monthly and quarterly basis. According to the contract, COZ acquired (unaudited) 28 MW in 2008 and 2009, and 27 MW in 2010 and 2011. COZ expects to acquire 27 MW per year from 2012 to 2014, and expects to acquire between 26 and 28 MW per year starting in 2015 and thereafter. The contract, which establishes a price mechanism for the energy acquired, based on the price of energy future contracts quoted on the European Energy Exchange, did not require initial investments and was expected to be performed at a future date. Based on its terms, this contract qualified as a financial instrument under MFRS. However, as the contract is for CEMEX's own use and CEMEX sells any energy surplus as soon as actual energy requirements are known, regardless of changes in prices and thereby avoiding any intention of trading in energy, such contract is not recognized at its fair value.

In April 2008, Citibank entered into put option transactions on CEMEX's CPOs with a Mexican trust that CEMEX established on behalf of its Mexican pension fund and certain of CEMEX's directors and current and former employees (the "participating individuals"). The transaction was structured with two main components. Under the first component, the trust sold, for the benefit of CEMEX's Mexican pension fund, put options to Citibank in exchange for a premium of approximately US$38. The premium was deposited into the trust and was used to purchase, on a prepaid forward basis, securities that track the performance of the Mexican Stock Exchange. Under the second component, the trust sold, on behalf of the participating individuals, additional put options to Citibank in exchange for a premium of approximately US$38, which was used to purchase prepaid forward CPOs. These prepaid forward CPOs, together with additional CPOs representing an equal amount in U.S. dollars, were deposited into the trust by the participating individuals as security for their obligations, and represent the maximum exposure of the participating individuals under this transaction. The put options gave Citibank the right to require the trust to purchase, in April 2013, approximately 130 million CPOs at a price of US$2.7558 per CPO (120% of initial CPO price in dollars), as adjusted as of December 31, 2011. If the value of the assets held in the trust (33.4 million CPOs and the securities that track the performance of the Mexican Stock Exchange) were insufficient to cover the obligations of the trust, a guarantee would be triggered and CEMEX, S.A.B. de C.V. would be required to purchase, in April 2013, the total CPOs at a price per CPO equal to the difference between US$2.7558 and the market value of the assets of the trust. The purchase price per CPO in dollars and the corresponding number of CPOs under this transaction are subject to dividend adjustments. CEMEX recognizes a liability for the fair value of the guarantee, and changes in valuation were recorded in the statements of operations (note 12D).

D) COMMITMENTS FROM EMPLOYEE BENEFITS

In some countries, CEMEX has self-insured health care benefits plans for its active employees, which are managed on cost plus fee arrangements with major insurance companies or provided through health maintenance organizations. As of December 31, 2011, in certain plans, CEMEX has established stop-loss limits for continued medical assistance derived from a specific cause (e.g., an automobile accident, illness, etc.) ranging from 23 thousand dollars to 400 thousand dollars. In other plans, CEMEX has established stop-loss limits per employee regardless of the number of events ranging from 350 thousand dollars to 2 million dollars. The contingency for CEMEX if all employees qualifying for health care benefits required medical services simultaneously is significantly larger. However, this scenario is remote. The amount expensed through self-insured health care benefits was approximately US$78 ($1,089) in 2011, US$81 ($1,026) in 2010 and US$106 ($1,442) in 2009.

E) CONTRACTUAL OBLIGATIONS

As of December 31, 2011 and 2010, CEMEX had the following contractual obligations:

(U.S. DOLLARS MILLIONS)				2011			2010
OBLIGATIONS		LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL	TOTAL
Long-term debt	US$	325	8,512	2,523	3,621	14,981	15,694
Capital lease obligations [1]		47	85	12	38	182	6
Convertible notes [2]		9	24	1,486	610	2,129	784
Total debt and other financial obligations [3]		381	8,621	4,021	4,269	17,292	16,484
Operating leases [4]		166	219	97	83	565	731
Interest payments on debt [5]		984	1,764	931	432	4,111	4,183
Pension plans and other benefits [6]		156	310	316	1,107	1,889	1,579
Total contractual obligations	US$	1,687	10,914	5,365	5,891	23,857	22,977
	$	23,551	152,359	74,895	82,238	333,044	283,998

[1] The amounts of payments under capital leases have been determined on the basis of nominal cash flows. As of December 31, 2011, the net present value of future payments under such leases is approximately US$143 ($1,999), of which, approximately US$44 ($613) refers to cash flows from 1 to 3 years, and approximately US$73 ($1,023) refer to cash flows from 3 to 5 years.

[2] Refers to the convertible notes described in note 12B and assumes repayment at maturity and no conversion of the notes.

3 The schedule of debt payments, which includes current maturities, does not consider the effect of any refinancing of debt that may occur during the following years. In the past, CEMEX has replaced its long-term obligations for others of a similar nature.

[4] The amounts for operating leases have been determined on the basis of nominal cash flows. CEMEX has operating leases, primarily for operating facilities, cement storage and distribution facilities and certain transportation and other equipment, under which annual rental payments are required plus the payment of certain operating expenses. Rental expense was US$256 ($3,195), US$199 ($2,521) and US$243 ($3,305) in 2011, 2010 and 2009, respectively.

[5] For the determination of the future estimated interest payments on floating rate denominated debt, CEMEX used the floating interest rates in effect as of December 31, 2011 and 2010.

[6] Represents estimated annual payments under these benefits for the next 10 years (note 14). Future payments include the estimate of new retirees during such future years.

20. CONTINGENCIES

A) PROVISIONS RESULTING FROM LEGAL PROCEEDINGS

CEMEX is involved in various significant legal proceedings, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX. As a result, certain provisions have been recognized in the financial statements, representing the best estimate of the amounts payable. Therefore, CEMEX believes that it will not incur significant expenditure in excess of the amounts recorded. As of December 31, 2011, the details of the most significant events are as follows:

- In January 2007, the Polish Competition and Consumers Protection Office (the "Protection Office") notified CEMEX Polska, a subsidiary in Poland, about the initiation of an antitrust proceeding against all cement producers in the country, including CEMEX Polska and another of CEMEX's indirect subsidiaries in Poland. The Protection Office alleged that there was an agreement between all cement producers in Poland regarding prices, market quotas and other sales conditions of cement, and that the producers exchanged confidential information, all of which limited competition in the Polish cement market. In January 2007, CEMEX Polska filed its response to the notification, denying that it had committed the practices listed by the Protection Office, and submitted formal comments and objections gathered during the proceeding, as well as facts supporting its position that its activities were in line with Polish competition law. In December 2009, the Protection Office issued a resolution imposing fines on a number of Polish cement producers, including CEMEX Polska. The fine imposed on CEMEX Polska amounted to approximately 116 million Polish Zloty (US$34 or $475), which represents 10% of CEMEX Polska's total revenue for the calendar year preceding the imposition of the fine. CEMEX Polska filed an appeal before the Polish Court of Competition and Consumer Protection (the "Court of Consumer Protection"). On February 7, 2011, the Protection Office made an application to the Court of Consumer Protection to reject CEMEX Polska's appeal, arguing that such appeal is not justified, and the Protection Office maintained all the statements and arguments from its prior decision. On February 21, 2011, CEMEX Polska sent a letter to the Court of Consumer Protection in which it kept its position and argumentation from the appeal and opposed the arguments and statements of the Protection Office. The decision on the fines will not be enforced until two appeals are exhausted, which CEMEX estimates could take at least four years. As of December 31, 2011, CEMEX recognized a provision of approximately 72 million Polish Zloty (US$21 or $293), representing the best estimate on such date of the expected cash outflow in connection with this resolution.

- In 2005, through the acquisition of RMC Group plc, CEMEX assumed environmental remediation liabilities in the United Kingdom pertaining to closed and current landfill sites for the confinement of waste. As of December 31, 2011, CEMEX had generated a provision for the net present value of such obligations of approximately £131 (US$204 or $2,848). Expenditure was assessed and quantified over the period in which the sites have the potential to cause environmental harm, which was accepted by the regulator as being up to 60 years from the date of closure. The assessed expenditure included the costs of monitoring the sites and the installation, repair and renewal of environmental infrastructure.

- In August 2005, Cartel Damages Claims, S.A. ("CDC"), filed a lawsuit in the District Court in Düsseldorf, Germany, against CEMEX Deutschland AG, CEMEX's subsidiary in Germany, and other German cement companies originally seeking approximately €102 (US$132 or $1,843) in respect of damage claims by 28 entities relating to alleged price and quota fixing by German cement companies between 1993 and 2002. Since that time, CDC has acquired new claims by assignment, and the claim has increased to €131 (US$170 or $2,373). CDC is a Belgian company established in the aftermath of the German cement cartel investigation that took place from July 2002 to April 2003 by Germany's Federal Cartel Office, with the purpose of purchasing potential damage claims from cement consumers and pursuing those claims against the cartel participants. In February 2007, the District Court in Düsseldorf allowed this lawsuit to proceed without going into the merits of this case by issuing an interlocutory judgment. All defendants appealed the resolution but the appeal was dismissed in May 2008 and the lawsuit will proceed at the level of the court of first instance. The District Court in Düsseldorf had called for a hearing on the merits of this case on May 26, 2011, which was canceled and is now rescheduled for March 1, 2012. As of December 31, 2011, CEMEX Deutschland AG had accrued liabilities regarding this matter of approximately €28 (US$36 or $503), including accrued interests over the principal amount of the claim.

- As of December 31, 2011, CEMEX's subsidiaries in the United States have accrued liabilities specifically relating to environmental matters in the aggregate amount of approximately US$26 ($363). The environmental matters relate to: a) the disposal of various materials in accordance with past industry practice, which might currently be categorized as hazardous substances or wastes, and b) the cleanup of sites used or operated by CEMEX, including discontinued operations, regarding the disposal of hazardous substances or waste, either individually or jointly with other parties. Most of the proceedings are in the preliminary stages, and a final resolution might take several years. For purposes of recording the provision, CEMEX's subsidiaries believe that it is probable that a liability has been incurred and the amount of the liability is reasonably estimable, whether or not claims have been asserted, and without giving effect to any possible future recoveries. Based on the information developed to date, CEMEX's subsidiaries do not believe that they will be required to spend significant sums on these matters in excess of the amounts previously recorded. The ultimate cost that may be incurred to resolve these environmental issues cannot be assured until all environmental studies, investigations, remediation work and negotiations with, or litigation against, potential sources of recovery have been completed.

B) OTHER CONTINGENCIES FROM LEGAL PROCEEDINGS

CEMEX is involved in various legal proceedings which have not required the recognition of accruals, as CEMEX believes that the probability of loss is less than probable or remote after considering all the elements of such proceedings, as well as proceedings in which a negative resolution for CEMEX may represent, among other things, the revocation of operating licenses or the assessment of fines, whereby CEMEX may experience a decrease in future revenues, an increase in operating costs or a loss. As of December 31, 2011, the details of the most significant events with a quantification of the potential loss, when it is determinable, were as follows:

- On December 8, 2010, the European Commission ("EC") informed CEMEX that it has decided to initiate formal proceedings in respect of possible anticompetitive practices in Austria, Belgium, the Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom, which include CEMEX and other seven companies. These proceedings may lead to an infringement decision or, if the objections raised by the EC are not substantiated, the case might be closed. In April 2011, the EC requested CEMEX to deliver a material amount of information and documentation. CEMEX filed an appeal before the General Court of the European Union for the annulment of such request for information and documentation on the grounds that it is contrary to several principles of European Union Law. Nonetheless, the request was fulfilled by CEMEX on August 2, 2011. On September 16, 2011, without discussing the main arguments of the claim, the EC rejected the claim from CEMEX asking for the annulment of the request. On December 15, 2011, CEMEX complied with the terms of this decision and submitted a new reply with the amendments and clarifications identified in the revision and audit process. On December 21, 2011, CEMEX filed its reply to the EC's rejection. As of December 31, 2011, the EC has not yet submitted its rejoinder. If the alleged infringements investigated by the EC are substantiated, the EC may impose a maximum fine of up to 10% of the total turnover of the relevant companies for the last year preceding the imposition of the fine for which the financial statements have been approved. CEMEX intends to defend its position vigorously in this proceeding and is fully cooperating and will continue to cooperate with the EC in connection with this matter. As of December 31, 2011, the EC has not yet formulated a Statement of Objections against CEMEX and, as a result, the extent of the charges and the alleged infringements are unknown. Moreover, it is not clear which cement related products' total turnover would be used as the basis for the determination of the possible penalties. As a consequence, CEMEX cannot assess the likelihood of an adverse result or the amount of the potential fine, but, if adversely resolved, it may have a material adverse impact on CEMEX's financial position.

