1999 ANNUAL REPORT

table of contents

CEMEX today

Founded in 1906, CEMEX is one of the three largest cement companies in the world, with approximately 65 million metric tons of production capacity. Through operating subsidiaries positioned in four different continents, CEMEX is engaged in the production, distribution, marketing, and sale of cement, ready-mix concrete, aggregates, and clinker. In addition, the company is the world's leading producer of white cement and the world's largest trader of cement and clinker.

Mission

CEMEX's mission is to serve the global building needs of its customers and build value for its stakeholders by becoming the world's most efficient and profitable multinational cement company.

why now?

CEMEX is an international growth company led by an innovative, entrepreneurial management team that sells branded cement products in markets that demand them most. It achieves significantly greater profitability than its global competitors and has a double-digit, ten-year compound annual operating cash flow growth rate.

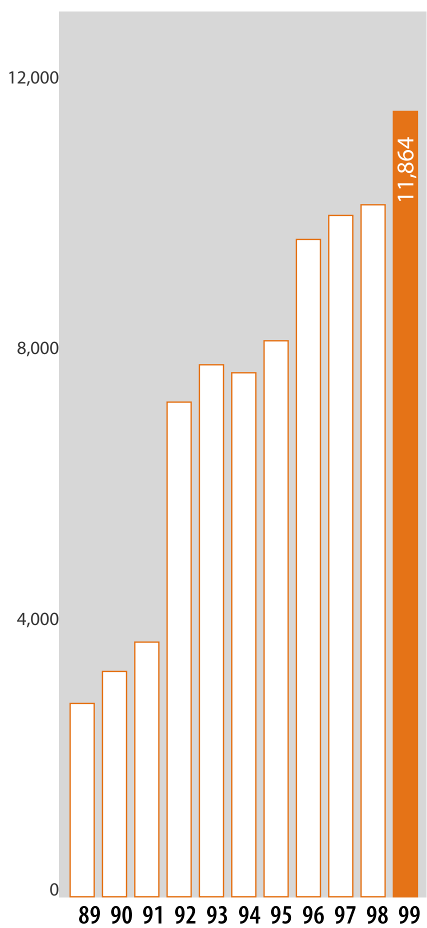
Brand matters, and CEMEX cement is the building material of choice in the primary markets that it serves.

CEMEX is changing how the global cement game is played, offering a total solution to its customers' needs.

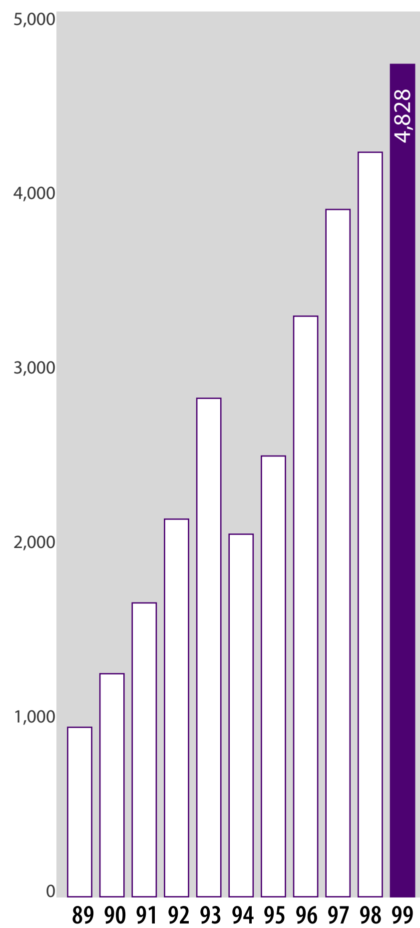
CEMEX is capitalizing on globalization to maximize stockholders' return on equity.

earnings per share rise by 22 percent

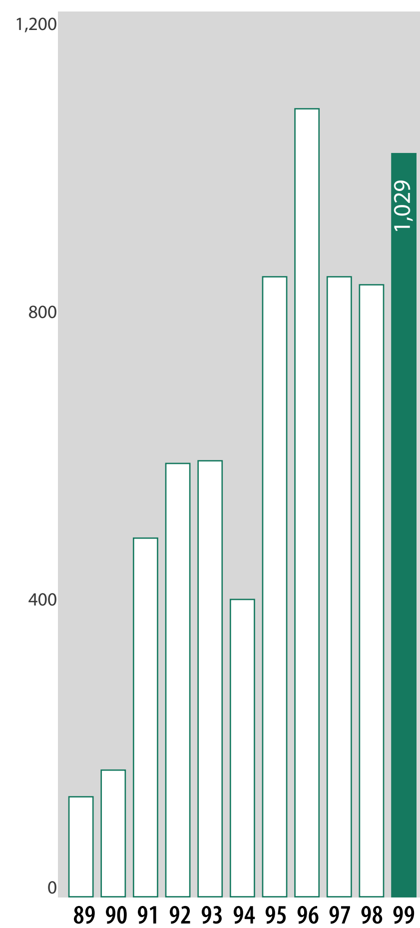
Assets
millions of US dollars



Consolidated net sales
millions of US dollars



Consolidated net income
millions of US dollars



CEMEX, S.A. DE C.V. AND SUBSIDIARIES
AS OF DECEMBER 31, 1999

	MILLIONS OF US DOLLARS*		
	1999	1998	% CHANGE
Net Sales	**4,828**	4,315	12
Operating Profit	**1,436**	1,178	22
Consolidated Net Income	**1,029**	843	22
Earnings per Share (BMV: CEMEXCPO)[1]	**0.77**	0.64	22
Earnings per ADS (NYSE: CX)[2]	**3.87**	3.18	22
Total Assets	**11,864**	10,460	13
Total Liabilities	**5,430**	5,321	2
Consolidated Stockholders' Equity	**6,435**	5,138	25

Data in millions of US dollars, except per-share information

**Convenience translation from constant Mexican pesos to US dollars at the year-end exchange rate.*

The exchange rate of the Mexican peso to the US dollar at December 31, 1999 and 1998, was $9.51 and $9.90, respectively.

[1] Based on 1.256 billion CPO shares for 1999 and 1.262 billion CPO shares for 1998.

[2] Each ADS represents five CPO shares.

we perform exce

Lorenzo H. Zambrano
Chairman of the Board and CEO

Dear Fellow Stockholders:
Nineteen ninety-nine was another record-breaking year for CEMEX. Consolidated sales and operating cash flow rose to US$4.8 billion and US$1.8 billion, respectively, an increase of 12% and 21% over last year. These numbers contributed to an increase in the ten-year compound annual growth rate for operating cash flow, to 26%. Importantly, we achieved this growth despite economic volatility in many of the regions in which we do business. Our cash flow is more diversified, and we are financially stronger, than ever.

In September, CEMEX enhanced its liquidity by listing its stock on the New York Stock Exchange (NYSE). That listing was a corporate milestone, the culmination of a number of significant accomplishments.

Over the past ten years, we have grown into an international concern with production and distribution operations in 30 countries and trading operations in more than 60 countries. Our post-merger-integration skills and our multicultural management style have enabled us to thrive in a wide variety of cultural and economic environments. Moreover, we have grown into the world's largest trader of cement and clinker. Our extensive trading operations have enabled us to explore high-growth markets while maintaining steady streams of cash flow.

Cash flow management was and is critical to CEMEX's long-term growth strategy. Early on, debt holders wondered if the company could weather the volatility of the economies in which it operated. Few believed, as I did, that we could develop a portfolio of assets in high-potential markets and still show overall steady growth. We have done so, quite successfully.

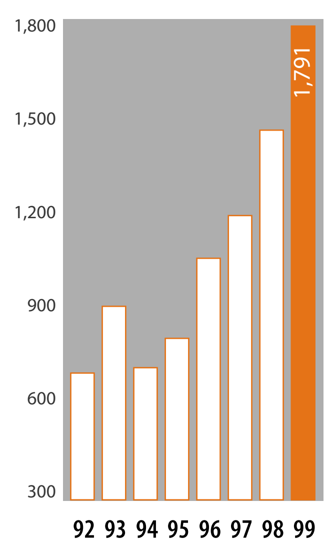
rmed ptionally well

Our expanding presence in Southeast Asia is just one example of our ability to thrive in developing markets with uncertain economies. In the wake of the Southeast Asian crisis, we have built a strong presence in Indonesia and the Philippines, two of the region's most important markets.

The future of the cement industry – as well as our continuing success – depends upon a keen knowledge of our customers and their needs. For some of our most valued and loyal customers – the individual homebuilders, who represent the majority in our primary markets – cement is fundamental to their future.

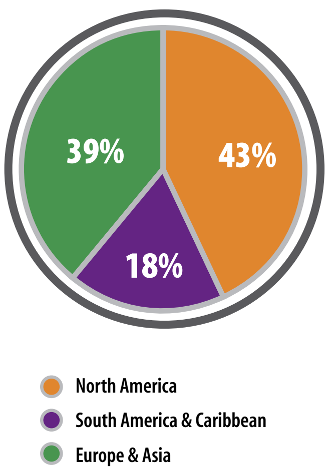
One reason these customers hold the key to our future is that cement demand in the self-construction sector is less affected by volatile economic conditions. For example, in Mexico in 1995, that sector showed the strongest performance while an economic downturn rocked the country. Because CEMEX has established a strong brand in this market, consumers have continued to buy its cement products through both tough and prosperous times. That kind of brand loyalty has helped us to maintain high performance and growth.

As promised in 1998, we continue to build our brand throughout the world. Consumers associate the CEMEX brands with strength, durability, and tradition – the very essence of a good cement product. We are also constantly developing new services to improve the speed and efficiency with which all of our customers can build. We make our customers' concerns central to our business in order to make cement the building material of choice in the 21st Century.



Operating cash flow
millions of US dollars

For the past ten years, CEMEX's compound annual growth rate for operating cash flow has averaged 26%.



Distribution of production capacity
percentage

CEMEX's geographically diverse asset base is primarily concentrated in the world's most dynamic cement markets.

Why cement? Cement means progress. The structures of the world today are most likely set on, or built with, cement. Government and commercial buildings, houses of worship, museums, and cultural centers – all literally rest on cement. As long as the countries of this world remain committed to growth, productivity, and artistic, religious, and cultural expression, cement will remain a growth industry.

Why CEMEX? CEMEX is well positioned to capture the world's growing demand for cement. Its position as the world's largest trader of cement and clinker allows it to keep plants running at or near capacity – even when domestic demand is low – to satisfy high demand in other parts of the world. Whether a customer is building a safer highway, a skyscraper, or his first home with his own hands, we will be there to provide quality materials and to help speed the process.

CEMEX enjoys a dynamic, entrepreneurial, multicultural style and philosophy. We are a global team of operational innovators. Our superior information technology gives our executives and managers real-time access to every type of data – inventory, delivery schedules, and even kiln temperatures – at CEMEX plants around the world. Every plant and subsidiary is seamlessly integrated into the global CEMEX network.

Our technical expertise and research and development efforts are committed to creating new products that will serve our clients' diverse needs. For example, we have developed a new software package that uses structure type and climate conditions to calculate the precise strength and durability of the cement a customer will need. Most recently, we have developed business-to-business e-solutions for our largest distributors and major contractors.

CEMEX is also seeking innovative ways to provide more value for customers and shareholders and to improve the communities in which it operates. The company is currently exploring financing options for the poor in Latin America so that they can build homes. It is also forming partnerships with federal and local governments to provide technical and logistical skills in times of crisis as well as prosperity.

The only threat to the realization of CEMEX's true potential is the traditional view that the cement industry is static and its products are commodities. Although this perception has affected CEMEX's stock performance, the company's operational and financial successes are reshaping this view. I am committed to bringing the company's true value to the attention of the market.

I am also committed to sharing CEMEX's success with an ever-growing group of shareholders, which is one reason CEMEX listed its shares on the NYSE. The NYSE listing underscores the company's commitment to increase its transparency and visibility as well as the accessibility of its shares.

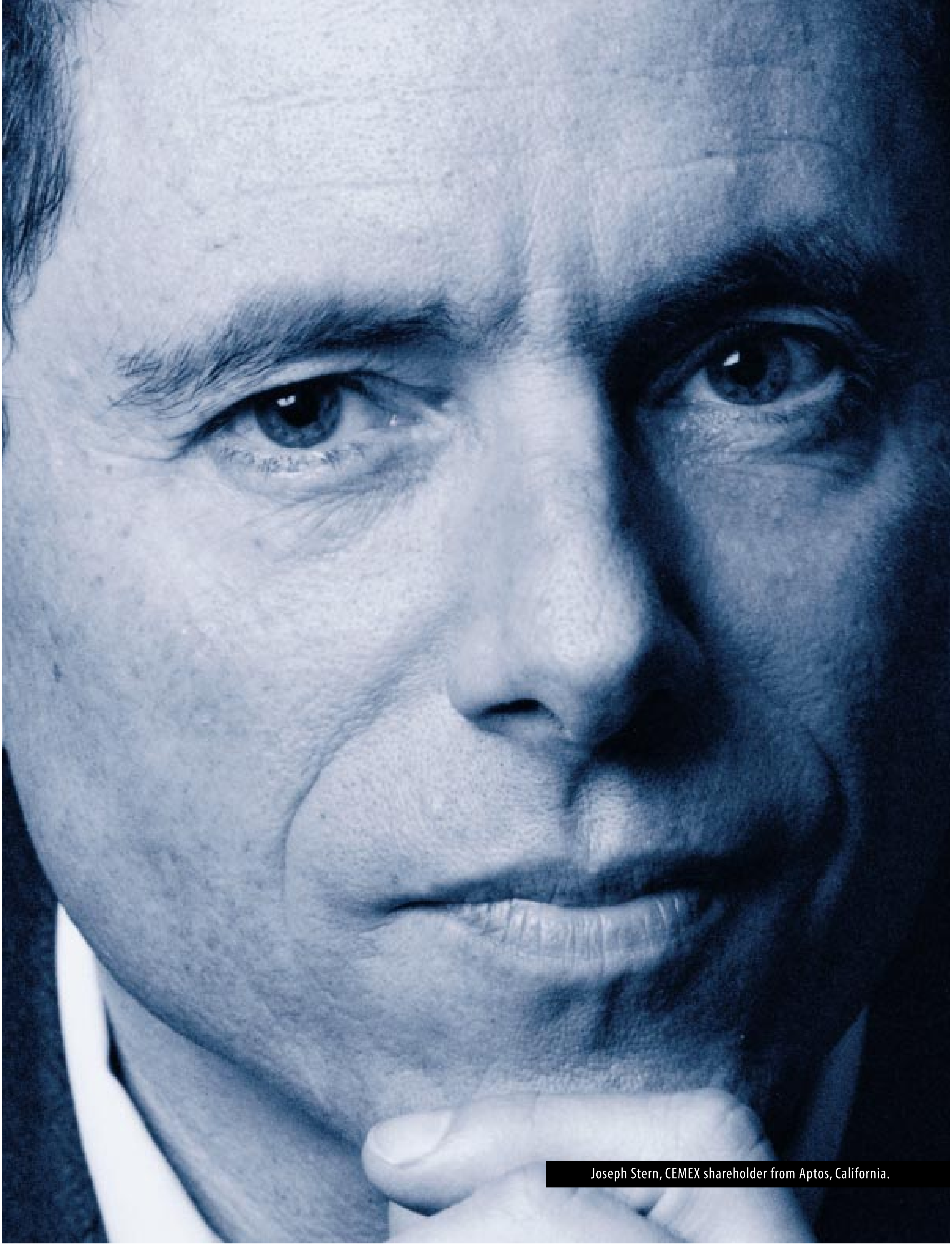
CEMEX has never been in better shape than it is today

NYSE listing

The listing underscores CEMEX's commitment to increase the company's visibility by making its shares a more liquid and accessible investment.

I wish to thank you, my fellow stockholders, for your trust and confidence in CEMEX. I am proud of our success, and I am certain that we have the drive and the ability to grow and prosper far into the new millennium.

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



Joseph Stern, CEMEX shareholder from Aptos, California.

1.

WHY CEMENT

why?

cement

because **cement** has a future

Accept no substitute

Compared to other products, CEMEX's specialty cements enable builders to save money and increase effectiveness. These innovative solutions include high-strength cement that can effectively compete with steel at significantly lower cost. Durable cement, which can last up to 100 years, gives customers the option of building in difficult regions. Fluid fill, another of the company's specialty products, greatly simplifies the process of laying the cable that connects the world; fluid fill surrounds the cable in a tightly packed shell that provides protection, prevents settling, and enables crews to work quickly.

Drive safely

Highway engineers know that concrete roads and highways are more adhesive and safer than asphalt alternatives. Unfortunately, before CEMEX developed new application techniques, the cost of building concrete highways was expensive relative to cheaper alternatives. Now, thanks to CEMEX's efforts, federal and municipal governments alike can afford to pave their highways with low-maintenance, life-saving concrete.

Cement consumption / U.S. vs. Indonesia
percentage

In CEMEX's developing markets, bagged cement is the construction material of choice. Worldwide, it accounts for 70% of the company's total cement sales volume.

drive **safely**

CEMEX's products are helping to build safer highways.

branded cement is the building material of the future

Cement is a consumer product and the building material of choice in most of the markets that CEMEX serves. By year-end 1999, CEMEX sold customers more than 500 million bags of cement. In three of the company's newest markets, the Philippines, Indonesia, and Egypt, this bagged cement accounted for 80%, 93%, and 95%, respectively, of these countries' growing cement demand.

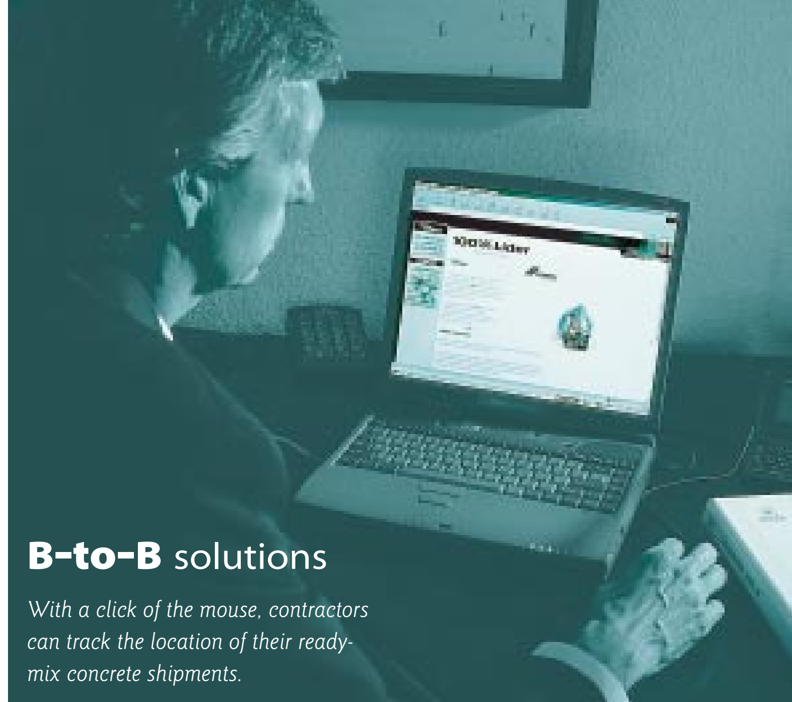
Alejandra Saiz, CEMEX Spain.

why?

2.

WHY CEMEX IS DIFFERENT

CEMEX is different



B-to-B solutions

With a click of the mouse, contractors can track the location of their ready-mix concrete shipments.

because CEMEX is changi how the game

CEMEX cares

CEMEX makes life easier for its customers. After the Puebla, Mexico, earthquake destroyed thousands of homes, the company offered a solution to facilitate the reconstruction effort. CEMEX acted as purchasing agent for all the materials, logistics supplier for on-time delivery throughout the devastated area, and, of course, cement producer and distributor. The company assumes a similar role throughout its distribution system by acting as market maker, purchasing agent, and logistics service for small retailers. CEMEX brings to the building materials business a level of price and transaction efficiency that significantly increases its speed and productivity.

