PART I

Item 1 - **Identity of Directors, Senior Management and Advisors**

Not applicable.

Item 2 - **Offer Statistics and Expected Timetable**

Not applicable.

Item 3 - **Key Information**

Risk Factors

Many factors could have an effect on our financial condition, cash flows and results of operations. We are subject to various risks resulting from changing economic, environmental, political, industry, business, financial and climate conditions. The principal factors are described below.

We are continually analyzing possible acquisitions of new operations, some of which may have a material impact on our financial position, and we may not be able to realize the expected benefits from any such acquisitions, including our recent acquisition of Rinker.

A key element of our growth strategy is to acquire new operations and integrate such operations with our existing operations. Our ability to realize the expected benefits from these acquisitions depends, in large part, on our ability to integrate the new operations with existing operations and to apply our business practices in the new operations in a timely and effective manner. These efforts may not be successful. Furthermore, our growth strategy depends on our ability to identify and acquire suitable assets at desirable prices. We are continually analyzing possible acquisitions of assets which in some cases, such as the acquisition of Rinker Group Limited, or Rinker, described below, may have a material impact on our financial position. We cannot assure you that we will be successful in identifying or purchasing suitable assets in the future. If we fail to make further acquisitions, we may not be able to continue to grow in the long term at our historic rate.

On November 14, 2006, we launched an offer to purchase all outstanding shares of Rinker, a leading international producer and supplier of materials, products and services used primarily in the construction industry. On August 28, 2007, we completed the acquisition of 100% of the Rinker shares for a total consideration of approximately Ps.169.5 billion (approximately U.S.$15.5 billion) (including the assumption of approximately Ps.13.9 billion (approximately U.S.$1.3 billion) of Rinker's debt), and Rinker's results have been consolidated with our results of operations commencing July 1, 2007. Rinker, which was headquartered in Australia, had operating units primarily in the United States and Australia. It also had limited operations in China. The acquisition of Rinker has substantially increased our exposure to the United States, which has been experiencing a sharp downturn in the housing and construction sectors, having adverse effects on Rinker's and our operations, making it more difficult for us to achieve our goal of decreasing our acquisition-related leverage. We also may not be able to achieve all the anticipated cost savings from the Rinker acquisition.

Our ability to pay dividends and repay debt depends on our subsidiaries' ability to transfer income and dividends to us.

We are a holding company with no significant assets other than the stock of our wholly-owned and non-wholly-owned subsidiaries and our holdings of cash and marketable securities. Our ability to pay dividends and repay debt depends on the continued transfer to us of dividends and other income from our wholly-owned and non-wholly-owned subsidiaries. The ability of our subsidiaries to pay dividends and make other transfers to us is limited by various regulatory, contractual and legal constraints.

We have incurred and will continue to incur debt, which could have an adverse effect on the price of our CPOs and ADSs, increase interest costs and limit our ability to distribute dividends, finance acquisitions and expansions and maintain flexibility in managing our business activities.

We have incurred and will continue to incur significant amounts of debt, particularly in connection with financing acquisitions, which could have an adverse effect on the price of our Ordinary Participation Certificates, or CPOs, and American Depositary Shares, or ADSs. Our indebtedness may have important consequences, including increased interest costs if we are unable to refinance existing indebtedness on satisfactory terms. Currently we do not have debt subject to pricing grids based on our debt ratings; however, our interest costs may be increased as we refinance our existing indebtedness as a result of a downgrade event affecting our debt and/or as a result of the current credit crisis or a deeper reduction in the availability of loans by banks and tightening in the debt markets for our securities. In addition, the debt instruments governing a substantial portion of our indebtedness contain various covenants that require us to maintain financial ratios, restrict asset sales and restrict our ability to use the proceeds from a sale of assets. Consequently, our ability to distribute dividends, finance acquisitions and expansions and maintain flexibility in managing our business activities could be limited. As of December 31, 2007, we had outstanding debt equal to Ps216,911 million (U.S.$19,864 million), not including approximately Ps33,470 million (U.S.$3,065 million) of perpetual debentures issued by special purpose vehicles, which are not accounted for as debt under Mexican FRS but are considered to be debt for purposes of U.S. GAAP.

In connection with our financing of the Rinker acquisition, we and our subsidiaries have sought and obtained waivers and amendments to several of our debt instruments relating to a number of financial ratios. We have requested and obtained waivers and/or amendments delaying the application of the financial ratio covenants through September 29, 2008, and we expect to have taken such actions as may be necessary to enable us to satisfy such financial covenants by such date. We believe that we and our subsidiaries have good relations with our lenders, and nothing has come to our attention that would lead us to believe that future waivers, if required, would not be forthcoming. However, we cannot assure you that future waivers, if requested, would be forthcoming. If we or our subsidiaries are unable to comply with the provisions of our debt instruments, and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments would have a material adverse effect on our financial condition.

We have to service our Dollar and Japanese Yen denominated obligations with revenues generated in Pesos or other currencies, as we do not generate sufficient revenue in Dollars from our operations to service all our Dollar denominated obligations or in Japanese Yen to service all our Japanese Yen denominated obligations. This could adversely affect our ability to service our obligations in the event of a devaluation or depreciation in the value of the Peso, or any of the other currencies of the countries in which we operate, compared to the Dollar or the Japanese Yen.

