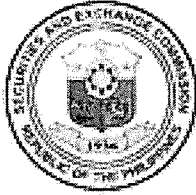




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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification Financial Holding Company Activities
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b)
THEREUNDER

1. For the quarterly period ended **September 30, 2019**
2. SEC Identification Number. **CS201518815**
3. BIR Tax Identification No. **009-133-917-000**
4. Exact name of registrant as specified in its charter. **CEMEX HOLDINGS PHILIPPINES, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and postal code **34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
8. Issuer's telephone number, including area code **(02) 8849-3600**
9. Former name, former address and former fiscal year, if changed since last report – **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	5,195,395,454

11. Are any or all of the securities listed on a Stock Exchange?

Yes No

Stock Exchange: Philippine Stock Exchange

Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes No

- (b) has been subject to such filing requirements for the past ninety (90) days. Yes No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2019 and the consolidated statement of financial position as at December 31, 2018 and unaudited statement of profit or loss and other comprehensive income for the nine months ended September 30, 2018, and the related notes to the unaudited condensed consolidated interim financial statements of CEMEX Holdings Philippines, Inc. and its Subsidiaries as at September 30, 2019 are filed as part of this Form 17-Q as Appendix I.

The term “Parent Company” used in this report refers to CEMEX Holdings Philippines, Inc. without its Subsidiaries. The term “Company” refers to the Parent Company together with its consolidated Subsidiaries.

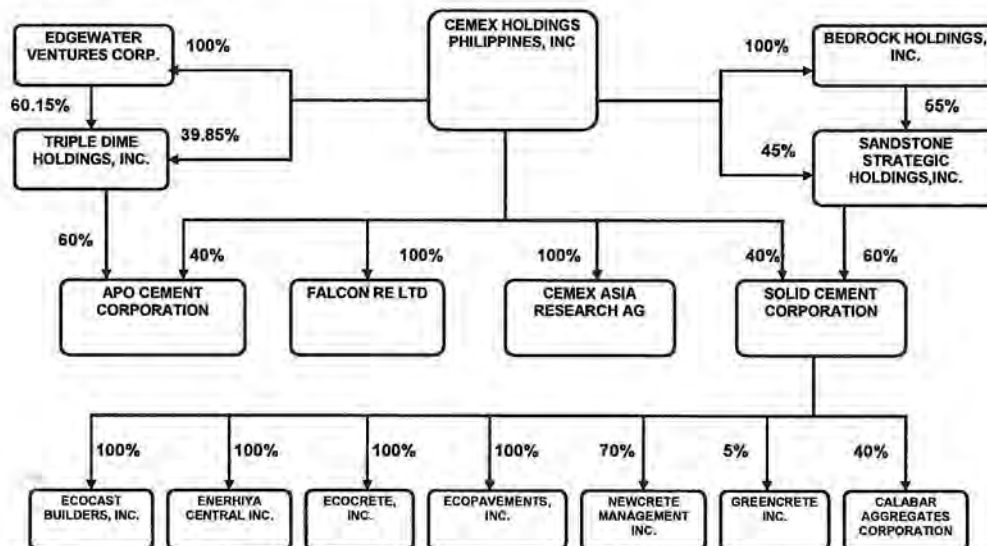
On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (“CEMEX”), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

The Company presents comparative unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2019 and unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018.

On January 1, 2016 the Parent Company acquired, directly and indirectly through intermediate holding companies, a 100% equity interest in each of Solid Cement Corporation (“Solid”) and APO Cement Corporation (“APO”). Solid has several subsidiaries. The Company also includes CEMEX Asia Research AG (“CAR”), a wholly-owned subsidiary incorporated in December 2015 under the laws of Switzerland. Pursuant to license agreements that CAR entered into with CEMEX Research Group AG (“CRG”) and CEMEX, respectively, CAR became a licensee for certain trademarks, including the CEMEX trademark, and other intangible assets forming part of the intellectual property portfolio owned and developed by CRG and CEMEX. CAR is engaged primarily in the development, maintenance and customization of these intangible assets for the Asia Region and it in turn provides non-exclusive licenses to Solid and APO to use the CEMEX trademark and other trademarks and intangible assets of CEMEX.

In May 2016, the Parent Company incorporated a wholly-owned subsidiary named Falcon Re Ltd. (‘Falcon’) under the Companies Act of Barbados. Falcon is registered to conduct general insurance business, all risk property insurance, political risks insurance and non-damage business interruption insurance, and received its license to operate as an insurance company in July 2016. Falcon acts as a re-insurer to the extent of 10% of the risks associated with property insurance coverage and 100% of the risks associated with political violence and non-damage business interruption programs, professional liability program and cyber risks for the operating subsidiaries of the Parent Company.

The following diagram provides a summary of the Company's organizational and ownership structure as of September 30, 2019:



On July 18, 2016, the Parent Company's initial public offering ('IPO') of 2,337,927,954 common shares at P10.75 per share culminated with the listing and trading under the Main Board of the Philippine Stock Exchange of all of the outstanding shares of capital stock of the Parent Company consisting of 5,195,395,454 common shares.

During the first quarter of 2017, the remaining balance of the proceeds from the IPO were used in the first quarter of 2017 to partially repay amounts outstanding under the long-term loan with New Sunward Holding B.V. ("NSH Long-term Loan"). New Sunward Holding B.V. is a subsidiary of CEMEX.

On February 1, 2017, the Parent Company signed a senior unsecured peso term loan facility agreement with BDO Unibank, Inc. for an amount of up to the Philippine Peso equivalent of US\$280 Million ("BDO Refinancing Loan"), to refinance a majority of the Parent Company's outstanding balance due under the NSH Long-term Loan. Following its availment of the BDO Refinancing Loan, the Parent Company completely repaid the NSH Long-term Loan.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of our unaudited condensed consolidated interim financial condition and results of operations as at and for the nine months ended September 30, 2019, the audited consolidated financial condition as at December 31, 2018, and unaudited consolidated interim results of operations for the nine months ended September 30, 2018, and certain trends, risks and uncertainties that may affect our business.

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Financial Performance

For the nine months ended September 30, 2019 and 2018:

Revenue

Revenue for the nine-month period ended September 30, 2019 and 2018 amounted to P18.2 billion and P17.9 billion, respectively. The breakdown of revenue after elimination of transactions between consolidated entities for the nine months ended September 30, 2019 and 2018 were as follows:

<i>Segment</i>	For the nine months ended September 30, 2019		For the nine months ended September 30, 2018	
	<i>Amount*</i>	<i>% Sales</i>	<i>Amount*</i>	<i>% Sales</i>
Cement sales	P18,220	99.9%	P17,891	99.9%
Other business	4	0.1%	14	0.1%
Total	P18,224	100%	P17,905	100%

**Amounts in millions*

For the nine months ended September 30, 2019, domestic gray cement volume decreased by 3% and our average selling price for domestic gray cement increased 5% against same period last year. During the third quarter, our domestic cement sales volumes decreased by 6% and our average selling price for cement increased 3% in each case compared with the same period of the prior year.

Cost of Sales and Services

Cost of sales for the nine-month period ended September 30, 2019 and 2018 amounted to P10.7 billion and P10.6 billion, respectively. As a percentage of revenue, cost of sales was at 59% for both periods.

Gross Profit

As a result of the above conditions, gross profit for the nine months ended September 30, 2019 and 2018 reached P7.5 billion and P7.3 billion, respectively. Gross profit as a percentage of revenue for the nine months ended September 30, 2019 and 2018 were at 41%.

Operating Expenses

Operating expenses amounted to P5.4 billion and P5.8 billion, respectively, for the nine months ended September 30, 2019 and 2018. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to P2.3 billion and P2.2 billion or 13% and 12% of revenue for the nine months of 2019 and 2018, respectively. These include: a) license fees amounting to P664.8 million and P713.8 million, respectively; b) salaries and wages amounting to P574.3 million and P515.7 million, respectively; and c) administrative fees amounting to P553.7 million and P441.7 million, respectively. Distribution expenses amounted to 3.1 billion and P3.6 billion, respectively, for the nine months ended September 30, 2019 and 2018, which accounted for 17% and 20%, respectively, of revenue.

Other expenses included in operating expenses covered insurance, utilities and administrative supplies, taxes and licenses, depreciation and amortization, advertising and travel expenses and others.

Operating Income Before Other Income, Net

For the reasons discussed above, profit from operations amounted to P2.1 billion and P1.4 billion, respectively, for the nine months ended September 30, 2019 and 2018. These comprised 11% and 8% of revenue, respectively.

Other Income, Net

Net other income

for the nine-month period ended September 30, 2019 and 2018 was P32.2 million and P8.2 million, respectively.

Financial and Other Financial Expenses - net

Net financial expenses for the nine months ended September 30, 2019 and 2018 amounted to P1.1 billion and P799.4 million, respectively. For the third quarter of 2019 and 2018, net financial expenses amounted to P352.4 million and P272.3 million, respectively. This includes interest expense and income on financial instruments, interest cost on pension and bank charges.