  In September 2009, officers from the European Commission ("EC"), in conjunction with local officials of the Spanish national competition enforcement authority (*Comisión Nacional de la Competencia* or "CNC"), conducted an unannounced inspection at CEMEX's offices in Spain. The EC alleges that CEMEX may have participated in anti-competitive agreements and/or concerted practices. This investigation is related to unannounced previous inspections carried out by the EC in the United Kingdom and Germany in November 2008. Since the inspections, CEMEX has received requests for information from the EC in September 2009, October 2010 and December 2010, and CEMEX has fully cooperated by providing the relevant information on time. As of December 31, 2011, at this stage of the proceeding, CEMEX cannot assess the likelihood of an adverse result, or quantify the potential damages that could be borne by CEMEX. Nonetheless, CEMEX would not expect a material adverse effect on its financial position.

- On June 5, 2010, the *Secretaría Distrital de Ambiente de Bogotá*, the District of Bogota's environmental secretary (or the "environmental secretary"), ordered the suspension of CEMEX Colombia's mining activities at El Tunjuelo quarry, located in Bogotá, as well as the extraction activities of other aggregates producers in the same area. The environmental secretary alleges that during the past 60 years CEMEX Colombia and the other companies included in the temporary injunction 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 temporary injunction, on June 5, 2010, CEMEX Colombia received a formal 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 temporary injunction by requesting that it be revoked based on the fact that the mining activities at El Tunjuelo quarry are supported by the authorizations required by the applicable environmental laws and that all the environmental impact statements submitted by CEMEX Colombia have been reviewed and permanently authorized by the *Ministerio del Medio Ambiente, Vivienda y Desarrollo Territorial*. On June 11, 2010, the local authorities in Bogotá, in compliance with the environmental secretary's decision, sealed off the mine to machinery and prohibited the removal of our aggregates inventory. Although there is not an official quantification of the possible fine, the environmental secretary has publicly declared that the fine could be as much as 300 billion Colombian pesos (US$154 or $2,150). 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 October 2009, CEMEX Corp., one of CEMEX's subsidiaries in the United States, and other cement and concrete suppliers were named as defendants in several purported class action lawsuits alleging price fixing in Florida. The purported class action lawsuits are of two distinct types: a) the first type were filed by entities purporting to have purchased cement or ready-mix concrete directly from one or more of the defendants; and b) the second group of plaintiffs are entities purporting to have purchased cement or ready-mix concrete indirectly from one or more of the defendants. Underlying all proposed suits is the allegation that the defendants conspired to raise prices of cement and concrete and hinder competition in Florida. On October 12, 2010, the court granted in part the defendants' motion, dismissing from the case all claims relating to cement and reducing the applicable time period of the plaintiffs' claims. On October 29, 2010, the plaintiffs filed further amended complaints pursuant to the court's decision. On December 2, 2010, CEMEX moved to dismiss the amended complaint filed by the indirect purchaser plaintiffs based on lack of standing. CEMEX also answered the complaint filed by the direct purchaser plaintiffs. On January 4, 2011, both the direct and indirect purchaser plaintiffs filed further amended complaints, which CEMEX answered on January 18, 2011. In March 2011, both the direct and indirect purchaser plaintiffs filed motions seeking the entry of final judgment pursuant to the court's October 12, 2010 order so they may appeal the dismissals to the Court of Appeals for the 11th Circuit. The court denied those motions on April 15, 2011. On September 21, 2011, both groups of plaintiffs filed motions for class certification. CEMEX believes that the lawsuits are without merit and intends to defend them vigorously. As of December 31, 2011, at this stage of the proceeding, CEMEX cannot assess the likelihood of an adverse result, or quantify the potential damages that could be borne by CEMEX. Nonetheless, CEMEX would not expect this matter to have a material adverse effect on its financial position.

- In September 2009, the CNC, applying exclusively national antitrust law, separately conducted its own inspection in the context of possible anticompetitive practices in the production and distribution of mortar, ready-mix and aggregates within the Chartered Community of Navarre ("Navarre"). In December 2009, the CNC started a procedure against CEMEX España for alleged practices prohibited under the Spanish competition law. In November 2010, the CNC provided CEMEX España with a Statement of Facts that included some allegations that could be construed as a possible infringement by CEMEX España of Spanish competition law in Navarre. The Statement of Facts was addressed to CEMEX España, but also indicated that its parent company, New Sunward Holding B.V., could be jointly and severally liable for the investigated behavior. On December 10, 2010, the CNC Investigative Department notified CEMEX of its proposed decision, which declared an existence of infringement, and that it would submit the proposed decision to the CNC Council. The notification of the proposed decision marked the end of the investigation phase. On December 29, 2010, CEMEX submitted its opposition to the proposed decision denying all charges formulated by the CNC. On May 17, 2011, the CNC Council decided to accept CEMEX's request to review the evidence presented by the other parties. As a result, the estimated deadline for the CNC Council to issue a decision is during January 2012. The maximum fine that the CNC could impose would be 10% of the total revenues of CEMEX España's ready-mix production activities within Navarre for the calendar year preceding the imposition of the fine. As of December 31, 2011, CEMEX would not expect this matter to have a material adverse effect on its financial position (note 22).

- In June 2009, the Texas General Land Office ("GLO") alleged that CEMEX failed to pay approximately US$550 in royalties related to mining activities by CEMEX and its predecessors since the 1940s on lands that, when transferred originally by the State of Texas, contained a reservation of mineral rights. The petition filed by the GLO also states that the State is seeking injunctive relief. On December 17, 2009, the Texas court handling this matter granted CEMEX's motion for summary judgment finding that the GLO's claims had no merit. The GLO filed an appeal on March 25, 2010 and its appellate brief on May 28, 2010. The GLO requested that the Texas Court of Appeals hear oral arguments in this matter. On May 3, 2011, the GLO and CEMEX submitted briefs and the Court of Appeals heard oral arguments on this matter. On August 31, 2011, the El Paso Court of Appeals reversed the trial court's judgment and rendered judgment in favor of the State of Texas with respect to the ownership of the mineral rights on the lands mined by CEMEX and its predecessors in interest. CEMEX will appeal the El Paso Court of Appeal's decision to the Texas Supreme Court and will continue to vigorously defend the claim. As of December 31, 2011, at this stage of the proceeding, CEMEX cannot quantify the potential damages that could be borne by CEMEX, or assess the likelihood of an adverse result, which could significantly affect its financial position.

- In January and March 2009, one of CEMEX's subsidiaries in Mexico was notified of two findings issued by the Mexican Competition Authority (*Comisión Federal de Competencia* or *"CFC"*), for presumptive violations of Mexican antitrust laws. During the CFC investigation, CEMEX filed constitutional challenges for both cases considering that these findings contain substantial violations of rights granted by the Mexican Constitution. In both challenges, the Circuit Courts resolved that CEMEX lacked standing since the notice of presumptive responsibility did not affect any of CEMEX's rights. CEMEX appealed such resolutions. On October 14, 2011, the CFC determined to close one of the cases due to a lack of evidence to impose any sanctions.

- In January 2009, in response to litigation brought by environmental groups concerning the manner in which certain federal quarry permits were granted, a judge from the U.S. District Court for the Southern District of Florida ordered the withdrawal of the federal quarry permits of CEMEX's SCL, FEC and Kendall Krome quarries, in the Lake Belt area in South Florida, which were granted in 2002 to CEMEX Construction Materials Florida, LLC ("CEMEX Florida"), one of CEMEX's subsidiaries in the United States. The judge ruled that there were deficiencies in the procedures and analysis undertaken by the relevant governmental agencies involved with the issuance of the permits. On January 29, 2010, in connection with the withdrawal of federal quarry permits in Lake Belt, Florida, the Army Corps of Engineers concluded a revision and determined procedures for granting new federal quarry permits in the area. During February 2010, new quarry permits were granted to the SCL and FEC quarries. However, at December 31, 2011, a number of potential environmental impacts must be addressed at the wetlands located at the Kendall Krome site before a new federal quarry permit may be issued for mining at that quarry. If CEMEX Florida were unable to maintain the new Lake Belt permits, CEMEX Florida would need to source aggregates, to the extent available, from other locations in Florida or import aggregates. The cessation or significant restriction of quarrying operations in the Lake Belt area could have a significant adverse effect on CEMEX's Florida operating results.

- In November 2008, AMEC/Zachry, the general contractor for CEMEX's expansion program in Brooksville, Florida, filed a lawsuit against CEMEX Florida in the United States, alleging delay damages and seeking an equitable adjustment to the contract and payment of change orders. In its claim, AMEC/Zachry sought indemnity for US$60 ($838). During 2009, FLSmidth ("FLS"), a supplier for the mining and cement industry, became a co-defendant in the lawsuit. During 2009 and 2010, CEMEX filed counterclaims against both suppliers. On November 18, 2010, the court denied AMEC/Zachry's motion to dismiss against CEMEX Florida, and denied FLS's motion on the pleading against CEMEX Florida. On January 6, 2011, CEMEX Florida amended its pleadings in accordance with the court's rulings. On March 17, 2011, FLS filed another motion seeking dismissal of one of CEMEX Florida's new claims asserted in the amended pleading. The parties have exchanged documents, and depositions are scheduled for the next several months. On July 1, 2011, AMEC/Zachry filed a motion for substitution of counsel and a motion for a limited stay of discovery proceedings. Until discovery is significantly underway, CEMEX cannot assess the likelihood of an adverse result or the potential damages which could be borne by CEMEX.

- In July 2008, Strabag SE ("Strabag"), one of the leading suppliers of building materials in Europe, entered into a Share Purchase Agreement ("SPA") to purchase CEMEX's operations in Austria and Hungary for €310 (US$402 or $5,612), subject to authorization of the competition authorities in such coutries. On July 1, 2009, Strabag notified CEMEX of its purported rescission of the SPA, arguing that the regulatory approvals were not obtained before June 30, 2009. In October 2009, CEMEX filed a claim against Strabag before the International Arbitration Court of the International Chamber of Commerce ("ICC"), requesting a declaration that Strabag's rescission of the SPA was invalid and claiming the payment of damages caused to CEMEX for the alleged breach of the SPA for €150 (US$195 or $2,722). In December 2009, Strabag requested the tribunal to dismiss the claim and also filed a counterclaim for the payment of damages and applied for security for costs related to the arbitration proceedings for an aggregate amount of approximately €2 (US$3 or $36). The security for costs application was withdrawn by Strabag in March 2010. The arbitration tribunal was constituted on February 16, 2010, and a first procedural hearing was held on March 23, 2010 at which parties agreed on the terms of reference and procedural rules in accordance to ICC Rules of Arbitration. On June 30, 2010, CEMEX submitted its statement of claim and its list of witnesses. On October 29, 2010, Strabag submitted its statement of defense and counterclaim. On January 14, 2011, CEMEX submitted its reply and answer to Strabag's counterclaim. On March 7, 2011, Strabag submitted its response. The hearing on *quantum* (attended by the *quantum* experts) took place on September 20, 2011. A second hearing on *quantum* was held on November 23 and 24, 2011. Post-hearing briefs were submitted on December 22, 2011 concluding this stage of the proceedings. CEMEX is now awaiting the arbitral tribunal's final award which is expected to be issued within the first six months of 2012.

- In April 2006, the cities of Kastela and Solin in Croatia published their respective development master plans, adversely impacting the mining concession granted to a CEMEX's subsidiary in Croatia by the Croatian government in September 2005. In May 2006, CEMEX filed an appeal before a constitutional court seeking a declaration by the court of its rights and seeking prohibition of the implementation of the master plans. The municipal courts in Kastela and Solin had previously rejected the appeals presented by CEMEX. These resolutions were appealed. These cases are currently under review by the Constitutional Court in Croatia, and it is expected that these proceedings will continue for several years before resolution. During the proceedings, the Administrative Court in Croatia ruled in favor of CEMEX, validating the legality of the mining concession granted by the government of Croatia. This decision was final. However, CEMEX expects a resolution from the Constitutional Court to determine if the cities of Kastela and Solin, within the scope of their master plans, can unilaterally change the borders of exploited fields. CEMEX believes that a declaration of the Constitutional Court will enable it to seek compensation for the losses caused by the proposed changes to the borders of the land available for extraction.