A substantial portion of our outstanding debt is denominated in Dollars. As of December 31, 2007, our Dollar denominated debt represented approximately 75% of our total debt (after giving effect to our currency-related derivatives as of such date). Our existing Dollar denominated debt, including the additional Dollar denominated debt we incurred to finance the acquisition of Rinker, however, must be serviced by funds generated from sales by our subsidiaries. Although the acquisition of Rinker has increased our U.S. assets substantially, we nonetheless will continue to rely on our non-U.S. assets to generate revenues to service our Dollar denominated debt. Consequently, we have to use revenues generated in Pesos, Euros or other currencies to service our Dollar denominated debt. See Item 5 — "Operating and Financial Review and Prospects — Qualitative and Quantitative Market Disclosure — Interest Rate Risk, Foreign Currency Risk and Equity Risk — Foreign Currency Risk." A devaluation or depreciation in the value of the Peso, Euro or any of the other currencies of the countries in which we operate, compared to the Dollar, could adversely affect our ability to service our debt. During 2007, Mexico, Spain, the United Kingdom and the Rest of Europe region, our main non-Dollar-denominated operations, together generated approximately 53% of our total net sales in Peso terms (approximately 16%, 9%, 9% and 19%, respectively), before eliminations resulting from consolidation. In 2007, approximately 22% of our sales were generated in the United States, with the remaining 25% of our sales being generated in several countries, with a number of currencies having material appreciations against the Dollar. During 2007, the Peso depreciated approximately 1% against the Dollar, the Euro appreciated approximately 9% against the Dollar and the Pound Sterling appreciated approximately 1% against the Dollar. Although we have foreign exchange forward contracts and cross currency swap contracts in place to mitigate our currency-related risks and expect to enter into future currency hedges, they may not be effective in covering all our currency-related risks.

As of December 31, 2007, we did not have a significant amount of debt denominated in Yen. However, in connection with our dual currency perpetual debentures and related currency swap transactions, we have interest and currency swap obligations in Yen. As of the date of this annual report, we do not generate sufficient revenue in Yen from our operations to service all our Yen obligations. Consequently, we have to use revenues generated in Pesos, Dollars, Euros or other currencies to service our Yen obligations. A devaluation or depreciation in the value of the Peso, Dollar, Euro or any of the other currencies of the countries in which we operate, compared to the Yen, could adversely affect our ability to service our Yen obligations. During 2007, the Yen appreciated approximately 7% against the Peso, appreciated approximately 6% against the Dollar and depreciated approximately 4% against the Euro.

In addition, as of December 31, 2007, our Euro denominated debt represented approximately 25% of our total debt, not including the €730 million principal amount of perpetual debentures outstanding as of such date. Although we believe that our generation of revenues in Euros from our operations in Spain and the Rest of Europe region will be sufficient to service these obligations, we cannot guarantee it.

Our operations are subject to environmental laws and regulations.

Our operations are subject to laws and regulations relating to the protection of the environment in the various jurisdictions in which we operate, such as regulations regarding the release of cement into the air or emissions of greenhouse gases. Stricter laws and regulations, or stricter interpretation of existing laws or regulations, may impose new liabilities on us or result in the need for additional investments in pollution control equipment, either of which could result in a material decline in our profitability in the short term.

In addition, our operations in the United Kingdom, Spain and the Rest of Europe are subject to binding caps on carbon dioxide emissions imposed by Member States of the European Union as a result of the European Commission's directive implementing the Kyoto Protocol on climate change. Under this directive, companies receive from the relevant Member States allowances that set limitations on the levels of carbon dioxide emissions from their industrial facilities. These allowances are tradable so as to enable companies that manage to reduce their emissions to sell their excess allowances to companies that are not reaching their emissions objectives. Failure to meet the emissions caps is subject to significant penalties. For the allocation period comprising 2008 through 2012, the European Commission significantly reduced the overall availability of allowances. As a result of continuing uncertainty regarding final allowances, it is premature to draw conclusions regarding the aggregate position of all our European cement plants.

We believe we may be able to reduce the impact of any deficit by either reducing carbon dioxide emissions in our facilities or by implementing clean development mechanism projects, or CDM projects, in emerging markets. If we are not successful in implementing emission reductions in our facilities or obtaining credits from CDM projects, we may have to purchase a significant amount of allowances in the market, the cost of which may have an impact on our operating results. See "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings."

In the United States, certain states, counties and cities have enacted or are in the process of enacting mandatory greenhouse gas emission restrictions, and regulations at the federal level may occur in the future which could affect our operations.

Permits relating to some of Rinker's largest quarries in Florida, which represent a significant part of Rinker's business, are being challenged. A loss of these permits could adversely affect our business. See Item 4 — "Information on the Company — Regulatory Matters and Legal Proceedings — Environmental Matters."

We are subject to restrictions due to minority interests in our consolidated subsidiaries.

We conduct our business through subsidiaries. In some cases, third-party shareholders hold minority interests in these subsidiaries. Various disadvantages may result from the participation of minority shareholders whose interests may not always coincide with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively.

Higher energy and fuel costs may have a material adverse effect on our operating results.