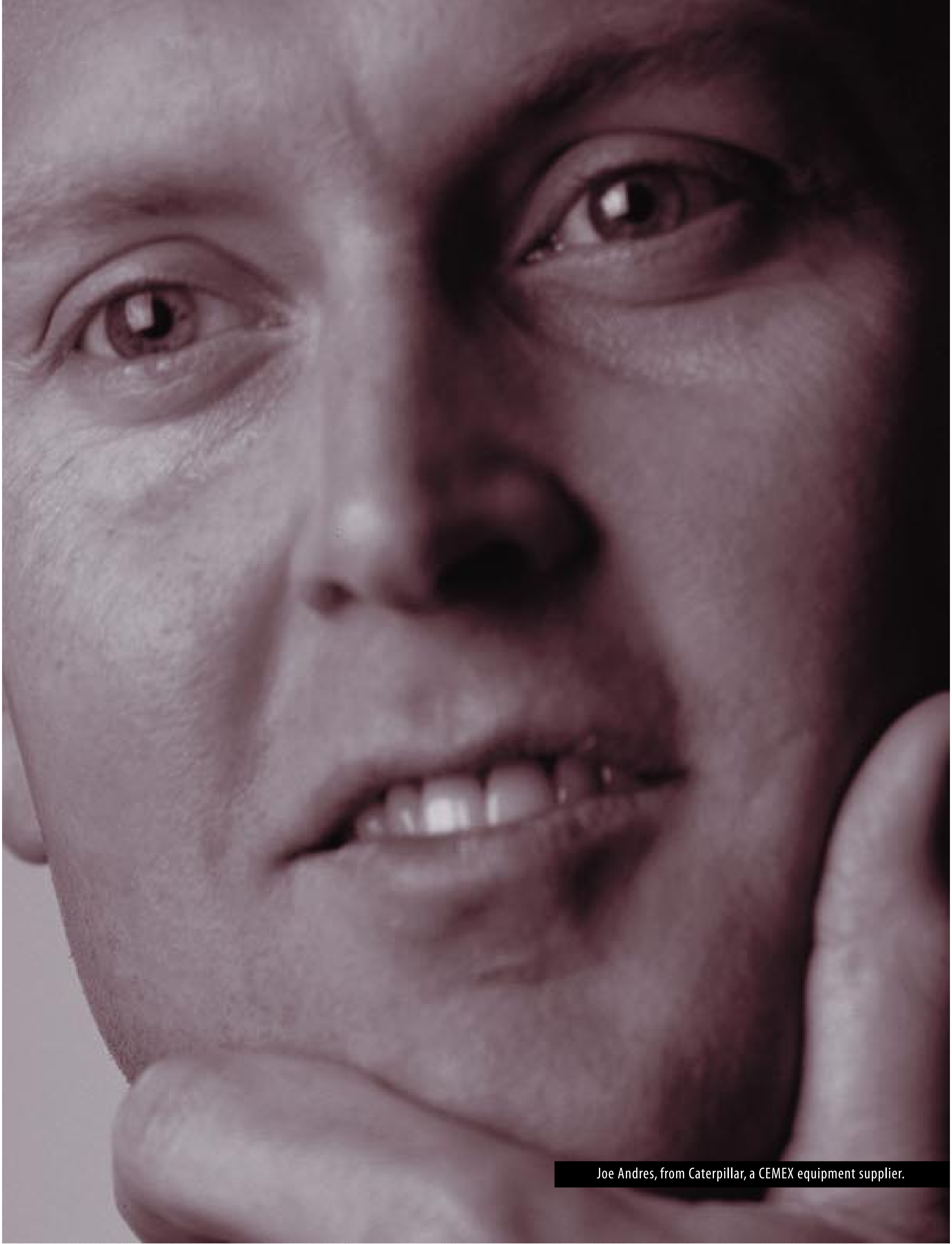
CEMEX's **results-driven** system

To succeed, a company needs more than high-end technology, product quality, and efficient production systems. Success requires a management style that can design, direct, and execute an effective business strategy. CEMEX has that management style – the right mix of experience, desire, and energy. High-potential executives are placed where they can immediately make a positive impact. For example, one of CEMEX's most important methods of hands-on training takes place within the interdepartmental, multicultural post-merger integration (PMI) teams. The PMI teams constantly improve and disseminate CEMEX's knowledge capital throughout the company.

ing
is played

Concrete B-to-B e-commerce solutions

Time is of the essence in the cement business. Accordingly, CEMEX launched an Internet-based program to link contractors, distributors, and suppliers to CEMEX. With a click of the mouse, contractors can track the location of their ready-mix concrete shipments. The systems tell distributors when they can expect to receive specific shipments, thus improving inventory management and logistics. CEMEX also has real-time access to information regarding contractors' payment records and the timeliness of deliveries. In this manner, the company uses the Internet to build solid partnerships along the supply chain, to develop a better understanding of consumer behavior, and, ultimately, to enhance its business.



Joe Andres, from Caterpillar, a CEMEX equipment supplier.

why?

cement's future is CEMEX

3.

CEMEX is **capitalizing** on globalization

CEMEX's international trading network, as well as its experience in developing countries, allows it to selectively diversify into some of the world's most dynamic growth markets. Through strategic direct investment in these regions, the company is able to increase cash flow and return on equity. For example, CEMEX has achieved a significant presence in Costa Rica, Chile, and the Philippines. CEMEX now brings its expertise to Egypt, where the company acquired a controlling stake in Assiut Cement Co., that country's largest cement producer.

CEMEX's global trading operations also give the company the flexibility to explore new markets and allow it to direct cement to places where it is most needed. In 1999, for example, CEMEX began construction of a grinding mill in Bangladesh, from which it can readily market clinker from Semen Gresik's plants. The company expects to complete the mill by 2001.

because **CEMEX** is

capitaliz

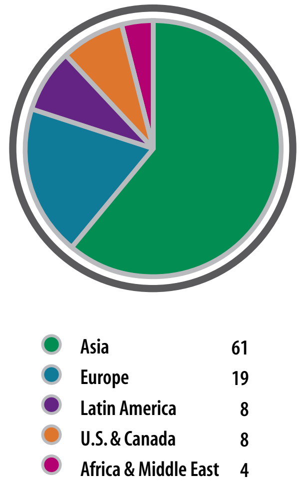
on **globalization**

A virtual community

Technology means not only harnessing essential tools but also providing a sustainable competitive advantage. CEMEX's proprietary software programs enable its divisions to create virtual communities through which they can identify, share, and improve upon the company's international best practices. These programs assist the company in its efforts to further streamline business activities within its global operations network. Push technology, which automatically delivers information via the Internet to employees' computers, gives executives real-time access to their colleagues in similar departments around the world.

Asia's islands of opportunity

Asia accounts for well over 50% of the world's current and future cement consumption. CEMEX enjoys a strong presence in two of Southeast Asia's largest cement markets, Indonesia and the Philippines. Now, with the successful funding of CEMEX Asia Holdings (CAH), an alternative, lower-cost financing vehicle, the company can enhance its regional position. CAH has, as its participants, prominent institutional investors led by the AIG Asian Infrastructure Fund II L.P. and GIC Special Investments Pte. Ltd., the private equity arm of the Government of Singapore Investment Corporation.



World cement consumption by region
percentage

CEMEX's business portfolio is concentrated in the world's growing cement markets.
Source: CEMEX estimates
1998 world consumption: 1.6 billion metric tons

Asia's islands of
opportunity

Asia accounts for well over 50% of the world's current and future cement consumption.

Research and development

CEMEX Mexico's research laboratory is introducing more than one new product each year.

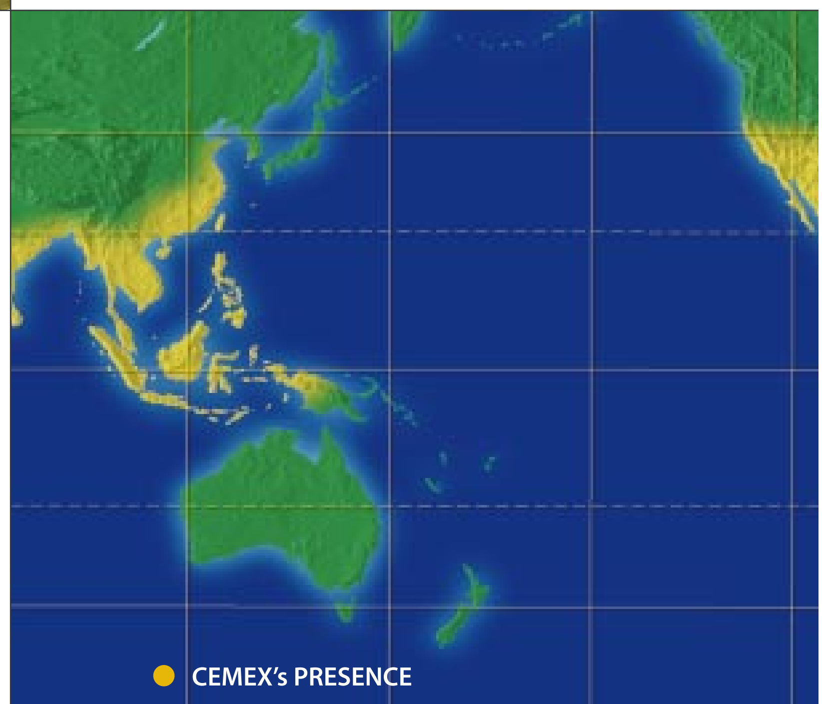
NORTH AMERICA

Market Highlights

Mexico – Nineteen ninety-nine was once again a record year for CEMEX Mexico. The company experienced continuing high demand from the self-construction sector, which comprises 40% of the domestic market.

Human Resource Development – CEMEX Mexico's record performance is testament to its talented people and ongoing employee development programs. It implements programs at all levels of the organization, from basic educational training (elementary and high school) to customized executive management programs. For example, the Developing Professionals Program complements the recruiting process by teaching CEMEX's operating fundamentals to high-potential college graduates to ensure their smooth transition into the company. In 1999, more than 50 new hires participated in this program.

United States – The booming U.S. economy, which has fueled seven consecutive years of construction growth, led to significant new building projects for CEMEX USA. Noteworthy construction projects include the: Enron building and Highway 59 expansion in Houston, Texas; Federal courthouse, Mayo hospital, and Phase II of the Squaw Peak freeway in Phoenix, Arizona; Williams Gateway runway expansion in Queen Creek, Arizona; Temecula mall in Inland Empire, California; and Camp Pendleton military base in Oceanside, California.



As of December 31, 1999	% OF TOTAL SALES	% OF TOTAL ASSETS
North America		
Mexico	47.3	42.2
U.S.	12.2	5.0
South America & Caribbean		
Venezuela and Dominican Republic	13.7	11.4
Colombia	3.7	7.2
Central America and the Caribbean	3.6	2.7
Europe & Asia		
Spain	16.6	17.4
Egypt[1]	0.3	5.3
Philippines	2.6	6.8
Indonesia[2]	–	2.0
TOTAL	**100**	**100**

[1] *Includes consolidation of one month of Egyptian operations and CEMEX's 77% participation in Assiut Cement Co.*

[2] *Considering CEMEX's 25% participation in Semen Gresik.*

capitalizing on
portunities

Market characteristics -
In most of the markets in which we have a presence, cement is sold as a brand-name product in bags through exclusive and nonexclusive distributors.

In many of these countries, cement is the most commonly used building material, and brand positioning plays a major role in market share.

CEMEX holds a leading position in Mexico, Spain, Venezuela, Dominican Republic, Costa Rica, and Panama and a significant presence in the southwestern United States, Colombia, the Philippines, Egypt, and Indonesia.

These countries have major infrastructure needs and a relatively low per-capita cement consumption, which translates into important growth potential.

CEMEX is also the largest cement trader in the world, trading more than 13 million metric tons per year in more than 60 countries.

PRODUCTION CAPACITY MILLIONS OF METRIC TONS/YEAR	CEMENT PLANTS OWNED	CEMENT PLANTS JOINTLY OWNED	READY-MIX PLANTS	LAND DISTRIBUTION CENTERS	MARINE TERMINALS
27.2	15	3	216	72	5
1.2	1	3	48	8	5
5.0	4	–	47	15	5
4.8	5	–	15	6	–
2.0	2	6	6	8	5
10.4	8	–	75	7	15
4.0	1	–	–	–	2
5.8	3	–	–	17	2
5.0	–	4	–	–	–
65.4	**39**	**16**	**407**	**133**	**39**

Value Opportunities

Research and Development – CEMEX Mexico's state-of-the-art laboratory continues to exceed its goal of introducing at least one new product every year. Since its 1997 opening, it has developed five new ready-mix products, accounting for over 20% of 1999 concrete sales. The facility is on track to launch two new products in 2000.

Energy Efficiency – To increase cost effectiveness, CEMEX Mexico continuously tests alternative sources of fuel for its plants. Over the last three years, it has greatly diversified its energy sources to obtain the lowest-cost energy for its plants and to minimize periods of energy market volatility.

Preferred brand
CEMEX's ready-mix concrete is the brand used at construction sites across Houston, Texas, and the southwestern United States.

United States – The American Concrete Pavement Association estimates that the Transportation Equity Act for the 21st Century (TEA-21) could increase government outlays for highways and bridges by more than 40% over the next six years. The major impact of TEA-21 on cement and aggregates demand should begin to be seen during the first half of 2000, and the bottom-line contributions to CEMEX USA should start to appear during the second half of the year.

Strategic Position – CEMEX's position as the largest cement and clinker trader in the world gives CEMEX USA a distinct competitive advantage. By working closely with CEMEX's trading operations and utilizing its strategically positioned cement terminals, CEMEX USA has the flexibility to import cement from virtually any country in the world – a key profitability driver.

Consolidation in Central America
Costa Rica is the most recent addition to CEMEX's strong network in Central America and the Caribbean.

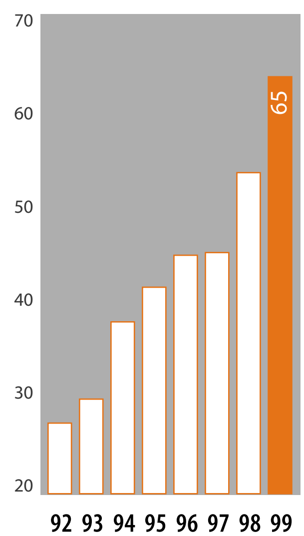
SOUTH AMERICA & CARIBBEAN

Market highlights

Central America and the Caribbean – CEMEX consolidated its presence in Central America and the Caribbean by acquiring a 95% stake in Cementos del Pacifico, Costa Rica's largest cement producer. Its 850,000-metric-ton cement plant is located near the Nicaraguan border and exports about 100,000 metric tons of cement annually to that market. CEMEX also acquired two terminals in Haiti, which supply almost 70% of the local market.

Regional Integration – Using Venezuela as a base for shared services in the South America and Caribbean region, CEMEX fully integrated the administrative and financial functions in the six countries in which it has majority control and management. For example, CEMEX centralized the six regional IT centers into one megacenter, which provides more powerful and versatile hardware, standardized software, and a more agile and efficient computer system. Likewise, CEMEX has transformed the administrative areas – such as finance, tax, planning, and supply – to increase efficiency, quality, depth, and timeliness in the control and management of information.

Quality Improvement – During 1999, CEMEX's regional subsidiaries implemented several initiatives to cut costs, enhance employee safety, and improve life quality. Developments include ISO-9002 certification for the three-million-metric-ton Ibague plant in Colombia and zero-accident, operations, and sales records in Panama.



Production capacity
millions of metric tons/year

By increasing capacity in diverse high-growth markets, CEMEX has become an active player in the world's cement industry consolidation.

It's just that easy

Now, CEMEX Spain's customers can take their own trucks to the plant and buy cement directly from the manufacturer.

Value Opportunities

Rapid Turnaround – CEMEX continues to improve upon its PMI process to achieve immediate bottom-line results. For example, the PMI team installed the systems, indicators, and controls used in all CEMEX plants in Costa Rica in less than 90 days.

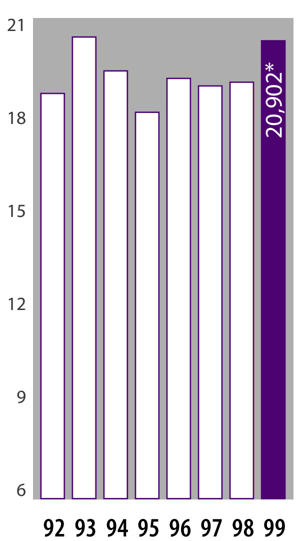
Customer Service – The company uses a personalized platform that informs customers of the status of their orders, delivers invoices, and directly channels customer feedback to the appropriate CEMEX personnel. It also offers clients a growing array of new products and services, such as five-kilogram bags of white cement, toll-free telephone service, and points programs to reward customer loyalty.

Shared Practices – CEMEX's regional commercial strategy capitalizes on the best practices in each country of operation. The company is cementing the value chain by strengthening its ties with prefabricated concrete manufacturers, retailers, and small suppliers. It also offers alternative containers for storing cement on construction sites.

EUROPE & ASIA

Market highlights

Spain – CEMEX's domestic cement sales volume increased 17%, and domestic ready-mix concrete sales volume grew 19%, compared to the same period in 1998 (excluding sales attributable to the Andalusian assets sold in November 1998). This increase was primarily attributable to strong demand in the housing and nonresidential sectors and increased public works spending.



Employees

CEMEX employs more than 20,000 people in 4 different continents.

**Does not include Egypt operations.*

Egypt – After three years of increasing cement exports to the expanding Egyptian market, CEMEX acquired a 77% stake of Assiut Cement Co., the nation's largest cement producer. Demand well exceeds domestic supply in Egypt, one of Africa's fastest-growing cement markets.

The Philippines – In February 1999, we consolidated our position as one of the Philippines' top cement producers by acquiring a 99.9% economic interest in APO Cement Corporation. This, coupled with the company's controlling stake in Rizal Cement Company, gives CEMEX nationwide coverage and access to the Philippines' main markets of Manila, Visayas, and Mindanao.

Increasing presence
CEMEX's trading network allows it to diversify into growing markets.

Value Opportunities

Indonesia – The Indonesian cement industry is one of the two largest in Southeast Asia, accounting for around one-fourth of the region's consumption. In September 1999, CEMEX further increased its interest in PT Semen Gresik, Indonesia's largest producer, to 25%. Because of its strategic location, size, significant growth potential, and role as an anchor for the company's Southeast Asian trading network, Indonesia is an important element of CEMEX's Asia strategy.

PMI – CEMEX's multinational PMI team, comprising executives from Colombia, Mexico, the Philippines, Spain, and Venezuela, cut the time of APO Cement's PMI by almost two-thirds. As a result of these efforts, APO will enjoy significant recurring cost savings.

Self-service Cement – CEMEX Spain introduced a self-service system for customers at its cement facilities. Now, individual consumers can pull up their trucks, fill them up, and pay with a credit card. It's just that easy.

TRADING

Market highlights

Record Volume – Our 1999 total trading volume was more than 13 million metric tons of cement and clinker. Almost 60% of CEMEX's trading volume came from third parties, including suppliers in China, England, Korea, Morocco, Romania, Russia, Thailand, Tunisia, Turkey, and Ukraine.

Partners – We market cement to over 60 countries worldwide. Our major international trading partners are located in Bangladesh, the Canary Islands, the Caribbean, Egypt, the Ivory Coast, Mauritius, Morocco, Nigeria, Portugal, Singapore, Taiwan, and the United States.

Exports – In 1999, roughly 5.7 million metric tons of our total trading volume came from the company's operations in Costa Rica, Indonesia, Mexico, the Philippines, Spain, and Venezuela. This figure includes 493,000 metric tons of white cement exported from Mexico and Spain.

Floating Silo – CEMEX's floating silo, Corregidora, began operating in the port of Adabya, Egypt, in the beginning of 1999. This state-of-the-art facility has a bagging capacity of 5,000 metric tons per day and a discharge capacity of 250 metric tons per hour.

Value Opportunities

Global Reach – This year, the company's international trading operations will allow it to trade more than 2.6 million metric tons of cement from Indonesia and the Philippines. Due to lagging demand in those markets, Southeast Asian producers are increasingly interested in CEMEX's ability to trade and export large volumes of cement and clinker to other markets.

Infrastructure Development – CEMEX continues to expand its trading infrastructure to meet global demand. Specifically, it began construction of a grinding mill in Bangladesh to facilitate imports from Indonesia.