- In August 2005, a lawsuit was filed against a subsidiary of CEMEX Colombia and other members of the *Asociación Colombiana de Productores de Concreto*, or ASOCRETO, a union formed by all the ready-mix concrete producers in Colombia. The lawsuit claimed that CEMEX Colombia and other ASOCRETO members were liable for the premature distress of the roads built for the mass public transportation system in Bogotá using ready-mix concrete supplied by CEMEX Colombia and other ASOCRETO members. The plaintiffs alleged that the base material supplied for the road construction failed to meet the quality standards offered by CEMEX Colombia and the other ASOCRETO members and/or that they provided insufficient or inaccurate information in connection with the product. The plaintiffs sought the repair of the roads and estimated that the cost of such repair would be approximately 100 billion Colombian pesos (US$51 or $712). In January 2008, CEMEX Colombia was subject to a court order, sequestering a quarry called El Tunjuelo, as security for a possible future money judgment to be rendered against CEMEX Colombia in these proceedings. The court determined that in order to lift this attachment and prevent further attachments, CEMEX Colombia would be required to deposit with the court 337.8 billion Colombian pesos (US$174 or $2,429) in cash. CEMEX appealed this decision and also requested that the guarantee be covered by all defendants in the case. In March 2009, the Superior Court of Bogotá allowed CEMEX to offer security in the amount of 20 billion Colombian pesos (US$10 or $140). CEMEX deposited the security and, in July 2009, the attachment was lifted. At this stage, we are not able to assess the likelihood of an adverse result or the potential damages that could be borne by CEMEX Colombia.
- The government of Venezuela claimed that three cement transportation vessels, transferred before the expropriation of CEMEX Venezuelan operations, continued to be the property of the former CEMEX Venezuela, and obtained interim measures before a Venezuelan court barring further transfer or disposition of the vessels. The government of Venezuela attempted to enforce this interim measure in the courts of Panama. On November 2010, the Panamanian Supreme Civil Court confirmed its prior rejection of such attempt to give the Venezuelan interim measures legal effect in Panama. As a result of the settlement agreements between the government of Venezuela and CEMEX (note 9B), this claim was released and the vessels continue to be CEMEX's property.

As of December 31, 2011, CEMEX is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) indemnification claims relating to acquisitions; 4) claims to revoke permits and/or concessions; and 5) other diverse civil actions. CEMEX considers that in those instances in which obligations have been incurred, CEMEX has accrued adequate provisions to cover the related risks. CEMEX believes these matters will be resolved without any significant effect on its business, financial position or results of operations. In addition, in relation to certain ongoing legal proceedings, CEMEX is sometimes able to make and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss, but for a limited number of ongoing legal proceedings, CEMEX may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by-case basis would seriously prejudice CEMEX's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, CEMEX has disclosed qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

21. RELATED PARTIES

All significant balances and transactions between the entities that constitute the CEMEX group have been eliminated in the preparation of the consolidated financial statements. These balances with related parties resulted primarily from: i) the sale and purchase of goods between group entities; ii) the sale and/or acquisition of subsidiaries' shares within the CEMEX group; iii) the invoicing of administrative services, rentals, trademarks and commercial name rights, royalties and other services rendered between group entities; and iv) loans between related parties. Transactions between group entities were conducted on arm's length terms based on market prices and conditions.

The definition of related parties includes entities or individuals outside the CEMEX group, which, pursuant to their relationship with CEMEX, may take advantage of being in a privileged situation. Likewise, this applies to cases in which CEMEX may take advantage of such relationships and obtain benefits in its financial position or operating results. CEMEX's transactions with related parties are executed under market conditions. CEMEX has identified the following transactions between related parties:

- Mr. Bernardo Quintana Isaac, a member of the board of directors of CEMEX, S.A.B. de C.V., is the current chairman of the board of directors of *Empresas ICA, S.A.B. de C.V.* ("Empresas ICA"), and was its chief executive officer until December 31, 2006. Empresas ICA is one of the most important engineering and construction companies in Mexico. In the ordinary course of business, CEMEX extends financing to Empresas ICA in connection with the purchase of CEMEX's products, on the same credit conditions that CEMEX awards to other customers.
- Mr. José Antonio Fernández Carbajal, a member of the board of directors of CEMEX, S.A.B. de C.V., is president and chief executive officer of *Fomento Empresarial Mexicano, S.A.B. de C.V.* ("FEMSA"), a large multinational beverage company. In the ordinary course of business, CEMEX pays and receives various amounts to and from FEMSA for products and services for varying amounts on market terms. Mr. Fernández Carbajal is also vice-chairman of the board of *Consejo de Enseñanza e Investigación Superior, A.C.* (the managing entity of *Instituto Tecnológico y de Estudios Superiores de Monterrey* or ITESM), of which Mr. Lorenzo Zambrano, chief executive officer and chairman of CEMEX's board of directors, is chairman of the board. ITESM has received contributions from CEMEX for amounts that were not material in the periods presented.
- Mr. Rafael Rangel Sostmann, a member of the board of directors of CEMEX, S.A.B. de C.V., was the dean of ITESM until September 12, 2011.
- During 2011, 2010 and 2009, there were no loans between CEMEX and its board members or top management executives.
- For the years ended December 31, 2011, 2010 and 2009, the aggregate amount of compensation paid by CEMEX, S.A.B. de C.V. and subsidiaries to its board of directors, including alternate directors, and top management executives, was approximately US$24 ($300), US$11 ($139) and US$11 ($144), respectively. Of these amounts, approximately US$18 ($225) in 2011, US$8 ($101) in 2010 and US$10 ($131) in 2009, was paid as compensation plus performance bonuses, while approximately US$6 ($75) in 2011, US$3 ($38) in 2010 and US$1 ($13) in 2009, corresponded to share payments under the long-term incentive program in restricted CPOs.

22. SUBSEQUENT EVENTS

On January 3, 2012, in connection with the purported class action lawsuits alleging price-fixing in Florida (note 20B), the court denied both motions, ruling that the cases cannot proceed as class actions. On January 5, 2012, the court stayed both cases pending the resolution of any potential appeal of the court's ruling denying the motions for class certification. On January 17, 2012, the plaintiffs in the action involving entities that purchased ready-mix concrete directly from one or more of the defendants filed a petition with the Eleventh Circuit Court of Appeals, requesting that the Eleventh Circuit exercise its discretion to immediately review the trial court's decision denying their class certification motion.

On January 12, 2012, in connection with the investigation of the CNC in Navarre, Spain, the CNC notified CEMEX of its final decision on this matter, imposing a fine of 500 thousand euro (648 thousand dollars or $9) against CEMEX España for price-fixing and market sharing in the concrete market of Navarre from June 2008 through September 2009. CEMEX España denies any wrongdoing and is considering lodging an appeal before the competent court. This appeal must be lodged within two months from the date when the decision was notified.

On January 19, 2012, CEMEX informed that both the London Stock Exchange plc and the Irish Stock Exchange Limited published an announcement made by Readymix plc, an indirect subsidiary of CEMEX in the Republic of Ireland, in which the directors of Readymix plc announced that they have been approached by Readymix Investments, another indirect subsidiary of CEMEX, regarding the preliminary terms of a possible offer that Readymix Investments may be prepared to make for all the shares in Readymix plc that are not already indirectly owned by CEMEX. The directors of Readymix plc indicated that Readymix Investments was prepared to offer €0.22 per share in cash and that discussions with Readymix Investments had commenced.

23. MAIN OPERATING SUBSIDIARIES

The main operating subsidiaries as of December 31, 2011 and 2010 were as follows:

SUBSIDIARY	COUNTRY	% INTEREST	
		2011	2010
CEMEX México, S.A. de C.V. [1]	Mexico	100.0	100.0
CEMEX España, S.A. [2]	Spain	99.9	99.9
CEMEX, Inc.	United States	100.0	100.0
CEMEX (Costa Rica), S.A.	Costa Rica	99.1	99.1
CEMEX Nicaragua, S.A.	Nicaragua	100.0	100.0
Assiut Cement Company	Egypt	95.8	95.8
CEMEX Colombia, S.A.	Colombia	99.7	99.7
Cemento Bayano, S.A.	Panama	99.5	99.5
CEMEX Dominicana, S.A.	Dominican Republic	100.0	100.0
CEMEX de Puerto Rico Inc.	Puerto Rico	100.0	100.0
CEMEX France Gestion (S.A.S.)	France	100.0	100.0
Solid Cement Corporation [3]	Philippines	100.0	100.0
APO Cement Corporation [3]	Philippines	100.0	100.0
CEMEX (Thailand) Co., Ltd. [3]	Thailand	100.0	100.0
CEMEX Holdings (Malaysia) Sdn Bhd [3]	Malaysia	100.0	100.0
CEMEX U.K.	United Kingdom	100.0	100.0
CEMEX Deutschland, AG.	Germany	100.0	100.0
CEMEX Austria, AG.	Austria	100.0	100.0
CEMEX Hrvatska d.d.	Croatia	100.0	100.0
CEMEX Czech Operations, s.r.o.	Czech Republic	100.0	100.0
CEMEX Polska sp. Z.o.o.	Poland	100.0	100.0
CEMEX Hungária Kft.	Hungary	100.0	100.0
Readymix PLC. [4]	Ireland	61.2	61.2
CEMEX Holdings (Israel) Ltd.	Israel	100.0	100.0
CEMEX SIA	Latvia	100.0	100.0
CEMEX Topmix LLC, CEMEX Supermix LLC and CEMEX Falcon LLC [5]	United Arab Emirates	100.0	100.0
CEMEX AS	Norway	100.0	100.0
Cimentos Vencemos do Amazonas, Ltda.	Brasil	100.0	100.0
Readymix Argentina, S.A.	Argentina	100.0	100.0
CEMEX Jamaica	Jamaica	100.0	100.0
Neoris N.V.	The Netherlands	99.6	99.6

[1] *CEMEX México, S.A. de C.V.* is the indirect holding company of *CEMEX España, S.A.* and subsidiaries.

[2] *CEMEX España, S.A.* is the indirect holding company of all CEMEX's international operations.

[3] Represents CEMEX's indirect interest in the economic benefits of these entities.

[4] Readymix plc is listed in the Irish stock exchange.

[5] CEMEX owns 49% of the common stock of these entities and obtains 100% of the economic benefits, through arrangements with other stockholders.

24. MIGRATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS BEGINNING JANUARY 1, 2012

As mentioned in note 2A, due to requirements of the CNBV for public entities to prepare their consolidated financial statements in accordance with IFRS, as issued and interpreted by the IASB, no later than January 1, 2012, these are CEMEX's last consolidated financial statements prepared under MFRS. For this transition, CEMEX gathered the necessary material and human resources required for the identification and quantification of the differences between MFRS and IFRS for purposes of the opening IFRS balance sheet dated January 1, 2010, as well as for the conversion to IFRS of its financial information systems beginning in 2012. As of December 31, 2011, the migration process to IFRS had been substantially completed. CEMEX is currently in the process of finalizing its financial statements under IFRS for the years ended December 31, 2011 and 2010, using for these purposes IFRS effective as of December 31, 2011, and which are expected to be issued during the first quarter of 2012.

In preparing its opening IFRS balance sheet, based on IFRS 1, "First time adoption of IFRS" ("IFRS 1"), CEMEX has adjusted the amounts previously reported in financial statements prepared under MFRS. A description of how the transition from MFRS to IFRS has affected CEMEX's financial position is described below:

A) IFRS 1 EXEMPTION OPTIONS

Set out below are the applicable IFRS 1 exemptions applied in the conversion from MFRS to IFRS:

Exemption for cumulative translation differences

IFRS 1 permits cumulative translation gains and losses on the conversion and consolidation of foreign subsidiaries' financial statements and equity method investments that were generated under MFRS to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with IAS 21, "The effects of changes in foreign exchange rates" ("IAS 21"), from the date a subsidiary or equity method investee was formed or acquired. CEMEX elected to reset to zero all cumulative translation gains and losses against the opening balance of retained earnings under IFRS at its transition date.

Exemption for fair value as deemed cost

IFRS 1 provides the option to measure at its fair value an item of property, plant and equipment, and certain intangibles at the date of transition to IFRS and use such fair value as its deemed cost at that date or to use a previous GAAP (Generally Accepted Accounting Principles) revaluation, if the revaluation is broadly comparable to: a) fair value; or b) cost or depreciated cost in accordance with IFRS, adjusted to recognize the inflation index changes.