Our operations consume significant amounts of energy and fuel, the cost of which has significantly increased worldwide in recent years. To mitigate high energy and fuel costs and volatility, we have implemented the use of alternative fuels such as petcoke and tires, which has resulted in less vulnerability to price spikes. We have also implemented technical improvements in several facilities and entered into long term supply contracts of petcoke and electricity to mitigate price volatility. Despite these measures, we cannot assure you that our operations would not be materially adversely affected in the future if prevailing conditions remain for a long period of time or if energy and fuel costs continue to increase.

Our operations can be affected by adverse weather conditions.

Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, when it snows or when heavy or sustained rainfalls occur. Consequently, demand for our products is significantly lower during the winter in temperate countries and during the rainy season in tropical countries. Winter weather in our European and North American operations significantly reduces our first quarter sales volumes, and to a lesser extent our fourth quarter sales volumes. Sales volumes in these and similar markets generally increase during the second and third quarters because of normally better weather conditions. However, high levels of rainfall can adversely affect our operations during these periods as well. Such adverse weather conditions can adversely affect our results of operations and profitability if they occur with unusual intensity, during abnormal periods, or last longer than usual in our major markets, especially during peak construction periods.

We are an international company and are exposed to risks in the countries in which we have significant operations or interests.

We are dependent, in large part, on the economies of the countries in which we market our products. The economies of these countries are in different stages of socioeconomic development. Consequently, like many other companies with significant international operations, we are exposed to risks from changes in foreign currency exchange rates, interest rates, inflation, governmental spending, social instability and other political, economic or social developments that may materially reduce our net income.

With the acquisition of RMC Group plc, or RMC, in 2005 and Rinker in 2007, our geographic diversity has significantly increased. As of December 31, 2007, we had operations in Mexico, the United States, the United Kingdom, Spain, the Rest of Europe region (including Germany and France), the South America, Central America and the Caribbean region (including Venezuela and Colombia), Africa and the Middle East, Australia and Asia. As of December 31, 2007, our Mexican operations represented approximately 11% of our total assets, our U.S. operations represented approximately 46% of our total assets, our Spanish operations represented approximately 8% of our total assets,our United Kingdom operations represented approximately 5% of our total assets, our Rest of Europe operations represented approximately 9% of our total assets, our South America, Central America and the Caribbean operations represented approximately 7% of our total assets, our Africa and the Middle East operations represented approximately 2% of our total assets, our Australian and Asia operations represented approximately 7% of our total assets and our other operations represented approximately 5% of our total assets. For the year ended December 31, 2007, before eliminations resulting from consolidation (with Rinker's net sales having been consolidated starting July 1, 2007), our Mexican operations represented approximately 16% of our net sales, our U.S. operations represented approximately 22% of our net sales, our Spanish operations represented approximately 9% of our net sales, our United Kingdom operations represented approximately 9% of our net sales, our Rest of Europe operations represented approximately 19% of our net sales, our South America, Central America and the Caribbean operations represented approximately 9% of our net sales, our Africa and the Middle East operations represented approximately 3% of our net sales, our Australian and Asia operations represented approximately 5% of our net sales and our other operations represented approximately 8% of our net sales. As a result of our acquisition of Rinker, we have substantially increased our U.S. operations and now have operations in Australia and China. Adverse economic conditions in any of these countries or regions may produce a negative impact on our net income. For a geographic breakdown of our net sales for the year ended December 31, 2007, please see "Item 4—Information on the Company—Geographic Breakdown of Our 2007 Net Sales."

The performance of the United States economy and its effect on U.S. construction activity may adversely affect our results of operations. The United States economy stalled in the fourth quarter of 2007 and the first quarter of 2008 losing approximately 260,000 jobs through April 2008, with the United States facing a full-fledged credit crunch as a result of the deep downturn in the residential sector and the massive losses in mortgage backed securities in the financial sector. A majority of economists currently believe the United States economy to be in recession. The residential construction sector suffered significant declines in housing starts in 2006 and 2007, and these declines are continuing in 2008. Consequently, we currently expect a further decline in cement sales volumes in the residential sector of about 25% in 2008. At present, it is difficult to determine how long it will take to work off the excess housing inventories and for the market to absorb the increase in foreclosures. We also expect the industrial and commercial sectors to soften in 2008 due to the weak economic environment and tight credit conditions. Although we expect the public sector to remain relatively stable in 2008, we cannot give any assurances that it will not be adversely affected by the declines elsewhere in the economy.

If the Mexican economy experiences a recession or if Mexican inflation and interest rates increase significantly, construction activity may decrease, which may lead to a decrease in sales of cement and ready-mix concrete and in net income from our Mexican operations. The Mexican government does not currently restrict the ability of Mexicans or others to convert Pesos to Dollars, or vice versa. The Mexican Central Bank has consistently made foreign currency available to Mexican private sector entities to meet their foreign currency obligations. Nevertheless, if shortages of foreign currency occur, the Mexican Central Bank may not continue its practice of making foreign currency available to private sector companies, and we may not be able to purchase the foreign currency we need to service our foreign currency obligations without substantial additional cost.

Although we have a diversification of revenue sources in Europe, a number of countries, particularly Germany and Italy, have experienced economic stagnation recently, while Spain, France and the United Kingdom have experienced slow economic growth. To the extent recovery from these economic conditions does not materialize or otherwise takes place over an extended period of time, our business, financial condition and results of operations may be adversely affected. In addition, the economic stagnation in Germany and Italy and slow economic growth in Spain, France and the United Kingdom may negatively impact the economic growth and integration of the ten new countries admitted into the European Union in May 2004, including Poland, the Czech Republic, Hungary, Latvia and Lithuania, in which we acquired operations in the RMC acquisition.