Foreign Exchange Gain (Loss), Net

Net foreign exchange gain (loss) of P127.9 million and (P545.7 million) were reported for the nine months ended September 30, 2019 and 2018, respectively.

Income Tax Expense

As a result of operations, our income tax expense for the nine months ended September 30, 2019 and 2018 amounted to P302.8 million and P764.4 million, respectively. Income tax expense is composed of current income tax expense amounting to P391.3 million and P481.0 million, and deferred income tax expense (benefit) amounting to (P88.5 million) and P283.5 million for the nine months ended September 30, 2019 and 2018, respectively.

Profit (Loss)

As a result of the abovementioned concepts, profit (loss) for the nine months ended September 30, 2019 and 2018 amounted to P874.7 million and (P663.4 million), respectively.

Financial Position

As at September 30, 2019 and December 31, 2018:

Cash and Cash Equivalents

Cash and cash equivalents amounted to P2.6 billion and P1.8 billion as at September 30, 2019 and December 31, 2018, respectively. As at September 30, 2019, cash and cash equivalents of P2.6 billion include P1.4 billion cash on hand and in banks and P1.2 billion short-term investments which were readily convertible to cash. As at December 31, 2018, cash and cash equivalents of P1.8 billion include P1.7 billion cash on hand and in banks and P66.2 million short-term investments which were readily convertible to cash.

Trade Receivables - Net

Accounts receivables amounted to P1.1 billion and P708.9 million as at September 30, 2019 and December 31, 2018, net of allowance for impairment losses amounting to P38.6 million and P24.1 million, respectively, which mainly pertained to receivables from customers.

Due from Related Parties

Related party balances amounted to P2.5 million and P30.3 million as at September 30, 2019 and December 31, 2018, respectively, resulting primarily from the sale of goods, invoicing of administrative fees, and advances and loans between related parties. Please see Note 10 in the attached unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2019 and the audited consolidated financial position as at December 31, 2018 and unaudited statement of profit or loss and other comprehensive income for the nine months ended September 30, 2018.

Insurance Claims and Premium Receivables

Insurance premiums receivable, which amounted to P0.5 million and P604.9 million as at September 30, 2019 and December 31, 2018, respectively is related to non-damage business interruption

insurance receivable from third party insurance company. Premiums receivable represents premiums on written policies which are collectible within the Company's credit term. Claims from insurance amounted to P345.1 million as at December 31, 2018 (See Part II - Other Information).

Other Current Accounts Receivable

Other accounts receivables amounted to P71.0 million and P73.1 million as at September 30, 2019 and December 31, 2018, respectively.

Inventories

Inventories amounted to P2.9 billion and P3.5 billion as at September 30, 2019 and December 31, 2018, respectively. Inventories consisting of raw materials, cement and work in process amounted to P1.8 billion as at September 30, 2019 and December 31, 2018 and the remaining balance referred to spare parts. Inventories are measured at cost or net realizable value, whichever is lower.

Prepayments and Other Current Assets

Other current assets amounted to P1.1 billion and P1.7 billion as at September 30, 2019 and December 31, 2018, respectively which referred primarily to prepayments of insurance, P153.1 million and P529.8 million, respectively, and prepayment of taxes, P482.4 million and P525.3 million, respectively and advances to suppliers, P348.9 million and P444.9 million, respectively.

Investment in an Associate and Other Investments

Investments in Associates cover minority equity investments in Greencrete Inc. and Calabar Aggregates Corporation.

Other Assets and Noncurrent Accounts Receivable

Other assets amounting to P887.9 million and P818.2 million as at September 30, 2019 and December 31, 2018, respectively, primarily consisted of debt reserve account and other restricted cash amounting to P514.5 million and P601.2 million and long-term performance deposits of P261.6 million and P115.7 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments.

Property, Machinery, Equipment and Assets for the Right-of-use

Property, machinery and equipment had a balance of P17.0 billion and P15.6 billion as at September 30, 2019 and December 31, 2018, respectively. Assets for the right-of-use amounted to P2.1 billion and P2.2 billion as at September 30, 2019 and December 31, 2018, respectively. As at September 30, 2019 and December 31, 2018, P386.2 million and P1.1 billion, respectively, were incurred for maintenance capital expenditures and P2.0 billion and P295.3 million, respectively, for strategic capital expenditures. For the nine months ended September 30, 2019 and for the year ended December 31, 2018, additions to assets for the right-of-use amounted to P304.6 million and P422.7 million, respectively.

Advances to Contractors

In November 2018, the Company made a downpayment to a third party for the construction and installation of Solid's new production line and is presented under noncurrent assets in the consolidated statements of financial position. As at September 30, 2019 and December 31, 2018, the balance of this account amounted to P1.8 billion and P2.1 billion, respectively.

Deferred Income Tax Assets - Net

The Company's deferred income tax asset amounted to P760.5 million and P774.4 million as at September 30, 2019 and December 31, 2018, respectively, which mainly represented pension, unrealized foreign exchange losses in 2018 and future tax benefits from operating losses. Deferred tax liability amounted to P7.6 million and P147.4 million as at September 30, 2019 and December 31, 2018, respectively.

Goodwill

The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries.

Trade Payables

Trade payables as at September 30, 2019 and December 31, 2018 amounted to P4.1 billion and P4.9 billion, respectively, which were related to purchases of raw materials and other goods, and services provided by third parties.

Due to Related Parties

Short-term payable to related parties had a balance of P2.9 billion and P2.7 billion as at September 30, 2019 and December 31, 2018, respectively. Long-term payable to related parties amounted to P4.8 billion and P2.5 billion as at September 30, 2019 and December 31, 2018, respectively.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable

Unearned income, other payables and accruals which amounted to P1.8 billion and P2.3 billion as at September 30, 2019 and December 31, 2018, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable.

Lease Liabilities

Current portion of finance lease liabilities amounted to P626.4 million and P453.7 million as at September 30, 2019 and December 31, 2018, respectively. Noncurrent portion of finance lease liabilities amounted to P1.7 billion and P1.9 billion as at September 30, 2019 and December 31, 2018, respectively.

Retirement Benefit Liability

Retirement benefits liability amounting to P841.2 million and P715.2 million as at September 30, 2019 and December 31, 2018, respectively, pertained to the provision recognized by the Company associated with employees' defined benefit pension plans.

Long-term Bank Loan

The current balance of the BDO Refinancing Loan was P11.8 billion and P13.6 billion as at September 30, 2019 and December 31, 2018, respectively. The debt issuance cost of this long-term bank loan, corresponding to P112.5 million and P138.2 million on an unamortized basis, was deducted from the total loan liability as at September 30, 2019 and December 31, 2018, respectively. Short-term portion of the bank loan amounted to P140.1 million as at September 30, 2019 and December 31, 2018.

Other Noncurrent Liabilities

Other noncurrent liabilities of P20.6 million as at September 30, 2019 and December 31, 2018, referred to provision for asset retirement obligation.

Common Stock

As at September 30, 2019 and December 31, 2018, the total authorized capital stock of the Parent Company consisted of 5,195,395,454 common shares at a par value of P1 per share, and the total issued and outstanding capital stock was 5,195,395,454 common shares at a par value of P1 per share.

Other Equity Reserves

The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax), cumulative currency translation of foreign subsidiaries and unrealized gains and losses arising from fair value changes on derivative asset designated as a hedging instrument.

Retained Earnings

Retained earnings of P1.9 billion and P981.3 million as at September 30, 2019 and December 31, 2018, respectively, included the Company's cumulative net results of operations.

Key Performance Indicators

The Company sets certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators. Analyses are employed by comparisons and measurements on a consolidated basis based on the financial data as at the relevant periods indicated in the tables below.

Key Financial Indicators	Formula	For the nine-month period ended September 30, 2019	For the year ended December 31, 2018 (As restated)
Current Ratio	Current Assets/Current Liabilities	0.8 : 1	0.8 : 1
Solvency Ratio	Profit (Loss) + Depreciation and Amortization/Total Liabilities	0.1 : 1	0.0 : 1
Net debt to Equity Ratio	Debt*/Total Equity	0.9 : 1	1.0 : 1
Asset to Equity Ratio	Total Assets/Total Equity	2.0 : 1	2.0 : 1

*Debt is net of cash and cash equivalents.

Key Financial Indicators	Formula	For the period ended September 30, 2019	For the period ended September 30, 2018 (As restated)
Interest Rate Coverage Ratio	Operating income before other income-net/Interest	2.0 : 1	1.9 : 1
Profitability Ratio	Operating income before other income-net/Revenue	0.1 : 1	0.1 : 1

Aging of Accounts Receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at September 30, 2019:

As at September 30, 2019	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates	0.2%	1.6%	5.0%	39.1%	3.5%
Trade receivables - gross carrying amount**	P 908,304	64,213	31,374	87,203	1,091,094
Allowance for impairment losses**	1,884	1,020	1,552	34,119	38,575

**Amounts in thousands

PART II - OTHER INFORMATION

On September 20, 2018, a landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Landslide"), a site located within an area covered by the mining rights of APO Land & Quarry Corporation ("ALQC"). ALQC is a principal raw material supplier of APO Cement. The Parent Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC, an indirect subsidiary of CEMEX, S.A.B. de C.V. which is a majority shareholder of the Parent Company, owns a minority 40% stake in Impact Assets Corporation.