CEMEX elected, at its transition date, to measure its mineral reserves, buildings and major machinery and equipment at fair value in those instances when the carrying amounts under MFRS did not comply with IFRS 1. CEMEX also elected to use the revaluation of its property, plant and equipment related to its acquisition of Rinker Group Limited, which was determined in 2007 before the date of transition to IFRS. For the minor equipment, CEMEX elected to use its MFRS revaluation as deemed cost under IFRS. The net effect from revaluation was recognized against the opening balance of retained earnings under IFRS at its transition date. Going forward, CEMEX will adopt the policy of cost method for its property, plant and equipment in accordance with IFRS.

Exemption for employee benefits

In connection with defined benefit plans, IFRS 1 provides retrospective relief from applying IAS 19, "Employee Benefits" ("IAS 19"), for the recognition of actuarial gains and losses. In line with this exemption, CEMEX elected to recognize all cumulative actuarial gains and losses that existed at its transition date against the opening balance of retained earnings under IFRS for all its defined benefit plans. Going forward, CEMEX will adopt a policy of recognizing all actuarial gains and losses immediately in the period in which they occur against other comprehensive income (equity reserves) as permitted under IAS 19.

Exemption for investments in subsidiaries, jointly controlled entities and associates

When an a entity has elected the cost model and not fair value, to account for investments in subsidiaries, jointly controlled entities and associates in its separate financial statements, IFRS 1 permits to measure that investment at one of the following amounts on date of transition: a) cost, in accordance with IAS 27, "Consolidated and separate financial statements" ("IAS 27"); or b) deemed cost. The deemed cost of such an investment shall be either: i) fair value at the entity's date of transition to IFRS in its separate financial statements; or ii) the previous GAAP carrying amount at that date.

CEMEX, S.A.B de C.V. elected to measure its investments in subsidiaries, jointly controlled entities and associates in its separate financial statements at its MFRS carrying amount at its date of transition. Prospectively, CEMEX, S.A.B de C.V. will adopt the policy to recognize its investments in subsidiaries, jointly controlled entities and associates in its separate financial statements at cost.

Exemption for assets and liabilities of subsidiaries, associates and joint ventures

IFRS 1 permits that if a parent entity becomes a first-time adopter later than its subsidiary, in its consolidated financial statements, it shall measure its assets and liabilities of the subsidiary (or associate or joint venture) on the date of transition at the same carrying amounts as in the IFRS financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary.

Based on this exemption, CEMEX elected to measure the assets and liabilities of its subsidiaries in Ireland, United Arab Emirates, Croatia, Guatemala, Panama, Dominican Republic, Costa Rica and Nicaragua that have already adopted IFRS prior to CEMEX, S.A.B. de C.V. at the same carrying amounts as in the IFRS financial statements of those subsidiaries after adjustments to homologate the group´s accounting policies.

Exemption for asset retirement obligations included in the cost of property, plant and equipment

IFRS 1 provides retrospective relief from applying IFRIC 1, "Changes in existing decommissioning, restoration and similar liabilities" ("IFRIC 1"), to changes in these liabilities that occurred before the transition date and provides a shortcut method to determine the cost of decommissioning at the date of transition, by means of which, initially, the decommissioning, restoration or similar liability is estimated at the date of transition in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets" ("IAS 37"); secondly, the amount that would have been included in the cost of the related asset when the liability first arose is estimated by discounting the liability to that date using the best estimate of the historical risk-adjusted discount rate that would have applied for that liability; and finally, the accumulated depreciation on that amount is calculated as at the date of transition to IFRS on the basis of the current estimate of the useful life of the asset according to the depreciation policy under IFRS.

CEMEX elected to use this exemption and applied the shortcut method at its transition date.

Exemption for borrowing costs

IFRS 1 permits an entity to apply the transitional provisions set out in the revised IAS 23, "Borrowing costs" ("IAS 23"), with any reference to the effective date being interpreted as January 1, 2009, or the date of transition to IFRS whichever is later.

For any borrowing costs not being capitalized at the date of transition, CEMEX elected to apply this exemption and capitalized borrowing costs prospectively as from the transition date.

Exemption for business combinations

IFRS 1 provides the option to apply IFRS 3, "Business Combinations" ("IFRS 3"), prospectively from the transition date or from a specific date prior to the transition date. An entity electing to restate business combinations from a specific date prior to the transition date should include all acquisitions that occurred during such period. This option provides relief from full retrospective application that would require restatement of all business combinations that occurred prior to the transition date.

CEMEX elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date were not restated; consequently, goodwill balances under MFRS at the transition date were not affected by the migration to IFRS except, that according to the IFRS 1 requirements, the assets or liabilities segregation that under the previous GAAP was not allowed its recognition, and which were segregated to goodwill.

B) IFRS 1 MANDATORY EXCEPTIONS

Set out below are the applicable mandatory exceptions in IFRS 1 applied by CEMEX in the conversion from MFRS to IFRS:

Exception for accounting estimates

IFRS estimates at transition date shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. CEMEX reviewed its estimates at transition date and there were no modifications to previous estimates.

C) RECONCILIATIONS OF MFRS TO IFRS

As of December 31, 2011, CEMEX's presentation of amounts under IFRS represent its best estimates and are subject to further adjustments resulting from the ongoing review and audit process. Considering the disclosure requirements of Interpretation 19 under MFRS and IFRS 1, the following tables present the reconciliations from MFRS to IFRS of the main accounts of the consolidated balance sheet as of January 1, 2010:

MILLIONS OF MEXICAN PESOS	NOTES TO THE RECONCILIATION	MFRS	ADJUSTMENTS	IFRS
Cash and investments		$ 14,104	–	14,104
Trade receivables less allowance for doubtful accounts		13,383	–	13,383
Other accounts receivable and other current assets	(a, b, c)	13,090	6,952	20,042
Inventories, net	(d)	16,193	(11)	16,182
Investments and non-current accounts receivable	(c)	31,998	(58)	31,940
Property, machinery and equipment, net	(e, f)	258,863	(12,257)	246,606
Goodwill, intangible assets and deferred charges, net	(f, g, k)	234,509	(9,961)	224,548
Total assets		582,140	(15,335)	566,805
Short-term and long-term debt	(h)	211,144	(150)	210,994
Trade payables, other accounts payable and accrued expenses	(i, j)	41,445	597	42,042
Short-term and long-term other financial obligations	(a)	2,090	7,261	9,351
Employee benefits and other non-current liabilities	(b, i, l)	37,395	17,620	55,015
Deferred income taxes	(k)	32,601	(1,344)	31,257
Total liabilities		324,675	23,984	348,659
Total stockholders' equity		257,465	(39,319)	218,146
Total liabilities and stockholders' equity		$ 582,140	(15,335)	566,805

D) NOTES TO THE RECONCILIATIONS FROM MFRS TO IFRS

a) Derecognition of financial assets and liabilities

As mentioned in note 5, CEMEX has securitization programs in several countries with various financial institutions under which, in accordance with MFRS and considering the surrender of control associated with the trade receivables sold and that there is no guarantee or obligation to reacquire the assets, the accounts receivable are removed from the balance sheet at the moment of the sale, except for the amounts that were reclassified to other short-term accounts receivable. IAS 39 does not permit many securitizations to qualify for derecognition. Hence, under IFRS, except for non-recourse factoring transactions, CEMEX´s securitization programs of accounts receivable at the IFRS transition date did not qualify for derecognition as they include some ongoing involvement of CEMEX that causes it to retain some of the risks and rewards related to the transferred assets. The impact from the recognition of accounts receivables and the corresponding liability under IFRS was an increase of approximately $7,193 in other accounts receivable against other financial obligations as of January 1, 2010.

b) Fair value of derivative financial instruments

IAS 39 requires that the fair value of derivative financial instruments reflects its credit quality, in comparison with MFRS that does not provide any related guidance. The effect of including the credit risk within CEMEX´s derivative financial instruments represents an increase of $97 against retained earnings in the opening balance sheet.

c) Others

In order to comply with IFRS presentation requirements, there are certain reclassifications between line items in the opening balance sheet for a net amount of approximately $137.

d) Storage costs

According to IAS 2, storage costs that are incurred during the production process should be excluded from the cost of inventories and are required to be expensed in the period in which they are incurred, in comparison to MFRS, which does not provide any explicit guidance in this regard. Storage cost recognized within Inventories under MFRS were canceled onder IFRS, representing a reduction of $11 against retained earnings in the opening balance sheet.

e) Property, machinery and equipment

As permitted by IFRS 1, in its opening balance sheet under IFRS as of January 1, 2010, CEMEX applied the fair value as deemed cost exemption to mineral reserves, as well as certain buildings and major machinery and equipment located in several countries. The appraisal reports prepared on these items as of January 1, 2010 determined a fair value of approximately $201,233, which resulted in a decrease of approximately $2,918 as compared to the carrying amount of such assets under MFRS, which was recognized against retained earnings in the opening balance sheet under IFRS.

As of January 1, 2010, certain major components of machinery and equipment were classified as inventories under MFRS. These items met the definition of property, plant and equipment in accordance with IAS 16 under IFRS. Therefore, in its opening balance sheet under IFRS, CEMEX reclassified these components from inventories under MFRS to property, machinery and equipment under IFRS for approximately $675. CEMEX adopted the same approach under MFRS in 2010 (note 10); therefore, there is no effect arising from this difference in the balance sheet as of December 31, 2011 and 2010 under MFRS as compared to IFRS.

Under IFRS, the threshold to consider whether an economy is hyperinflationary, in order to restate certain components of the financial statements by inflation is reached when the accumulated inflation rate over the last three years is approaching or exceeds 100%; whereas under MFRS, such threshold is met at 26% during the same period. Consequently, in its opening balance sheet under IFRS as of January 1, 2010, CEMEX eliminated inflation, restatement effects of property, machinery and equipment and intangible assets recognized under MFRS for approximately $5,081 against the initial balance of retained earnings. Upon transition to IFRS as of January 1, 2010, the 100% threshold was not reached in any country in which CEMEX operates.

f) Intangible assets

Rights for using rented quarries that were recognized as part of property, plant and equipment under MFRS for approximately $4,258 as of January 1, 2010, were reclassified to intangibles assets according to IAS 38 under IFRS. In addition, as required by IFRS 1, CEMEX performed the identification and separation of certain, significant, intangible assets that were recognized within goodwill. As a result, extraction permits in the cement and ready-mix concrete sectors, were reclassified from goodwill to intangible assets. Additionally, some extraction permits were measured at fair value, resulting in a net decrease of intangible assets for approximately $12,134.

g) Deferred financing costs

A portion of the balance of costs associated with CEMEX's Financing Agreement in 2009 that were deferred under MFRS for approximately $5,048 as of January 1, 2010, did not meet all the requirements for capitalization and deferral under IAS 39 and were immediately recognized upon transition against retained earnings in the opening balance sheet, decreasing the balance of intangible assets and other deferred charges under IFRS as of January 1, 2010.

h) Fair value of the Financing Agreement

As described in note 12A, CEMEX entered into a Financing Agreement with its major creditors, by means of which, among other things, CEMEX extended the maturities of its syndicated and bilateral loans, private placements and other obligations. Under both MFRS and IFRS, the Financing Agreement qualified as the emission of new debt and the extinguishment of the old facilities. Nonetheless, based on IAS 39, the new debt should be initially measured at fair value; resulting in a decrease of debt in the opening balance sheet under IFRS of $150, recognized against opening retained earnings.:

i) Pensions and other postretirement employee benefits

As previously mentioned, CEMEX elected to apply the IFRS 1 employee benefits exemption. Accordingly, cumulative net actuarial losses pending for amortization under MFRS as of January 1, 2010 for approximately $5,730 were immediately recognized in opening retained earnings under IFRS, increasing the employee benefits' liability.