Our operations in South America, Central America and the Caribbean are faced with several risks that are more significant than in other countries. These risks include political instability and economic volatility. For example, in recent years, Venezuela has experienced volatility and depreciation of its currency, high interest rates, political instability, increased inflation, decreased gross domestic product and labor unrest, including a general strike. Venezuelan authorities have imposed foreign exchange and price controls on specified products, including cement. In furtherance of Venezuela's announced policy to nationalize certain sectors of the economy, on June 18, 2008, presidential decree No. 6,091 *Decreto con Rango, Valor y Fuerza de Ley Orgánica de Ordenación de las Empresas Productoras de Cemento* (the "Nationalization Decree") was promulgated, mandating that the cement production industry in Venezuela be reserved to the State and ordering the conversion of foreign-owned cement companies, including CEMEX Venezuela, into state-controlled companies with Venezuela holding an equity interest of at least 60%. The Nationalization Decree provides for the formation of a transition committee to be integrated with the board of directors of the relevant cement company to guaranty the transfer of control over all activities of the relevant cement company to Venezuela by December 31, 2008. The Nationalization Decree further establishes a deadline of August 17, 2008 for the shareholders of foreign-owned cement companies, including CEMEX Venezuela, to reach an agreement with the Government of Venezuela on the compensation for the nationalization of their assets. The Nationalization Decree also provides that this deadline may be extended by mutual agreement of the Government of Venezuela and the relevant shareholder. Pursuant to the Nationalization Decree, if an agreement is not reached, Venezuela shall assume exclusive operational control of the relevant cement company and the Venezuelan National Executive shall decree the expropriation of the relevant shares according to the Venezuelan expropriation law. No assurance can be given that an agreement with the Government of Venezuela will be reached. The Government of Venezuela has been advised by our subsidiaries in Spain and The Netherlands that are investors in CEMEX Venezuela that these subsidiaries reserve their rights to bring expropriation claims in arbitration under the Bilateral Investment Treaties Venezuela signed with those countries. Any significant political instability or political instability and economic volatility in the countries in South America, Central America and the Caribbean in which we have operations may have an impact on cement prices and demand for cement and ready-mix concrete, which may adversely affect our results of operations.

Our operations in Africa and the Middle East have faced instability as a result of, among other things, civil unrest, extremism, the continued deterioration of Israeli-Palestinian relations and the war in Iraq. There can be no assurance that political turbulence in the Middle East will abate in the near future or that neighboring countries, including Egypt and the United Arab Emirates, will not be drawn into the conflict or experience instability.

There have been terrorist attacks in the United States, Spain and the United Kingdom, countries in which we maintain operations, and ongoing threats of future terrorist attacks in the United States and abroad. Although it is not possible at this time to determine the long-term effect of these terrorist threats, there can be no assurance that there will not be other attacks or threats in the United States or abroad that will lead to economic contraction in the United States or any other of our major markets. Economic contraction in the United States or any of our major markets could affect domestic demand for cement and have a material adverse effect on our operations.

You may be unable to enforce judgments against us.

You may be unable to enforce judgments against us. We are a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*), organized under the laws of Mexico. Substantially all our directors and officers and some of the experts named in this annual report reside in Mexico, and all or a significant portion of the assets of those persons may be, and the majority of our assets are, located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon those persons or to enforce judgments against them or against us in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. We have been advised by Lic. Ramiro G. Villarreal, General Counsel of CEMEX, that it may not be possible to enforce, in original actions in Mexican courts, liabilities predicated solely on the U.S. federal securities laws and it may not be possible to enforce, in Mexican courts, judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

The Mexican Congress recently approved legislation that could increase our tax liabilities.

In September 2007, the Mexican Congress approved a new federal tax applicable to all Mexican corporations, known as the *Impuesto Empresarial a Tasa Única* (Single Rate Corporate Tax), or IETU, which is a form of alternative minimum tax and replaces the asset tax that has applied to corporations and other taxpayers in Mexico for several years. The IETU is a tax that will be imposed at a rate of 16.5% for calendar year 2008, 17% for calendar year 2009 and 17.5% for calendar year 2010 and thereafter. A Mexican corporation is required to pay the IETU if, as a result of the calculation of the IETU, the amount payable under the IETU exceeds the income tax payable by the corporation under the Mexican income tax law. In general terms, the IETU is determined by applying the rates specified above to the amount resulting from deducting from a corporation's gross income, among other items, goods acquired (consisting of raw materials and capital expenditures), services provided by independent contractors and lease payments required for the performance of the activities taxable under the IETU. Interest payments arising from financing transactions, tax loss carryforwards and other specified items are not deductible for purposes of determining the IETU. The legislation became effective in January 2008. Although we believe, given our current business assumptions and expectations, the IETU will not have a material adverse effect on us for at least two years, we cannot predict the impact of this legislation or quantify its effects on our tax liability for future years. If our regularly determined taxable income in Mexico in any given year yields an income tax that is below the amount of IETU determined for the same tax period, the IETU could materially increase our tax liabilities and cash tax payments, which could adversely affect our results of operations, cash flows and financial condition.