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses. In addition, the Company incurred losses in 2018 amounting to P83.8 million on inventories which were buried during the incident. However, substantial portion of such incremental costs and losses were offset by the insurance claims recognized in 2018 amounting to P662.2 million. Other losses as result of the landslide amounting to P71.7 million were not covered by the insurance.

During the nine months ended September 30, 2019, the Company received the outstanding amount of its insurance claims amounting to P447.1 million which includes the additional claims made in 2019 amounting to P123.1 million. The collection and recognition of additional insurance claims were offset against "Costs of Sales" account in the unaudited condensed consolidated interim statements of profit or loss and OCI for the nine months ended September 30, 2019. As at September 30, 2019 and December 31, 2018, the balance of claims amounted to nil and P345.1 million, respectively.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems". ALQC received summons concerning the class action during the first quarter of 2019. The class action is currently pending before the Regional Trial Court of Cebu City.

In the complaint, among other allegations, plaintiffs (i) claim that the Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

As at September 30, 2019, among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Parent Company, ALQC and APO still hold the position that the landslide occurred due to natural causes and deny liability. In the event a final adverse resolution is issued in this matter, plaintiffs will have the option to proceed against any one of ALQC, APO or the Parent Company for satisfaction of the entirety of the potential judgement award, without the need to proceed against any other private defendant beforehand. Thus, ALQC's, APO's or the Parent Company's assets alone could be exposed to execution proceedings.

In an order dated August 16, 2019, the Regional Trial Court denied the plaintiffs' Application for Temporary Environment Protection Order.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed.

As of the date of this report, the Company is not able to assess with certainty the final outcome of this lawsuit, but it believes that at this stage of the proceedings and considering all possible defenses available, an adverse resolution to this lawsuit against the Parent Company or APO Cement after exhausting all legal recourses available is less probable to occur. Furthermore, the Company is unable to assess whether or not a final adverse resolution, if any, would have a material adverse impact on its results of operations, liquidity and financial condition.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CEMEX HOLDINGS PHILIPPINES, INC.

By:



IGNACIO ALEJANDRO MIJARES ELIZONDO
President & Chief Executive Officer

Date:

12 NOV 2019



STEVE KUANSHENG WU
Treasurer

Date:

12 NOV 2019

Item 1. Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	<i>Note</i>	September 30, 2019 (Unaudited)	December 31, 2018 (As restated - see Note 3)
ASSETS			
Current Assets			
Cash and cash equivalents	<i>6, 13</i>	P2,591,799	P1,813,665
Trade receivables - net	<i>4, 13</i>	1,052,519	708,906
Due from related parties	<i>10, 13</i>	2,457	30,326
Insurance claims and premium receivables		518	949,983
Other current accounts receivable	<i>13</i>	70,953	73,070
Inventories		2,944,124	3,488,178
Derivative asset		2,777	12,875
Prepayments and other current assets		1,108,763	1,677,671
Total Current Assets		7,773,910	8,754,674
Noncurrent Assets			
Investments in an associate and other investments		14,097	14,097
Advances to contractors		1,778,104	2,069,601
Other assets and noncurrent accounts receivable	<i>13</i>	887,865	818,247
Property, machinery, equipment and assets for the right-of-use - net	<i>7</i>	19,076,228	17,768,023
Deferred income tax assets - net		760,473	774,434
Goodwill		27,859,694	27,859,694
Total Noncurrent Assets		50,376,461	49,304,096
		P58,150,371	P58,058,770
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		P4,128,696	P4,934,535
Due to related parties	<i>10</i>	2,926,550	2,683,051
Current portion of lease liabilities	<i>8</i>	626,436	453,661
Contract liabilities	<i>4</i>	289,311	375,224
Current portion of long-term bank loan	<i>12</i>	140,123	140,123
Unearned income, other accounts payable and accrued expenses		1,476,173	1,882,169
Income tax payable		17,612	65,283
Total Current Liabilities		9,604,901	10,534,046

Forward

		September 30, 2019 (Unaudited)	December 31, 2018 (As restated - see Note 3)
Noncurrent Liabilities			
Long-term bank loan - net of current portion	<i>12, 13</i>	11,709,341	13,488,728
Long-term payable to a related party	<i>10, 13</i>	4,802,422	2,520,914
Lease liabilities - net of current portion	<i>8, 13</i>	1,738,570	1,905,935
Retirement benefit liability		841,235	715,184
Deferred income tax liabilities - net		7,624	147,387
Other noncurrent liabilities		20,610	20,610
Total Noncurrent Liabilities		19,119,802	18,798,758
Total Liabilities		28,724,703	29,332,804
Stockholders' Equity			
Controlling interest:			
Common stock	<i>9</i>	5,195,395	5,195,395
Additional paid-in capital	<i>9</i>	21,959,159	21,959,159
Other equity reserves		414,927	589,907
Retained earnings		1,856,012	981,312
Total controlling interest		29,425,493	28,725,773
Non-controlling interest		175	193
Total Equity		29,425,668	28,725,966
Total Liabilities and Equity		P58,150,371	P58,058,770

See Notes to the Condensed Consolidated Interim Financial Statements.

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CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED
INTERIM STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
(Amounts in Thousands, Except Per Share Data)
(Unaudited)

	Note	For the Nine Months Ended September 30		For the Three Months Ended September 30	
		2019	2018 (As restated - see Note 3)	2019	2018 (As restated - see Note 3)
REVENUE	4	P18,223,518	P17,905,121	P5,867,591	P6,025,788
COSTS OF SALES		(10,717,942)	(10,632,358)	(3,443,247)	(3,749,496)
GROSS PROFIT		7,505,576	7,272,763	2,424,344	2,276,292
OPERATING EXPENSES					
Distribution expenses		(3,113,928)	(3,639,958)	(1,035,832)	(1,216,079)
Administrative and selling expenses		(2,307,000)	(2,194,935)	(760,793)	(716,037)
TOTAL OPERATING EXPENSES		(5,420,928)	(5,834,893)	(1,796,625)	(1,932,116)
OPERATING INCOME BEFORE OTHER INCOME - Net		2,084,648	1,437,870	627,719	344,176
OTHER INCOME - Net		32,159	8,238	21,681	(6,081)
OPERATING INCOME AFTER OTHER INCOME - Net		2,116,807	1,446,108	649,400	338,095
FINANCIAL EXPENSES		(1,026,385)	(772,726)	(319,221)	(265,883)
FOREIGN EXCHANGE GAIN (LOSS) - Net		127,921	(545,730)	(146,480)	(71,596)
OTHER FINANCIAL EXPENSES - Net		(40,850)	(26,654)	(33,211)	(6,390)
EARNINGS BEFORE INCOME TAX		1,177,493	100,998	150,488	(5,774)
INCOME TAX EXPENSE		(302,811)	(764,431)	(78,117)	(72,929)
PROFIT (LOSS)		874,682	(663,433)	72,371	(78,703)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Gain (loss) on remeasurement of employee benefit liability		(124,453)	(673)	38,316	1,501
Income tax recognized directly in other comprehensive income		37,336	202	(11,495)	(450)
		(87,117)	(471)	26,821	1,051
Items that will be reclassified subsequently to profit or loss					
Currency translation gain (loss) of foreign subsidiaries		(80,541)	385,037	76,393	66,900
Cash flow hedges - effective portion of changes in fair value		(7,322)	-	(10,128)	-
		(87,863)	385,037	66,265	66,900
		(174,980)	384,566	93,086	67,951
COMPREHENSIVE INCOME (LOSS)		699,702	(278,867)	165,457	(10,752)
Non-controlling interest comprehensive loss		18	21	6	5
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME (LOSS)		P699,720	(P278,846)	P165,463	(P10,747)
Basic / Diluted Earnings (Loss) Per Share	5	P0.17	(P0.13)	P0.01	(P0.02)

See Notes to the Condensed Consolidated Interim Financial Statements.