CEMEX, S.A. DE C.V. AND SUBSIDIARIES
(IN MILLIONS OF US DOLLARS, EXCEPT SHARE AND PER-SHARE AMOUNTS)

	1989	1990	1991	1992	1993	1994
Income Statement Information						
Net Sales	988	1,305	1,706	2,194	2,897	2,101
Cost of Sales (1)	772	928	1,064	1,371	1,747	1,212
Gross Profit	215	377	642	823	1,150	889
Operating Expenses	120	178	221	286	444	325
Operating Income	95	199	420	537	706	564
Comprehensive Financing (Cost) Income, Net (2)	52	(5)	124	179	25	(16)
Other Income (Expenses) Net	4	(42)	(47)	(89)	(101)	(133)
Income Before Taxes and Others	151	152	498	628	630	415
Minority Interest (3)	25	30	60	70	97	45
Majority Net Income	121	148	442	545	522	376
Earnings per Share (BMV: CEMEXCPO) (4)(5)(6)(7)	0.11	0.13	0.40	0.52	0.49	0.35
Dividends per Share (4)(5)(8)(9)	0.01	0.02	0.06	0.07	0.09	0.06
Number of CPO Shares Outstanding (4)(5)(6)	1,114	1,114	1,114	1,056	1,056	1,077
Earnings per ADS (NYSE: CX) (4)(5)(6)(7)	0.54	0.67	1.98	2.58	2.47	1.75
Dividends per ADS (4)(5)(8)(9)	0.06	0.08	0.29	0.34	0.46	0.31
Balance Sheet Information						
Cash and Temporary Investments	186	145	202	384	326	484
Net Working Capital (10)	226	236	286	562	595	528
Property, Plant, and Equipment, Net	2,037	2,357	2,614	4,124	4,407	4,093
Total Assets	2,940	3,438	3,848	7,457	8,018	7,894
Short-term Debt	360	261	144	884	684	648
Long-term Debt	792	1,043	1,267	2,436	2,866	3,116
Total Liabilities	1,354	1,566	1,607	3,897	4,022	4,291
Minority Interest (3)	306	474	408	649	771	771
Stockholders' Equity, excluding Minority Interest	1,280	1,398	1,833	2,911	3,225	2,832
Total Stockholders' Equity	1,586	1,872	2,242	3,560	3,996	3,603
Book Value per Share (BMV: CEMEXCPO) (4)(5)(6)(7)	1.15	1.25	1.65	2.76	3.05	2.63
Other Financial Data						
Operating Margin	9.6%	15.3%	24.6%	24.5%	24.4%	26.9%
EBITDA Margin (11)	17.9%	24.8%	33.2%	31.9%	31.6%	34.2%
EBITDA (11)	177	324	567	700	914	719

1995	1996	1997	1998	1999	Average Annual Growth 89-99
2,564	3,365	3,788	4,315	4,828	17.2
1,564	2,041	2,322	2,495	2,690	
1,000	1,325	1,467	1,820	2,138	25.8
388	522	572	642	702	
612	802	895	1,178	1,436	31.2
567	529	159	(132)	(29)	
(162)	(171)	(138)	(152)	(296)	
1,017	1,160	916	893	1,111	22.1
109	119	107	39	56	
759	977	761	803	973	23.2
0.59	0.75	0.59	0.64	0.77	21.8
0.07	—(9)	0.12	0.14	n.a.	
1,286	1,303	1,268	1,258	1,366	
2.95	3.76	2.97	3.18	3.87	21.8
0.33	—(9)	0.60	0.70	n.a.	
355	409	380	407	326	
567	611	588	638	699	
4,939	5,743	6,006	6,142	6,922	
8,370	9,942	10,231	10,460	11,864	
870	815	657	1,106	1,030	
3,034	3,954	3,961	3,136	3,341	
4,603	5,605	5,535	5,321	5,430	14.9
889	1,000	1,181	1,251	1,253	
2,878	3,337	3,515	3,887	5,182	15.0
3,767	4,337	4,696	5,138	6,435	15.0
2.24	2.56	2.77	3.09	3.79	
23.9%	23.8%	23.6%	27.3%	29.8%	
31.8%	32.3%	31.5%	34.4%	37.1%	
815	1,087	1,193	1,485	1,791	26.0

Notes to Selected Consolidated Financial Information

1) Cost of sales includes depreciation.

2) Comprehensive financing income (cost) includes financial expense, financial income, gains (losses) on marketable securities, net foreign exchange variation, and net monetary position.

3) In July 1995, a CEMEX subsidiary entered into a transaction pursuant to which it transferred a portion of the common stock of Valenciana in exchange for $40 billion pesetas, which, as of December 31, 1999, represented 24.77% of such stock. This original amount was refinanced in August 1997 at US$320 million, and subsequently in February 1999 at US$500 million. Since the first refinancing, the minority interest in the income statement has not been recognized since CEMEX, through its subsidiary, has retained dividend and voting rights over such shares and has the option to acquire them in three tranches, the last of which matures in June 2001. The company includes the cost of retaining its option in the financial expense account. Such shares are being treated as owned by a third party, thereby creating a minority interest over the consolidated stockholders' equity in Valenciana. As of December 31, 1999, such minority interest accounted for 34.5% of CEMEX's minority stockholders' equity.

4) On April 28, 1994, CEMEX declared a stock split of three shares per each share held by a shareholder. Additionally, as part of the transformation of CEMEX from a fixed to a variable capital company, and an increase in the variable portion of its capital stock, CEMEX issued a new share of variable capital of like series for every eight shares (after making the stock split effective). All CPO and per-CPO amounts for 1989 through 1993 have been adjusted to make the effect of the stock split retroactive.

5) On September 14, 1999, the Company concluded an exchange offer of its old series "A" and "B" shares, and its old Ordinary Participation Certificates ("CPOs"), for new CPOs. As a result, most of the holders of the old series "A" and "B" shares and old CPOs received for each one of their titles a new CPO, which represents the participation in two new series "A" shares and one new series "B" share of the Company. As a part of the exchange offer, on September 15, 1999, the Company effected a stock split of two series "A" shares and one series "B" share for each of the old shares of any series. The proportional equity interest participation of the shareholders in the Company's common stock did not change as a result of the exchange offer and the stock split mentioned above.

The earnings per CPO and the number of CPOs outstanding disclosed in these notes to the financial statements for the years ended December 31, 1989 through 1998, have been adjusted to make the effect of the stock split retroactive.

In order to comply with accounting principles in Mexico, in the Financial Statements, such figures are presented on a per-share basis (see Footnote 20 to the Financial Statements).

6) The number of CPOs outstanding represents the total CPOs outstanding at the close of each year, stated in millions of CPOs, and includes the total number of CPOs issued by CEMEX utilized in derivative transactions, and excludes the total numbers of CPOs issued by CEMEX and owned by subsidiaries. Each ADS listed on the New York Stock Exchange represents five CPOs.

7) For the periods ended on December 31, 1989 to 1995, the "Earnings per CPO" amounts were determined by considering the total outstanding CPOs at the year's end. For the periods ended on December 31, 1996 to 1999, the "Earnings per CPO" amounts were determined by considering the average number of CPOs outstanding each year, i.e., 1.298, 1.283, 1.262, and 1.256 billion, respectively.

8) Dividends declared at each year's annual stockholders' meeting for each period are reflected as dividends for the preceding year.

9) As a result of CEMEX's Share Repurchase Program in 1997, 24 million CPOs were acquired for an amount of approximately US$119 million. The CPOs acquired through this program accounted for approximately 2% of the CPOs outstanding at that date.

10) Net working capital equals accounts receivable plus inventories minus trade payables.

11) EBITDA is earnings before interest, taxes, depreciation, and amortization. Amortization of goodwill is not included in operating income, but is instead recorded in other income (expense) below the operating line. EBITDA does not include certain other income and expenses that are not included in operating income under Mexican GAAP.

management discussion and analysis

strong fundamentals

The fundamentals that drive CEMEX's business are its:

- Management expertise
- Core cement, ready-mix concrete, and aggregates base
- Low operating costs
- Use of state-of-the-art management information systems and production technology
- Versatile and resourceful financial management and capital structure
- Developing-market experience and focus

CEMEX's business portfolio is primarily concentrated in high-growth, highly profitable developing markets. This broad diversification in markets with different business cycles provides consistent sustainable growth for the company.

focused strategy

CEMEX's strategy is to:

- Leverage its core cement and ready-mix concrete franchise
- Concentrate on developing markets
- Maintain high growth by applying free cash flow toward selective investments that further its geographic diversification

simple **investment** criteria

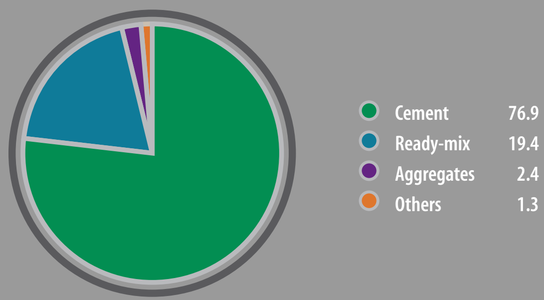
Any acquisition must satisfy three investment criteria. It must:

- Benefit from CEMEX's management expertise and turnaround experience
- Not adversely affect CEMEX's current financial structure and ability to meet stated financial targets
- Offer superior long-term financial returns that exceed the company's weighted-average cost of capital

the **result**

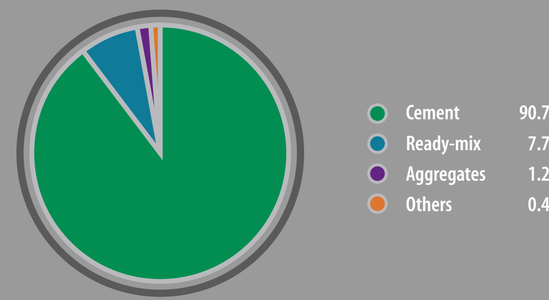
Value of US$1,000 invested in CEMEX shares*

Past performance does not guarantee future results.
** Includes reinvestment of dividends.*
CAGR is compound annual growth rate.



Distribution of sales
percentage

CEMEX is a pure cement and ready-mix play in the markets it serves.



Distribution of EBITDA
percentage

Branded cement sales account for a high percentage of CEMEX's cash flow.

1999 CONSOLIDATED RESULTS

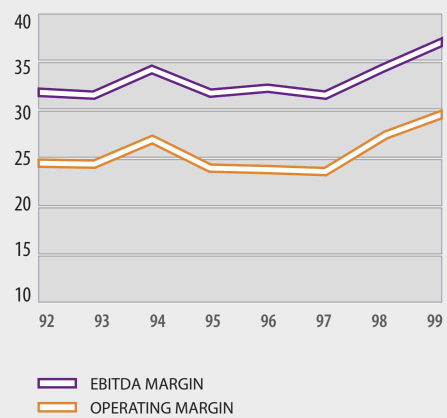
Nineteen ninety-nine was a strong year for CEMEX in terms of operating performance, financial flexibility, and investments. The consolidated operating performance exceeded the company's expectations at the beginning of the year.

Net sales grew 12% during the year compared to 1998, reaching US$4.828 billion, despite weak performance in CEMEX's South American and Asian operations. This increase is attributable to stronger cement market conditions in the company's North American and Europe operations.

Gross profit increased 17% in 1999 versus 1998, to US$2.138 billion. Gross margin increased to 44.3% in 1999 from 42.2% in 1998, due primarily to better pricing in most subsidiaries, accompanied by a decline in energy-related costs.

Selling, general, and administrative expenses totaled US$702 million, a 9% increase in dollar terms over 1998, but remained stable as a percentage of net sales. This was due to the continuing focus on developing CEMEX's cement brands and strengthening relationships with customers and distributors.

Operating income in 1999 increased 22% in dollar terms over 1998, reaching US$1.436 billion. The **operating margin** increased to 29.8% in 1999 from 27.3% in 1998.

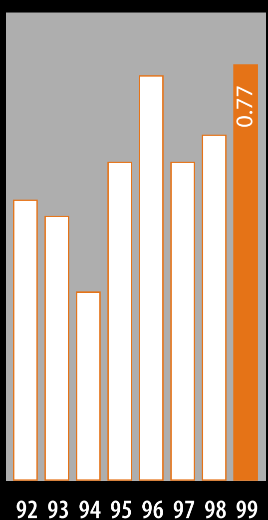


Operating and EBITDA margin
percentage

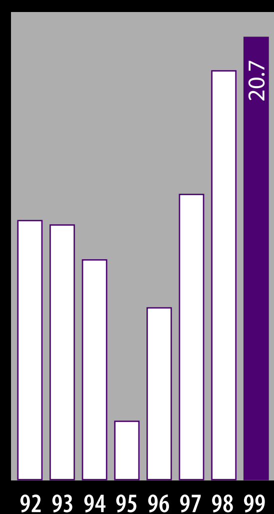
CEMEX's diversification strategy continues to deliver stable and high operating margins.

1999 was a strong year for CEMEX

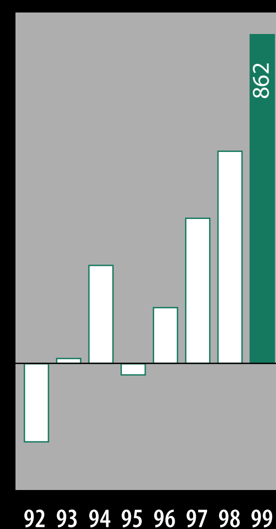
Earnings per share
in US dollars



Net return on equity
percentage



Free cash flow
millions of US dollars



Interest expenses increased 1% with respect to 1998, to US$488 million, despite an increase of US$209 million in net debt. The company obtained more favorable terms and conditions on its debt, due to its focus on improving its capital structure and financial condition.

Effective tax rate was 9.6% for 1999, comprising 64% income tax and 36% PTU (employees' statutory profit sharing).

Minority interest net income increased 43% in 1999 to US$56 million, principally attributable to better results from the company's minority participation in cement companies in Mexico, Chile, and Indonesia.

Majority interest net income was US$973 million (US$0.77 per share; US$3.87 per ADS), an increase of 21% versus 1998.

Operating cash flow (EBITDA) during the year was US$1.791 billion, an increase of 21% over that of 1998. The operating cash flow margin was 37.1%, compared to 34.4% in 1998. The increase in operating cash flow is due to better operating profits.

global review

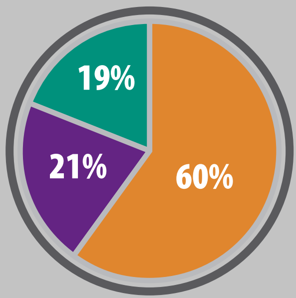
	Sales			EBITDA			Assets		
	1999	1998	% Change	1999	1998	% Change	1999	1998	% Change
North America:									
Mexico	2,332	1,830	27	1,174	917	28	4,913	5,470	(10)
U.S.	590	534	10	140	92	52	702	673	4
South America & Caribbean:									
Venezuela and Dominican Republic	657	669	(2)	213	246	(13)	1,363	1,280	7
Colombia	168	264	(36)	72	64	13	859	1,077	(20)
Central America and the Caribbean	163	107	51	47	32	47	337	187	80
Europe and Asia:									
Spain	764	888	(14)	306	318	(4)	2,120	2,242	(5)
Philippines	121	0	—	26	0	—	812	321	153
Others/eliminations*	(33)	(24)	41	(188)	(184)	2	758	(790)	196
Consolidated	4,828	4,315	12	1,791	1,485	21	11,864	10,460	13

Millions of US dollars.
** Includes the consolidation of one month of Egypt operations.*

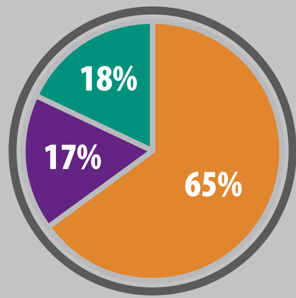
Strong North American Economic Activity

A booming U.S. economy has driven seven consecutive years of significant growth in cement consumption. In 1999, cement consumption reached 106 million metric tons. The combination of low interest rates, moderate GDP growth, and low unemployment rates fueled strong residential and commercial construction activity. U.S. Government infrastructure spending is on the rise, thanks, in large part, to TEA-21 (Transportation Equity Act for the 21st Century), which should contribute to cement consumption for the coming years. For the year, CEMEX USA's cement sales volume increased 15% year-over-year due to the company's expanding customer base and improved conditions in its three main markets, Texas, California, and Arizona.

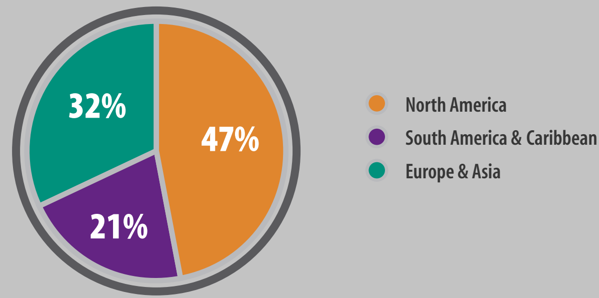
operating performance exceeded expectations



Distribution of sales by region
percentage



Distribution of EBITDA by region
percentage



Distribution of assets by region
percentage

Mexico's GDP grew 3.7% in 1999 due to increased exports, foreign direct investment, and domestic consumption. CEMEX Mexico's 1999 domestic gray cement volume grew 5% due to solid demand from the self-construction sector. This sector accounts for approximately 40% of Mexico's total cement consumption. For the coming years, the company expects increased growth for the Mexican economy as well as a rise in domestic cement consumption due to higher levels of self-construction and the potential modest expansion in public investment.

Caribbean Remains Strong; South America Expected to Improve

The Caribbean basin showed solid economic growth in 1999. The economies of Panama, Costa Rica, the Dominican Republic, and Haiti grew significantly, with increases in GDP ranging from 3% to 8% for the year.

In South America, the economic downturn, together with prevailing political uncertainty, negatively impacted CEMEX's markets. The economies of Venezuela and Colombia fell 7% and 5%, respectively, versus 1998. CEMEX Venezuela's domestic cement and concrete volumes dropped 17% and 20%, respectively, while the company's Colombian operations reported a decline in domestic cement and concrete volumes of 38% and 48%, respectively.

South America's economic situation, along with cement and concrete consumption, is expected to recover once the internal political situations improve. CEMEX's Venezuelan and Colombian markets should record marked improvement. The countries of the Caribbean show important signs of continuity in governmental policy and public and private investment. Thus, the company expects strong results in the coming years.

Europe Shows Sustained Improvement;
Southeast Asia Signals Initial Recovery

Despite the Euro's relative weakness, the Spanish economy continued to perform very well and is one of the most solid economies in the European Union. In 1999, Spain's GDP increased 3.7%, unemployment was very low, and the public deficit remained in check. The construction sector was strong, driven primarily by housing, industrial construction, and government spending on infrastructure projects.

Southeast Asia's economic downturn eased during 1999, and the region is showing initial signs of recovery. In the Philippines construction sector, demand fell by 2.8%, an improvement over the decline of 8.5% in 1998. Cement demand in the Philippines decreased 6% versus 1998, due to a difficult macroeconomic environment and a lack of consumer confidence. Government spending was the primary driver of construction activity, while private sector activity continued to lag.

Cement consumption in the Philippines is expected to pick up in the coming years, based on economic growth, fueled by increasing private investment. Investments in infrastructure and housing are expected to increase, supported by a strong performance from the services, agriculture, and export sectors.

continued strength in financial position

Country	Company	Investment (millions of US dollars)	% acquired	Installed cement capacity (million metric tons)	Date of acquisition
Indonesia	PT Semen Gresik	$126	11.0%	20.1	January
Philippines	APO Cement	400	99.9%*	3.0	January
Chile	Cementos Bio-Bio	34	11.9%	2.3	March
Costa Rica	Cementos del Pacífico	80	95.3%	0.8	August
Egypt	Assiut Cement	319	77.0%	4.0	November

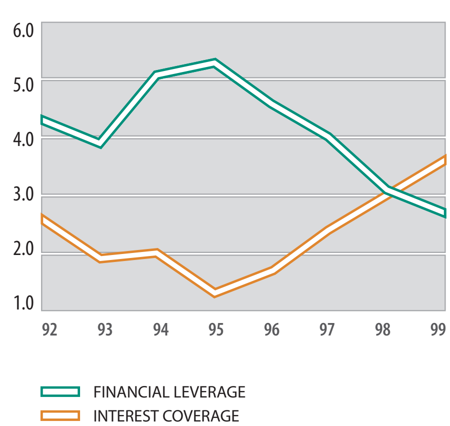
**Economic interest*

During 1999, CEMEX continued to achieve, ahead of schedule, its goal of strengthening its capital structure. The company surpassed its financial ratio targets set at the beginning of 1999, increasing its interest coverage to 3.6 times and reducing financial leverage to 2.7 times.

Net debt in 1999 increased to US$4.794 billion, US$209 million more than in 1998, despite:

- Acquisitions of US$959 million;
- Share purchases of US$121 million, including purchases of minority participations; and
- Investments in fixed assets of US$262 million.

Interest coverage vs. financial leverage
times



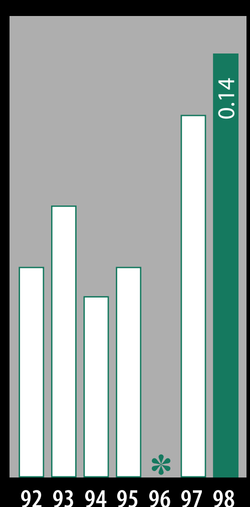
CX Listed NYSE

THE NEW YORK STOCK EXCHANGE

SEC registration and NYSE listing. To enhance its transparency, visibility, and liquidity, the company listed, on September 15th, a new American Depository Share (ADS) on the New York Stock Exchange (NYSE) under the ticker symbol "CX."