Preemptive rights may be unavailable to ADS holders.

ADS holders may be unable to exercise preemptive rights granted to our shareholders, in which case ADS holders could be substantially diluted. Under Mexican law, whenever we issue new shares for payment in cash or in kind, we are generally required to grant preemptive rights to our shareholders. However, ADS holders may not be able to exercise these preemptive rights to acquire new shares unless both the rights and the new shares are registered in the United States or an exemption from registration is available.

We cannot assure you that we would file a registration statement in the United States at the time of any rights offering. In addition, while the depositary is permitted, if lawful and feasible at that time, to sell those rights and distribute the proceeds of that sale to ADS holders who are entitled to those rights, current Mexican law does not permit sales of that kind.

Mexican Peso Exchange Rates

Mexico has had no exchange control system in place since the dual exchange control system was abolished on November 11, 1991. The Mexican Peso has floated freely in foreign exchange markets since December 1994, when the Mexican Central Bank (*Banco de México*) abandoned its prior policy of having an official devaluation band. Since then, the Peso has been subject to substantial fluctuations in value. The Peso depreciated against the Dollar by approximately 8% in 2003, appreciated against the Dollar by approximately 1% and 5% in 2004 and 2005, respectively, depreciated against the Dollar by approximately 2% in 2006, and depreciated against the Dollar by approximately 1% in 2007. These percentages are based on the exchange rate that we use for accounting purposes, or the CEMEX accounting rate. The CEMEX accounting rate represents the average of three different exchange rates that are provided to us by Banco Nacional de México, S.A., or Banamex. For any given date, the CEMEX accounting rate may differ from the noon buying rate for Pesos in New York City published by the U.S. Federal Reserve Bank of New York.

The following table sets forth, for the periods and dates indicated, the end-of-period, average and high and low points of the CEMEX accounting rate as well as the noon buying rate for Pesos, expressed in Pesos per U.S.$1.00.

	CEMEX Accounting Rate				Noon Buying Rate			
Year ended December 31,	**End of Period**	**Average(1)**	**High**	**Low**	**End of Period**	**Average(1)**	**High**	**Low**
2003	11.24	10.84	11.39	10.10	11.24	10.85	11.41	10.11
2004	11.14	11.29	11.67	10.81	11.15	11.29	11.64	10.81
2005	10.62	10.85	11.38	10.42	10.63	10.89	11.41	10.41
2006	10.80	10.91	11.49	10.44	10.80	10.90	11.46	10.43
2007	10.92	10.93	11.07	10.66	10.92	10.93	11.27	10.67
Monthly (2007-2008)								
November	10.91	—	11.02	10.69	10.90	—	11.00	10.67
December	10.92	—	10.91	10.81	10.92	—	10.92	10.80
January	10.83	—	11.00	10.83	10.82	—	10.97	10.82
February	10.71	—	10.85	10.67	10.73	—	10.82	10.67
March	10.65	—	10.85	10.64	10.63	—	10.85	10.63
April	10.49	—	10.58	10.44	10.51	—	10.60	10.44
May	10.32	—	10.58	10.32	10.33	—	10.57	10.31

(1) The average of the CEMEX accounting rate or the noon buying rate for Pesos, as applicable, on the last day of each full month during the relevant period.

On May 30, 2008, the noon buying rate for Pesos was Ps10.33 to U.S.$1.00 and the CEMEX accounting rate was Ps10.32 to U.S.$1.00.

For a discussion of the financial treatment of our operations conducted in other currencies, see Item 3 — "Key Information — Selected Consolidated Financial Information."

Selected Consolidated Financial Information

The financial data set forth below as of and for each of the five years ended December 31, 2007 have been derived from our audited consolidated financial statements. The financial data set forth below as of December 31, 2007 and 2006 and for each of the three years ended December 31, 2007, have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial statements and the notes thereto included elsewhere in this annual report. These financial statements were approved by our shareholders at the 2007 annual general meeting, which took place on April 24, 2008.

The audited consolidated financial statements for the year ended December 31, 2005 include RMC's results of operations for the ten-month period ended December 31, 2005, and the audited consolidated financial statements for the years ended December 31, 2007 and 2006 include RMC's results of operations for the entire years ended December 31, 2007 and 2006, while the audited consolidated financial statements for each of the two years ended December 31, 2004 do not include RMC's results of operations. As a result, the financial data for the years ended December 31, 2005, December 31, 2006 and December 31, 2007 are not comparable to the prior periods.

The audited consolidated financial statements for the year ended December 31, 2007 include Rinker's results of operations for the six-month period ended December 31, 2007, while the audited consolidated financial statements for each of the four years ended December 31, 2006 do not include Rinker's results of operations. As a result, the financial data for the year ended December 31, 2007 are not comparable to the prior periods.

Our consolidated financial statements included elsewhere in this annual report have been prepared in accordance with Mexican FRS, which differ in significant respects from U.S. GAAP. During the periods presented, we are required, pursuant to Mexican FRS, to present our financial statements in constant Pesos representing the same purchasing power for each period presented. Accordingly, unless otherwise indicated, all financial data presented below and elsewhere in this annual report are stated in constant Pesos as of December 31, 2007. Beginning January 1, 2008, however, under Mexican FRS inflation accounting will be applied only in high inflation environments. See note 3X to our consolidated financial statements included elsewhere in this annual report. Also, see note 25 to our consolidated financial statements for a description of the principal differences between Mexican FRS and U.S. GAAP as they relate to us.