Upon transition to IFRS as of January 1, 2010, CEMEX has also eliminated the employee termination benefits component from the employee benefits liability accrued under MFRS for approximately $345 against retained earnings in the opening balance sheet under IFRS, as termination benefits are only accrued in accordance with IAS 19 when the entity is demonstrably committed to paying the legal obligation to an employee; otherwise, they are expensed as incurred. Under MFRS they are accrued if payment is probable considering the historical behavior of redundancy payments.

j) Asset retirement obligations

As previously mentioned, CEMEX elected to use the exemption provided in IFRS 1 to account for the changes in asset retirement obligations (decommissioning costs) and related assets at the transition date using the shortcut method. The impact of this change on the liability was an increase of approximately $433 as of January 1, 2010, which was recognized against the related assets in the opening balance sheet under IFRS.

k) Deferred income taxes

Changes in deferred tax assets and liabilities as of January 1, 2010, represent the impact of deferred taxes on the adjustments necessary for the transition to IFRS. As a result, deferred tax assets recognized under MFRS increased by approximately $2,963, while deferred tax liabilities decreased by approximately $1,344, in both cases recognized against retained earnings in the opening balance sheet under IFRS as of January 1, 2010.

l) Uncertain tax positions

Under MFRS, the income tax effects from an uncertain tax position are recognized following a cumulative probability model; meanwhile, under IFRS, the tax effects of a position are measured using either an expected value approach or a single best estimate of the most likely outcome only if it is "more-likely-than-not" to be sustained based on its technical merits as of the reporting date. In making this assessment, CEMEX has assumed that the tax authorities will examine each position and have full knowledge of all relevant information. 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 CEMEX 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 to be recognized. As a result of the difference in the measurement and recognition of the effects related to uncertain tax positions between MFRS and IFRS described above, in its opening balance sheet under IFRS as of January 1, 2010, CEMEX increased the provision for uncertain tax positions recorded under MFRS for approximately $13,265 against the opening balance of retained earnings.

m) Cumulative translation adjustment

In its opening balance sheet under IFRS as of January 1, 2010, according to the election provided by IFRS 1, CEMEX elected to reset to zero the cumulative translation adjustment account accrued under MFRS at the same date for approximately $28,668 against the opening balance of retained earnings. Total stockholders' equity was not changed as a result of this reclassification.

25. NOTES TO PARENT COMPANY-ONLY FINANCIAL STATEMENTS

A. DESCRIPTION OF BUSINESS

CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of the United Mexican States, or Mexico, is a holding company (parent) of entities whose main activities are oriented to the construction industry, through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered with the Mercantile Section of the Public Register of Property and Commerce in Monterrey, N.L., Mexico in 1920 for a period of 99 years. In 2002, this period was extended to the year 2100. The shares of CEMEX, S.A.B. de C.V. are listed on the Mexican Stock Exchange ("MSE") as Ordinary Participation Certificates ("CPOs"). Each CPO represents two series "A" shares and one series "B" share of common stock of CEMEX, S.A.B. de C.V.. In addition, CEMEX, S.A.B. de C.V.'s shares are listed on the New York Stock Exchange ("NYSE") as American Depositary Shares ("ADSs") under the symbol "CX." Each ADS represents ten CPOs.

The terms "CEMEX, S.A.B. de C.V." or the "Parent Company" used in these accompanying notes to the Parent Company only financial statements refer to CEMEX, S.A.B. de C.V. without its consolidated subsidiaries. The terms the "Company" or "CEMEX" refer to CEMEX, S.A.B. de C.V. together with its consolidated subsidiaries. The issuance of Parent Company only and consolidated financial statements was authorized by the Company's management on January 26, 2011. These financial statements will be submitted for approval to the ordinary shareholders meeting scheduled to take place on February 23, 2012.

B. SIGNIFICANT ACCOUNTING POLICIES

The Parent Company's financial statements were prepared in accordance to MFRS, and whenever applicable, the same accounting policies listed in note 2 to the consolidated financial statements of CEMEX, S.A.B. de C.V. and subsidiaries were followed. This note 25 includes references to other notes to the consolidated financial statements in those cases in which the information also refers to the Parent Company. For the reasons described below, these are the last financial statements of CEMEX, S.A.B de C.V. prepared in accordance with MFRS.

Migration to International Financial Reporting Standards beginning January 1, 2012

As mentioned in note 2, by requirement of the CNBV, all registrants whose shares are listed on the MSE are required to prepare their consolidated financial statements in accordance with IFRS, as issued by the IASB, no later than January 1, 2012. As a result of the adoption of IFRS for the preparation of CEMEX's consolidated financial statements, the Parent Company will also adopt IFRS, as issued and interpreted by the IASB, beginning on January 1, 2012. For this purpose, the Parent Company gathered the necessary material and human resources required for the identification and quantification of the differences between MFRS and IFRS for purposes of the initial balance sheet as of January 1, 2010, as well as for the conversion to IFRS of its financial information systems beginning in 2012. As of December 31, 2011, the migration process to IFRS had been substantially completed; nonetheless, certain pending items will be finished during the first quarter of 2012. See note 25Q for a description of the Parent Company's migration to IFRS and the detail of the main effects in its financial statements, following disclosure requirements of Interpretation 19.

Definition of terms

When reference is made to pesos or "$," it means Mexican pesos. Except when specific references are made to "earnings per share" and "prices per share", the amounts in the financial statements and the accompanying notes are stated in millions of pesos. When reference is made to "US$" or dollars, it means millions of dollars of the United States of America ("United States"). When reference is made to "£" or pounds, it means millions of British pounds sterling. When reference is made to "€" or euros, it means millions of the currency in circulation in a significant number of European Union countries.

When it is deemed relevant, certain amounts presented in the notes to the financial statements include between parentheses a convenience translation into dollars, into pesos, or both, as applicable. These translations are provided as informative data and should not be construed as representations that the amounts in pesos or dollars, as applicable, actually represent those peso or dollar amounts or could be converted into pesos or dollars at the rate indicated. The convenience translation procedures used are detailed as follows:

- In 2011, 2010 and 2009, translations of pesos into dollars, and dollars into pesos were determined, for balance sheet amounts, using the closing exchange rates of $13.96 pesos per dollar, $12.36 pesos per dollar and $13.09 pesos per dollar, respectively and, for statements of operations amounts, using the average exchange rates of $12.48 pesos per dollar, $12.67 pesos per dollar and $13.60 pesos per dollar for 2011, 2010 and 2009, respectively.

Inflationary accounting

Beginning on January 1, 2008, pursuant to MFRS B-10, the financial statements subject to restatement are those related to an entity whose functional currency corresponds to a country in which the cumulative inflation rate over the past three years equals or exceeds 26% (i.e., a high-inflation environment). Designation takes place at the end of each year and inflation restatement is applied prospectively.

The amounts in the statements of operations, the statements of cash flows and the statement of changes in stockholders' equity are presented in nominal pesos. The restatement adjustments as of December 31, 2007, the date the inflationary accounting was discontinued, are part of the carrying amounts of the related assets. When moving from a low-inflation to a high-inflation environment, the initial restatement factor must consider the cumulative inflation since the last time in which inflationary accounting was applied.

Statements of cash flows

The statements of cash flows present cash inflows and outflows in nominal currency, and exclude inflation effects and unrealized foreign exchange effects. The statements of cash flows exclude the following transactions that did not represent sources or uses of cash:

- In 2011, 2010 and 2009, the increases in stockholders' equity associated with the capitalization of retained earnings for $4,216, $5,481 and $4,373, respectively (note 16A);
- In 2011, 2010 and 2009, the increase in stockholders' equity associated with CPOs issued as part of the executive stock-based compensation for $495, $312 and $163, respectively (note 16A);
- In 2010 and 2009, a decrease of $2,911 and an increase of $2,245, respectively, in taxes payable as a result of the Mexican tax reform of 2009, which were recognized against retained earnings (notes 15A and 16B). As of December 31, 2011 and 2010, the line item "Cash and investments" of the Parent Company in the balance sheet for $4,103 and $195, respectively refer to the CBs reserve (note 12A); and
- In 2009, the effects of the exchange of CBs for mandatorily convertible securities (note 12B), which represented a reduction in debt of $4,007, an increase in other financial obligations of $2,036 and an increase in stockholders' equity of $1,971 (net of issuance expenses).

C. OTHER ACCOUNTS RECEIVABLE

As of December 31, 2011 and 2010, other short-term accounts receivable of the Parent Company consisted of:

		2011	2010
Non-trade accounts receivable	$	86	294
Other refundable taxes		412	281
	$	498	575

D. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

As of December 31, 2011 and 2010, investments of the Parent Company in subsidiaries and associates, which are accounted for by the equity method, were as follows:

		2011	2010
Book value at acquisition date	$	124,757	107,749
Revaluation by equity method		175,085	156,802
	$	299,842	264,551

During 2011, the Parent Company made equity contributions to a subsidiary in Mexico for approximately $19,300. Additionally, in 2011, the Parent Company sold within the group certain investments in subsidiaries in Egypt for approximately $2,292.

E. LAND AND BUILDINGS

As of December 31, 2011 and 2010, the Parent Company's land and buildings were summarized as follows:

		2011	2010
Land	$	1,819	1,819
Buildings		465	470
Accumulated depreciation		(316)	(312)
	$	1,968	1,977

F. GOODWILL AND DEFERRED CHARGES

As of December 31, 2011 and 2010, the Parent Company's goodwill and deferred charges consisted of:

		2011	2010
Intangible assets of indefinite useful life:			
Goodwill, net	$	1,894	1,894
Deferred charges:			
Deferred financing costs		3,686	3,141
Deferred income taxes (note J)		4,005	4,216
Accumulated amortization		(2,068)	(1,130)
Total deferred charges	$	5,623	6,227
Total goodwill and deferred charges, net	$	7,517	8,121

During 2009, the Parent Company capitalized financing costs associated with the Financing Agreement for approximately $2,843 (US$209). Under MFRS, the Financing Agreement qualified as the issuance of new debt and the extinguishment of the old facilities. Consequently, approximately $92 (US$7) of deferred financing costs associated with the extinguished debt were recognized immediately in the statement of operations.

Goodwill of the Parent Company refers to a portion of the reporting unit in Mexico (note 11). During the last quarter of 2011, 2010 and 2009, the Parent Company performed its annual test for goodwill impairment. For the years ended December 31, 2011, 2010 and 2009, the Parent Company did not recognize impairment losses for goodwill, considering that all impairment tests presented an excess of the value in use (discounted cash flows) over the carrying amount of goodwill in the reporting unit to which those cash flows relate. The projection models for cash flows to value long-lived assets include long-term variables. The Parent Company believes that its cash flow projections and the discount rates used to bring the cash flows to present value reasonably reflect current economic conditions at the time of the calculations, considering that: a) the starting point of future cash flow models is the operating flow for the previous year; b) the cost of capital reflects current risks and volatility in the markets; and c) the cost of debt represents the Parent Company's specific interest rates.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of CEMEX's products, the development of operating expenses, local and international economic trends in the construction industry, long-term growth expectations in the different markets, as well as the discount rates and the rates of growth in perpetuity used. The Parent Company uses after-tax discount rates for its reporting unit in Mexico, which are applied to after-tax cash flows. Undiscounted cash flows are significantly sensitive to the growth rate in perpetuity used. Likewise, discounted cash flows are significantly sensitive to the discount rate used. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by reporting unit. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by reporting unit. For impairment tests in 2011 and 2010 of the reporting unit in Mexico, the Parent Company used discount rates of 9.3% and 10.0% respectively, as well as a growth rate in perpetuity of 2.5% in both years.

G. OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2011 and 2010, other accounts payable and accrued expenses of the Parent Company are disclosed below:

		2011	2010
Other accounts payable, accrued expenses, dividends payable and interest payable	$	1,829	402
Taxes payable		1,690	2,390
	$	3,519	2,792

H. SHORT-TERM AND LONG-TERM DEBT AND OTHER FINANCIAL OBLIGATIONS

As of December 31, 2011 and 2010, the Parent Company's debt by interest rate and currency type, was as follows:

		2011			2010	
	SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Floating rate debt	$ 2,674	37,532	40,206	3,922	38,183	42,105
Fixed rate debt	1,480	23,315	24,795	759	2,048	2,807
	$ 4,154	60,847	65,001	4,681	40,231	44,912
Effective rate [1]						
Floating rate	4.9%	5.8%		5.4%	5.2%	
Fixed rate	11.5%	8.4%		7.7%	9.7%	

		2011				2010		
	SHORT-TERM	LONG-TERM	TOTAL	EFFECTIVE RATE 1	SHORT-TERM	LONG-TERM	TOTAL	EFFECTIVE RATE [1]
Dollars	$ 54	57,580	57,634	6.6%	48	27,764	27,812	4.8%
Pesos	4,100	3,267	7,367	9.6%	4,633	12,467	17,100	6.7%
	$ 4,154	60,847	65,001		4,681	40,231	44,912	

[1] Represents the weighted average effective interest rate.