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CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)
(Unaudited)

	For The Nine Months Ended September 30, 2019						
	Common Stock (see Note 9)	Additional Paid-in Capital (see Note 9)	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non- controlling Interest	Total Stockholders' Equity
As at January 1, 2019	P5,195,395	P21,959,159	P589,907	P1,127,626	P28,872,087	P193	P28,872,280
Adjustment on initial application of PFRS 16	-	-	-	(146,314)	(146,314)	-	(146,314)
As at January 1, 2019, as restated	5,195,395	21,959,159	589,907	981,312	28,725,773	193	28,725,966
Total comprehensive income for the period	-	-	(174,980)	874,700	699,720	(18)	699,702
As at September 30, 2019	P5,195,395	P21,959,159	P414,927	P1,856,012	P29,425,493	P175	P29,425,668

	For The Nine Months Ended September 30, 2018						
	Common Stock (see Note 9)	Additional Paid-in Capital (see Note 9)	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non- controlling Interest	Total Stockholders' Equity
As at January 1, 2018, after adjustment on initial application of PFRS 9	P5,195,395	P21,959,159	P199,929	P2,057,604	P29,412,087	P221	P29,412,308
Adjustment on initial application of PFRS 16	-	-	-	(105,785)	(105,785)	-	(105,785)
As at January 1, 2018, as restated	5,195,395	21,959,159	199,929	1,951,819	29,306,302	221	29,306,523
Total comprehensive income (loss) for the period	-	-	384,566	(663,412)	(278,846)	(21)	(278,867)
Other adjustment	-	-	-	151	151	-	151
As at September 30, 2018	P5,195,395	P21,959,159	P584,495	P1,288,558	P29,027,607	P200	P29,027,807

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(Unaudited)

		For The Nine Months Ended	
		September 30	
			2018
	<i>Note</i>	2019	(As restated - see Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss)		P874,682	(P663,433)
Adjustments for:			
Depreciation and amortization of property, machinery, equipment and assets for the right-of-use	7	1,361,556	1,412,568
Financial expenses and unrealized foreign exchange result		855,829	1,043,562
Income tax expense		302,811	764,431
Retirement benefit expense		79,255	87,093
Provisions during the period		22,769	5,299
Gain on disposal of assets		(5,020)	(16,022)
Gain on lease derecognition		(289)	-
Operating profit before working capital changes		3,491,593	2,633,498
Changes in working capital:			
Decrease (increase) in:			
Trade receivables		(358,040)	(165,526)
Due from related parties		27,869	(3,336)
Insurance claims and premium receivables		949,465	-
Other current accounts receivables		2,814	11,851
Inventories		585,135	79,486
Derivative asset		2,776	-
Prepayments and other current assets		403,620	260,516
Increase (decrease) in:			
Trade payables		(1,182,768)	777,145
Due to related parties		309,362	174,490
Contract liabilities		(85,913)	(96,265)
Unearned income, other accounts payable and accrued expenses		(376,385)	(295,728)
Cash generated from operations		3,769,528	3,376,131
Interest received		35,031	15,500
Interest paid		(857,393)	(698,591)
Income taxes paid		(273,645)	(420,007)
Benefits paid to employees		(77,657)	(30,869)
Retirement payment received from transferred benefit liability		-	88,525
Net cash provided by operating activities		2,595,864	2,330,689

Forward

**For The Nine Months Ended
September 30**

	<i>Note</i>	2019	2018 (As restated - see Note 3)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, machinery and equipment	7	(P1,809,004)	(P807,495)
Other investments		-	(790)
Increase in other assets and noncurrent accounts receivable		(69,618)	(32,291)
Collection from sale of:			
Property, machinery and equipment		9,428	-
Investment in shares of stock		-	18,500
Assets held for sale		-	72,391
Net cash used in investing activities		(1,869,194)	(749,685)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan from related parties	10	2,157,017	152,115
Payment of bank loan	12	(1,805,092)	(105,092)
Payment of lease liabilities		(283,293)	(241,964)
Net cash provided by (used in) financing activities		68,632	(194,941)
NET INCREASE IN CASH AND CASH EQUIVALENTS		795,302	1,386,063
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(17,168)	73,014
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,813,665	1,058,267
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P2,591,799	P2,517,344

See Notes to the Condensed Consolidated Interim Financial Statements.

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CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Amounts in Thousands, Except per Share Data, Number of Shares and When Otherwise Stated)

1. Reporting Entity

CEMEX Holdings Philippines, Inc. (the "Parent Company"), a subsidiary of CEMEX Asian South East Corporation (CASEC), was incorporated as a stock corporation on September 17, 2015 under Philippine laws, primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that the Parent Company shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act 2629, Investment Company Act.

CASEC was incorporated as a stock corporation on August 25, 2015 under Philippine laws.

On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (CEMEX), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

The term "Parent Company" used in these accompanying notes to the condensed consolidated interim financial statements refers to CEMEX Holdings Philippines, Inc. without its subsidiaries. The term "Company" refers to CEMEX Holdings Philippines, Inc., together with its consolidated subsidiaries.

On January 1, 2016, the Parent Company became the holding company of the consolidated entities, majority of whom are doing business in the Philippines. The Parent Company's two principal manufacturing subsidiaries, i.e., APO Cement Corporation (APO) and Solid Cement Corporation (Solid), are involved in the production, marketing, distribution and sale of cement and other cement products. APO and Solid are both stock corporations organized under the laws of the Philippines. The Parent Company holds APO directly and indirectly, through Edgewater Ventures Corporation and Triple Dime Holdings, Inc., whereas the Parent Company holds Solid and Solid's subsidiaries directly and indirectly, through Bedrock Holdings, Inc. and Sandstone Strategic Holdings, Inc.

The Company also includes CEMEX Asia Research AG (CAR), a wholly-owned subsidiary incorporated in December 2015 under the laws of Switzerland. Pursuant to license agreements that CAR entered into with CEMEX Research Group AG (CRG) and CEMEX, respectively, CAR became a licensee for certain trademarks, including the CEMEX trademark, and other intangible assets forming part of the intellectual property portfolio owned and developed by CEMEX. CAR is engaged primarily in the development, maintenance and customization of these intangible assets for the Asia Region and it in turn provides non-exclusive licenses to Solid and APO to use the CEMEX trademark and other trademarks and intangible assets of CEMEX. CRG, an entity under common control of CEMEX, was organized under the laws of Switzerland. CRG develops and manages CEMEX's research and development initiatives.



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In May 2016, the Parent Company incorporated a wholly-owned subsidiary named Falcon Re Ltd. (Falcon) under the Companies Act of Barbados. Falcon is registered to conduct general insurance business, all risk property insurance, political risks insurance and non-damage business interruption insurance, and received its license to operate as an insurance company in July 2016. Falcon acts as a re-insurer to the extent of 10% of the risks associated with the property of insurance coverage and 100% of the risks associated with political violence and non-damage business interruption programs, professional liability program, and cyber risks for the operating subsidiaries of the Parent Company.

On June 30, 2016, the Philippine Securities and Exchange Commission (SEC) resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the Parent Company's initial public offering (IPO) of 2,337,927,954 common shares at P10.75 per share culminated with the listing and trading of shares of stocks under the Main Board of the Philippine Stock Exchange, resulting in an increase in capital stock of P2,337,928 and additional paid-in capital of P21,959,159, net of P835,639 transaction costs that is accounted for as a reduction in equity.

The Parent Company's principal office is located at 34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Philippines.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2018.

The accompanying condensed consolidated interim financial statements were authorized for issue by the Board of Directors (the "Board") on October 23, 2019.

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on a historical basis of accounting, except for retirement benefit liability which is measured at the present value of the defined benefit obligation less the fair value of plan assets and derivative financial asset at fair value through profit or loss (FVTPL) and equity investments at fair value through other comprehensive income (FVOCI) that are measured at fair value.

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Philippine peso, the functional currency of the Parent Company and each of its subsidiaries, except for CAR and Falcon whose functional currency are both in U.S. dollar.. All amounts have been rounded-off to the nearest thousands, except per share data, number of shares and when otherwise indicated.

Use of Judgments, Estimates and Critical Assumptions

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and use assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments, estimates and critical assumptions made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual consolidated financial statements, except for the judgment applied related to PFRS 16, *Leases*.

Judgment on the Lease Term to be Considered in Computing for Lease Liabilities

The Company has applied judgment to determine the lease term of some lease contracts in which it is a lessee that include renewal options. The judgment is applied to those wherein the extension options are exercisable only by the Company and not by the lessors. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use recognized.

Estimating Allowance for Impairment losses on Receivables

During the nine months ended September 30, 2019, management reassessed its estimates in respect of the allowance for impairment losses on receivables under the new impairment model based on the expected credit loss (ECL) resulting either from (1) possible default events within the twelve (12) months after the reporting date; or (2) all possible default events over the expected life of financial assets. As at September 30, 2019 and December 31, 2018, allowance for impairment losses on receivables amounted to P38,575 and P24,148, respectively (see Note 13).

Estimating Provision for Tax Liabilities

The Company sets up appropriate provision based on the probable outcome of legal proceedings, including national and local tax investigations, that have arisen in the ordinary course of business. As at September 30, 2019 and December 31, 2018, the balance of the provisions amounted to P61,020 and P15,000, respectively and is recognized under "Unearned income, other accounts payable and accrued expenses" account in the condensed consolidated interim statements of financial position.