Non-Peso amounts included in the financial statements are first translated into Dollar amounts, in each case at a commercially available or an official government exchange rate for the relevant period or date, as applicable, and those Dollar amounts are then translated into Peso amounts at the CEMEX accounting rate, described under Item 3 — "Key Information — Mexican Peso Exchange Rates," as of the relevant period or date, as applicable.

During the periods presented, under Mexican FRS, each time we reported results for the most recently completed period, the Pesos previously reported in prior periods were required to be adjusted to Pesos of constant purchasing power as of the most recent balance sheet by multiplying the previously reported Pesos by a weighted average inflation index. This index has been calculated based upon the inflation rates of the countries in which we operate and the changes in the exchange rates of each of these countries, weighted according to the proportion that our assets in each country represent of our total assets. The following table reflects the factors that have been used to restate the originally reported Pesos to Pesos of constant purchasing power as of December 31, 2007:

	Annual Weighted Average Factor	Cumulative Weighted Average Factor to December 31, 2007
2003	1.0624	1.2047
2004	0.9590	1.1339
2005	1.0902	1.1824
2006	1.0846	1.0846

The Dollar amounts provided below and, unless otherwise indicated, elsewhere in this annual report are translations of constant Peso amounts at an exchange rate of Ps10.92 to U.S.$1.00, the CEMEX accounting rate as of December 31, 2007. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding Peso amount that is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. The noon buying rate for Pesos on December 31, 2007 was Ps10.92 to U.S.$1.00 and on May 30, 2008 was Ps10.33 to U.S.$1.00. From December 31, 2007 through May 30, 2008, the Peso appreciated by approximately 5.4% against the Dollar, based on the noon buying rate for Pesos.

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

Selected Consolidated Financial Information

	As of and for the year ended December 31,					
	2003	**2004**	**2005**	**2006**	**2007**	**2007**
		(in millions of constant Pesos as of December 31, 2007 and Dollars, except ratios and share and per share amounts)				*Convenience Translation* (2)
Income Statement Information:						
Net sales	Ps 97,012	Ps 102,945	Ps 192,392	Ps 213,767	Ps 236,669	U.S. $ 21,673
Cost of sales(1)	(55,924)	(57,936)	(116,422)	(136,447)	(157,696)	(14,441)
Gross profit	41,088	45,009	75,970	77,320	78,973	7,232
Operating expenses	(21,383)	(21,617)	(44,743)	(42,815)	(46,525)	(4,261)
Operating income	19,705	23,392	31,227	34,505	32,448	2,971
Other expense, net (3)	(6,415)	(6,487)	(3,976)	(580)	(3,281)	(300)
Comprehensive financing result (4)	(3,621)	1,683	3,076	(505)	1,087	100
Equity in income of associates	471	506	1,098	1,425	1,487	136
Income before income tax	10,140	19,094	31,425	34,845	31,741	2,907
Minority interest	411	265	692	1,292	837	77
Majority interest net income	8,515	16,512	26,519	27,855	26,108	2,391
Basic earnings per share(5)(6)	0.46	0.82	1.28	1.29	1.17	0.11
Diluted earnings per share(5)(6)	0.43	0.82	1.27	1.29	1.17	0.11
Dividends per share(5)(7)(8)	0.23	0.25	0.27	0.28	0.29	0.03
Number of shares outstanding(5)(9)	19,444	20,372	21,144	21,987	22,297	22,297
Balance Sheet Information:						
Cash and temporary investments	3,945	4,324	7,552	18,494	8,670	794
Net working capital (10)	7,796	6,633	15,920	10,389	16,690	1,528
Property, machinery and equipment, net	125,463	121,439	195,165	201,425	262,189	24,010
Total assets	216,868	219,559	336,081	351,083	542,314	49,662
Short-term debt	17,996	13,185	14,954	14,657	36,257	3,320
Long-term debt	61,433	61,731	104,061	73,674	180,654	16,544
Minority interest and perpetual debentures (11)(12)	7,203	4,913	6,637	22,484	40,985	3,753
Total majority stockholders' equity (13)	84,418	98,919	123,381	150,627	163,168	14,942
Book value per share(5)(9)(14)	4.34	4.86	5.84	6.85	7.32	0.67
Other Financial Information:						
Operating margin	20.3%	22.7%	16.2%	16.1%	13.7%	13.7%
EBITDA(15)	28,546	32,064	44,672	48,466	49,859	4,566
Ratio of EBITDA to interest expense, capital securities dividends and preferred equity dividends(15)	5.27	6.82	6.76	8.38	5.66	5.66
Investment in property, machinery and equipment, net	5,333	5,483	9,862	16,067	21,779	1,994
Depreciation and amortization	11,168	10,830	13,706	13,961	17,666	1,617
Net resources provided by operating activities(16)	21,209	27,915	43,080	47,845	45,625	4,178
Basic earnings per CPO(5)(6)	1.38	2.46	3.84	3.87	3.51	0.33