As of December 31, 2011 and 2010, the Parent Company's short-term debt included $4,154 and $4,406, respectively, representing current maturities of long-term debt.

The maturities of the Parent Company's long-term debt as of December 31, 2011, which include the amortization of debt under the Financing Agreement (note 12A), were as follows:

	PARENT [1]
2013	$ 1,873
2014	24,416
2015	11,131
2016	54
2017 and thereafter	23,373
	$ 60,847

[1] The Parent Company has debt associated with the acquisition of foreign subsidiaries and designated as hedge of the net investment in foreign subsidiaries for an average amount of approximately US$5,484 in 2011, US$2,829 in 2010 and US$3,200 in 2009.

Relevant debt transactions during 2011 and 2010

During 2011 and 2010, in connection with the repayments and amortizations under the Financing Agreement, which is described in note 12A, the Parent Company avoided a 0.5% increase in the interest rate beginning in January 2012 and addressed all maturities under the Financing Agreement until December 2013.

On July 11, 2011, the Parent Company closed the reopening of its January 2011 Notes, as described below, and issued US$650 aggregate principal amount of additional notes at 97.616% of face value plus any accrued interest. The Parent Company used the net proceeds from the reopening for general corporate purposes and the repayment of debt, including debt under the Financing Agreement, in order to continue improving its debt maturities profile and avoid incremental interest costs.

On April 5, 2011, the Parent Company closed the offering of US$800 aggregate principal amount of Floating Rate Senior Secured Notes due in 2015 (the "April 2011 Notes"), which were issued at 99.001% of face value. The April 2011 Notes are guaranteed by CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A.. The net proceeds from the offering, approximately US$788, were used to repay indebtedness under the Financing Agreement.

On January 11, 2011, the Parent Company closed the offering of US$1 billion aggregate principal amount of its 9.0% senior secured notes due in 2018 (the "January 2011 Notes"), which were issued at 99.364% of face value, and are callable beginning on their fourth anniversary. The January 2011 Notes share the collateral pledged to the lenders under the Financing Agreement and other senior secured indebtedness having the benefit of such collateral, and are guaranteed by CEMEX México, S.A. de C.V., New Sunward Holding B.V. and CEMEX España, S.A.. This transaction improved CEMEX's debt maturity profile and reduced short-term refinancing risk.

Other financial obligations in the Parent Company's balance sheet as of December 31, 2011 and 2010 are detailed as follows:

		2011		2010	
		SHORT-TERM	LONG-TERM	SHORT-TERM	LONG-TERM
I. Convertible subordinated notes due 2018	$	–	7,542	–	–
I. Convertible subordinated notes due 2016		–	11,364	–	–
II. Convertible subordinated notes due 2015		–	8,936	–	7,692
III. Convertible securities due 2019		131	1,749	113	1,881
	$	131	29,591	113	9,573

As mentioned in note 2K, when a financial instrument contains components of both liability and equity, such as a note that at maturity is convertible into shares of CEMEX, each component is recognized separately in the balance sheet according to the specific characteristics of each transaction. In the event of a mandatorily convertible instrument, the liability component represents the net present value of interest payments on the principal amount using a market interest rate, without assuming any early conversion, whereas the equity component represents the difference between the principal amount and the liability component. In the case of an instrument that is optionally convertible into a fixed number of shares, the liability component represents the difference between the principal amount and the fair value of the call option premium, which reflects the equity component.

I. Optional convertible subordinated notes due 2016 and 2018

On March 15, 2011, the Parent Company closed the offering of US$977.5 ($11,632) aggregate principal amount of 3.25% convertible subordinated notes due in 2016 (the "2016 Notes") and US$690 ($8,211) aggregate principal amount of 3.75% convertible subordinated notes due in 2018 (the "2018 Notes"). The aggregate principal amounts reflect the full exercise of the US$177.5 and US$90 over-allotment option granted to the relevant initial purchasers of the 2016 Notes and the 2018 Notes, respectively. The notes are subordinated to all the Parent Company's liabilities and commitments. The initial conversion price was equivalent to an approximate 30% premium to the closing price of CEMEX's ADSs on March 9, 2011, and the notes are convertible into CEMEX's ADSs, at any time after June 30, 2011. A portion of the net proceeds from this transaction were used to fund the purchase of capped call transactions (note 12D), which are generally expected to reduce the potential dilution cost to the Parent Company upon future conversion of the 2016 Notes and the 2018 Notes. This transaction improved the Parent Company's debt maturity profile and reduced short-term refinancing risk. As a result of the issuance, substantially all the new shares approved at the Parent Company's extraordinary shareholders' meeting on February 24, 2011 (note 16) were reserved by the Parent Company to satisfy conversion of these notes. The equity component of the transaction amounted to approximately $3,959 and was recognized upon issuance within "Other equity reserves." After antidilution adjustments, the conversion rate as of December 31, 2011 was 92.1659 ADS per each 1 thousand dollars principal amount of such notes.

II. Optional convertible subordinated notes due 2015

On March 30, 2010, the Parent Company closed an offering of US$715 ($8,837) aggregate principal amount of 4.875% Optional Convertible Subordinated Notes due 2015 (the "2015 Notes"), including the full exercise of the US$65 over-allotment option granted to the initial purchasers of the notes. The 2015 Notes are subordinated to all the Parent Company's liabilities and commitments. The holders of the 2015 Notes have the option to convert their notes for CEMEX's ADSs at a conversion price per ADS 30% higher than the ADS price at the pricing of the transaction. In connection with the offering, the Parent Company entered into a capped call transaction expected to generally reduce the potential dilution cost to the Parent Company upon future conversion of the 2015 Notes (note 12D). The equity component amounted to $1,232 (US$99) and was recognized upon issuance within "Other equity reserves." After antidilution adjustments, the conversion rate as of December 31, 2011 was 79.5411 ADS per 1 thousand principal amount of such notes.

III. Mandatory convertible securities due 2019

In December 2009, the Parent Company completed its offer to exchange CBs issued in Mexico with maturities between 2010 and 2012, into mandatorily convertible securities for approximately $4,126 (US$315). Reflecting antidilution adjustments, at their mandatory scheduled conversion in ten years or earlier if the price of the CPO reaches approximately $34.50, the securities will be mandatorily convertible into approximately 179.4 million CPOs at a conversion price of approximately $23.00 per CPO. During their tenure, the securities yield a 10% interest payable quarterly. Holders have an option to voluntarily convert their securities, after the first anniversary of their issuance, on any interest payment date into CPOs. The equity component was recognized within "Other equity reserves" net of commissions and amounted to $1,971.

The Parent Company's debt contracts contain restrictive covenants calculated on a consolidated basis requiring, among other things, the compliance with financial ratios and tests, which are detailed in note 12A.

I. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2011 and 2010 the main accounts receivable and payable with related parties were as follows:

2011		ASSETS SHORT-TERM	ASSETS LONG-TERM	LIABILITIES SHORT-TERM	LIABILITIES LONG-TERM
CEMEX México, S.A. de C.V.	$	–	13,943	2,742	–
CEMEX Caracas II Investments B.V.		269	–	–	–
CEMEX International Finance Co		–	–	9,393	16,500
CEMEX Central, S.A. de C.V.		–	–	281	–
TEG Energía, S.A. de C.V.		–	–	–	722
Others		401	–	53	–
	$	670	13,943	12,469	17,222

2010		ASSETS SHORT-TERM	ASSETS LONG-TERM	LIABILITIES SHORT-TERM	LIABILITIES LONG-TERM
CEMEX México, S.A. de C.V.	$	4,289	13,943	–	–
Centro Distribuidor de Cemento, S.A. de C.V.		–	25,196	–	–
CEMEX International Finance Co		16	–	3,349	54,419
CEMEX Central, S.A. de C.V.		–	–	171	–
TEG Energía, S.A. de C.V.		–	–	–	439
Others		73	–	10	–
	$	4,378	39,139	3,530	54,858

The main operations with related parties are summarized as follows:

PARENT COMPANY		2011	2010	2009
Rental income	$	336	370	272
License fees		978	814	1,002
Financial expense		(1,856)	(3,293)	(2,576)
Management service expenses		(764)	(1,046)	(836)
Financial income		1,512	2,689	1,186
Results from financial instruments		(912)	(120)	(4,067)
Other expenses, net		(598)	(1,168)	(870)

Balances and transactions of the Parent Company with related parties result primarily from: i) the sale and/or acquisition of subsidiaries' shares within the CEMEX group; 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 group entities are conducted on arm's length terms based on market prices and conditions.

The account receivable balance as of December 31, 2010 with Centro Distribuidor de Cemento, S.A. de C.V., corresponds to a replacement of lender in a loan denominated in dollars which the subsidiary had with CEMEX International Finance Co., for US$2,341. The new account receivable accrues interest at TIIE plus 100 basis points. During 2011, approximately $19,300 from this account receivable were capitalized as an investment in subsidiaries (note 25D) and the remaining balance was paid by Centro Distribuidor de Cemento S.A. de C.V..

The long-term account receivable with CEMEX Mexico is related to a loan bearing the TIIE rate plus 129 basis points. The account payable to TEG Energía, S.A. de C.V., corresponds to the valuation of an interest rate swap related to energy projects negotiated between CEMEX and TEG Energía for a notional amount of US$15 with maturity in September 2022. The account payable to CEMEX International Finance Co. bears interest at market rates and matures in 2028.

The loss on financial instruments during 2009 mainly refers to results incurred in hedging transactions with related parties using foreign currency options.

As of December 31, 2010, the Parent Company acted as a counterpart to third parties in forward sale commitments for emission allowances for approximately $319, which matured in March 2011.

The Parent Company's transactions with other related parties are detailed in note 21.

J. INCOME TAXES

INCOME TAXES FOR THE PERIOD

In 2011, 2010 and 2009, income tax recognized in the Parent Company's statements of operations consisted of:

	2011	2010	2009
Current income tax	$ (41)	(357)	13
Deferred income tax	979	(5,564)	(554)
	$ 938	(5,921)	(541)

The Parent Company has consolidated tax loss carryforwards of approximately $14,496, consisting of $6,157 generated in 2008 and $8,339 in 2011 by its Mexican operations which, restated for inflation, can be amortized against taxable income obtained in the succeeding ten years.

As of December 31, 2011, the Parent Company's individual tax loss carryforwards were as follows:

YEAR IN WHICH TAX LOSS OCCURRED	AMOUNT OF CARRYFORWARDS	YEAR OF EXPIRATION
2002	$ 5,976	2012
2003	5,662	2013
2004	56	2014
2005	389	2015
2006	1,146	2016
2007 and thereafter	42,338	2017
	$ 55,567	

In November 2009, Mexico approved amendments to the income tax law, which became effective on January 1, 2010 (note 15A). Such amendments modified to the tax consolidation regime in Mexico by requiring entities to determine income taxes as if the tax consolidation provisions did not exist from 1999 onward. These changes also required the payment of taxes on dividends between entities of the consolidated tax group (specifically, dividends paid from profits that were not taxed in the past), certain special items in the tax consolidation, as well as tax loss carryforwards generated by entities within the consolidated tax group that should have been recovered by such individual entities over the succeeding 10 years. These amendments increased the statutory income tax rate from 28% to 30% for the years 2010 to 2012, 29% for 2013, and decreased to 28% for 2014 and future years. Pursuant to these amendments, the Parent Company was required to pay in 2010 (at 30% tax rate) 25% of the tax resulting from eliminating the tax consolidation effects from 1999 to 2004, and to pay an additional 25% in 2011. The remaining 50% should be paid as follows: 20% in 2012, 15% in 2013 and 15% in 2014. With respect to the consolidation effects originated after 2004, these must be paid during the sixth fiscal year following their origination and are payable over the succeeding five years in the same proportions (25%, 25%, 20%, 15%, and 15%). Applicable taxes payable as a result of the changes to the tax consolidation regime will be increased by inflation as required by the Mexican income tax law.