Estimating Realizability of Deferred Income Tax Assets

During the nine months ended September 30, 2019, the management reassessed the realizability of its deferred income tax assets based on the updated forecast of its taxable income. As at September 30, 2019 and December 31, 2018, net deferred income tax assets amounted to P760,473 and P774,434, respectively. The Company has unrecognized deferred income tax assets in respect of its net operating loss carryover (NOLCO), excess minimum corporate income tax (MCIT) over regular income tax (RCIT) and other deductible temporary differences amounting to P5,028,414 and P4,383,832 as at September 30, 2019 and December 31, 2018, respectively. For the nine months ended September 30, 2019 and 2018, the Company has income tax expense (benefit) amounting to (P188.0) million and P266.1 million, respectively, resulting from the net of recognition of previously unrecognized and write-down of previously recognized deferred income tax assets.

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3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except for the following relevant new and amendments to standards and interpretation, which were adopted on January 1, 2019.

Changes in Accounting Policies

The following new and amendments to standards and interpretation are effective for the nine months ended September 30, 2019 and have been applied in preparing these condensed consolidated interim financial statements. The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2019. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's condensed consolidated interim financial statements:

- *PFRS 16, Leases*, supersedes *PAS 17, Leases*, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged, except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

The Company has applied PFRS 16 using the full retrospective approach, under which the impact of the new standard was retrospectively applied by restating each prior period presented. The details of the changes in accounting policies are disclosed below:

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under PFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company leases a number of assets, including properties such as land, office space, warehouse, terminal and ship vessels, which are used in its operations. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under PFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - i.e., these leases are on-balance sheet.

However, the Company has elected the practical expedient to not separate the non-lease component from the lease component included in the same contract and not to recognize right-of-use assets and leases liabilities for short-term leases (leases with a term of 12 months or less) and low-value items. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets that do not meet the definition of investment property in "Property, machinery, equipment and assets for the right-of-use" account, the same line item as it presents underlying assets of the same nature that it owns.

The Company presents lease liabilities in "Lease liabilities" account in the condensed consolidated interim statements of financial position.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated amortization and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. As at September 30, 2019 and December 31, 2018, the Company has not presented any right-of-use asset as investment property.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Also, as a result of applying PFRS 16, the Company has recognized amortization and interest cost, instead of operating lease expense. Since the Company has foreign currency denominated lease agreements, foreign exchange results were also reflected due to change in the translated amounts of such lease liabilities.

Impact of Transition

As at September 30, 2019

Condensed Consolidated Interim Statement of Financial Position	Adjustments due to adoption of PFRS 16
<i>Increase (decrease) in:</i>	
Property, machinery, equipment and assets for the right-of-use	P 2,120,900
Current portion of lease liabilities	626,436
Lease liabilities - net of current portion	1,738,570
Deferred income tax assets - net	46,607
Deferred income tax liabilities - net	(10,458)
Due to related parties	(48,162)
Trade payables	(20,339)
Retained earnings	(118,540)

For the nine months ended September 30, 2019

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	Adjustments due to adoption of PFRS 16	
<i>Increase (decrease) in:</i>		
Costs of sales	P	(66,016)
Operating expenses		(63,143)
Financial expense		103,659
Foreign exchange gain - net		12,082
Other income		289
Income tax expense		10,097
Decrease in Basic/Dilutive EPS (in absolute amount)	P	-

Condensed Consolidated Interim Statement of Cash Flows	Adjustments due to adoption of PFRS 16	
<i>Increase (decrease) in:</i>		
Net cash provided by operating activities	P	283,293
Net cash provided by financing activities		(283,293)

As at December 31, 2018

Consolidated Statement of Financial Position	As reported as at December 31, 2018	Adjustments due to adoption of PFRS 16	As adjusted as at December 31, 2018
Property, machinery, equipment and assets for the right-of-use	P 15,617,365	2,150,658	17,768,023
Current portion of lease liabilities	-	453,661	453,661
Lease liabilities - net of current portion	-	1,905,935	1,905,935
Deferred income tax assets - net	720,373	54,061	774,434
Deferred income tax liabilities - net	155,950	(8,563)	147,387
Retained earnings	1,127,626	(146,314)	981,312

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For the nine months ended September 30, 2018

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income		As reported for the nine months ended September 30, 2018	Adjustments due to adoption of PFRS 16	As adjusted for the nine months ended September 30, 2018
Costs of sales	P	10,692,260	(59,902)	10,632,358
Operating expenses		5,889,289	(54,396)	5,834,893
Financial expense		649,891	122,835	772,726
Foreign exchange loss - net		470,473	75,257	545,730
Income tax expense		789,517	(25,086)	764,431
Basic/Diluted loss per share (in absolute amount)	P	(0.12)	(0.01)	(0.13)

Consolidated Interim Statement of Cash Flows		As reported for the nine months ended September 30, 2018	Adjustments due to adoption of PFRS 16	As adjusted for the nine months ended September 30, 2018
Net cash provided by operating activities	P	2,088,725	241,964	2,330,689
Net cash provided by financing activities		47,023	(241,964)	(194,941)

- Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments*, clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment. If it is not probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change - e.g., as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

The Company assessed that the adoption of IFRIC 23 will have no impact on the balances as at and for nine months ended September 30, 2019.

- Prepayment Features with Negative Compensation [Amendments to PFRS 9, Financial Instruments (2014)]*. The amendments cover the following areas:

 - Prepayment features with negative compensation*. The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or FVOCI irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for that early termination.

- *Modification of financial liabilities.* The amendment to the Basis for Conclusions on PFRS 9 clarifies that the standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e., the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in profit or loss.
- *Long-term Interests in Associates and Joint Ventures (Amendments to PAS 28, Investments in Associates and Joint Ventures).* The amendment requires the application of PFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests (LTIs) that, in substance, form part of the entity's net investment in an associate or joint venture.

The amendment explains the annual sequence in which PFRS 9 and PAS 28 are to be applied. In effect, PFRS 9 is first applied ignoring any prior years' PAS 28 loss absorption. If necessary, prior years' PAS 28 loss allocation is trued-up in the current year which may involve recognizing more prior years' losses, reversing these losses or re-allocating them between different LTI instruments. Any current year PAS 28 losses are allocated to the extent that the remaining LTI balance allows and any current year PAS 28 profits reverse any unrecognized prior years' losses and then allocations against LTI.

- *Plan Amendment, Curtailment or Settlement (Amendments to PAS 19, Employee Benefits).* The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).
- *Annual Improvements to PFRSs 2015 - 2017 Cycle.* This cycle of improvements contains amendments to four standards. The following are the improvements relevant to the Company:
 - *Income tax consequences of payments on financial instruments classified as equity (Amendments to PAS 12).* The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits, i.e., in profit or loss, OCI or equity.
 - *Borrowing costs eligible for capitalization (Amendments to PAS 23, Borrowing Costs).* The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

Standards Issued But Not Yet Adopted

The amendments to standards discussed below is effective for annual periods beginning after January 1, 2019, and have not been applied in preparing these condensed consolidated interim financial statements. The Company will adopt the following new and amendments to standards on their corresponding effective dates.

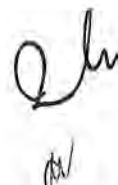
Effective January 1, 2020

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:
 - a new chapter on measurement;
 - guidance on reporting financial performance;
 - improved definitions of an asset and a liability, and guidance supporting these definitions; and
 - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASB)'s Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- *Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:
 - raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
 - including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
 - clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;



- clarifying the explanatory paragraphs accompanying the definition; and
- aligning the wording of the definition of material across PFRS Standards and other publications.

The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

- *Definition of a Business (Amendments to PFRS 3).* The amendments refine the definition of material. The amendments clarify the definition of business and its application by:
 - clarifying that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
 - narrowing the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
 - adding guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
 - removing the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
 - adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments apply to business combinations and asset acquisitions in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

- *Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Revenue

Disaggregation of Revenue from Contracts with Customers

Revenue for the nine months ended September 30, 2019 and 2018 are detailed by major product lines and timing of revenue recognition as follows:

	Timing of revenue recognition		2019	2018
Sale of goods				
Cement.....	At a point in time	P	18,219,599	17,890,947
Admixtures.....	At a point in time		3,919	5,839
Ready-mix concrete	At a point in time		-	8,335
		P	<u>18,223,518</u>	<u>17,905,121</u>

Breakdown of cement sales per customer for the nine-month period ended September 30, 2019 and 2018 is as follows:

		2019	2018
Retailers	P	14,538,004	14,397,366
Institutional		3,599,239	3,413,448
Others		82,356	80,133
Total	P	<u>18,219,599</u>	<u>17,890,947</u>

The Company does not depend on any single or few customers, and no single customer represented more than 10% of the Company's consolidated Revenue.

Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers:

		September 30, 2019	December 31, 2018
Trade receivables	P	1,052,519	708,906
Contract liabilities		289,311	375,224

The contract liabilities include unredeemed customer loyalty points and advances from customers. These will be recognized as revenue when the points are redeemed by customers or when the goods are delivered to the customer, which is expected to occur the following year. The amount recognized in contract liabilities as at September 30, 2019 and December 31, 2018 are expected to be recognized as revenue within 12 months. There are no other unperformed obligation other than those already included in contract liabilities.