Each ADS represents five CPO shares (Certificados de Participación Ordinaria), which are listed on the Bolsa Mexicana de Valores under the ticker symbol "CEMEXCPO."

Dividends per share
US dollars



At the annual shareholders meeting on April 29, 1999, stockholders approved the dividend program for the year. Under this dividend program, CEMEX shareholders elected to receive a cash dividend of $1.30 pesos per share or its equivalent in CPOs.

Of the shareholders, 86.27% elected the CPOs, while the remaining 13.73% elected to receive the $1.30 peso cash dividend, for a total of approximately $255 million pesos (US$27 million) paid by CEMEX.

**As a result of CEMEX's Share Repurchase Program in 1997, 24 million CPO shares were acquired, totaling approximately US$119 million. The CPO shares acquired through this program account for approximately 2% of the CPO shares outstanding (see note 5 to Selected Consolidated Financial Information).*

Creation of CEMEX Asia Holdings. In 1999, CEMEX formed an investment holding company with third-party capital to take advantage of attractive investment opportunities in cement-related assets within southeast Asia.

The company, CEMEX Asia Holdings (CAH), has committed capital totaling US$1.2 billion. As its initial investment, CAH purchased the economic rights to CEMEX's Philippine operations. CEMEX will receive a technical assistance fee from the operating affiliates of CAH as consideration for its role in supporting the acquired assets and for contributing its industry expertise.

As a result of this transaction, which was completed during January 2000, CEMEX's ownership of CAH stands at 77%, while the group of investors owns 23%. The group of investors includes the AIG Asian Infrastructure Fund II, L.P.; GIC Special Investments Pte Ltd.; Metropolitan Life Insurance Company; the Asia Equity Infrastructure Fund, L.P.; Capital International Asia CDPQ Inc.; and a consortium of investors led by Navis Capital Partners.

Warrant issuance. In December 1999, CEMEX closed and settled a warrant placement with a corresponding hedge. CEMEX sold 105 million warrants and an equal number of CPOs through a forward transaction with a group of seven banks. The warrants were listed simultaneously on the New York Stock Exchange (NYSE) under the ticker symbol CX.WS and on the Bolsa Mexicana de Valores under the ticker symbol CMX212E-DC059.

Net proceeds received from these transactions were approximately US$500 million, which were used to reduce debt.

Relevant financing. During 1999, CEMEX refinanced and restructured close to US$2.5 billion of its debt, achieving a more solid capital structure, better terms and conditions, and a smoother maturity profile that matches cash flow generation. Among the transactions were:

- US$500 million, 3-year equity swap with Valenciana shares
- US$1.1 billion, 7-year multi-currency syndicated loan
- US$250 million, 3-year Euro Medium-term Note
- 2-year U.S. Commercial Paper Program for US$250 million
- US$200 million, 10-year Euro Medium-term Note with a put option on year 5

DEBT INDICATORS AT THE END OF 1999

Balance-sheet debt	US$ 4.371 billion
Long-term debt (76.4%)	3.341 billion
Short-term debt (23.6%)	1.030 billion
Equity obligations	0.750 billion
Cash	0.326 billion
Net debt	4.794 billion
Denomination of on-balance-sheet debt	
Dollars	79.36 %
Euros	14.24 %
Philippine pesos	1.02 %
Egyptian pounds	5.38 %
Average cost of on-balance-sheet debt	8.10%

Derivative instruments. CEMEX periodically utilizes hedging instruments designed to reduce its exposure to interest-rate fluctuations, energy prices, currency exchange rates, and share prices. The economic effect of these hedging transactions is reflected in the company's cost of sales and comprehensive financing result, or as a part of stockholders' equity, as appropriate.

MANAGEMENT AND SHAREHOLDER INTERESTS ALIGNED

Variable Compensation Program. Fifteen hundred executives participate in this initiative, which ties annual bonuses to shareholder value initiatives. A Total Business Return approach is used to focus executives' efforts on maximizing the return on capital employed. Under this program, key senior management receive half of their variable compensation in restricted stock options, which fully vest if the 12-month average of the stock price doubles, in dollar terms.

Voluntary Stock Option Plan. In 1998, the company initiated this program, in which a total of 250 executives elected to purchase five-year options, of which 22,636,845 remain outstanding.

Employee Stock Option Plan. In 1995, the company started a 10-year stock option plan. The initiative includes 270 executives and represents a portion of their annual compensation. In 1998, the company started a 5-year restricted stock option plan for a group of 50 key executives as part of their variable compensation. A total of 41,019,922 options remain outstanding.

YEAR 2000 (Y2K) ISSUE

The CEMEX Year 2000 Program was completed according to schedule. The company achieved its objective of maintaining continuous operations in all its manufacturing plants, technology platforms, and information systems.

During the transition period to Y2K, all of our operations performed normally, and, in the following months, we will continue to monitor the performance of all Y2K-sensitive elements in our worldwide operations.

The company invested approximately 400,000 hours and approximately US$36 million in preparation for Y2K. The investment has resulted in improved business systems and capabilities that will permit CEMEX to do business better in 2000 and beyond.

financial statements

The Board of Directors and Stockholders
Cemex, S.A. de C.V.

(Thousands of Mexican pesos)

We have audited the consolidated and parent company-only balance sheets of Cemex, S.A. de C.V. and Cemex, S.A. de C.V. and Subsidiaries as of December 31, 1999 and 1998, and the related consolidated and parent company-only statements of income, changes in stockholders' equity and changes in financial position for each of the years in the three-year period ended December 31, 1999. 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 did not audit the consolidated financial statements of certain consolidated subsidiaries which were audited by other auditors. The financial statements of these subsidiaries reflect total assets of 11% and 12% in 1999 and 1998, respectively, and total revenues constituting 9%, 9% and 9% in 1999, 1998 and 1997, respectively, of the related consolidated totals. The parent company's investment in these subsidiaries was $14,248,682 and $15,062,698 as of December 31, 1999 and 1998, respectively, and its share in their net income (loss) was $504,055, $(322,231) and $860,146 for each of the years in the three-year period ended December 31, 1999. Our opinion expressed herein, insofar as it relates to the amounts included for such subsidiaries, is based solely upon the reports of the other auditors.

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

In our opinion, based upon our audits and the reports of other auditors, the consolidated and parent company-only financial statements referred to above present fairly, in all material respects, the financial position of Cemex, S.A. de C.V. and Cemex, S.A. de C.V. and Subsidiaries at December 31, 1999 and 1998, and the consolidated and parent company-only results of their operations, the changes in their stockholders' equity and the changes in their financial position for each of the years in the three-year period ended December 31, 1999, in accordance with generally accepted accounting principles in Mexico.

KPMG Cárdenas Dosal, S.C.

Rafael Gómez Eng

Monterrey, N.L., Mexico
January 17, 2000.

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

We have performed a study and evaluation of the system of internal accounting control of Cemex, S.A. de C.V. and Subsidiaries for the year ended December 31, 1999. The management of Cemex, S.A. de C.V. is responsible for establishing and maintaining a system of internal accounting control. Our responsibility is to express an opinion on this system of internal control based on our review. We conducted our study and evaluation in accordance with generally accepted auditing standards.

Because of inherent limitations in any system of internal accounting control, errors and irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, the system of internal accounting control of Cemex, S.A. de C.V. and Subsidiaries for the year ended December 31, 1999, taken as a whole, was sufficient to meet management's objectives and to provide reasonable assurance that material errors or irregularities will be prevented or detected in the normal course of business.

KPMG Cárdenas Dosal, S.C.

Rafael Gómez Eng

Monterrey, N.L. Mexico
January 17, 2000.

The management of Cemex, S.A. de C.V. is responsible for the preparation and integrity of the accompanying consolidated financial statements and for maintaining a system of internal control to provide reasonable assurance to shareholders, to the financial community and other interested parties, that transactions are executed in accordance with management authorization, accounting records are reliable as a basis for the preparation of the consolidated financial statements and to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

In fulfilling its responsibilities for the integrity of financial information, management maintains and relies on the Company's system of internal control. This system is based on an organizational structure providing division of responsibilities and the selection and training of qualified personnel. Also, it includes policies, which are communicated to all personnel through appropriate communication channels. The system of internal control is supported by an internal audit function that operates at international level and reports its findings to management throughout the year. Management believes that, for the year ended December 31, 1999, the internal control system of the Company provides reasonable assurance that material errors or irregularities will be prevented or detected within a timely period and is cost effective.

Cemex, S.A. de C.V. engaged KPMG Cárdenas Dosal, S.C., the Company's principal independent auditors, to perform an audit of system internal control and express their opinion thereon for the year ended December 31, 1999. Their audit applied generally accepted auditing standards, which include a review and evaluation of control systems and performance of such test of accounting information records as they considered necessary in order to reach their opinion. Their report is presented separately.

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

CONSOLIDATED **BALANCE SHEETS**

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

(THOUSANDS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 1999)

	DECEMBER 31, 1999	1998
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	$ 3,103,994	4,031,891
Trade accounts receivable, less allowance for doubtful accounts $511,061 in 1999 and $606,570 in 1998	5,044,599	4,998,041
Other receivables (note 4)	2,235,492	2,090,457
Inventories (note 5)	5,284,422	4,372,959
Other current assets (note 6)	577,821	796,424
Total current assets	16,246,328	16,289,772
INVESTMENTS AND NONCURRENT RECEIVABLES (note 7)		
Investments in affiliated companies	5,846,237	3,809,904
Other investments	785,957	262,813
Other accounts receivable	854,783	230,085
Total investments and noncurrent receivables	7,486,977	4,302,802
PROPERTY, MACHINERY AND EQUIPMENT (note 8)		
Land and buildings	31,859,743	28,802,668
Machinery and equipment	91,520,197	87,963,102
Accumulated depreciation	(60,449,654)	(59,390,961)
Construction in progress	2,894,979	3,496,750
Total property, machinery and equipment	65,825,265	60,871,559
DEFERRED CHARGES (note 9)	23,270,782	22,200,406
TOTAL ASSETS	$ 112,829,352	103,664,539

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY		DECEMBER 31, 1999	1998
CURRENT LIABILITIES			
Bank loans (note 10)	$	1,824,096	3,971,928
Notes payable (note 10)		396,415	811,252
Current maturities of long-term debt (notes 10 and 11)		7,575,154	6,177,195
Trade accounts payable		3,685,272	3,044,369
Other accounts payable and accrued expenses		3,886,711	3,819,161
Total current liabilities		17,367,648	17,823,905
LONG-TERM DEBT (note 11)			
Bank loans		22,044,412	19,677,705
Notes payable		17,298,940	17,582,820
Current maturities of long-term debt		(7,575,154)	(6,177,195)
Total long-term debt		31,768,198	31,083,330
OTHER NONCURRENT LIABILITIES			
Pension and seniority premium (note 13)		528,411	958,664
Deferred income taxes (note 16)		1,047,004	1,075,680
Other noncurrent liabilities		924,685	1,798,555
Total other noncurrent liabilities		2,500,100	3,832,899
Total liabilities		51,635,946	52,740,134
STOCKHOLDERS' EQUITY (note 14)			
Majority interest:			
Common stock–historical cost basis		49,312	47,619
Common stock–accumulated inflation adjustments		2,737,610	2,737,532
Additional paid-in capital		18,735,835	16,737,978
Deficit in equity restatement		(39,490,802)	(40,884,557)
Retained earnings		58,000,661	51,927,129
Net income		9,249,046	7,960,844
Total majority interest		49,281,662	38,526,545
Minority interest		11,911,744	12,397,860
Total stockholders' equity		61,193,406	50,924,405
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	112,829,352	103,664,539

CONSOLIDATED **STATEMENTS OF INCOME**

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

(THOUSANDS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 1999, EXCEPT FOR EARNINGS PER SHARE)

	YEARS ENDED ON DECEMBER 31,		
	1999	**1998**	**1997**
Net sales	$ 45,913,946	42,767,440	38,506,438
Cost of sales	(25,581,085)	(24,727,878)	(23,596,432)
Gross profit	20,332,861	18,039,562	14,910,006
Operating expenses:			
Administrative	(4,973,151)	(4,603,483)	(3,936,520)
Selling	(1,698,647)	(1,763,114)	(1,874,468)
Total operating expenses	(6,671,798)	(6,366,597)	(5,810,988)
Operating income	13,661,063	11,672,965	9,099,018
Comprehensive financing income (cost):			
Financial expenses	(4,639,255)	(4,810,542)	(5,184,047)
Financial income	387,714	106,419	1,051,693
Foreign exchange result, net	262,463	(2,194,669)	(120,187)
Monetary position result	3,713,965	5,588,622	5,865,568
Net comprehensive financing income (cost)	(275,113)	(1,310,170)	1,613,027
Other expense, net	(2,823,124)	(1,507,782)	(1,397,979)
Income before income taxes, employees' statutory profit sharing and equity in income of affiliates	10,562,826	8,855,013	9,314,066
Income tax and business assets tax, net (note 16)	(650,321)	(457,940)	(508,792)
Employees' statutory profit sharing (note16)	(364,087)	(200,410)	(165,913)
Total income tax, business assets tax and employees' statutory profit sharing	(1,014,408)	(658,350)	(674,705)
Income before equity in income of affiliates	9,548,418	8,196,663	8,639,361
Equity in income of affiliates	236,592	155,328	177,720
Consolidated net income	9,785,010	8,351,991	8,817,081
Minority interest net income	535,964	391,147	1,083,902
Majority interest net income	$ 9,249,046	7,960,844	7,733,179
Basic Earnings Per Share (note 2A and note 20)	$ 2.45	2.10	2.01
Diluted Earnings Per Share (note 2A and note 20)	$ 2.44	2.10	1.98

See accompanying notes to consolidated financial statements.

CONSOLIDATED **STATEMENTS OF CHANGES IN FINANCIAL POSITION**

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

(THOUSANDS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 1999)

	YEARS ENDED ON DECEMBER 31,		
	1999	**1998**	**1997**
Operating activities			
Majority interest net income	$ 9,249,046	7,960,844	7,733,179
Charges to operations which did not require resources (note 19)	5,345,530	4,427,983	5,296,019
Resources provided by operating activities	14,594,576	12,388,827	13,029,198
Changes in working capital, excluding effect of acquisitions:			
Trade accounts receivable, net	487,913	(791,613)	(264,386)
Other receivables and other assets	104,316	(313,752)	278,383
Inventories	98,610	(517,378)	(279,911)
Trade accounts payable	316,333	376,820	724,129
Other accounts payable and accrued expenses	(941,105)	922,575	(620,325)
Net change in working capital	66,067	(323,348)	(162,110)
Net resources provided by operating activities	14,660,643	12,065,479	12,867,088
Financing activities			
Proceeds from bank loans (repayments), net	(3,091,260)	3,045,609	(79,157)
Notes payable, net, excluding foreign exchange effect (note 3E)	(4,103,008)	(6,967,817)	(4,162,293)
Investment by subsidiaries	4,755,010	(2,466,555)	(727,052)
Dividends paid	(1,887,312)	(1,644,422)	—
Issuance of common stock from reinvestment of dividends	1,679,627	1,348,393	—
Issuance of preferred stock by subsidiaries	—	2,477,723	—
Other financing activities, net	(3,251,700)	(424,593)	(478,242)
Acquisition of shares under repurchase program	—	—	(1,205,203)
Issuance of common stock	320,001	9,719	18,025
Resources used in financing activities	(5,578,642)	(4,621,943)	(6,633,922)
Investing activities			
Property, machinery and equipment, net	(2,528,317)	(3,231,460)	(3,401,973)
Acquisitions, net of cash acquired	(9,397,230)	(2,515,332)	(943,553)
Disposal of assets	—	2,388,233	—
Minority interest	(1,384,455)	(857,578)	(1,036,793)
Deferred charges	(874,901)	(40,417)	(671,685)
Other investments and monetary foreign currency effect	4,175,005	(3,020,873)	(634,508)
Resources used in investing activities	(10,009,898)	(7,277,427)	(6,688,512)
(Decrease) increase in cash and temporary investments	(927,897)	166,109	(455,346)
Cash and temporary investments at beginning of year	4,031,891	3,865,782	4,321,128
Cash and temporary investments at end of year	$ 3,103,994	4,031,891	3,865,782

See accompanying notes to consolidated financial statements.

CEMEX, S.A. DE C.V. (PARENT COMPANY ONLY)
(THOUSANDS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 1999)

		DECEMBER 31,	
ASSETS		**1999**	**1998**
CURRENT ASSETS			
Cash and temporary investments	$	54,859	208,880
Other receivables (note 4)		20,985	632,658
Intercompany receivables (note 12)		674,475	1,612,378
Total current assets		750,319	2,453,916
INVESTMENTS AND NONCURRENT RECEIVABLES (Note 7)			
Investments in subsidiaries and affiliated companies		44,447,874	70,992,929
Other investments		9,210	10,345
Long-term intercompany receivables (note 12)		22,564,025	1,094,801
Total investments and noncurrent receivables		67,021,109	72,098,075
PROPERTY AND BUILDINGS			
Land		1,267,017	1,265,277
Buildings		322,807	321,879
Accumulated depreciation		(168,788)	(164,002)
Total property and buildings		1,421,036	1,423,154
DEFERRED CHARGES (note 9)		4,285,275	2,236,783
TOTAL ASSETS	$	73,477,739	78,211,928

See accompanying notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1999	1998
CURRENT LIABILITIES		
Bank loans (note 10)	$ 1,074,630	3,118,475
Notes payable (note 10)	77,090	105,121
Current maturities of long-term debt (note 11)	4,054,412	3,533,605
Other accounts payable and accrued expenses	820,334	730,797
Intercompany payables (note 12)	2,971,588	11,261,989
Total current liabilities	8,998,054	18,749,987
LONG-TERM DEBT (note 11)		
Bank loans	3,881,447	7,965,740
Notes payable	15,350,214	16,463,457
Current maturities of long-term debt	(4,054,412)	(3,533,605)
Total long-term debt	15,177,249	20,895,592
Other long-term liabilities	20,774	39,804
Total liabilities	24,196,077	39,685,383
STOCKHOLDERS' EQUITY (note 14)		
Common stock–historical cost basis	49,312	47,619
Common stock–accumulated inflation adjustments	2,737,610	2,737,532
Additional paid-in capital	18,735,835	16,737,978
Deficit in equity restatement	(39,490,802)	(40,884,557)
Retained earnings	58,000,661	51,927,129
Net income	9,249,046	7,960,844
Total stockholders' equity	49,281,662	38,526,545
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 73,477,739	78,211,928

STATEMENTS OF INCOME

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

(THOUSANDS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 1999, EXCEPT FOR EARNINGS PER SHARE)

	YEARS ENDED ON DECEMBER 31,		
	1999	**1998**	**1997**
Equity in income of subsidiaries and affiliates	$ 7,627,682	6,152,058	5,495,700
Rental income	341,725	134,908	152,935
License fees	1,075,491	559,573	420,379
Total revenues (note 12)	9,044,898	6,846,539	6,069,014
Administrative expenses	(106,924)	(116,367)	(95,408)
Operating income	8,937,974	6,730,172	5,973,606
Comprehensive financing income (cost):			
Financial expenses	(4,013,375)	(5,003,313)	(4,083,175)
Financial income	543,409	39,277	525,883
Foreign exchange result, net	845,379	(2,137,634)	(257,697)
Monetary position result	3,480,464	6,533,743	4,699,057
Net comprehensive financing income (cost)	855,877	(567,927)	884,068
Other (expense) income, net	(609,610)	37,622	115,221
Income before income taxes	9,184,241	6,199,867	6,972,895
Income tax benefit and business assets tax, net (note 16)	64,805	1,760,977	760,284
Net income	$ 9,249,046	7,960,844	7,733,179
Basic Earnings Per Share (note 2A and note 20)	$ 2.45	2.10	2.01
Diluted Earnings Per Share (note 2A and note 20)	$ 2.44	2.10	1.98

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN FINANCIAL POSITION**

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

(THOUSANDS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 1999)

	YEARS ENDED ON DECEMBER 31, 1999	1998	1997
Operating activities			
Net income	$ 9,249,046	7,960,844	7,733,179
Charges to operations which did not require resources (note 19)	(7,563,261)	(6,063,134)	(5,373,899)
Resources provided by operating activities	1,685,785	1,897,710	2,359,280
Changes in working capital:			
Other receivables	611,673	(48,339)	(384,383)
Short-term intercompany receivables and payables, net	(7,352,498)	(1,655,627)	14,664,480
Other accounts payable and accrued expenses	89,537	123,478	(70,718)
Net change in working capital	(6,651,288)	(1,580,488)	14,209,379
Net resources used in (provided by) operating activities	(4,965,503)	317,222	16,568,659
Financing activities			
Proceeds from bank loans (repayments), net	(6,128,138)	6,206,910	1,849,381
Notes payable	(544,782)	(10,249,545)	(5,954,709)
Issuance of common stock	320,001	9,719	18,025
Acquisition of shares under repurchase program	—	—	(1,205,322)
Dividends paid	(1,887,312)	(1,644,422)	—
Issuance of common stock from reinvestment of dividends	1,679,627	1,348,393	—
Others	6,740	(117,334)	—
Resources used in financing activities	(6,553,864)	(4,446,279)	(5,292,625)
Investing activities			
Long-term intercompany receivables, net	(21,469,224)	(1,094,801)	—
Net change in investment in subsidiaries	22,875,607	5,788,720	(12,514,420)
Dividends received	12,120,746	—	770,666
Deferred charges	(2,161,783)	(367,391)	(45,579)
Resources provided by (used in) investing activities	11,365,346	4,326,528	(11,789,333)
(Decrease) increase in cash and temporary investments	(154,021)	197,471	(513,299)
Cash and temporary investments at beginning of year	208,880	11,409	524,708
Cash and temporary investments at end of year	$ 54,859	208,880	11,409

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN STOCKHOLDERS' EQUITY**

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

(THOUSANDS OF CONSTANT MEXICAN PESOS AS OF DECEMBER 31, 1999)

	Common stock Series A	Series B
Balances at December 31, 1996	$ 1,708,200	1,076,664
Acquisition of shares under repurchase program	(449)	(649)
Appropriation of net income from prior year	—	—
Issuance of common stock (note 14B)	—	25
Result from holding nonmonetary assets	—	—
Updating of investments and other transactions relating to minority interest	—	—
Investment by subsidiaries (note 7)	—	—
Net income	—	—
Balances at December 31, 1997	1,707,751	1,076,040
Dividends declared ($0.39 pesos per share)	1,347	—
Appropriation of net income from prior year	—	—
Issuance of common stock (note 14B)	—	13
Result from holding nonmonetary assets	—	—
Updating of investments and other transactions relating to minority interest	—	—
Investment by subsidiaries (note 7)	—	—
Net income	—	—
Balances at December 31, 1998	1,709,098	1,076,053
Dividends ($0.44 pesos per share)	1,653	—
Appropriation of net income from prior year	—	—
Issuance of common stock (note 14B)	—	118
Issuance of appreciation warrants (note 2C)	—	—
Result from holding nonmonetary assets	—	—
Updating of investments and other transactions relating to minority interest	—	—
Investment by subsidiaries (note 7)	—	—
Net income	—	—
Balances at December 31, 1999	$ 1,710,751	1,076,171

See accompanying notes to consolidated and parent-company only financial statements.