In 2009, in connection with these changes to the tax consolidation regime in Mexico and based on Interpretation 18, the Parent Company recognized an aggregate liability of $10,461; $8,216 were recognized against "Other non-current assets" in connection with the net liability recognized before the new tax law and that the Parent Company will recover through the payment of this tax liability, and $2,245 were recognized against "Retained earnings," for the portion, according to the new law, related to: a) the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes; b) dividends from the controlled entities for tax purposes to the Parent Company; and c) other transactions that represented the transfer of resources between the companies included in the tax consolidation. In December 2010, pursuant to miscellaneous rules, the tax authority in Mexico granted the option to defer the calculation and payment of the income tax over the difference between the sum of the equity of the controlled entities for tax purposes and the equity of the consolidated entity for tax purposes, until the subsidiary is disposed of or the Parent Company eliminates the tax consolidation. As a result, the Parent Company reduced its estimated tax payable by approximately $2,911 against a credit to "Retained earnings." Changes in the Parent Company's tax payable associated with the tax consolidation in Mexico in 2011 and 2010 were as follows:

	2011	2010
Balance at the beginning of the year	$ 10,079	10,461
Income tax received from subsidiaries	2,352	2,496
Restatement for the period	485	358
Payments during the period	(506)	(325)
Effects associated with miscellaneous rules	–	(2,911)
Balance at the end of the year	$ 12,410	10,079

As of December 31, 2011, the estimated payment schedule of taxes payable resulting from changes in the tax consolidation regime in Mexico was as follows:

	2011
2012	$ 693
2013	693
2014	1,998
2015	2,111
2016	1,773
2017 and thereafter	5,142
	$ 12,410

The Parent Company and its Mexican subsidiaries determine income tax on a consolidated basis; therefore, the amounts recognized in the Parent Company-only financial statements for the years ended December 31, 2011, 2010 and 2009, include the effect of such tax consolidation.

As of December 31, 2011, the balance of tax loss carryforwards that have not been considered in the tax consolidation is approximately $14,496.

On January 1, 2008, a new law became effective in Mexico, which was named the Minimum Corporate Tax law (*Impuesto Empresarial Tasa Única* or "IETU") and superseded the Business Asset Tax law ("BAT"). IETU is calculated based on cash flows, and the rate was 16.5% in 2008, 17% in 2009 and 17.5% in 2010 and thereafter. Entities subject to IETU are also required to determine income tax and pay the greater of the amounts between the two. In broad terms, taxable revenues for IETU purposes are those generated through the sale of goods, the rendering of professional services, as well as rental revenue. There are certain exceptions, and a taxpayer may consider, as deductible items for IETU calculations, the expenses incurred to conduct the activities previously described. Capital expenditures are fully deductible for IETU. Each entity must calculate IETU on a stand-alone basis, and tax consolidation is not permitted. Unlike BAT, IETU is a definitive tax and, unlike income tax, the taxable income under IETU is greater since some deductions are not permitted, which in some cases may be compensated by the lower IETU rate than the income tax rate. During 2011, 2010 and 2009, the Parent Company and its main subsidiaries in Mexico paid income tax in lieu of IETU, as its income tax exceeded the minimum corporate tax under IETU.

BAT levied in excess of income tax for the period may be recovered, restated for inflation, in any of the succeeding ten years, provided that the income tax incurred exceeds BAT in such period. The Parent Company determines income tax on a consolidated basis; consequently, it calculated and presented consolidated BAT through the 2007 tax period. As of December 31, 2011, the recoverable BAT was $146 and expires in 2016.

DEFERRED INCOME TAX

The valuation method for deferred income taxes is detailed in note 2N. Deferred income taxes for the period represent the difference between the balances, in nominal pesos, of deferred income at the beginning and the end of the period. As of December 31, 2011 and 2010, the income tax effects of the main temporary differences that generated the deferred income tax assets and liabilities of the Parent Company are presented below:

	2011	2010
Deferred tax assets:		
Tax loss and tax credits carryforwards	$ 16,299	11,508
Recoverable BAT	146	141
Advance payments and convertible securities	–	247
Derivative financial instruments	1,705	526
Gross deferred tax assets	18,150	12,422
Less – valuation allowance	(11,248)	(6,452)
Total deferred tax asset, net	6,902	5,970
Deferred tax liabilities:		
Land and buildings	(480)	(486)
Derivative financial instruments	(420)	(257)
Convertible securities	(940)	–
Investments in associates	(1,057)	(1,011)
Total deferred tax liabilities	(2,897)	(1,754)
Net active position of deferred taxes	$ 4,005	4,216

The changes in deferred income taxes during 2011 and 2010 include an expense of $1,187 and $338, respectively, related to the future tax deduction arising from the debt components of the convertible securities, which were recorded in "Other equity reserves," an expense of approximately $31 in 2011 and $182 in 2010 related to expenses incurred in equity issuances, and an expense of approximately $4,626 in 2009 related to the new income tax law. The net changes in the valuation allowance for the years ended December 31, 2011, 2010 and 2009 were increases of $4,796, $5,703, and $610, respectively. The Parent Company's management considers that sufficient taxable income will be generated so that it may realize the tax benefits associated with the deferred income tax assets, and the tax loss carryforwards, prior to their expiration. In the event that present conditions change, and it is determined that future operations would not generate enough taxable income, or that tax strategies are no longer viable, the valuation allowance would be increased against the results of the period. The Parent Company does not recognize a deferred tax liability for the undistributed earnings generated by its subsidiaries recognized under the equity method, considering that such undistributed earnings are expected to be reinvested, and to not generate income tax in the foreseeable future. Likewise, the Parent Company does not recognize a deferred income tax liability related to its investments in subsidiaries considering that the Parent Company controls the reversal of the temporary differences arising from these investments.

RECONCILIATION OF EFFECTIVE TAX RATE

The effects of inflation are recognized differently for income tax and for accounting purposes. This situation, and other differences between the financial reporting and the corresponding tax basis of assets and liabilities, give rise to permanent differences between the approximate statutory tax rate and the effective tax rate presented in the Parent Company's statements of operations. As of December 31, 2011, 2010 and 2009, these differences were as follows:

	2011 %	2010 %	2009 %
Effective Parent Company statutory tax rate	(30.0)	(30.0)	28.0
Equity in income (loss) of subsidiaries and associates	10.0	20.8	(166.9)
Valuation allowance for tax loss carryforwards	24.7	53.4	31.0
Inflation adjustments	4.9	8.9	46.0
Others	(14.3)	2.8	89.7
Parent Company's effective tax rate	(4.7)	55.9	27.8

K. STOCKHOLDERS' EQUITY

The consolidated controlling stockholders' equity is the same as the Parent Company's stockholders' equity. Therefore, stockholders' equity information detailed in note 16A to the consolidated financial statements also refers to the Parent Company, except for non-controlling interest and the perpetual bonds, which refer exclusively to the consolidated entity and cumulative initial effect of deferred taxes.

L. EXECUTIVE STOCK OPTION PROGRAMS

Of the different stock option programs disclosed in note 17 to the consolidated financial statements, only the "Fixed program" was issued by the Parent Company. Entities obligated under the other programs are part of the consolidated group.

M. EARNINGS (LOSS) PER SHARE

The calculation of earnings per share included in note 18 is the same for the Parent Company.

N. CONTINGENCIES AND COMMITMENTS

N.1 GUARANTEES

As of December 31, 2011 and 2010, CEMEX, S.A.B. de C.V. had guaranteed loans made to certain subsidiaries of approximately US$8,993 and US$13,028, respectively.

N.2 CONTRACTUAL OBLIGATIONS

As of December 31, 2011 and 2010, the approximate cash flows that were required by the Parent Company to meet its material contractual obligations are summarized as follows:

(U.S. DOLLARS MILLIONS)		2011					2010
OBLIGATIONS		LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL	TOTAL
Long-term debt [1]	US$	298	1,883	801	1,674	4,656	3,611
Convertible notes [2]		9	24	1,486	610	2,129	784
Total debt and other financial obligations		307	1,907	2,287	2,284	6,785	4,395
Interest payments on debt [3]		296	546	325	221	1,388	505
Total contractual obligations	US$	603	2,453	2,612	2,505	8,173	4,900
	$	8,418	34,244	36,463	34,970	114,095	60,566

[1] The schedule of debt payments, which includes current maturities, does not consider the effect of any refinancing that may occur of debt during the following years. The Parent Company has been successful replacing its long-term obligations with others of similar nature in the past.

[2] Refer to the convertible notes described in note 25H assuming the repayment and no conversion of the notes.

[3] In the determination of future estimated interest payments on floating rate denominated debt, the Parent Company used the floating interest rates in effect as of December 31, 2011 and 2010.

O. TAX ASSESSMENTS AND LEGAL PROCEEDINGS

On January 21, 2011, the Mexican tax authority notified CEMEX, S.A.B. de C.V., of a tax assessment for approximately $996 (US$71) pertaining to the tax year 2005. The tax assessment is related to the corporate income tax in connection with the tax consolidation regime. As a result of a tax reform in 2005, the law allows the cost of goods sold to be deducted, instead of deducting purchases. Since there were inventories as of December 31, 2004, in a transition provision, the law allowed the inventory to be accumulated as income (thus reversing the deduction via purchases) and then be deducted from 2005 onwards as cost of goods sold. In order to compute the income resulting from the inventories in 2004, the law allowed this income to be offset against accumulated tax losses of some of the Parent Company's subsidiaries. The authorities argued that because of this offsetting, the right to use such losses at the consolidated level had been lost; therefore, the Parent Company had to increase its consolidated income or decrease its consolidated losses. The Parent Company believes that there is no legal support for the conclusion of the Mexican tax authority and will proceed to challenge the assessment before the tax court.

Pursuant to amendments to the Mexican income tax law effective on January 1, 2005, Mexican companies with investments in entities incorporated outside of Mexico whose income tax liability is less than 75% of the income tax that would be payable in Mexico, are required to pay taxes in Mexico on net passive income, such as dividends, royalties, interest, capital gains and rental fees obtained by such controlled subsidiaries, provided, however, that such revenues are not derived from entrepreneurial activities in such countries. The Parent Company challenged the constitutionality of the amendments before the Mexican federal courts. In September 2008, the Supreme Court of Justice ruled the amendments were constitutional for tax years 2005 to 2007. Since the Supreme Court's decision only determined that this tax regime is constitutional and does not dictate the details of how to calculate the amount of taxes due, the Parent Company has self-assessed taxes due pursuant to these provisions through the submission of amended tax returns. The amounts determined are currently being reviewed by the Mexican tax authorities. Nonetheless, if the Mexican tax authorities do not agree with our self-assessment of the taxes due for past periods, they may assess additional amounts of taxes past due. As of December 31, 2011 and 2010, the Parent Company has recognized certain provisions in connection with these amendments to the income tax law in Mexico, which are not detailed considering that it may harm the current negotiations of the Parent Company with the tax authorities in connection with this tax uncertainty. Changes in the provision are recognized through income tax expense for the period as the review by the tax authorities' progresses

P. SUBSEQUENT EVENTS

Subsequent events of the Parent Company are included in note 22.

Q. MIGRATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS BEGINNING JANUARY 1, 2012

As mentioned in note 2A, as a result of the CNBV's requirement that CEMEX present its consolidated financial statements under IFRS, as issued and interpreted by the IASB (note 24), beginning January 1, 2012, these are also the last individual financial statements of the Parent Company presented under MFRS. For this transition, the Parent Company gathered the necessary material and human resources required for the identification and quantification of the differences between MFRS and IFRS for purposes of the opening IFRS balance sheet dated January 1, 2010, as well as for the conversion to IFRS of its financial information systems beginning in 2012. As of December 31, 2011, the migration process to IFRS has been substantially completed; nonetheless, certain pending items will be finished during the first quarter of 2012.

In preparing its opening IFRS balance sheet, based on IFRS 1, the Parent Company has adjusted the amounts previously reported in its financial statements prepared under MFRS. The Parent Company followed, as applicable, the same optional and mandatory exceptions as described for the consolidated financial statements in note 24. In accordance with Interpretation 19, the Parent Company provides a description of the most significant effects derived from the transition from MFRS to IFRS in its financial position, statements of operations and cash flows. As of the issuance date of these financial statements, all amounts presented under IFRS are the Parent Company's best estimates and are subject to further adjustments resulting from the ongoing review and audit process.

As of January 1, 2010, date of transition to IFRS, the most significant estimated effects in stockholders' equity of the Parent Company from MFRS to IFRS are as follows:

		JANUARY 1, 2010
Stockholders' equity under MFRS	$	213,727
Land and buildings [1]		20
Other deferred charges [2]		(2,840)
Deferred income taxes [3]		832
Fair value of financial instruments [4]		(17)
Approximate stockholders' equity under IFRS	$	211,722

[1] Upon transition to IFRS as of January 1, 2010, the Parent Company's land and buildings were recognized at fair value.