Seasonality of Operations

The Company's sales are subject to seasonality. Sales are generally higher in the hot, dry months from March through May and lower during the wetter monsoon months of June through November. While these factors lead to a natural seasonality on the Company's sales, unseasonable weather could also significantly affect sales and profitability compared to previous comparable periods. Low sales are likewise experienced around the Christmas and New Year holiday period in December through early January. Consequently, the Company's operating results may fluctuate. In addition, the Company's results may be affected by unforeseen circumstances, such as production interruptions. Due to these fluctuations, comparisons of sales and operating results between periods within a single year, or between different periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of the Company's performance.

5. Basic/Diluted Loss Per Share

Basic and diluted loss per share is computed as follows:

		For the Nine Months Ended September 30 2019 (Unaudited)	For the Nine Months Ended September 30 2018 (As restated*)
Profit	P	874,682	(663,433)
Add: non-controlling interest net loss		18	21
Controlling interest in net income (a)	P	874,700	(663,412)
Weighted average number of shares outstanding - Basic/Diluted (b)		5,195,395,454	5,195,395,454
Basic/Diluted Earnings (Loss) per Share (a/b)	P	0.17	(0.13)

*Due to adoption of PFRS 16 (see Note 3)

As at September 30, 2019 and 2018, the Company has no dilutive equity instruments.

6. Cash and Cash Equivalents

Cash and cash equivalents as at September 30, 2019 and December 31, 2018 consisted of:

		2019 (Unaudited)	2018
Cash on hand and cash in banks	P	1,375,398	1,747,453
Short-term investments		1,216,401	66,212
	P	2,591,799	1,813,665

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest ranging from 1.95% to 2.42% for the nine months ended September 30, 2019 and interest ranging from 1.46% to 2.07% for the nine months ended September 30, 2018. For the nine months ended September 30, 2019 and 2018, interest income on cash and cash equivalents amounted to P35,031 and P15,500, respectively.

As at September 30, 2019 and December 31, 2018, short-term investments include deposits of the Company with related parties, which are considered highly liquid investments readily convertible to cash, as follows:

		2019 (Unaudited)	2018
Local banks	P	1,150,000	-
Lomez International B.V. (Lomez) ¹		66,401	66,212
	P	1,216,401	66,212

¹ Effective March 1, 2018, the short term investments with New Sunward Holding B.V. were transferred to Lomez International B.V. by way of novation between parties bearing interest at a rate equivalent to the higher of Western Asset Institutional Liquid Reserves Fund (WAILRF) rate minus 10 basis points.

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The Company's exposure to credit risk, foreign currency risk and interest rate risk related to cash and cash equivalents are disclosed in Note 13 to the condensed consolidated interim financial statements.

7. Property, Machinery, Equipment and Assets for the Right-of-Use

As at September 30, 2019 and December 31, 2018, the consolidated balance of this item is broken down as follows:

		2019 (Unaudited)	2018 (As restated*)
Property, Machinery and Equipment	P	16,955,328	15,617,365
Assets for the right-of-use		2,120,900	2,150,658
	P	19,076,228	17,768,023

*Due to adoption of PFRS 16 (see Note 3)

Property, Machinery and Equipment

The movements in the property, machinery and equipment are as follows:

		Buildings	Machinery and equipment	Construction In-progress	Total
Gross Carrying Amount					
January 1, 2018	P	4,072,230	12,191,818	1,580,790	17,844,838
Additions		87,992	364,666	965,069	1,417,727
Disposals		(14,826)	(7,642)	-	(22,468)
Transfers		32,333	482,189	(514,522)	-
Reclassification from asset held for sale		-	22,653	-	22,653
December 31, 2018		4,177,729	13,053,684	2,031,337	19,262,750
Additions		32,006	201,735	2,192,663	2,426,404
Disposals		-	(23,071)	-	(23,071)
Transfers		121,285	346,525	(467,810)	-
September 30, 2019 (Unaudited)		4,331,020	13,578,873	3,756,190	21,666,083
Accumulated depreciation					
January 1, 2018		(337,100)	(1,925,006)	-	(2,262,106)
Depreciation for the year		(306,302)	(1,092,785)	-	(1,399,087)
Impairment		-	(3,670)	-	(3,670)
Disposal		14,156	5,322	-	19,478
December 31, 2018		(629,246)	(3,016,139)	-	(3,645,385)
Depreciation for the period		(215,278)	(868,755)	-	(1,084,033)
Disposals		-	18,663	-	18,663
September 30, 2019 (Unaudited)		(844,524)	(3,866,231)	-	(4,710,755)
Carrying Amounts					
December 31, 2018	P	3,548,483	10,037,545	2,031,337	15,617,365
September 30, 2019 (Unaudited)	P	3,486,496	9,712,642	3,756,190	16,955,328

In relation to Solid's plant expansion, the Company capitalized borrowing cost amounting to P132,129 for the nine months ended September 30, 2019. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the nine months ended September 30, 2019 is 10.1%.

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Assets for the Right-of-Use

The movements in the balance of assets for the right-of-use assets are as follows:

		Land and Buildings	Machinery and Equipment	Total
Gross Carrying Amount				
January 1, 2018	P	1,777,940	985,791	2,763,731
Additions		37,680	385,053	422,733
December 31, 2018		1,815,620	1,370,844	3,186,464
Additions		-	304,604	304,604
Derecognition		(7,416)	-	(7,416)
September 30, 2019 (Unaudited)		1,808,204	1,675,448	3,483,652
Accumulated amortization				
January 1, 2018		(214,022)	(382,532)	(596,554)
Amortization for the year		(136,777)	(302,475)	(439,252)
December 31, 2018		(350,799)	(685,007)	(1,035,806)
Amortization for the period		(88,855)	(238,091)	(326,946)
September 30, 2019 (Unaudited)		(439,654)	(923,098)	(1,362,752)
Carrying Amounts				
December 31, 2018	P	1,464,821	685,837	2,150,658
September 30, 2019 (Unaudited)	P	1,368,550	752,350	2,120,900

Assets for the right-of-use of land are amortized for a duration of 50 years. Assets for the right-of-use of buildings are amortized for a duration of 1.5 years to 15 years. Assets for the right-of-use of machinery and equipment are amortized for a duration of 2 years to 10 years.

8. Lease liabilities

The roll-forward analyses of opening and closing balance of lease liabilities follows:

		September 30, 2019	December 31, 2018
Balance at beginning of period	P	2,359,596	2,318,299
Accretion of interest		103,659	161,566
Payments		(383,066)	(593,435)
Effect of changes in exchange rates		(12,082)	50,433
Additions		304,604	422,733
Derecognition		(7,705)	-
Balance at end of period	P	2,365,006	2,359,596

9. Equity

Common Stock

This account consists of:

	September 30, 2019 (Unaudited)		December 31, 2018	
	Shares	Amount	Shares	Amount
Authorized - P1.00 par value per share	5,195,395,454	P5,195,395	5,195,395,454	P5,195,395
Issued, fully paid and outstanding balance at beginning/end of period	5,195,395,454	P5,195,395	5,195,395,454	P5,195,395

On September 17, 2015, CASEC subscribed to 376,000 shares of stock of the Parent Company at P100 par value. Of the agreed subscription price of P37,600, only P9,400 was paid in 2015, while the remainder of P28,200 was paid in 2016. In 2016, the Parent Company's Board approved the amendment of and increase in the authorized capital stock of the Parent Company from P150,400, divided into 1,504,000 common shares with par value of P100 per share, to P5,195,395, divided into 5,195,395,454 common shares with par value of P1 per share.

On May 20, 2016, the SEC approved the Parent Company's application for the amendment of and increase in its authorized capital stock. Accordingly, the original subscription of CASEC changed from 376,000 common shares with par value of P100 per share to 37,600,000 common shares with par value of P1 per share. Furthermore, in connection with the increase in authorized capital stock, CASEC subscribed to an additional 2,819,867,500 shares at P1 par value per share or a total par value of P2,819,868 which was fully paid. During the IPO which culminated in the listing of all of the outstanding shares of stock of the Parent Company on July 18, 2016, the Parent Company issued additional 2,337,927,954 shares at P1 par value per share or a total par value of P2,337,928 at the offer price of P10.75 per share (see Note 1).

On April 2, 2019, the Board of the Parent Company approved the amendment of the Seventh Article of the Amended Articles of Incorporation, increasing the authorized capital stock of the Parent Company from P5,195,395, divided into 5,195,395,454 common shares with a par value of P1 per share, to P18,310,395, divided into 18,310,395,454 common shares with a par value of P1 per share.

The Parent Company submitted a proposal to increase its authorized capital stock from 5,195,395,454 shares to 18,310,395,454 shares with par value of P1 per common share, which was presented for approval at its annual meeting of stockholders which was held on June 6, 2019. At this annual stockholder's meeting, affirmative votes representing approximately 64.7% of the total outstanding shares of stock were received, short of the required affirmative vote threshold of at least 2/3 of the company's total outstanding capital stock.