Additional paid-in capital	Deficit in equity restatement	Retained earnings	Net income	Majority interest	Minority interest	Total stockholders' equity
15,363,226	(29,912,650)	36,712,618	10,329,978	35,278,036	10,573,768	45,851,804
—	—	(1,204,224)	—	(1,205,322)	—	(1,205,322)
—	—	10,329,978	(10,329,978)	—	—	—
18,000	—	—	—	18,025	—	18,025
—	(3,941,665)	—	—	(3,941,665)	—	(3,941,665)
—	—	—	—	—	347,436	347,436
—	(2,154,336)	—	—	(2,154,336)	—	(2,154,336)
—	—	—	7,733,179	7,733,179	1,083,902	8,817,081
15,381,226	(36,008,651)	45,838,372	7,733,179	35,727,917	12,005,106	47,733,023
1,347,046	—	(1,644,422)	—	(296,029)	—	(296,029)
—	—	7,733,179	(7,733,179)	—	—	—
9,706	—	—	—	9,719	—	9,719
—	(962,229)	—	—	(962,229)	—	(962,229)
—	—	—	—	—	1,607	1,607
—	(3,913,677)	—	—	(3,913,677)	—	(3,913,677)
—	—	—	7,960,844	7,960,844	391,147	8,351,991
16,737,978	(40,884,557)	51,927,129	7,960,844	38,526,545	12,397,860	50,924,405
1,677,974	—	(1,887,312)	—	(207,685)	—	(207,685)
—	—	7,960,844	(7,960,844)	—	—	—
88,056	—	—	—	88,174	—	88,174
231,827	—	—	—	231,827	—	231,827
—	(2,802,606)	—	—	(2,802,606)	—	(2,802,606)
—	—	—	—	—	(1,022,080)	(1,022,080)
—	4,196,361	—	—	4,196,361	—	4,196,361
—	—	—	9,249,046	9,249,046	535,964	9,785,010
18,735,835	(39,490,802)	58,000,661	9,249,046	49,281,662	11,911,744	61,193,406

1.- DESCRIPTION OF BUSINESS

Cemex, S.A. de C.V. (Cemex or the Company) is a Mexican parent company of entities engaged in the production and marketing of cement and concrete in the construction industry. The Company also has subsidiaries that participate in the tourism industry.

2.- OUTSTANDING EVENTS DURING 1999

A) EXCHANGE OF SHARES FOR THE NEW ORDINARY PARTICIPATION CERTIFICATE ("CPO")

On September 14, 1999, the Company concluded an exchange offer of its old series "A" and "B" shares, and its old Ordinary Participation Certificates ("CPO's"), for new CPO's. As a result, most of the holders of the old series "A" and "B" shares and old CPO's, received for each one of their titles a new CPO, which represents, the participation in two new series "A" shares and one new series "B" share of the Company. As a part of the exchange offer, on September 15, 1999, the Company effected a stock split of two series "A" shares and one series "B" share, for each of the old shares of any series. The proportional equity interest participation of the shareholders in the Company's common stock did not change as a result of the exchange offer and the stock split mentioned above.

Earnings per share, prices per share, and the number of shares outstanding disclosed in these notes to the financial statements for the years ended December 31, 1998 and 1997, as well as the transactions occurred in 1999 prior to September 14, have been restated to give effect the stock split mentioned in the preceding paragraph.

B) REGISTRATION IN THE NEW YORK STOCK EXCHANGE

On September 15, 1999, the Company successfully completed its registration before the United States Securities and Exchange Commission ("SEC") and the listing of the new American Depositary Share ("ADS") in the New York Stock Exchange ("NYSE"), as well as the exchange process of the new CPO mentioned in note 2A. On the same date, began the trading of the new CPO's in the Mexican Stock Exchange ("BMV") and of the new ADS's in the NYSE under the stock symbol CX. Each new ADS represents 5 new CPO's. As a result of the registration before the SEC and the listing of the new ADS in the NYSE, beginning in the year 2000, the Company is required to file before the SEC, financial information according to the rules established by such Commission, including the annual financial statements with the reconciliation of stockholders' equity and net income to Generally Accepted Accounting Principles in the United States ("US GAAP").

C) PUBLIC OFFER OF WARRANTS

During December 1999, through a simultaneous public offer in the Mexican Stock Exchange ("BMV") and the New York Stock Exchange ("NYSE"), the Company issued 105 million warrants at a subscription price of $3.2808 pesos per warrant. The warrants allow the holder to benefit from the future increment in the market price of the Company's CPO above the strike price of U.S. dollars 6.20 per warrant, within certain limits. The benefit, should any exist, will be paid in CPO's of the Company. The warrants were issued for a term of three years and their exercise is at maturity. The warrants were subscribed as American Depositary Warrants ("ADW's") in the NYSE, each ADW is equivalent to 5 warrants.

As part of the same transaction, the Company carried out a hedge transaction in order to cover the future obligations for the warrants exercise. Through this transaction, 105 million CPO's of the Company and 33,751,566 shares of Compañía Valenciana de Cementos Portland, S.A. ("Valenciana"), subsidiary of the Company in Spain, were sold to a group of foreign banks. Simultaneously, a subsidiary of the Company entered into forward contracts with the same group of banks, to repurchase the basket of shares with a three-year maturity and paid in advance of the forward final price, approximately U.S. dollars 439.9 million to the banks.

As a result of the overall transaction, the Company received resources for the subscription of the warrants and the sale of the basket of shares for approximately U.S. dollars 490.9 million, after applying the prepayment to the banks under the forward, fees and other expenses related to this transaction.

3.- SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND DISCLOSURE

The accompanying Parent Company-only financial statements have been prepared in order to comply with legal requirements in Mexico. The Company also presents consolidated financial statements.

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles in Mexico ("Mexican GAAP"), which include the recognition of the effects of inflation on the financial information.

For purposes of disclosure, when reference is made to pesos or "$", it means Mexican pesos, likewise, when reference is made to dollars or U.S. dollars, it means currency of the United States of America.

When reference is made to "CPO's", it is the Ordinary Participation Certificates of the Company, which include two series "A" shares and one series "B" share per each CPO. When reference is made to "ADS's", it is the "American Depositary Shares" of the Company. Each ADS includes 5 CPO's.

B) PRESENTATION OF COMPARATIVE FINANCIAL STATEMENTS

In accordance with Bulletin B-15 "Foreign Currency Transactions and Translation of Foreign Currency Financial Statements", the inflation restatement factors applied to the financial statements of prior periods were calculated based upon a weighted average index, which takes into consideration the inflation rates of the countries in which the subsidiaries operate, and the fluctuations in the exchange rate of each country vis-a-vis the Mexican peso. The inflation restatement factors for the Parent Company-only financial statements of prior periods were calculated based upon the inflation in Mexico.

	1999	**1998**
Inflation restatement factor using weighted average index	1.0011	1.2581
Inflation restatement factor for inflation in Mexico	1.1232	1.1861

The inflation restatement adjustments for common stock and additional paid-in capital are determined by using the Mexican inflation. The weighted average restatement index was used for all other inflation restatement adjustments to stockholders' equity.

C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include those of Cemex and the subsidiary companies in which Cemex holds a majority interest and/or has control. All significant intercompany balances and transactions have been eliminated in consolidation.

The main subsidiaries are:

- Cemex México, S. A. de C.V.
- Beeston Investments Holdings Limited
- Compañía Valenciana de Cementos Portland, S.A.
- Corporación Venezolana de Cementos, S.A.C.A.
- Cemex USA, Inc.
- Cementos Diamante, S.A.
- Cemento Bayano, S.A.
- Cementos Nacionales, S.A.
- Rizal Cement Company, Inc.
- APO Cement Corporation
- Assiut Cement Company
- Cementos del Pacífico, S.A.
- Turismo Cemex, S.A. de C.V.

D) ADMINISTRATIVE IMPROVEMENT PROGRAM DURING 1999

During 1999, as part of an administrative improvement program, the Company integrated within the structure of one entity the cement and concrete operations in Mexico in order to eliminate redundant processes and take advantage of synergies. This administrative process included mergers, as well as sales-purchases of companies within the Group, for which the following actions were taken:

1) Effective July 31, 1999, the Company changed the legal name of Cemex Control, S.A. de C.V. ("Control") to Empresas Tolteca de México, S.A. de C.V. ("ETM").

2) Effective December 31, 1999, a merger took place of most of the cement subsidiaries in Mexico, including Tolmex, S.A. de C.V. ("Tolmex"). The merging entity was Serto Construcciones, S.A. de C.V. ("Serto"), company which before the merger was a direct subsidiary of Tolmex. Likewise, on December 10, 1999, the legal name of Serto was changed to Cemex México, S.A. de C.V. ("Cemex México").

3) Effective December 31, 1999, a merger took place of most of the concrete subsidiaries in México into one sole entity. The merging entity was Cemex Concretos, S.A. de C.V., before named Concretos de Alta Calidad y Agregados, S.A. de C.V.

4) Additionally, on December 15, 1999, through a sale and purchase of shares within the Group, ETM became a direct subsidiary of Cemex Mexico.

Through these mergers and the sale of ETM (see note 23), starting the year 2000, the cement and concrete operations of the Company in Mexico are integrated in Cemex Mexico and subsidiaries.

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

Transactions denominated in foreign currencies are recorded at the exchange rates prevalent on the dates of their execution or liquidation. Monetary assets and liabilities denominated in foreign currencies are adjusted into pesos at the exchange rates prevailing at the balance sheet date. The resulting foreign exchange fluctuations are reflected in the results of operations as part of the comprehensive financing income (cost) or as a charge directly to the stockholders' equity when the indebtedness is directly related to the acquisition of a foreign subsidiary.

The financial statements of consolidated foreign subsidiaries are restated for inflation in their functional currency based on the subsidiary country's inflation rate and subsequently translated to Mexican pesos by using the foreign exchange rate at the end of the corresponding reporting period for balance sheet and income statement accounts.

The exchange rate of the Mexican peso against the U.S. dollar used by the Company is based upon the weighted average of free market rates available to settle its overall foreign currency transactions.

F) CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments include fixed-income marketable securities investments with original maturities of three months or less. Investments in marketable securities are stated at market value. Gains or losses resulting from changes in market values and the effects of inflation are included in the accompanying statements of income as part of the comprehensive financing income or cost.

G) INVENTORIES AND COST OF SALES (note 5)

Inventories are stated at the lower of replacement cost or market value. Replacement cost is based upon the latest purchase price or production cost. The cost of sales reflects replacement cost of inventories at the time of sale, expressed in constant pesos as of the date of the latest balance sheet.

H) INVESTMENTS AND NON CURRENT RECEIVABLES (note 7)

In the consolidated financial statements, investments in affiliated companies in which the Company holds between 10% and 50% of the issuer's capital stock are accounted for by the equity method. Under the equity method, the investments are stated at cost, adjusted for the Company's equity in the investee's earnings after acquisition and the effects of inflation on the investee's equity.

Investments available for sale for which the Company has no intention to sell in the short-term are carried at market value, and its valuation effects are recognized in the stockholders' equity. The application of the accumulated effect to the income statement will occur at the moment of sale.

I) PROPERTY, MACHINERY AND EQUIPMENT (note 8)

Property, machinery and equipment are restated for inflation in accordance with the fifth amendment to Bulletin B-10, by using the inflation index of the country of origin of the assets and the change in the foreign exchange rate between the country of origin and the functional currency.

Net comprehensive financing cost incurred during the construction or installation period of fixed asset additions is capitalized, as part of the value of the assets.

Depreciation of property, machinery and equipment is provided on the straight-line method over the estimated useful lives of the assets less salvage value. The useful lives of the assets are as follows:

	YEARS
Administrative buildings	50
Industrial buildings, machinery and equipment	10 to 35

The Company continuously evaluates the physical state and performance of its machinery and equipment, as well as the impact of its sales and production forecasts, in order to determine if there are judgement elements indicating that the book value of these assets needs to be adjusted for impairment. An impairment loss would be recorded in the income statement of the period if such determination is made (see note 8).

J) DEFERRED CHARGES AND AMORTIZATION (note 9)

Deferred charges are adjusted to reflect current values. Amortization of deferred charges is determined using the straight-line method based on the current value of the assets.

Amortization of the excess of cost over book value of subsidiaries acquired (goodwill) is determined under the present worth or sinking fund method, which intends a better matching of the amortization of goodwill with the revenues generated from the acquired affiliated companies. The amortization periods are as follows:

	YEARS
Goodwill from years before 1992	40
Goodwill generated starting January 1, 1992	20

At each balance sheet date, the Company evaluates the recoverability of goodwill based on an evaluation of factors such as the occurrence of a significant adverse event, change in the environment in which the business operates and expectations of operating results for each subsidiary, this to determine if there are judgement elements to believe that the goodwill balance would not be recovered. An impairment loss would be recorded in the period if such determination is made.

Deferred financing costs originated from our financing operations are amortized over the term in which the related transactions are outstanding, in proportion to their maturity dates. These costs include the expenses incurred for fees paid to lawyers, printers and consultants, as well as commissions paid to banks in the credit approval process. Deferred financing costs are adjusted to reflect current values.

K) PENSION PLANS AND SENIORITY PREMIUM (note 13)

Pension benefits and accumulated seniority premium rights to which employees are legally entitled are recognized in the results of operations on the basis of the present value of the benefit determined under actuarial estimations. The amortization of unrecognized prior service cost is based on the personnel's estimated active service life. As of December 31, 1999, the estimated active service life of the employee's under plan's benefit is approximately 22 years.

Some subsidiaries have established pension plans supplementary to the benefits provided by law. The obligations under these plans are determined based on actuarial calculations and, in some cases, certain irrevocable trust funds have been established for these plans. The actuarial assumptions utilized in these calculations are based upon "real" rates (nominal rates reduced by inflation).

Other benefits to which employees may be entitled are recognized as an expense in the year in which they are paid. These benefits consist principally of severance benefits and vacation.

L) INCOME TAX AND EMPLOYEES' STATUTORY PROFIT SHARING (note 16)

Income Tax and Employees' Statutory Profit Sharing expense recognize the amounts incurred, and the effects of material timing differences between tax and book income on which it may be reasonably estimated that, over a defined period, a benefit or liability will arise.

M) MONETARY POSITION GAIN OR LOSS

The monetary position gain or loss is calculated by applying the inflation rate of each country in which the Company has operations to the average net monetary assets or liabilities in that country.

N) DEFICIT IN EQUITY RESTATEMENT

The deficit in equity restatement includes the accumulated effect from holding non-monetary assets as well as the effects of translation of financial statements of foreign subsidiaries.

O) DERIVATIVE FINANCIAL INSTRUMENTS (note 15)

The Company uses derivative financial instruments such as interest rate swaps, forward contracts, options and future contracts in order to reduce its exposure to market risks from changes in interest rates, foreign exchange rates, the price of the Company's shares and the price of energy. Some financial instruments have been designated as hedges of the Company's costs, debt or equity and their economic effects are recognized as part of the cost of sales, comprehensive financing income (cost) or in stockholders' equity, according to their designation. Premiums paid or received on derivative instruments, are deferred and amortized to the income statement or stockholders' equity, depending on their destination, over the life of the underlying hedge instrument or immediately when they are settled.

Equity derivatives on our own common stock are accounted for as equity instruments and gains and losses are recognized as an adjustment to stockholders' equity. At maturity, these contracts provide for physical or net cash settlement at the Company's option.

Currency forward instruments that have been designated as, and are effective as, a hedge of the Company's net investments in foreign subsidiaries are recorded at their estimate fair value in the balance sheet. The realized or unrealized gains or losses are recognized in stockholders' equity as part of the foreign currency translation gain or loss.

The results of derivative instruments contracted as a hedge of interest rates are accounted for as part of the effective interest rate of the related debt within the financial expense. At settlement, the results are deferred and recognized over the shorter term of the remaining contractual life of the derivative instrument or the remaining life of the liability as an adjustment to interest expense.

P) REVENUE RECOGNITION

Revenue is recorded upon shipment of the cement and ready-mix concrete to customers.

Q) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

R) RECLASSIFICATIONS

Certain amounts reported in the notes to the consolidated financial statements as of December 31, 1998 and 1997, have been reclassified to conform to the 1999 presentation.

4.- OTHER RECEIVABLES

Other current receivables consist of:

	1999		1998	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Non-trade receivables	$ 1,537,471	20,985	1,284,647	13,029
Refundable income tax	388,226	—	635,239	591,321
Other refundable taxes	309,795	—	170,571	28,308
	$ 2,235,492	20,985	2,090,457	632,658

As of December 31, 1999 and 1998, non trade receivables consisted primarily of interest receivable, notes receivable, advances to employees for travel expenses, loans made to employees and receivable from the sale of assets.

5.- INVENTORIES

Inventories are summarized as follows:

	CONSOLIDATED	
	1999	1998
Finished goods	$ 744,626	998,663
Work-in-process	586,471	485,695
Raw materials	514,152	509,160
Supplies and spare parts	2,754,377	1,988,828
Advances to suppliers	418,411	170,409
Inventory in transit	117,815	31,087
Real estate held for sale	148,570	189,117
	$ 5,284,422	4,372,959

As of December 31, 1999 and 1998, real estate held for sale corresponds to undeveloped land in different tourist locations in Mexico, originally acquired by the Company for future tourism projects. Currently, this real estate is held for sale in the short-term. In accordance to the Fifth Amendment to Bulletin B-10, until December 31, 1996, independent appraisers determined the amounts, which represented their estimated realizable value. Beginning in 1997, such amounts have been restated using the inflation factors arising from the NCPI.