	As of and for the year ended December 31,					
	2003	2004	2005	2006	2007	2007
	(in millions of constant Pesos as of December 31, 2007 and Dollars, except per share amounts)					*Convenience Translation* (2)
U.S. GAAP(17):						
Income Statement Information:						
Majority net sales	Ps 93,686	Ps 100,163	Ps 172,632	Ps 203,660	Ps 235,258	U.S. $ 21,544
Operating income	15,985	18,405	26,737	32,756	29,363	2,689
Majority net income	9,723	20,027	23,933	26,384	21,367	1,957
Basic earnings per share	0.51	1.01	1.15	1.23	0.96	0.09
Diluted earnings per share	0.50	1.00	1.14	1.23	0.96	0.09
Balance Sheet Information:						
Total assets	218,858	230,027	317,896	351,927	563,565	51,609
Perpetual debentures(12)	—	—	—	14,037	33,470	3,065
Long-term debt(12)	52,618	48,645	89,402	69,375	164,515	15,065
Minority interest	6,366	5,057	6,200	7,581	8,010	734
Total majority stockholders' equity	83,552	103,257	120,539	153,239	172,217	15,771

(1) Cost of sales includes depreciation.

(2) The Income Statement Information, Balance Sheet Information, Other Financial Information and U.S.GAAP information, as of December 31, 2007, included in the selected consolidated financial information, caption by caption, under the column "Convenience translation" are amounts denominated in Dollars. These amounts in Dollars have been presented solely for the convenience of the reader at the rate of Ps10.92 per U.S.$1, the CEMEX accounting exchange rate as of December 31, 2007. These translations are informative data and should not be construed as representations that the amounts in Pesos actually represent those Dollar amounts or could be converted into Dollars at the rate indicated.

(3) Under new MFRS B-3 "Income Statement", commencing on January 1, 2007, current and deferred Employees' Statutory Profit Sharing ("ESPS") is included within "Other expenses, net". Until December 31, 2006, ESPS was presented in a specific line item within the income taxes section of the income statement. The Selected Consolidated Financial Information data for 2003, 2004, 2005 and 2006 were reclassified to conform with the presentation required for 2007, as described in note 3T to the consolidated financial statements included elsewhere in this annual report.

(4) Comprehensive financing result includes financial expenses, financial income, results from financial instruments, including derivatives and marketable securities, foreign exchange result and monetary position result. See Item 5 — "Operating and Financial Review and Prospects."

(5) Our capital stock consists of series A shares and series B shares. Each of our CPOs represents two series A shares and one series B share. As of December 31, 2007, approximately 97.0% of our outstanding share capital was represented by CPOs.

(6) Earnings per share are calculated based upon the weighted average number of shares outstanding during the year, as described in note 19 to the consolidated financial statements included elsewhere in this annual report. Basic earnings per CPO is determined by multiplying the basic earnings per share for each period by three (the number of shares underlying each CPO). Basic earnings per CPO is presented solely for the convenience of the reader and does not represent a measure under Mexican FRS.

(7) Dividends declared at each year's annual shareholders' meeting are reflected as dividends of the preceding year.

(8) In recent years, our board of directors has proposed, and our shareholders have approved, dividend proposals, whereby our shareholders have had a choice between stock dividends or cash dividends declared in respect of the prior year's results, with the stock issuable to shareholders who receive the stock dividend being issued at a 20% discount from then current market prices. The dividends declared per share or per CPO in these years, expressed in constant Pesos as of December 31, 2007, were as follows: 2003, Ps0.72 per CPO (or Ps0.24 per share); 2004, Ps0.69 per CPO (or Ps0.23 per share); 2005, Ps0.75 per CPO (or Ps0.25 per share); 2006, Ps0.81 per CPO (or Ps0.27 per share); and 2007, Ps0.84 per CPO (or Ps0.28 per share). As a result of dividend elections made by shareholders, in 2003, Ps80 million in cash was paid and approximately 396 million additional CPOs were issued in respect of dividends declared for the 2002 fiscal year; in 2004, Ps191 million in cash was paid and approximately 300 million additional CPOs were issued in respect of dividends declared for the 2003 fiscal year; in 2005, Ps449 million in cash was paid and approximately 266 million additional CPOs were issued in respect of dividends declared for the 2004 fiscal year; in 2006, Ps161 million in cash was paid and approximately 212 million additional CPOs were issued in respect of dividends declared for the 2005 fiscal year; and in 2007, Ps147 million in cash was paid and approximately 189 million additional CPOs were issued in respect of dividends declared for the 2006 fiscal year. For purposes of the table, dividends declared at each year's annual shareholders' meeting for each period are reflected as dividends for the preceding year. At our 2007 annual shareholders' meeting, which was held on April 24, 2008, our shareholders approved a dividend for the 2007 fiscal year of the Peso equivalent of U.S.$0.0835 per CPO (U.S.$0.02783 per share) or Ps0.8678 (Ps0.2893 per share), based on the Peso/Dollar exchange rate in effect for May 29, 2008 of Ps10.3925 to U.S.$1.00, as published by the Mexican Central Bank. Holders of our series A shares, series B shares and CPOs are entitled to receive the dividend in either stock or cash consistent with our past practices; however, under the terms of the deposit agreement pursuant to which our ADSs are issued, we instructed the depositary for the ADSs not to extend the option to elect to receive cash in lieu of the stock dividend to the holders of ADSs. As a result of dividend elections made by shareholders, on June 4, 2008, approximately Ps214 million in cash was paid and approximately 284 million additional CPOs were issued in respect of dividends declared for the 2007 fiscal year.