The proposal was approved by stockholders owning more than 2/3 of the Parent Company's total outstanding shares of stock during its special meeting of stockholders which was held on October 16, 2019.

As at September 30, 2019, the shareholdings in the Parent Company owned by CASEC increased to 3,469,412,498 common shares at P1 par value per share or P3,469,412.



Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Board has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company's capital is defined as "Total Equity" as shown in the condensed consolidated interim statements of financial position.

The Company is not subject to externally imposed capital requirements. The Company's net debt to equity ratio at the reporting dates is as follows:

		September 30 2019 (Unaudited)	December 31 2018 (As restated*)
Total liabilities	P	28,724,703	29,332,804
Less cash and cash equivalents		2,591,799	1,813,665
Net debt	P	26,132,904	27,519,139
Total equity	P	29,425,668	28,725,966
Net debt to equity ratio		0.89:1	0.96:1

*Due to adoption of PFRS 16 (see Note 3)

10. Related Party Transactions

Related party transactions, shown under the appropriate accounts in the condensed consolidated interim financial statements as at and for the nine months ended September 30, 2019 and as at December 31, 2018 and for the nine months ended September 30, 2018, are as follows:

		2019 (Unaudited)	2018
Short-term investments			
<i>Other related party</i> ²⁰			
Lomez.....	P	66,401	66,212

		2019 (Unaudited)	2018
Receivables - current			
<i>Other Related Parties</i> ²⁰			
Cemex Operaciones México, S.A. ¹	P	1,365	-
CASEC ²		598	-
APO Land & Quarry Corporation (ALQC) ³		402	886
Island Quarry and Aggregates Corporation (IQAC) ⁴		91	203
Beijing CXP Import & Export Co. ⁵		-	7,277
CEMEX International Trading LLC ⁶		-	1,126
Topmix LLC ⁷		-	14,738
CEMEX Central, S.A. de C.V. (CEMEX Central) ¹		-	3,424
CRG ⁸		-	2,593
Others.....		1	79
Total amount receivable from related parties.....	P	2,457	30,326



	2019 (Unaudited)	2018
Payables – current		
<i>Ultimate Parent</i>		
CEMEX ⁹ P	30,906	26,290
<i>Other related parties</i> ²⁰		
CEMEX Asia B.V. (CABV) ¹⁰	1,225,453	1,074,083
Transenergy, Inc. ¹¹	458,383	674,721
CEMEX Mexico, S.A. de C.V. ¹⁴	426,360	9,772
CEMEX Operaciones México, S.A. ¹	404,113	-
CRG ⁸	199,693	42
ALQC ¹³	102,184	25,553
Sunbulk ¹⁸	44,784	37,810
IQAC ¹⁵	26,797	17,443
Torino Re. ¹⁷	3,872	-
Beijing CXP Import & Export Co. ⁵	3,300	2,837
CEMEX Internacional, S.A. de C.V. ¹⁹	705	715
CEMEX Central ¹	-	198,108
CEMEX Construction Materials South, LLC (CCM) ¹²	-	599,881
CEMEX Asia Pte., Ltd. - Philippine Headquarters (CAPL-PHQ) ¹⁶	-	15,506
Others.....	-	290
P	2,926,550	2,683,051
Payable - non current		
<i>Other related party</i> ²⁰		
CABV ¹⁰	4,802,422	2,520,914
Total amounts payable to related parties..... P	7,728,972	5,203,965
Lease liabilities on land ²¹		
ALQC..... P	809,443	783,344
IQAC.....	407,166	387,420
P	1,216,609	1,170,764

¹ The receivable balance, amounting to P1,365 and P3,424 as at September 30, 2019 and December 31, 2018, respectively, which is unimpaired, unsecured, noninterest-bearing and payable on demand, pertains to reimbursement of fringe benefit tax on share-based compensation; while the balance payable, which is unsecured, noninterest-bearing and due on demand, pertains to business support services received by the Company. In 2009, Solid and APO entered into separate service agreements with CAPL-PHQ, whereby the latter through CAPL-PHQ shall provide to Solid and APO services relating to, among others, general administration and planning; business planning and coordination; marketing control and; sales promotion and business development. In the implementation of these service agreements, CAPL-PHQ also arranged for certain services to be performed by CEMEX Central and, accordingly, CAPL-PHQ collected from each of Solid and APO as reimbursement of the fees billed by CEMEX Central for services rendered. In 2017, the arrangement between CAPL-PHQ and CEMEX Central was changed resulting in Solid and APO entering into separate service agreements directly with CEMEX Central wherein the latter shall provide to the companies those particular services previously performed by CEMEX Central through the service agreements with CAPL-PHQ. Effective August 1, 2019, CEMEX Central has merged into CEMEX Operaciones México, S.A. de C.V. as at September 30, 2019 and December 31, 2019. Payable balance amounted to P404,113 and P198,108, respectively.

² The balance pertains to reimbursable expenses, which is unsecured, noninterest-bearing and due on demand.

³ The balance, which is unimpaired, unsecured, noninterest-bearing and due on demand includes a) receivables from service agreement amounting to P360 and P713 as at September 30, 2019 and December 31, 2018, respectively; and b) others amounting to P42 and P173 as at September 30, 2019 and December 31, 2018, respectively. In 2016, each of Solid and APO entered into an agreement with ALQC wherein Solid and APO shall provide back-office and other support services to the latter. Fees are calculated at cost incurred plus fixed mark-up.

⁴ The receivable balance amounting to P91 and P203 as at September 30, 2019 and December 31, 2018, respectively, pertains to an agreement entered by Solid with IQAC in 2016 wherein the former shall provide back office and other support services to the latter. The balance is unimpaired, unsecured, noninterest bearing and due on demand. Fees are calculated at cost incurred plus fixed mark-up.

⁵ The receivable balance pertains to advances which are unsecured, noninterest-bearing and due on demand; while the balance payable pertains to the outstanding liability for the purchases of materials and spare parts, which is unsecured, noninterest-bearing and payable on demand.

⁶ The receivable balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services.

⁷ The balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term, includes sale of concrete equipment of the Company and shipping costs on transportation equipment sold.

⁸ The receivable balance pertain to overpayment of royalties/license fees of the Company to CRG, which is unimpaired, unsecured, noninterest-bearing and payable on demand. The liability balance pertain to unpaid royalties/license fees which is unsecured, noninterest-bearing and payable on demand.

⁹ The payable balance amounting to P30,906 and P26,290 as at September 30, 2019 and December 31, 2018, respectively, is for the use of CEMEX "marks" which is payable in 30 days after receipt of invoice and is unsecured and noninterest-bearing. On January 1, 2016, CAR entered into an agreement with CEMEX for the right to use of its "marks" and to further license the "marks" with other CEMEX group companies operating in the Asia territory.

¹⁰ The balance includes a) interest on the loan with APO (short-term loan) and the loan with Solid (long-term loan) amounting to a total of P137,663 and P448 as at September 30, 2019 and December 31, 2018, respectively; b) principal on said short-term loan amounting to P1,073,635, which bears 7.68% interest per annum, as at September 30, 2019 and December 31, 2018; and c) others amounting to P14,155 as at September 30, 2019. The long-term loan which currently bears 9.20% interest, pertains to the revolving facility agreement dated November 21, 2018 between Solid and CABV, allowing Solid to withdraw in one or several installments a sum of up to U.S.\$75,000, which was amended on February 2019, increasing the facility to U.S.\$100,000. The interest rate of the long-term loan is being revalued semi-annually depending on the Company's financial ratios. The foregoing loans are unsecured. The loan of Solid with CABV is due to be paid in 2024. The loan of APO with CABV, which was extended subsequent to the quarter period, is due to be paid in 2020.

¹¹ The balance pertains to purchase of coal with a term of 30 days, noninterest-bearing and unsecured.

¹² The balance, which is unsecured, noninterest-bearing and due on demand, pertains to the purchase of equipment for the expansion of Solid

plant.

¹³ The balance includes a) purchase of raw materials which is payable upon delivery amounting to P101,481 and P25,510 as at September 30, 2019 and December 31, 2018, respectively; b) reimbursable expenses amounting to nil and P43 as at September 30, 2019 and December 31, 2018, respectively; and c) advances amounting to P703 as at September 30, 2019. These transactions are unsecured and are noninterest-bearing. APO purchases the majority of its limestone, pozzolan and clay requirements from ALQC pursuant to a long-term supply agreement.

¹⁴ The balance, which is unsecured, noninterest-bearing and due on demand, pertains to purchase of equipment from CEMEX Mexico, S.A. de C.V.

¹⁵ The balance includes a) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P26,797 and P14,967 as at September 30, 2019 and December 31, 2018, respectively; b) reimbursable expenses amounting to nil and P38 as at September 30, 2019 and December 31, 2018, respectively; and c) collections from housing loan owned by IQAC amounting to P2,438 in 2018, which is unsecured, noninterest-bearing and due on demand. Solid purchases the majority of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement.