6.- OTHER CURRENT ASSETS

Other current assets include $128,774 and $473,330, as of December 31, 1999 and 1998, respectively, of non-cement related assets which are intended to be sold in the short-term, and that are stated at their estimated realizable value. These assets include securities and assets for lines of business other than the Company's, which are mainly originated from (i) non-cement related assets acquired in the acquisition of our international subsidiaries, and (ii) assets held for sale including land and buildings received from customers as payment of trade receivables.

As of December 31, 1998, within non-cement related assets acquired as part of the acquisition of subsidiaries, were included approximately $420.8 million for an uncompleted real estate project in Spain. During 1999, the Company sold part of this asset in Spain, recording a net result of approximately $(160) million in the caption Other Expenses, net. Additionally, as of December 31, 1999, the Company recognized an impairment allowance related to this asset for approximately $37.5 million in the income statement. The fair value of the remaining non-cement assets in Spain as of December 31, 1999 is approximately $28.5 million and was reclassified to fixed assets.

7.- INVESTMENTS AND NON CURRENT RECEIVABLES

Investments in shares of subsidiaries and affiliated companies are accounted for by the equity method, which considers the results of operation and the stockholders' equity of the investee's. Investment in subsidiaries and affiliated companies are summarized as follows:

	1999		1998	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Contribution or book value at acquisition date	$ 4,261,284	27,910,116	2,464,092	35,015,884
Equity in income and other changes in stockholders' equity of subsidiaries and affiliated companies	1,584,953	16,537,758	1,345,812	35,977,045
	$ 5,846,237	44,447,874	3,809,904	70,992,929

Investment held by subsidiaries in the Parent Company amounting to $6,051,455 (113,625,709 CPO's and 3,663,615 warrants) and $4,280,151 (171,064,911 CPO's) as of December 31, 1999 and 1998, respectively, are offset against majority interest stockholders' equity in the accompanying financial statements. As part of the hedge transaction carried out by the Company during 1999 (see notes 2C and 15(d)), a total of 105 million CPO's held by subsidiaries in the Parent Company were sold.

a) On November 22, 1999, the Company acquired from the Egyptian government 77% equity interest in Assiut Cement, Co. ("Assiut"), the largest cement-producing company in Egypt for US dollars 318.8 million ($3,031.8 million). Additionally, the Company has an option until June 30, 2000 to acquire an additional 13% for an approximate amount of US dollars 53.8 million. As of December 31, 1999, the consolidated financial statements of the Company include the balance sheet of Assiut with figures as of November 30, 1999, and the results of the one-month period ended November 30, 1999.

b) During 1999, the Company entered into capitalization and subscription of shares agreements with institutional investors in Asia, represented by AIG Asian Infrastructure Fund II, L.P. and GIC Special Investments Pte Ltd., to co-invest in Cemex Asia Holdings Ltd. ("CAH"), subsidiary of the Company created to make cement investments in Asia. Based on the agreements, on September 30, 1999, the investors in Asia contributed capital to CAH for approximately US dollars 87 million, and the Company, through subsidiaries, contributed to CAH its direct participation and its economic benefits in Rizal Cement and APO Cement, subsidiaries in the Philippines. As a result of this transaction, on September 30, 1999, the direct participation and economic benefits of the Company in Rizal and APO decreased to 60% and 86%, respectively. Due to this transaction, a minority interest increase in the consolidated stockholders' equity was reflected.

c) On September 21, 1999, the Company successfully completed a tender offer for the acquisition of the Costa Rican cement producer, Cementos del Pacífico, S.A. ("Cempasa"). Through this transaction, a subsidiary of the Company acquired an additional 79.5% of the shares outstanding of Cempasa for approximately US dollars 72 million ($685 million), increasing the equity interest of the Company in Cempasa to 95.3%. As of December 31, 1999, the consolidated financial statements of the Company, include the balance sheet of Cempasa with figures as of December 31, 1999, and the results for the three-month period ended December 31, 1999.

d) In June 1999, the Company acquired 11.92% equity interest in Cementos Bio Bio, S.A., the largest cement producer of Chile. The total of this transaction amounted to approximately US dollars 34 million. As of December 31, 1999, the investment in Cementos Bio Bio was accounted for under the equity method of accounting, and is included in the investments in affiliated companies' caption for $294,126.

e) In February 1999, a subsidiary of the company acquired 99.9% interest in the economic benefits of APO Cement Corporation ("APO"), a Philippine cement producer, for approximately US dollars $400 million. As of December 31, 1999, the consolidated financial statements of the Company include the balance sheet and results of APO for the year ended December 31, 1999.

f) Through transactions carried out in 1999 and 1998 for approximately US dollars 126 and 114.6 million, respectively, a subsidiary of the Company acquired 25.53% of the common stock of PT Semen Gresik (Persero), Tbk. ("Gresik"), an Indonesian company with several cement plants. As of December 31, 1999, the investment in Gresik was included in the consolidated financial statements under the equity method of accounting, and is included in the investments in affiliated companies' caption for $2,715,781. As of December 31, 1998, the investment in Gresik was accounted under the cost method of accounting and totals $1,169,446. Under the terms of the Company's agreement, entered into with the Indonesian government in connection with our investment in Gresik, the Indonesian government has an option until October 2001 to require the Company to purchase its 51% interest in Gresik for a purchase price of approximately US dollars 418 million ($3,975 million), plus accrued interests since October 1998 at 8.2% per annum.

g) In December 1998, through a public offering, the Company acquired an additional 21.96% of the shares representative of the capital stock of its Colombian subsidiary. Through this acquisition, the Company's investment in this subsidiary increased from a 68.7% to 90.7%. This transaction amounted to approximately US dollars 47.3 million.

h) In November 1998, a subsidiary of the Company increased its equity interest in Rizal Cement, Inc. ("Rizal"), a Philippine cement producer to 40%, for an approximate amount of US dollars 130 million. Likewise, as part of this transaction, a Philippine investor, through the subscription of a special series of shares, purchased an additional 30% of Rizal. The Philippine investor and Cemex formed an alliance that grants the Company control of the operations not reserved for nationals, and the administration of Rizal. Through these transactions, the Company has 70% of the economic benefits of Rizal. As of December 31, 1999, the consolidated financial statements include the balance sheet and results of Rizal for the year 1999. As of December 31, 1998, the investment in Rizal was accounted for by the purchase method of accounting and the accounts of Rizal are included in the Company's consolidated financial statements based upon Rizal's November 30, 1998 amounts.

Certain condensed financial information of the balance sheets and income statements of the acquired companies during 1999, for the periods mentioned above, are presented below:

	a) ASSIUT	c) CEMPASA	e) APO
Total assets	$ 4,071,075	636,775	3,583,730
Total liabilities	2,712,115	254,312	1,180,891
Stockholders' equity	1,358,960	382,463	2,402,839
Net sales	$ 137,686	91,195	617,044
Operating income	15,392	20,099	111,070
Net (loss) income	(7,200)	(17,728)	73,217

8.- PROPERTY, MACHINERY AND EQUIPMENT

During 1999, through the analysis of the economic and market conditions prevailing in the countries where the Company operates, the marketing plans, as well as the future production needs, the Company decided to fully stop operations in 4 operating cement assets located in Mexico and Colombia, as well as the partial closing of other 4 operating cement assets located in the same countries, this in order to avoid a production overload. Based on this analysis, the Company estimated that the expected future cash flows to be generated by such assets would not be sufficient to recover their book value.

As a result of the above and according to the guidelines established in Bulletin C-6 "Property, Machinery and Equipment", during 1999, the Company determined an impairment provision of approximately US dollars 63.1 million ($600.1 million), which is reflected in the consolidated income statement under the caption Other Expenses, net. As of December 31, 1999, the assets subject to impairment described above are valued at their estimated realizable value, net from the expenses estimated for their disposal and, their depreciation has been suspended. The remaining book value of these assets is approximately $313 million and it is the Company's intention to dispose of those that were completely closed. The impact of having suspended depreciation of these assets on the 1999 results was approximately $30.2 million.

The Company continues with the assesment process of its subsidiaries' fixed assets, therefore, the possibility of future provisions for impairment of assets exists, additional to those recognized in 1999.

In 1998, the Company sold a cement plant of its Spanish subsidiary and its related assets for approximately US dollars 260 million ($2,577 million), resulting in a gain in the consolidated income statement of approximately $325.5 million. The sale included the ready-mix concrete, mortar and aggregates operations related to that plant.

9.- DEFERRED CHARGES

Deferred charges are summarized as follows:

	1999		1998	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Excess of cost over book value of subsidiaries and affiliated companies acquired	$ 24,341,809	3,670,942	23,032,628	1,832,167
Terminal installation costs and other intangibles	59,125	—	45,890	—
Deferred financing costs	532,666	365,448	415,753	383,375
Others	3,434,052	1,274,666	2,936,326	1,111,560
Accumulated amortization	(5,096,870)	(1,025,781)	(4,230,191)	(1,090,319)
	$ 23,270,782	4,285,275	22,200,406	2,236,783

As of December 31, 1999, as a result of the acquisitions made by the Company during 1999 (see note 7), goodwill increased approximately US dollars 249 million ($2,368 million), in relation to the prior year.

10.- SHORT-TERM BANK LOANS AND NOTES PAYABLE

Short-term debt is summarized by currency as of December 31, 1999 and 1998, as follows:

CONSOLIDATED

	1999	RATE	1998	RATE
US Dollars	$ 7,823,221	5.4% - 10.8%	10,238,479	5.8% - 10.0%
Euros	882,465	3.5% - 4.1%	—	—
Egyptian Pounds	674,049	10.5%	—	—
Philippine Pesos	226,710	13.0% - 15.7%	196,334	16.8%
Spanish Pesetas	183,782	3.8%	381,717	3.9% - 5.8%
Colombian Pesos	5,438	19.8%	143,845	19.8%
	$ 9,795,665		10,960,375	

A total of 98% of the short-term debt of the Parent Company is denominated in US dollars in 1999 and 1998.

11.- LONG-TERM BANK LOANS AND NOTES PAYABLE

The consolidated long-term debt is summarized as follows:

	1999	RATE	1998	RATE
A) Bank Loans				
1. Syndicated loans denominated in foreign currency, due from 2000 to 2006	$ 13,453,507	4.1% - 9.5%	9,507,040	6.1% - 8.2%
2. Bank loans denominated in foreign currency, due from 2000 to 2007	4,786,905	3.5% - 15.7%	5,314,328	3.9% - 19.8%
3. Revolving line of credit in foreign currency, due from 2001 to 2002	3,804,000	7.1%	4,856,337	6.6%
	22,044,412		19,677,705	
B) Notes Payable				
4. Euro medium-term Notes Programme denominated in foreign currency, due from 2000 to 2006	14,118,718	8.5% - 12.8%	13,029,409	8.5% - 12.8%
5. Commercial paper denominated in foreign currency with revolving maturities every one or two years	1,588,170	7.3%	1,922,713	5.3% - 7.7%
6. Yankee Notes, due in 2003	782,673	8.4%	1,735,989	8.4%
7. Other notes denominated in foreign currency, due from 2000 to 2009	809,379	7.1% - 8.9%	894,709	6.7% - 9.8%
	17,298,940		17,582,820	
	39,343,352		37,260,525	
Current maturities	(7,575,154)		(6,177,195)	
	$ 31,768,198		31,083,330	

1. Syndicated loans denominated in foreign currency had a weighted average floating interest rate of 6.2% in 1999 and 6.8% in 1998. These loans had a weighted average spread based on LIBOR of 98 basis points in 1999 and 132 in 1998.

2. Bank loans denominated in foreign currency, of which 48% in 1999 and 93% in 1998 were floating rate with a weighted average interest rate of 5.4% in 1999 and 6.5% in 1998. These loans had a weighted average spread based on LIBOR of 45 basis points in 1999 and 122 in 1998.

3. Revolving line of credit in foreign currency with an average floating rate of 7.1% in 1999 and 6.6% in 1998. These loans had a spread based on LIBOR of 125 basis points.

4. Euro medium-term Notes Programme denominated in foreign currency with a weighted average fixed rate of 10.3% in 1999 and 10.5% in 1998.

5. Commercial paper denominated in foreign currency with revolving maturities every one or two years with a weighted average floating interest rate of 7.3% in 1999 and 6.0% in 1998. These loans had a spread based on LIBOR of 116 basis points in 1999 and 73 in 1998.

6. Yankee Notes had a fixed rate of 8.375% in 1999 and 1998.

7. Other notes denominated in foreign currency of which $124,170 and $412,057 were floating rate with a weighted average interest rate of 5.9% and 6.9% in 1999 and 1998, respectively. These loans had a weighted average spread based on LIBOR of 16 basis points in 1999 and 162 in 1998. The remaining $685,209 in 1999 and $482,652 in 1998 were fixed rate with a weighted average interest rate of 6.4% and 8.9% in 1999 and 1998, respectively.

Long-term debt is summarized by currency as of December 31, 1999 and 1998 as follows:

CONSOLIDATED

	1999	1998
US Dollars	$ 25,119,131	30,219,953
Euros	4,354,799	—
Egyptian pounds	1,560,124	—
Philippine Pesos	197,409	137,837
Spanish Pesetas	498,006	668,085
Colombian Pesos	38,729	13,599
Venezuela Bolivars	—	43,856
	$ 31,768,198	31,083,330

A total of 99% of the long-term debt of the Parent Company is denominated in US dollars in 1999 and 1998.

As of December 31, 1999, the Company has interest rate swap contracts for up to US dollar 450 million ($4,279.5 million), exchanging fixed for floating rates. Additionally, the Company has interest rate collars for 2,500 million pesetas ($143.6 million) in 1999 and 7,500 million pesetas ($430.7 million) and US dollars 50 million (475.5 millions) in 1998, related to the debt negotiated at variable rates in a range of LIBOR and MIBOR. Furthermore, there are forward range swap contracts covering up to US dollars 80 million ($760.8 million) and US dollars 405 million (3,851.6 million) in 1999 and 1998, respectively, to protect the financial cost of debt negotiated at variable rates.

The company has these interest rate hedge instruments and derivative instruments as part of its strategy to manage the overall cost of borrowing. The results of these instruments are recognized as part of the financial expense.

As of December 31, 1999, the Company's maturity dates, interest rates being hedged, current interest rates and estimated market value related to debt hedge with interest rate collars and swaps as described above are presented as follows:

	MATURITY DATE	INTEREST RATE HEDGE OR EXCHANGED	EFFECTIVE INTEREST RATE	ESTIMATED MARKET VALUE
Debt denominated in pesetas	April 2000	3.11%	3.68%	$ (466)
Debt denominated in US dollars	March 2001	6.51%	6.33%	(2,254)
Debt denominated in US dollars	June 2002	9.25%	8.19%	(54,540)
Debt denominated in US dollars	October 2009	9.63%	8.47%	(57,669)
				$ (114,929)

As of December 31, 1998, the estimated market value of these instruments showed a loss of approximately $(218,820).

The estimated market value of the interest rate collars and swaps will fluctuate over time and is determined by the market future pricing of the rates. Fair values should not be viewed in isolation, but rather in relation to the fair values of the underlying transactions and the overall reduction in the Company's exposure to fluctuations in interest rates. The notional amounts of derivative instruments do not necessarily represent amounts exchanged by the parties and, consequently, there is no direct measure of the Company's exposure for the use of these derivatives. The amounts exchanged are calculated on the basis of the notional amounts and the other items included in the derivative instruments.

The maturities of long-term debt as of December 31, 1999 are as follows:

	CONSOLIDATED	PARENT
2001	$ 9,500,309	5,667,089
2002	8,253,834	4,755,448
2003	3,476,846	—
2004	3,137,349	—
2005 and thereafter	7,399,860	4,754,712
	$ 31,768,198	15,177,249

As of December 31, 1999, Cemex México, S.A. de C.V. and Empresas Tolteca de México, S.A. de C.V., guarantee indebtedness of the Company for an aggregate amount of US dollars 2,090 million. As of December 31, 1998, the subsidiaries that guaranteed indebtedness of the Company for an aggregate amount of US dollars 2,010 million were: Tolmex, S.A. de C.V., Serto Construcciones, S.A. de C.V., Cemento Portland Nacional, S.A. de C.V., Cementos Mexicanos, S.A. de C.V. and Cemex Control, S.A. de C.V. The change of the subsidiaries, which guarantee the Company's indebtedness, resulted from the mergers mentioned in note 3D. The combined summarized financial information of these guarantors as of December 31, 1999 and 1998 are as follows:

	1999	1998
Total assets	$ 46,577,555	63,016,437
Total liabilities	29,198,250	13,256,006
Stockholders' equity	17,379,305	49,760,431
Net sales	$ 19,255,634	8,535,071
Operating income	8,830,772	2,564,409
Net income	6,240,053	3,732,752

As of December 31, 1999, the Company and its subsidiaries have the following lines of credit, both committed and subject to the bank's availability, at annual interest rates ranging from 5.4% to 12.8%, in accordance with the negotiated currency:

	LINE OF CREDIT	AVAILABLE
Euro medium-term Notes (US dollars 1,250 million)	$ 11,887,500	8,180,312
European commercial paper (US dollars 600 million)	5,706,000	4,117,830
US commercial paper (US dollars 250 million)	2,377,500	2,377,500
Current line of credit (US dollars 250 million)	2,377,500	2,377,500
Lines of credit of foreign subsidiaries	5,450,086	3,603,728
Other lines of credit from Mexican banks	5,376,839	4,503,688
Other lines of credit from foreign banks	4,203,831	2,292,348
	$ 37,379,256	27,452,906

At December 31, 1999 and 1998 in the consolidated balance sheets there are current liabilities amounting to US dollars 226 and 168 million, respectively, classified as long-term debt due to the ability and intention of the Company to refinance such indebtedness with the available amounts of the long-term lines of credit.

As of December 31, 1999, the Company established deposits in trusts amounting to US dollars 120 million ($1,141.2 million), such deposits are committed to the repayment of short-term and long-term debt, US dollars 30 million in short-term and US dollars 90 million in long-term, to repay part of the Yankee Bond' purchase offer (see note 23). These deposits have been offset for presentation purposes.

Certain credit agreements are guaranteed by the Company and/or some of its subsidiaries and contain restrictive covenants that limit the sale of assets, maintain control of the shares of certain subsidiaries, establish liens and require the Company to comply with certain financial ratios. When a default event has occurred, the Company has obtained the respective waivers.

12.- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The most important balances receivable and payable from and to affiliated companies as of December 31, 1999 and 1998 are the following:

PARENT COMPANY	1999		
	ASSETS		LIABILITIES
	SHORT-TERM	LONG-TERM	SHORT-TERM
Cemex México, S.A. de C.V.	$ 87,603	22,564,025	—
Centro Distribuidor de Cemento, S.A. de C.V.	417,219	—	—
Aviación Comercial de América, S.A. de C.V.	97,573	—	—
Sunbelt Trading, S.A.	40,244	—	—
Cemex Concretos, S.A. de C.V.	27,413	—	—
Empresas Tolteca de México, S.A. de C.V.	3,444	—	—
Proambiente, S.A. de C.V.	795	—	—
Petrocemex, S.A. de C.V.	—	—	2,872,090
Beeston Investments Holdings Limited	—	—	76,755
Cemex Central, S.A. de C.V.	—	—	22,451
Productora de Bolsas de Papel, S.A. de C.V.	—	—	232
Others	184	—	60
	$ 674,475	22,564,025	2,971,588

PARENT COMPANY	1998		
	ASSETS		LIABILITIES
	SHORT-TERM	LONG-TERM	SHORT-TERM
Sunbelt Enterprises	$ —	1,094,801	1,212,920
Centro Distribuidor de Cemento, S.A. de C.V.	922,092	—	—
Cemex Control, S.A. de C.V.	402,818	—	—
Badenoch Corporation	128,366	—	—
Aviación Comercial de América, S.A. de C.V.	105,962	—	—
Concretos de Alta Calidad y Agregados, S.A. de C.V	32,197	—	—
Concreto y Precolados, S.A.	17,118	—	—
Cementos Mexicanos, S.A. de C.V.	1,790	—	—
Proambiente, S.A. de C.V.	1,274	—	—
Cemex México, S.A. de C.V.	—	—	9,960,339
Petrocemex, S.A. de C.V.	—	—	71,534
Productora de Bolsas de Papel, S.A. de C.V.	—	—	16,927
Others	761	—	269
	$ 1,612,378	1,094,801	11,261,989

The principal transactions carried out with affiliated companies are:

PARENT COMPANY

	1999	1998	1997
Rental income	$ 341,725	134,908	152,935
License fees	1,075,491	559,573	420,379
Financial expenses	(1,623,174)	(2,110,337)	(1,049,137)
Financial income	535,842	26,244	475,402
Dividends received	12,120,746	—	770,666

13.- PENSION PLANS AND SENIORITY PREMIUM

The net periodic pension cost of the pension plans and seniority premium and the actuarial present value of the benefit obligation and the funded status of the plans described in note 3K, were determined based on computations prepared by independent actuaries as of December 31, 1999 and 1998, and are summarized as follows:

	1999	1998
Change in benefit obligation:		
Benefit obligation ("PBO") at beginning of year	$ 1,320,987	577,854
Service cost	170,701	154,521
Interest cost	113,642	126,843
Amendments	1,038	573,921
Actuarial results	79,881	255
Acquisitions	3,910	12,719
Foreign exchange rate changes and inflation adjustments	47,401	(46,820)
Benefits paid	(81,829)	(78,306)
Benefit obligation ("PBO") at end of year	1,655,731	1,320,987
Change in plan asset:		
Fair value of plan assets at beginning of year	184,063	64,713
Actuarial return on plan assets	23,541	5,600
Actuarial differences	161,670	5,471
Acquisitions	800	10,372
Foreign exchange rate changes and inflation adjustments	25,014	—
Employer contribution	329,700	97,907
Benefits paid from the funds	—	—
Fair value of plan assets at end of year	724,788	184,063
Amounts recognized in the statements of financial position consist of:		
Funded status	(930,943)	(1,136,924)
Unrecognized prior service cost	613,680	559,153
Unrecognized net actuarial results	(80,661)	(41,010)
Accrued benefit liability	(397,924)	(618,781)
Additional minimum liability	(130,487)	(339,883)
Net liability recognized in the consolidated balance sheet	$ (528,411)	(958,664)

The Actuarial Present Obligation ("APO") as of December 31, 1999 and 1998 amounts to $1,368,408 and $1,138,758, respectively. Of these APO amounts, the vested portion was $683,446 in 1999 and $627,423 in 1998. As of December 31, 1997, the net cost of the period derived from the pension plans and seniority premium was $137,849.