(9) Based upon the total number of shares outstanding at the end of each period, expressed in millions of shares, and includes shares subject to financial derivative transactions, but does not include shares held by our subsidiaries.

(10) Net working capital equals trade receivables, less allowance for doubtful accounts plus inventories, net less trade payables.

(11) The balance sheet item minority interest at December 31, 2003 includes an aggregate liquidation amount of U.S.$66 million (Ps834 million) of 9.66% Putable Capital Securities, which were initially issued by one of our subsidiaries in May 1998 in an aggregate liquidation amount of U.S.$250 million. In April 2002, approximately U.S.$184 million in aggregate liquidation amount of these capital securities were tendered to, and accepted by, us in a tender offer. In November 2004, we exercised a purchase option and redeemed all the outstanding capital securities. Until January 1, 2004, for accounting purposes under Mexican FRS, this transaction was recognized as minority interest in our balance sheet, and dividends paid on the capital securities were accounted as minority interest net income in our income statement. Accordingly, minority interest net income includes capital securities dividends in the amount of approximately U.S.$13 million (Ps173 million) in 2003. As of January 1, 2004, as a result of new accounting pronouncements under Mexican FRS, this transaction was recorded as debt in our balance sheet, and dividends paid on the capital securities during 2004, which amounted to approximately U.S.$ 6 million (Ps76 million), were recorded as part of financial expenses in our income statement.

(12) Minority interest as of December 31, 2006 and December 31, 2007 includes U.S.$1,250 million (Ps14,642 million) and U.S.$3,065 million (Ps33,470 million), respectively, that represents the nominal amount of the fixed-to-floating rate callable perpetual debentures, denominated in Dollars and Euros, issued by consolidated entities. In accordance with Mexican FRS, these securities qualify as equity due to their perpetual nature and the option to defer the coupons. However, for purposes of our U.S. GAAP reconciliation, we record these debentures as debt and coupon payments thereon as part of financial expenses in our income statement.

(13) In December 2002, we entered into forward contracts with a number of banks covering a number of ADSs which increased to approximately 25 million ADSs as a result of stock dividends through June 2003. In October 2003, in connection with an offering of all the ADSs underlying those forward contracts, we agreed with the banks to settle those forward contracts for cash. As a result of the final settlement in October 2003, we recognized an increase of approximately U.S.$18 million (Ps228 million) in our stockholders' equity, arising from changes in the valuation of the ADSs from December 2002 through October 2003. During the life of these forward contracts, the underlying ADSs were considered to have been owned by the banks and the forward contracts were treated as equity transactions, and, therefore, changes in the fair value of the ADSs were not recorded until settlement of the forward contracts.

(14) Book value per share is calculated by dividing the total majority stockholders' equity by the number of shares outstanding.

(15) EBITDA equals operating income before amortization expense and depreciation. Under Mexican FRS, amortization of goodwill, until December 31, 2004, was not included in operating income, but instead was recorded in other expense, net. EBITDA and the ratio of EBITDA to interest expense, capital securities dividends and preferred equity dividends are presented herein because we believe that they are widely accepted as financial indicators of our ability to internally fund capital expenditures and service or incur debt and preferred equity. EBITDA and such ratios should not be considered as indicators of our financial performance, as alternatives to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies. EBITDA is reconciled below to operating income under Mexican FRS before giving effect to any minority interest, which we consider to be the most comparable measure as determined under Mexican FRS. We are not required to prepare a statement of cash flows under Mexican FRS and therefore do not have such Mexican FRS cash flow measures to present as comparable to EBITDA. Interest expense under Mexican FRS does not include coupon payments and issuance costs of the perpetual debentures issued by consolidated entities of approximately Ps152 million for 2006 and of approximately Ps1,847 million for 2007, as described in note 16D to the consolidated financial statements included elsewhere in this annual report.

	For the year ended December 31,					
	2003	**2004**	**2005**	**2006**	**2007**	**2007**
			(in millions of constant Pesos as of December 31, 2007 and Dollars)			Convenience Translation *
Reconciliation of EBITDA to operating income						
EBITDA	Ps 28,546	Ps 32,064	Ps 44,672	Ps48,466	Ps49,859	U.S.$ 4,566
Less:						
Depreciation and amortization expense	8,841	8,672	13,445	13,961	17,411	1,594
Operating income	Ps 19,705	Ps 23,392	Ps 31,227	Ps34,505	Ps32,448	U.S.$ 2,971

* See Note (2) above.

(16) Net resources provided by operating activities equals majority interest net income plus items not affecting cash flow plus investment in working capital excluding effects from acquisitions.

(17) We have restated the information at and for the years ended December 31, 2003, 2004, 2005 and 2006 under U.S. GAAP using the inflation factor derived from the national consumer price index, or NCPI, in Mexico, as required by Regulation S-X under the U.S. Securities Exchange Act of 1934, or the Exchange Act, instead of using the weighted average restatement factors used by us according to Mexican FRS and applied to the information presented under Mexican FRS of prior years. See note 25 to our consolidated financial statements included elsewhere in this annual report for a description of the principal differences between Mexican FRS and U.S. GAAP as they relate to CEMEX.