[2] Upon transition to IFRS, certain deferred financing costs recognized under MFRS as of January 1, 2010, associated with a refinancing, did not meet requirements for deferral under IFRS and were recognized immediately against opening retained earnings.

[3] Changes in the carrying amount of land and buildings described above between MFRS and IFRS and the adjustments related to other deferred charges and financial instruments caused adjustments to deferred income taxes.

[4] Fair value of financial instruments – IAS 39 requires that the fair value of derivative financial instruments reflects its credit quality, in comparison with MFRS that does not provide any related guidance. Additionally, in regards to the Financial Agreement of August 14, 2009 (note 12A), the previous debt was extinguished and the new debt was recognized at its nominal amount under MFRS. On the other hand, the new debt was recognized at its fair value according to the IFRS requirements.

Upon transition to IFRS as of January 1, 2010, the Parent Company elected to determine the deemed cost of its investments in subsidiaries and associates at the carrying amount recognized under MFRS, which were valued under the equity method. Under IFRS, investments in subsidiaries and associates in the separate financial statements of the holding companies are recognized at cost or fair value at the reporting date. After transition to IFRS, the Parent Company elected to recognize such investments at cost. For 2011 and 2010, equity in net income (loss) of subsidiaries and associates recognized under MFRS is reversed and eliminated under IFRS.

terms

we use

Financial Terms

American Depositary Shares (ADSs) are a means for non-U.S.-based corporations to list their ordinary equity on an American stock exchange. Denominated in US dollars, they confer full rights of ownership to the corporation's underlying shares, which are held on deposit by a custodian bank in the company's home country or territory. In relation to CEMEX, Citibank, N.A. is the depositary of CEMEX's ADSs and each ADS represents 10 CPOs. The CEMEX ADSs are listed on the New York Stock Exchange.

Euribor (Euro Interbank Offered Rate) is the rate at which interbank term deposits in euros are being offered within the euro zone between prime banks.

Free cash flow CEMEX defines it as operating EBITDA minus net interest expense, maintenance and expansion capital expenditures, change in working capital, taxes paid, and other cash items (net other expenses less proceeds from the disposal of obsolete and/or substantially depleted operating fixed assets that are no longer in operation and coupon payments on our perpetual notes). Free cash flow is not a GAAP measure.

LIBOR (London Interbank Offered Rate) is a reference rate based on the interest rates at which banks borrow unsecured funds from other banks in London.

Maintenance capital expenditures CEMEX defines it as investments incurred with the purpose of ensuring the company's operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels, and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies. Maintenance capital expenditures is not a GAAP measure.

Operating EBITDA CEMEX defines it as operating income plus depreciation and amortization. Operating EBITDA does not include revenues and expenses that are not directly related to CEMEX's main activity, or which are of an unusual or non-recurring nature under Mexican Financial Reporting Standards (MFRS). Operating EBITDA is not a GAAP measure.

Ordinary Participation Certificates (CPOs) are issued under the terms of a CPO Trust Agreement governed by Mexican law and represent two of CEMEX's series A shares and one of CEMEX's series B shares. This instrument is listed on the Mexican Stock Exchange.

pp equals percentage points.

Strategic capital expenditures CEMEX defines it as investments incurred with the purpose of increasing the company's profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs. Expansion capital expenditures is not a GAAP measure.

TIIE (Tasa de Interés Interbancaria de Equilibrio) is a measure of the average cost of funds in pesos in the Mexican interbank money market.

Total debt CEMEX defines it as short-term and long-term debt plus convertible securities and capital leases. Total debt is not a GAAP measure.

Working capital CEMEX defines it as operating accounts receivable (including other current assets received as payment in kind) plus inventories minus operating accounts payable. Working capital is not a GAAP measure.

Industry Terms

Aggregates are sand and gravel, which are mined from quarries. They give ready-mix concrete its necessary volume and add to its overall strength. Under normal circumstances, one cubic meter of fresh concrete contains two metric tons of gravel and sand.

Clean Development Mechanism (CDM) is a mechanism under the Kyoto Protocol that allows Annex I countries to recognize greenhouse gas emission reductions from projects developed in Non-Annex I countries.

Clinker is an intermediate cement product made by sintering limestone, clay, and iron oxide in a kiln at around 1,450 degrees Celsius. One metric ton of clinker is used to make approximately 1.1 metric tons of gray Portland cement.

Fly ash is a combustion residue from power plants that can be used as a non-clinker cementitious material.

Gray Portland cement is a hydraulic binding agent with a composition by weight of at least 95% clinker and 0–5% of a minor component (usually calcium sulfate). It can set and harden underwater and, when mixed with aggregates and water, produces concrete or mortar.

Installed capacity is the theoretical annual production capacity of a plant; whereas effective capacity is a plant's actual optimal annual production capacity, which can be 10–20% less than installed capacity.

Metric ton is the equivalent of 1.102 short tons.

Petroleum coke (petcoke) is a byproduct of the oil refining coking process.

Pozzolana is a fine, sandy volcanic ash.

Ready-mix concrete is a mixture of cement, aggregates, and water.

Slag is the byproduct of smelting ore to purify metals.

board of
directors

DIRECTORS

Lorenzo H. Zambrano
Chairman of the Board

Lorenzo Milmo Zambrano
Rogelio Zambrano Lozano
Tomás Milmo Santos

INDEPENDENT MEMBERS

Armando J. García Segovia
Rodolfo García Muriel
Roberto Zambrano Villarreal
Bernardo Quintana Isaac
Dionisio Garza Medina
Alfonso Romo Garza
José Manuel Rincón Gallardo
José Antonio Fernández Carbajal
Rafael Rangel Sostmann

SECRETARY

Ramiro Villarreal Morales
(not a member of the board)

AUDIT COMMITTEE

Roberto Zambrano Villarreal
President

José Manuel Rincón Gallardo
Alfonso Romo Garza
Rafael Rangel Sostmann

CORPORATE PRACTICES COMMITTEE

Dionisio Garza Medina
President

Bernardo Quintana Isaac
José Antonio Fernández Carbajal
Rafael Rangel Sostmann

FINANCE COMMITTEE

Rogelio Zambrano Lozano
President

Tomás Milmo Santos
Rodolfo García Muriel
Alfonso Romo Garza

executive
committee

Lorenzo H. Zambrano (67)
Chairman of the Board and Chief Executive Officer
Mr. Zambrano joined CEMEX in 1968. He was named CEO in 1985 and has served as Chairman of the Board since 1995. Mr. Zambrano holds a BS degree in Mechanical Engineering from Tecnológico de Monterrey and an MBA from Stanford University.

Jaime Elizondo (48)
President CEMEX South, Central America and the Caribbean
Jaime Elizondo joined CEMEX in 1985, and since then, he has headed several operations, including Panama, Colombia, Venezuela, and, more recently, Mexico. He is the current President of CEMEX South, Central America and the Caribbean, and is also in charge of the company's global Procurement area. He graduated with a BS degree in Chemical and Systems Engineering and an MBA from Tecnológico de Monterrey.

Joaquín Estrada (48)
President CEMEX Asia
Since he joined CEMEX in 1992, Joaquín Estrada has held several executive positions, including head of operations in Egypt and Spain, as well as head of Trading for Europe, the Middle East, and Asia. He is currently President of CEMEX Asia, and is also responsible for the company's global Trading area. Joaquín graduated with a degree in economics from the University of Zaragoza and holds an MBA from the Instituto de Empresa.

Fernando A. González (57)
Executive Vice President of Finance and Administration
Since joining CEMEX in 1989, Fernando A. González has held several senior management positions, including Corporate Vice President of Strategic Planning; President of CEMEX Venezuela; President of CEMEX Asia; President of CEMEX South America and the Caribbean region; President of CEMEX Europe; President of CEMEX Europe Middle East, Africa, Asia and Australia region; Executive Vice President of Planning and Development; and Executive Vice President of Planning and Finance. He is currently Executive Vice President of Finance (CFO) and Administration. Fernando earned his BA and MBA from Tecnológico de Monterrey.

Luis Hernández (48)
Executive Vice President of Organization and Human Resources
Luis Hernández joined CEMEX in 1996, and has held senior management positions in the Strategic Planning and Human Resources areas. He is currently Executive Vice President of Organization and Human Resources. Luis graduated with a degree in Civil Engineering from Tecnológico de Monterrey, and holds a Master's degree in Civil Engineering and an MBA from the University of Texas at Austin.

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Ignacio Madridejos (46)

President CEMEX Northern Europe

Ignacio Madridejos joined CEMEX in 1996 and after holding management positions in the Strategic Planning area, he headed CEMEX operations in Egypt, Spain, and Western Europe. He is currently President of CEMEX Northern Europe, and is also responsible for the company's global Energy and Sustainability area. Ignacio graduated with a MSc in Civil Engineering from the Polytechnic University of Madrid and holds an MBA from Stanford University.

Jaime Muguiro (43)

President CEMEX Mediterranean

Jaime Muguiro joined CEMEX in 1996, and held several executive positions in the areas of Strategic Planning, Business Development, Ready-Mix Concrete, Aggregates, and Human Resources. More recently, he headed CEMEX operations in Egypt. He is currently President of CEMEX Mediterranean, which includes operations in Spain, Egypt, Croatia, and the Middle East. He graduated with a Management degree from San Pablo CEU University, and holds a Law degree from the Complutense University of Madrid and an MBA from the Massachusetts Institute of Technology.

Juan Romero (55)

President CEMEX Mexico

Juan Romero joined CEMEX in 1989, and has held several high-ranking positions within the organization, including President of CEMEX operations in Colombia, Mexico, the South America and the Caribbean region, and the Europe, Middle East, Africa, and Asia region. He is currently President of CEMEX Mexico, and is also in charge of the company's global Technology area. Juan Romero graduated from the University of Comillas, where he studied Law, Economics, and Management.

Juan Pablo San Agustín (43)

Executive Vice President of Strategic Planning and New Business Development

Juan Pablo San Agustín joined CEMEX in 1994 and has held executive positions in the Strategic Planning, Continuous Improvement, e-Business, and Marketing areas. He is currently Executive Vice President of Strategic Planning and New Business Development. He graduated with a BS from Metropolitan University, and holds an MBA from the Instituto de Empresa.

Karl Watson, Jr. (47)

President CEMEX USA

Karl Watson, Jr. formally joined CEMEX in 2007, after a successful career of more than 22 years in the building materials industry. Since then he has held several senior positions in the company's operations in Florida and the Eastern region of the United States. Before joining CEMEX he headed the ready-mix concrete and concrete products divisions of Rinker in the USA and Australia. He is currently President of CEMEX USA. Karl holds an MBA from the University of Nova Southeastern, Florida.

investor and media
information

Exchange listings

Bolsa Mexicana de Valores (BMV) Mexico
Ticker symbol: CEMEXCPO
Share series: CPO (representing two A shares and one B share)

New York Stock Exchange (NYSE) United States
Ticker symbol: CX
Share series: ADS (representing 10 CPOs)

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Annex to the Kunstsammlung NRW Art Museum in Düsseldorf, Germany

Specialty ready-mix concrete for walls

Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements within the meaning of securities laws in the U.S. and Mexico. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the U.S. federal securities laws and equivalent provision in Mexican securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may," "should," "could," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential" and "intend" or other similar words. These forward-looking statements reflect our current expectations and projections about future events based on our knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on us or our subsidiaries, include: the cyclical activity of the construction sector; competition; general political, economic and business conditions; the regulatory environment, including environmental, tax and acquisition-related rules and regulations; our ability to satisfy our obligations under the Financing Agreement recently entered into with our major creditors; weather conditions; natural disasters and other unforeseen events; and other risks and uncertainties associated with our business and the countries in which we operate.

Readers are urged to read this annual report and carefully consider the risks, uncertainties and other factors that affect our business. The information contained in this annual report is subject to change without notice, and we are not obligated to publicly update or revise forward-looking statements. Readers should review future reports filed by us with the SEC and the BMV and/or CNBV.

This annual report also includes statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates. We generated some of this data internally, and some was obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified this data nor sought the consent of any organizations to refer to their reports in this annual report.