As of December 31, 1999 and 1998, the plan assets are mainly composed by fixed return instruments and stock of companies traded in formal stock exchanges.

The most significant assumptions used in the determination of the net periodic costs were the following:

	1999	1998
Range of discount rates used to reflect the obligations present value	4.5% - 6.0%	4.5% - 6.0%
Rate of return on plan assets	6%	7%

Commencing in January 1998, most of the subsidiaries of the Company in Mexico were incorporated to the scheme of pension plans. Therefore, the initial actuarial valuation of the labor obligation for all Mexican subsidiaries under the plan benefits was made as of January 1, 1998.

As mentioned in note 3K, the Company applies real rates (nominal rates discounted for inflation) in the actuarial assumptions used to determine the pension plans and seniority premium liabilities. With the use of real rates, there is a decrease in the difference between the APO and the PBO. As a result, of the use of real rates and the initial valuation in Mexico as of January 1, 1998, and according to generally accepted accounting principles, the Company recognizes a minimum liability against an intangible asset, which as of December 31, 1999 and 1998 were $130,487 and $339,883, respectively.

14.- STOCKHOLDERS' EQUITY

A) CAPITAL STOCK

The previously reported share and per share amounts corresponding to 1998 and the 1999 changes done before September 14, 1999, have been restated to give effect to the stock split made during 1999 (see note 2A).

Capital stock of the Company as of December 31, 1999 is as follows:

	SERIES A [1]	SERIES B [2]
Subscribed and paid shares	2,959,216,418	1,479,608,209
Treasury shares	105,241,768	52,620,884
Unissued shares authorized for Executive Stock Option Plans	132,350,424	66,175,212
	3,196,808,610	1,598,404,305

[1] Series "A" or Mexican shares represent at least 64% of capital stock.
[2] Series "B" or free subscription shares represent at most 36% of capital stock.

Of the total shares, 3,267,000,000 correspond to the fixed portion and 1,528,212,915 correspond to the variable portion.

During 1999, at the annual stockholders' meeting, a dividends program was established, through which shareholders elected between receiving a dividend in cash of $0.44 per share, or reinvesting such dividend in the subscription of new shares representative of the capital stock. As a result of the program, cash dividends were declared in the amount of $1,887,312. Likewise, of the total of dividends declared, shareholders reinvested $1,679,627, therefore, a total of 94,758,232 series "A" shares and 47,379,116 series "B" shares were subscribed and paid, generating an additional paid-in capital of $1,677,974.

B) EXECUTIVE STOCK OPTION PLAN (see note 2A)

The Company has adopted a Stock Option Plan for shares of the variable portion of the common stock. Through this program, the Company grants to eligible executives, designated by a technical committee, stock option "rights" to subscribe up to 72,100,000 new CPO's. As of December 31, 1999 and 1998 the option balances are as follows:

	1999		1998	
	NUMBER OF CPO'S	EXCERCISE PRICE *	NUMBER OF CPO'S	EXCERCISE PRICE *
Granted	47,000,318	34.11	30,399,005	32.00
Canceled	(55,608)	42.22	—	—
Exercised	(5,924,788)	25.59	(2,481,194)	25.68
Outstanding	41,019,922		27,917,811	

* Weighted average exercise price per CPO

The option rights might be exercised up to 25% of the total number of options during the first four years after having been granted. The option rigths expire after a maximum of ten years or when the employee leaves the Company. A portion of the options has an exercise maturity period of five years which can be extended to ten years if certain conditions are met during the first five years. Under this type of programs, the Company has no obligation to recognize a liability for the amount of options.

During 1999 and 1998, the options granted were 16,601,313 and 9,246,120 at a weighted average price per option of $38.07 and $42.26, respectively, and the options exercised were 3,443,594 and 234,671 at a weighted average price per option of $24.70 and $23.52 for 1999 and 1998, respectively. The balance of CPO's available for the Stock Option Plan as of December 31, 1999 and 1998 were 25,099,682 CPO's and 41,700,995 CPO's, respectively. As of December 31, 1999 the outstanding options have a remaining average exercise period of approximately 7.3 years.

The CPO's issued from the exercise of options were paid at their assigned value, generating an additional paid-in capital of $88,056 and $9,706 in 1999 and 1998, respectively.

The Company's obligations under the executive stock option program, consist in the issuance of CPO's representative of capital stock on each exercise date, which represents an increase in such capital.

C) RETAINED EARNINGS

Retained earnings as of December 31, 1999 include $42,593,257 earnings generated by subsidiaries and affiliated companies, which may be distributed by the Company when the respective dividends are declared by these companies. Furthermore, retained earnings include a reserve to repurchase the Company's shares in the amount of $10,697,749.

Net income of the year is subject to a 5% allocation to constitute a legal reserve, until such reserve equals one fifth of the capital stock. As of December 31, 1999, the legal reserve amounted to $1,232,933.

Earnings distributed as dividends in excess of tax earnings will be subject to tax as defined by the Mexican Income Tax Law, in which case, only 65% of retained earnings may be distributed to the shareholders.

D) EFFECTS OF INFLATION

The effects of inflation on the majority interest stockholders' equity as of December 31, 1999 are summarized as follows:

	HISTORICAL COST	INFLATION ADJUSTMENT	TOTAL
Common stock	$ 49,312	2,737,610	2,786,922
Additional paid-in capital	9,255,558	9,480,277	18,735,835
Deficit in equity restatement	—	(39,490,802)	(39,490,802)
Retained earnings	29,637,268	28,363,393	58,000,661
Net income of the year	9,178,227	70,819	9,249,046

E) FOREIGN CURRENCY TRANSLATION

Net foreign currency translation results, amounting to $(229,244), $2,864,866 and $229,670 in 1999, 1998 and 1997, respectively, have been recorded directly to stockholders' equity, and are summarized as follows:

	1999	1998	1997
Foreign currency translation adjustment	$ (825,736)	5,877,309	676,599
Foreign exchange gain (loss) [1]	596,492	(3,012,443)	(446,929)
	$ (229,244)	2,864,866	229,670

The foreign currency translation adjustment includes foreign exchange results from financing related to the acquisition of foreign subsidiaries generated by the subsidiary of the Company in Spain for $(1,876,891), $452,978 and $(852,571), in 1999, 1998 and 1997, respectively.

[1] Foreign exchange losses from the financing identified with the acquisitions of foreign subsidiaries in accordance with Bulletin B-15.

F) OTHER EQUITY TRANSACTIONS

In May 1998, a subsidiary of the Company in Spain issued US dollars 250 million of preferred shares ("Putable Capital Securities") at an annual dividend rate of 9.66% per year. The Company has an option to repurchase the balance of the instrument on November 15, 2004, or on any other subsequent dividend payment date. Additionally, the holders of the instrument have the right to sell the instrument to the Company on May 15, 2005.

As of December 31, 1999 there are financial transactions totaling US dollars 604.6 million ($5,749.8 million), some of which include guarantees, which have been offset for presentation purposes in the Company's consolidated balance sheet. These financial transactions have been offset as follows: US dollars 500 million for a minority interest without voting rights or dividend rights of the subsidiary in Spain; and US dollars 104.6 million for the transfer of assets to a trust. These financial transactions require certain collateral guarantees. The maturity of the described transactions varies between the year 2000 and 2007, and the Company has the option to reacquire the related assets at different dates. As of December 31, 1998, US dollars 78 million were compensated with stock of the Parent Company, amount that was refinanced in 1999 as a part of the transaction, which includes stock of the subsidiary in Spain.

As of December 31, 1999, the Company has recognized valuation effects in the stockholder's equity for $523,433, derived from investments available for sale (see note 3H).

15.- DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 1999, the Company has entered into various derivative financial instrument transactions in order to reduce its risks resulting from changes in interest rates (see note 11), foreign exchange rates and the price of its common shares. These instruments have been negotiated with major domestic and international institutions and corporations, which have a solid financial capacity. Therefore, the Company considers that the risk of non-compliance of the obligations agreed upon by such counterparties is minimum. The notional amount, as well as the estimated fair value of the derivative instruments as of December 31, 1999 and 1998, is as follows:

	THOUSANDS OF US DOLLARS			
	1999		1998	
	NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
a) Equity forward contracts	222,719	89,650	220,638	(48,011)
b) Foreign exchange forward contracts	410,000	12,423	250,000	(60,848)
c) Call options	51,530	(15,427)	—	—
d) Warrants related forward contracts	606,005	122,690	—	—

a) The Company has entered into forward agreements and has sold (put) options related to its outstanding common stock at an established price that covers up to approximately US dollars 106 and 137 million as of December 31, 1999 and 1998, respectively. At maturity, these agreements provide for physical or net cash settlement, at the Company's option, and the gains or losses are recognized in stockholder's equity. In addition, the Company has forwards related to its ADS's, in order to fully cover its voluntary stock option plans for employees for up to US dollars 116 and US dollars 84 million, in 1999 and 1998, respectively. Through these programs, the Company's executives elected to purchase options to buy 7,293,675 ADS's of the Company.

These options are exercisable quarterly over a period of 5 years, and they have an exercise price which increases quarterly in dollars taking into account the funding cost in the market. For the sale of the options, the Company received a premium equivalent to a percentage of the option price at the beginning of the program. As of December 31, 1999, there are options not exercised for 4,527,369 ADS's.

b) The Company has entered into foreign exchange forward contracts in order to protect itself from variations in foreign exchange rates. These contracts have been designated as a hedge on the Company's net investment in foreign subsidiaries for up to US dollars 410 and 250 million as of December 31, 1999 and 1998, respectively. The fair value effects arising from these instruments are recorded for as part of the translation effect of foreign subsidiaries (see note 14E).

c) At December 31, 1999 the Company has outstanding call options for 1,229,260 of its ADS's. The Company may exercise these call options until October 15, 2000, at a weighted average strike price of US dollars 41.89 per ADS.

d) Regarding the public offer for warrants' subscription made by the Company during December 1999, and the related sale of CPO's and shares of a subsidiary mentioned in note 2C, the Company, through a subsidiary, carried out a hedge transaction by means of which forward contracts were entered into to repurchase the total of CPO's and shares over a period of three years, and prepaid toward the final price of the forward approximately US dollars 439.9 million ($4,183.5 million). At maturity, the forward contracts provide the physical exchange of the shares, and the effects are recognized as part of stockholders' equity. In the financial statements as of December 31, 1999, anticipated effect has been given to the liquidation of the forward for the portion corresponding to the shares of the subsidiary, due to the prepayment of the forward and the withholding of all economic and voting rights over such shares. Therefore, a net prepayment of approximately US dollars 51.7 million ($491.7 million), is reflected in Other Long-Term Accounts Receivable corresponding to the CPO's portion.

Additionally, during 1999, the Company terminated a derivative transaction from which gains or losses, depended on the performance of its common shares in relation to the Price and Quotation Index in Mexico. The effects derived from this transaction are included in the statements of income.

The estimated fair values of derivative financial instruments used to hedge the Company's risks will fluctuate over time, and are based on estimated settlement costs or quoted market prices. Fair values should not be viewed in isolation, but rather in relation to the fair values of the underlying hedge transactions and the overall reduction in the Company's exposure to adverse fluctuations in foreign exchange rates and price of shares. The notional amounts of derivatives summarized above do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the exposure of the Company though its use of derivatives. The amounts exchanged are calculated on the basis of the notional amounts and the other items of the derivatives, which relate to interest rates, exchange rates or other financial indexes.

16.- INCOME TAX ("IT"), BUSINESS ASSETS TAX ("BAT"), EMPLOYEES' STATUTORY PROFIT SHARING ("ESPS") AND DEFERRED TAXES

In accordance with present tax legislation in Mexico, corporations must pay either Income Tax ("IT") or Business Assets Tax ("BAT") depending on which amount is greater for their operations in Mexico. Both taxes recognize the effects of inflation, in a manner different from generally accepted accounting principles. Employees' Statutory Profit Sharing ("ESPS") is calculated on similar basis as Income Tax, but without recognizing the effects of inflation.

A) IT, BAT AND ESPS

The Company and its subsidiaries in Mexico consolidate for IT and BAT purposes. Beginning in 1999, the determination of the consolidated IT for the Mexican companies will consider 100% of the taxable income or tax loss of the holding company, and a maximum of 60% of the taxable income or tax loss of each of the subsidiaries. For the period of 1999 and after, the taxable income of the subsidiaries that have tax loss carryforwards generated before 1999, will be taken according to its equity participation at the end of the period. Therefore, the amounts of these items included in the accompanying financial statements, in respect to the Mexican subsidiaries, represent the consolidated result of these taxes. For ESPS purposes, the amount presented is the sum of the individual results of each company.

Income Tax benefit (expense) is summarized as follows:

	1999		1998	
	CONSOLIDATED	PARENT	CONSOLIDATED	PARENT
Current Income Tax	$ (3,951,129)	(3,605,974)	(1,476,492)	(1,131,179)
Received from subsidiaries	—	364,805	—	1,929,457
Deferred taxes	(5,166)	—	—	—
Utilization of tax loss carryforwards	3,305,974	3,305,974	962,699	962,699
Effects of inflation (note 3B)	—	—	55,853	—
	$ (650,321)	64,805	(457,940)	1,760,977

		1997	
		CONSOLIDATED	PARENT
Current Income Tax	$	(1,495,290)	(1,210,192)
Received from subsidiaries		—	1,013,365
Deferred taxes		—	—
Utilization of tax loss carryforwards		957,111	957,111
Effects of inflation (note 3B)		29,387	—
	$	(508,792)	760,284

Total IT includes $340,082, $290,389 and $240,588 from foreign subsidiaries and $310,239, $167,551 and $268,204 from Mexican subsidiaries for 1999, 1998 and 1997, respectively. The Company, as a holding company, prepares its IT and BAT returns on a consolidated basis for its operations in Mexico, which resulted in tax benefits of $64,805 in 1999, $1,760,977 in 1998 and $760,284 in 1997.

The effects of inflation are not recognized for income tax purposes in some countries in which the Company operates, or are recognized differently from the generally accepted accounting principles used by the Company. These effects, as well as other differences between the accounting and the income tax basis, arising from the several income tax rates and laws to which the Company is entitled in the countries in which it has operations, give rise to temporary differences between the statutory tax rate and the effective tax rate presented in the income statement:

	DECEMBER 31,		
	1999	1998	1997
	%	%	%
Statutory tax rate	35.0	34.0	34.0
Utilization of tax loss carryforwards	(27.9)	(14.9)	(14.2)
Additional deductions and tax credits for income tax purposes	8.0	(20.0)	(12.9)
Expenses and other non-deductible items	(9.1)	5.9	4.8
Non-taxable sale of marketable securities and fixed assets	(2.4)	0.4	(3.6)
Difference between book and tax inflation	2.4	(6.9)	(6.7)
Business assets tax	3.7	2.1	3.5
Depreciation	3.5	2.8	(0.3)
Inventories	(6.6)	(1.5)	(0.1)
Others	(0.4)	3.3	1.0
Effective consolidated tax rate	6.2	5.2	5.5

The Company, for its operations in Mexico has accumulated tax loss carryforwards regarding IT, which may be offset against taxable income in the succeeding ten years according to the Income Tax Law:

YEAR IN WHICH TAX LOSS OCCURRED	AMOUNT OF CARRYFORWARD	YEAR OF EXPIRATION
1995	$ 855,142	2005

For the year ending December 31, 1999, the Company utilized accumulated tax loss carryforwards against the period's taxable income of its operations in Mexico in the amount of $9,445,639, which generated a benefit of $3,305,974. The Company and its subsidiaries in Mexico must generate returns to keep the benefit of the tax losses carryforward generated from 1999 and up.

The BAT Law establishes a 1.8% tax levy on assets, indexed for inflation in the case of inventory, property, plant and equipment after deducting certain liabilities.

The BAT levied in excess of IT for the period may be recovered, restated for inflation, in any of the succeeding ten years, provided that the IT levied exceeds BAT levied in such period. The recoverable BAT as of December 31, 1999 is as follows:

YEAR IN WHICH BUSINESS ASSETS TAX EXCEEDED INCOME TAX	AMOUNT OF CARRYFORWARD	YEAR OF EXPIRATION
1997	$ 133,374	2007
1999	314,400	2009
	447,774	

B) DEFERRED INCOME TAX

As of December 31, 1999, the Company has created a deferred income tax provision for the temporary differences of results, over which it is reasonably estimated that in a defined period a benefit or liability is originated for tax effects in the amount of $1,047 million.

During 1999, the Mexican Institute of Public Accountants ("IMCP"), issued the new Bulleting D-4 Accounting treatment of income tax, business assets tax and employees' profit sharing ("Bulletin D-4"). Bulletin D-4 requires the determination of deferred IT through the application of the statutory IT rate, to the amount of temporary differences resulting from comparing the book and taxable value of the assets and liabilities, applying when available the tax loss carryforwards, as well as the BAT balances or other tax credits to be recovered. Likewise, it is required to determine the effect of deferred ESPS for those temporary differences arising from the reconciliation of the net income of the period and the taxable income for ESPS, of a non-recurring nature.

The provisions of Bulletin D-4 are mandatory starting January 1, 2000. The beginning net accumulated effect from deferred income tax derived from the adoption of the Bulletin, must be recognized in the financial statements affecting the stockholders' equity in the account named "Accumulated Effect of Income Tax".

So far, the Company is in the process of determining the final effect that Bulletin D-4 will generate on the financial statements once the adoption becomes effective in the year 2000, for such purpose, an estimated consolidated calculation was determined, which can be representative of the position as of December 31, 1999. Through this calculation, the Company estimated that due to the adoption of the new Bulletin D-4, it would be necessary to recognize an additional deferred income tax liability for an approximate amount of $3,799 million. Such additional liability would be recorded against stockholders' equity.

17.- FOREIGN CURRENCY POSITION

The exchange rate of the Mexican peso to the U.S. dollar as of December 31, 1999, 1998 and 1997 was $9.51, $9.90 and $8.07 pesos per dollar, respectively. As of January 17, 2000, the exchange rate was $9.43 pesos per dollar.

As of December 31, 1999 and for the year then ended, the principal balances denominated in foreign currencies, as well as non-monetary assets in Mexico of foreign origin are presented as follows:

	THOUSANDS OF U.S. DOLLARS		
	MEXICO	FOREIGN	TOTAL
Current assets	123,376	939,677	1,063,053
Non-current assets	693,858 [(1)]	5,840,472	6,534,330
Total assets	817,234	6,780,149	7,597,383
Current liabilities	804,253	856,126	1,660,379
Long-term liabilities	1,848,675	1,641,939	3,490,614
Total liabilities	2,652,928	2,498,065	5,150,993

(1) Non-monetary assets in Mexico of foreign origin.

Additionally, the Mexican operations in foreign currencies during 1999, 1998 and 1997, are summarized as follows:

	THOUSANDS OF U.S. DOLLARS		
	1999	1998	1997
Export sales	83,190	92,170	131,773
Import purchases	29,954	36,563	43,452
Interest income	14,575	24,035	12,652
Interest expense	221,057	202,748	225,300

18.- GEOGRAPHIC SEGMENT DATA

The Company is engaged principally in one industry segment which is the construction industry through the production and marketing of cement and concrete. The following table presents information about the Company by geographic area for 1999, 1998 and 1997:

	NET SALES			OPERATING INCOME		
	1999	1998	1997	1999	1998	1997
Mexico	$ 22,177,707	19,320,749	17,463,315	9,821,679	7,805,839	5,179,121
Spain	7,335,325	8,909,898	7,441,683	2,387,015	2,423,426	1,602,176
Venezuela	4,570,566	5,173,018	4,700,165	1,247,517	1,736,383	1,627,505
United States	5,677,615	5,357,583	4,483,937	1,172,163	752,845	284,606
Colombia	1,598,998	2,612,383	3,765,344	378,761	110,679	831,747
Caribbean and Central-America	3,509,134	2,616,834	2,361,719	642,088	438,509	608,304
Philippines	1,164,474	—	—	23,879	—	—
Egypt	137,686	—	—	15,392	—	—
Others	3,700,630	2,745,770	3,070,832	(2,027,431)	(1,594,716)	(1,034,441)
	49,872,135	46,736,235	43,286,995	13,661,063	11,672,965	9,099,018
Eliminations	(3,958,189)	(3,968,795)	(4,780,557)	—	—	—
Consolidated	$ 45,913,946	42,767,440	38,506,438	13,661,063	11,672,965	9,099,018

	Depreciation and Amortization 1999	1998	1997
Mexico	$ 1,448,229	1,442,578	1,509,640
Spain	563,109	777,177	975,962
Venezuela	553,412	518,482	524,312
United States	217,616	201,199	224,316
Colombia	303,861	520,733	537,233
Caribbean and Central-America	185,457	171,585	171,927
Philippines	230,423	—	—
Egypt	20,314	—	—
Others	600,834	262,555	308,598
Consolidated	$ 4,123,255	3,894,309	4,251,988

	Total Assets 1999	Total Assets 1998	Investment in Fixed Assets * 1999	Investment in Fixed Assets * 1998
Mexico	$ 46,721,332	54,211,292	859,631	605,588
Spain	20,165,143	22,217,378	319,707	365,258
Venezuela	10,615,906	10,412,756	353,131	601,353
United States	6,676,227	6,674,856	154,419	154,573
Colombia	8,171,788	10,677,162	172,802	1,112,715
Caribbean and Central-America	5,553,150	4,126,500	238,524	165,160
Philippines	7,724,397	3,185,698	172,668	—
Others Asian	2,248,624	1,169,446	—	—
Egypt	6,001,306	—	—	—
Others	27,853,216	7,991,057	235,994	447,839
	141,731,089	120,666,145	2,506,876	3,452,486
Eliminations	(28,901,737)	(17,001,606)	—	—
Consolidated	$ 112,829,352	103,664,539	2,506,876	3,452,486

* Corresponds to investments in fixed assets without considering the effects of inflation.

19.- CHARGES TO OPERATIONS NOT REQUIRING RESOURCES

Items charged or credited to the results of operations, which did not generate the use of resources, are summarized as follows:

	1999		1998	
	Consolidated	Parent	Consolidated	Parent
Depreciation of property, machinery and equipment	$ 3,303,002	4,207	3,003,419	5,133
Amortization of deferred charges and credits, net	820,253	60,214	890,890	83,791
Impairment of assets	633,659	—	—	—
Seniority premium	289,244	—	297,855	—
Equity in income of subsidiaries and affiliates	(236,592)	(7,627,682)	(155,328)	(6,152,058)
Minority interest	535,964	—	391,147	—
	$ 5,345,530	(7,563,261)	4,427,983	(6,063,134)

	1997	
	Consolidated	Parent
Depreciation of property, machinery and equipment	$ 3,030,520	5,947
Amortization of deferred charges and credits, net	1,221,468	115,854
Impairment of assets	—	—
Seniority premium	137,849	—
Equity in income of subsidiaries and affiliates	(177,720)	(5,495,700)
Minority interest	1,083,902	—
	$ 5,296,019	(5,373,899)

20.- EARNINGS PER SHARE

Basic earnings per share are calculated by dividing majority interest net income for the year by the weighted average number of common shares outstanding during the year.

Diluted net earnings per share reflects the effects of the stock options not exercised on the weighted average number of common shares outstanding (see note 14B).

The weighted average number of shares utilized in the calculations is as follows:

	BASIC [1]	DILUTED
December 31, 1999	3,767,646,462	3,787,200,759
December 31, 1998	3,786,281,775	3,797,376,945
December 31, 1997	3,851,983,824	3,908,702,910

(1) Included in 1998 and 1997, are 118,919,607 and 187,733,226 shares related to financial transactions, respectively, (see note 14F).

The difference between the basic and diluted average number of shares for 1999, 1998 and 1997 above is attributable to the additional shares issued under the Company's executive stock option plan (see note 14B).

21.- CONTINGENCIES AND COMMITMENTS

A) GUARANTEES

At December 31, 1999, Cemex, S.A. de C.V. has signed as guarantor for loans made to certain subsidiaries for approximately US dollars 101 million.

B) TAX ASSESSMENTS

As of December 31, 1999, the Company and some of its subsidiaries in Mexico have been notified of several tax assessments determined by the Tax Authorities related to years prior to 1996. These tax assessments total approximately $2,616 million. The tax assessments result primarily from: (i) disallowed deductions resulting from employee benefit plans; and (ii) recalculation of the inflationary tax deduction, since the tax authorities purport that "Advance Payments to Suppliers" are not by their nature credits. The companies involved have legally contested the assessments by seeking legal remedies available before the courts.

During 1998, three indirect subsidiaries of the Company in Colombia, acquired as a part of the purchase of Cementos Diamante, S.A., were individually notified by the Domestic Taxes and Costumes Office of Colombia ("DIAN"), of special assessments corresponding to income taxes of the 1995 fiscal year, for approximately US dollars 143 million ($1,360 millions). The Colombian subsidiaries filed a timely response to such special assessments within the required legal period. During 1999, the DIAN issued a formal deficiency note and the Colombian subsidiaries issued a reconsideration resource against such assessments within the required legal period. The company estimates that the final resolution of these procedures may delay as long as 2 years, so far, it can not be established if the reconsideration resources will succeed.

C) ANTI-DUMPING DUTIES

In 1990, the United States Department of Commerce (DOC) imposed an anti-dumping duty order on imports of gray Portland cement and clinker from Mexico. As a result, certain subsidiaries of the Company as importers of record, have been subject to payment of anti-dumping duty deposits estimated on imports of gray Portland cement and clinker from Mexico since April 1990. The order is likely to continue for an indefinite period, however, it will be reviewed by the United States government no later than July 2001, taking into consideration the World Trade Organization new rules in order to determine whether the conditions for imposing the order still exist. The Company and its subsidiaries have used the available legal means in this matter and will continue to do so in order to determine the actual dumping margins within each period of the administration reviews carried out by the DOC.

As of December 31, 1999, the Company has accrued a liability of US dollars 37 million, including accrued interest, for the difference between the amount of anti-dumping duties paid on imports and the latest findings by the DOC in its administrative reviews for all of the reviewed periods.

As of December 31, 1999, the Company finds itself in the ninth administrative review period by the DOC, and will expect a preliminary resolution in the second semester of the year 2000. With respect of the first 4 review periods, the DOC has issued a final resolution of the anti-dumping duties. With respect of the remaining review periods, the final resolutions are suspended until all the procedures before the NAFTA Panel have been concluded, for which, the final results may be different from those registered in the accompanying consolidated financial statements.

D) LEASES

The Company has entered into various non-cancelable operating leases, primarily for the lease of operating facilities, cement storage and distribution facilities and certain transportation and other equipment, which require annual rental payments plus the payment of certain operating expenses. Future minimum annual rentals due under such leases are summarized as follows:

YEAR ENDING DECEMBER 31,	THOUSANDS OF U.S. DOLLARS
2000	32,811
2001	38,560
2002	32,891
2003	30,472
2004	27,272
2005 and thereafter	130,333
	292,339

Rental expense for the years ended December 31, 1999, 1998 and 1997 was approximately US dollars 41, 25 and 22 million, respectively.

E) PLEDGE ASSETS

At December 31, 1999 there are liabilities amounting to US dollars 91 million secured by property, plant and equipment.

F) COMMITMENTS

As of December 31, 1999, subsidiaries of the Company have future commitments for the purchase of raw material for an approximate amount of US dollars 38 million.

As of December 31, 1999, the Company has entered into agreements with an international partnership, which will build and operate an electrical energy generating plant. These agreements establish that when the plant begins operations, the Company will acquire, starting the second half of 2002, all the electrical energy generated by such plant for a term no less than 20 years. As part of these agreements, the Company has agreed to supply the electric plant with enough fuel for its operation. This commitment will be covered through a 20 year agreement that the Company has with Petróleos Mexicanos. By means of this transaction, the Company expects to have enough decreases in the electrical energy costs, and the supply will be enough to cover approximately 60% of the electrical energy usage of 12 cement plants in Mexico. For effect of these agreements, the Company is not required to make capital investment in the project.

22.- YEAR 2000 PROGRAM

The CEMEX 2000 program was completed according to the schedule. The Company achieved the objective to maintain continous operations in all its manufacturing plants, technological platforms and information systems according to the work plan.

During the transition period to the year 2000, all operations have been performing normally and during the following months, the Company will continue monitoring the performance of all Y2K sensitive elements in its worldwide operations.

The Company invested approximately 400 thousand man-hours and a budget of US dollars 36 million ($342.4 million) in the Y2K preparation.

The Company has undertaken the necessary efforts to ensure business as usual during the year 2000 and beyond.

23.- SUBSEQUENT EVENTS

As a result of the natural disaster occurred in Venezuela, country where the Company operates, during December 1999, an approximate amount of US dollars 2.6 million was recorded in the results under the caption other expenses, net. This provision corresponds to the book value of the portion of assets of the subsidiary in Venezuela, which as of December 31, 1999 are estimated to be unrecoverable. These assets include accounts receivable from clients, inventory, investments in shares, as well as fixed assets. As of the date of the financial statements, the Company cannot assure that it will not be necessary to record extraordinary losses in addition to those recognized during 1999, due to the effects of the natural disaster mentioned above, since some of the effects are not yet known.

Regarding the sale of shares mentioned in note 3D with effects as of December 31, 1999, Cemex México required consent of 51% or more of the 8.375% Yankee Notes holders', in order to modify certain restrictions in the contract that limited the Company's possibility to complete the transaction. For this purpose, on January 3, 2000, the Company announced a purchase offer for the notes outstanding, through which the holders were offered a premium equivalent to 2% of the value of the notes in exchange for their consent, and simultaneously the redemption of the notes at 98% of their nominal value. In case the consent would not be obtained from most of the note holders, the trading of shares would be invalid, since it was conditioned to such consent. The term to receive the consent expired January 14, while the term for the purchase of the notes expires on February 2, 2000.

As of the date of the financial statements, the Company obtained consent of approximately 85% of the note holders, and therefore validates the sale of shares with retroactive effects to December 31, 1999. For the Company, the consent received from the note holders represents the redemption of notes for approximately US dollars 148.8 million before the due date in 2003, however, such amount could be increased until the purchase offer expires on February 2, 2000.

the terms we use

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.

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

Comprehensive financing income (cost) includes financial expense, financial income, gains (losses) on marketable securities, net foreign exchange variation, and net monetary position result.

EBITDA (operating cash flow) is earnings before interest, taxes, depreciation, and amortization. Amortization of goodwill is not included in operating income, but is instead recorded in other income (expense) below the operating line. EBITDA does not include certain extraordinary income and expenses that are not included in operating income under Mexican GAAP.

Effective tax rate is defined as income tax plus employees' statutory profit sharing, divided by net income before income taxes but after comprehensive financing income (cost), depreciation, and amortization.

Financial leverage is defined as net debt divided by EBITDA for the previous twelve months.

Free cash flow is defined as EBITDA less net financial expense, capital expenditures, taxes paid, net working capital investment, and dividends.

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. Today, our research and development focuses on blended cements. These special cements not only meet our customers' more stringent demands, but they also reduce our energy consumption.

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.

Interest coverage is defined as EBITDA before operating lease payments and cost restatements for inflation, divided by the sum of financial expenses and dividends on preferred capital securities, all for the previous twelve months.

Metric ton is the equivalent of 1.102 short tons.

Net debt equals balance-sheet debt plus equity swaps and the preferred capital securities minus cash and cash equivalents. CEMEX is conservatively adding the preferred capital securities (US$250 million) because of its put option under this structure.

Net working capital equals accounts receivable plus inventories minus trade payables.

Ready-mix concrete is a mixture of cement, aggregates, and water. It is a building material that is produced in batching plants and delivered directly to the building site. Stringent controls during the manufacturing process guarantee the quality and consistency of the finished product.

White cement is a strategic, high-potential specialty cement, which is particularly suited for the world's developing markets. It is not only used for decorative purposes, but it also has a wide range of uses as a structural building material.

an experienced management team

CHAIRMAN	Lorenzo H. Zambrano
HONORARY CHAIRMAN	Marcelo Zambrano Hellion
EXAMINER	Luis Santos de la Garza
ALTERNATE EXAMINER	Fernando Ruiz Arredondo
DIRECTORS	Juan F. Muñoz Terrazas *(deceased)* Eduardo Brittingham Lorenzo Milmo Armando J. García Rodolfo García Muriel Bernardo Quintana Isaac Rogelio Zambrano Roberto Zambrano Dionisio Garza Medina Alfonso Romo Garza
ALTERNATE DIRECTORS	Mauricio Zambrano Villarreal Jorge García Segovia Tomás Brittingham Longoria

OFFICERS

Lorenzo H. Zambrano, 55
Chairman of the Board and Chief Executive Officer

Mr. Zambrano joined CEMEX in 1968 and has been involved in all operational aspects of the business. He holds a degree in industrial engineering from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and an M.B.A. from Stanford University. He is a member of the Boards of Directors of Alfa, Empresas ICA, Cydsa, Vitro, and Televisa. He is also the Chairman of the Board of ITESM and a member of the Advisory Committee of the Stanford Graduate School of Business.

Héctor Medina, 49
Executive Vice President of Planning and Finance

Mr. Medina, who joined CEMEX in 1988, is a graduate of ITESM with a degree in chemical engineering. He received an M.S. degree in administration from the University of Bradford Management Center in England and an M.S. degree from the Escuela de Organización Industrial in Spain. Mr. Medina is responsible for CEMEX's worldwide planning and finance strategies.

Francisco Garza, 44
President of the North America Region

Mr. Garza is a graduate of ITESM and has an M.B.A. from Cornell University's Johnson Graduate School of Management. Since he joined CEMEX in 1988, he has occupied several senior management positions in the company. Mr. Garza is directly responsible for CEMEX's interests and operations in Mexico and the U.S. and the company's Trading unit.

Víctor Romo, 41
President of the South America & Caribbean Region

Mr. Romo joined CEMEX in 1985. He earned his Bachelor's degree in accounting and his M.S. degree in administration from ITESM. Before assuming his current position, Mr. Romo was President of Vencemos, CEMEX's Venezuelan subsidiary. He is now responsible for CEMEX's interests and operations in Venezuela, Colombia, Panama, the Caribbean, the Dominican Republic, Costa Rica, and Chile.

José Luis Sáenz de Miera, 53
President of the Europe & Asia Region

Mr. Sáenz de Miera, who joined CEMEX in 1994, has a degree in economics and accounting. He has held several management positions within CEMEX. Appointed in 1998 to this position, he is directly responsible for supervising CEMEX's interests and operations in Spain, the Philippines, Indonesia, and Egypt.

Armando J. García, 47
Executive Vice President of Development

Mr. García, who originally joined CEMEX in 1975 and rejoined the company in 1985, is a graduate of ITESM and has an M.B.A. from the University of Texas. He is responsible for managing CEMEX's operations technology, human resources, energy, and research and development departments.

Mario de la Garza, 60
Vice President of Administration

Mr. de la Garza, who joined CEMEX in 1965, is a C.P.A. He graduated from the Universidad Autónoma de Nuevo León with a degree in philosophy and attended the Programa de Alta Dirección de Empresas, AD2 at the Instituto Panamericano de Alta Dirección de Empresa.

Rodrigo Treviño, 43
Chief Financial Officer

Mr. Treviño, who joined CEMEX in 1996, received his B.S. and M.S. degrees in industrial engineering from Stanford University. He is responsible for the company's finance, reporting, capital markets, treasury, and investor relations.

Headquarters
Av. Constitución 444 Pte.
C.P. 64000 Apdo. Postal 392
Monterrey, N.L., México
Phone: (528) 328-3000
Fax: (528) 328-3188

Amsterdam
Riverstaete Building
Amsteldijk 166
1079 LH Amsterdam, The Netherlands
Phone: (3120) 642-4288
Fax: (3120) 642-0053

Bogotá
Carrera 14 No. 93 B-32 Piso 2
Bogotá, Colombia
Phone: (571) 634-0030
Fax: (571) 634-0333

Caracas
Calle Londres, entre c/ Nueva York y Trinidad
Edificio Vencemos
Urbanización Las Mercedes
Caracas, 1060 Venezuela
Phone: (582) 999-7000
Fax: (582) 999-7302

Costa Rica
Guatuso de Patarrá
5 Km al Sur de la Iglesia de Sn. Antonio de Desamparados
San José, Costa Rica
Phone: (506) 276-6001

Egypt
P.O. Box: 82 New Maadi
Cairo, Egypt
Phone: (202) 754-5461

Houston
One Riverway, Suite 2200
Houston, Texas 77056 U.S.A.
Phone: (713) 881-1000
Fax: (713) 881-1012

Indonesia
Jakarta Stock Exchange Building
Tower II, 24th Floor
Sudirman Central Business District
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190 Indonesia
Phone: (6221) 5299 3400
Fax: (6221) 5299 3440

Madrid
Hernández de Tejada No. 1
C.P. 28027, Madrid, España
Phone: (3491) 377-9200
Fax: (3491) 377-9203

Mexico City
Av. Presidente Masarik 101 Piso 18
Polanco. C.P. 11570
México, D.F.
Phone: (52) 5726-9040
Fax: (52) 5203-2542

New York
590 Madison Ave., 41st Floor
New York, N.Y. 10022 U.S.A.
Phone: (212) 317-6000
Fax: (212) 317-6047

Panama City
Plaza Credicorp Bank Panamá, Piso 28
Calle 50 Entre c/59 y 60
Bella Vista, Panamá 5
C.P. 7262 República de Panamá
Phone: (507) 210-1300
Fax: (507) 210-1325

Philippines
25th Floor, Petron Mega Plaza
358 Sen. Gil J. Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 849-3600
Fax: (632) 849-3639

Singapore
3 Temasek Avenue
#22-01 Centennial Tower
Singapore 039190
Phone: (65) 433-0700
Fax: (65) 433-0780

Internet
www.cemex.com

INVESTOR AND MEDIA **INFORMATION**

Exchange listings:
Bolsa Mexicana de Valores (BMV), Mexico
New York Stock Exchange (NYSE), U.S.

Share series:
CPO shares (representing two A shares and one B share)

BMV ticker symbol:
CEMEX CPO

NYSE ticker symbol:
CX

Media relations contact:
webmaster@cemex.com
Phone: (528) 152-2739
Fax: (528) 152-2750

Investor relations contact:
ir@cemex.com
From the U.S.: 1 8777 CX NYSE
From other countries: (528) 328-7171
Fax: (528) 328-7221

The information presented herein contains certain forward-looking statements and information relating to CEMEX, S.A. de C.V. and its subsidiaries (collectively, "CEMEX") that are based on the beliefs of its management as well as assumptions made by and information currently available to CEMEX. Such statements reflect the current views of CEMEX with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance, or achievements of CEMEX to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental, and business conditions globally and in the countries in which CEMEX does business, changes in interest rates, changes in inflation rates, changes in exchange rates, the level of construction generally, changes in cement demand and prices, changes in raw material and energy prices, changes in business strategy, problems relating to the "Year 2000" issue, and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. CEMEX does not intend, and does not assume any obligation, to update these forward-looking statements. In addition, certain information presented herein was extracted from information published by various official sources. This information includes statistical information relating the cement industry certain reported rates of inflation, exchange rates, and information relating to the countries in which CEMEX operates. CEMEX has not participated in the preparation or compilation of any of such information and accepts no responsibility therefor.

DESIGN: **SIGNI** / PRINTING: **WETMORE**