¹⁶ The balance, which is unimpaired, unsecured, noninterest-bearing and due on demand includes overpayment on transferred pension liabilities amounting to nil and P15,506 as at September 30, 2019 and December 31, 2018 respectively.

¹⁷ The payable balance, which is unimpaired, unsecured, noninterest-bearing pertains to insurance premiums.

¹⁸ The balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services.

¹⁹ The balance pertains to purchase of other production supplies including additives, fuel and others with a 30-day term which is unsecured and noninterest-bearing.

²⁰ Other related parties pertain to entities under common control of CEMEX, except for IQAC and ALQC.

²¹ The balance, which is charged under "Lease liabilities" account, are unsecured, noninterest-bearing and due on demand.

The reconciliation of opening and closing balances of loans from a related party follows:

	Amount
Balance as at January 1, 2018	P 1,288,859
Proceeds from drawdowns	2,279,121
Interest expense (including amortization of debt issue costs)	145,786
Payments of interest	(113,024)
Effect of exchange rate changes	(5,745)
Balance as at December 31, 2018	3,594,997
Proceeds from drawdowns	2,157,017
Interest expense (including amortization of debt issue costs)	414,122
Effect of exchange rate changes	(49,505)
Payment of interest	(102,911)
Balance as at September 30, 2019	P 6,013,720

The main transactions entered by the Company with related parties for the nine months ended September 30, 2019 and 2018 are shown below:

	2019	2018
Purchases of raw materials and supplies		
Transenergy, Inc.....	P 1,288,717	1,651,711
ALQC.....	285,107	243,499
IQAC.....	229,316	183,595
CEMEX International Trading LLC	71,934	163,423
Beijing CXP Import & Export Co.....	14,260	26,340
	P 1,889,334	2,268,568
Royalties and trademarks		
CRG.....	P 642,191	690,392
CEMEX.....	22,574	23,362
	P 664,765	713,754
Land Rental		
ALQC.....	P 43,657	43,657
IQAC.....	21,592	21,592
	P 65,249	65,249

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	<u>2019</u>	<u>2018</u>
Corporate services and administrative services		
Cemex Central	P 189,159	182,692
CEMEX Operaciones Mexico, S.A. de C.V.	57,167	-
ALQC.....	4,110	5,668
IQAC.....	425	7,171
	P 250,861	<u>195,531</u>
Freight services		
Sunbulk Shipping, N.V.	P 111,803	<u>111,060</u>
Sale of equipment		
Topmix LLC	P -	<u>28,275</u>
Loan drawdown		
CABV	P 2,157,017	<u>152,115</u>
Interest expense		
CABV	P 414,122	<u>92,867</u>
Interest income		
Lomez	P 1,132	<u>5,997</u>
Purchase of equipment		
CEMEX Mexico, S.A. de C.V.	P 416,727	<u>-</u>

11. Segment Information

The Company applies PFRS 8 for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's results and performance is evaluated for decision-making purposes and allocation of resources is made on a per country basis. Hence, the Company represents a single geographical operating segment. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, ready-mix concrete and other construction materials. For the nine months ended September 30, 2019 and 2018 the cement sector represented approximately 89.3% and 86.0%, respectively, of total net revenues before eliminations resulting from consolidation, and 131.7% and 139.9%, respectively, of Operating EBITDA.

The main indicator used by the Company's management to evaluate performance is "Operating EBITDA", representing operating earnings before other income - net, interest, tax, depreciation and amortization, considering that such amount represents a relevant measure for the Company's management as an indicator of the ability to internally fund capital expenditures, as well as a widely accepted financial indicator to measure the Company's ability to service or incur debt. Operating EBITDA should not be considered as an indicator of the Company's financial performance, as an alternative to cash flow, as a measure of liquidity, or as being comparable to other similarly titled measures of other companies.

12. Bank Loan

On February 1, 2017, the Parent Company signed a Senior Unsecured Peso Term Loan Facility Agreement (Facility Agreement) with BDO for an amount of up to the Philippine Peso equivalent of U.S. dollar 280 million to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO has a tenor of seven (7) years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. The borrowings or drawdowns on this facility amounted to P14 billion in 2017. Short-term portion of the bank loan amounted to P140,123 as at September 30, 2019 and December 31, 2018.

The unamortized debt issuance cost of this bank loan amounting to P112,510 and P138,215 as at September 30, 2019 and December 31, 2018, respectively, was deducted from the total loan liability. Interest expense incurred for the nine months ended September 30, 2019 and 2018, excluding amortization of debt issuance cost, amounted to P618,224 and P515,966, respectively, which is recognized under "Financial expenses" account in the condensed consolidated interim statements of profit or loss and OCI.

The reconciliation of opening and closing balances of bank loan follows:

		Bank Loan	Accrued Interest	Total
Balance as at January 1, 2018	P	13,740,598	98,079	13,838,677
Interest expense.....		28,376	719,174	747,550
Payment of:				
Principal		(140,123)	-	(140,123)
Interest.....		-	(684,346)	(684,346)
Balance as at December 31, 2018		13,628,851	132,907	13,761,758
Interest expense.....		19,473	618,224	637,697
Payment of:				
Principal		(1,805,092)	-	(1,805,092)
Interest.....		-	(647,786)	(647,786)
Others.....		6,232	-	6,232
Balance as at September 30, 2019.....	P	11,849,464	103,345	11,952,809

Accrued interest from this bank loan amounting to P103,345 and P132,907 as at September 30, 2019 and December 31, 2018, respectively, are recognized under "Unearned income, other accounts payable and accrued expenses" account in the condensed consolidated interim statements of financial position.

On December 8, 2017, the Parent Company entered into a Supplemental Agreement to the Facility Agreement with BDO pursuant to which, more notably, it was agreed that: (i) the commencement date for compliance with certain financial covenants under the Facility Agreement would be on June 2020; (ii) debt service reserve accounts were created; and (iii) additional debt incurrence restrictions be put in place. One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Parent Company's ability to cover its interest expense using its Operating EBITDA (interest coverage ratio) and is measured by dividing Operating EBITDA by the financial expense for the last twelve months as of the calculation date. Operating EBITDA equals operating income before other expenses, net plus depreciation and amortization. On December 14, 2018, the Parent Company entered into another Supplemental Agreement to the Facility Agreement that provides an option, only for certain potential events of default under the Facility Agreement, for the Parent Company's ultimate parent company, CEMEX, or any affiliate of CEMEX which is not a direct or indirect subsidiary of the Parent Company, to pay all amounts outstanding under the Facility Agreement before they become due and payable prior to their maturity in certain events.

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On May 15, 2019, the Company signed an Amendment to the Facility and Supplemental Agreements with BDO mainly to (i) conform the Facility Agreement with certain changes required due to PFRS 16 entering into effect; (ii) exclude from financial covenants in the Facility Agreement any principal and interest from certain subordinated loans and advances incurred in relation with the new cement line being built by Solid that have been made or are to be made to the Company by any subsidiary of CEMEX; and (iii) allow for certain loans taken by the Company with any CEMEX subsidiary to be paid with the proceeds from any equity fundraising activity of the Parent Company without having to pay a prepayment fee to BDO under the Facility Agreement.

As at September 30, 2019, the Parent Company is in compliance with the applicable restrictions and covenants of the Facility Agreement.

13. Financial Instruments and Financial Risk Management

This note presents information on the exposure of the Company for credit risk, foreign currency risk and liquidity risk; goals, policies and procedures of the Company to measure and manage risk and the administration of the Company's resources.

Risk management framework

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

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

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or a counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade receivables. As at September 30, 2019 and December 31, 2018, the maximum exposure to credit risk is represented by the balance of financial assets (excluding equity instruments). Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires guarantees from its customers and financial counterparties with regard to financial assets, which can be called upon if the counterparty is in default under the terms of the agreement.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, the review includes external ratings, when references are available, and in some cases bank references. Threshold of credit limits are established for each client, which represent the maximum credit amount that requires different levels of approval. Customers who do not meet the levels of solvency requirements imposed by the Company can only carry out transactions with the Company by paying cash in advance.

The carrying amount of financial assets below represents the maximum credit exposure. The maximum exposure to credit risk as at September 30, 2019 and December 31, 2018 is as follows:

		2019	2018
		(Unaudited)	
Cash and cash equivalents (excluding cash on hand)	P	2,591,799	1,813,595
Trade receivables – net		1,052,519	708,906
Due from related parties		2,457	30,326
Insurance claims and premium receivables		518	949,983
Other current accounts receivables		70,953	73,070
Derivative asset		2,777	12,875
Long-term time deposits and rental guaranty deposits (under other assets and noncurrent receivable)		776,093	716,905
	P	4,497,116	4,305,660

Except for trade receivables, the amounts above represent the gross carrying amount of these financial assets.

Trade receivables

The Company applied the simplified approach in measuring expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped by shared credit risk characteristics based on customer type and determines for each group an average ECL, considering actual credit loss experience over the last 12 months and the Company's view of economic conditions over the expected lives of the trade receivables. The ECL rate that is used to arrive at the ECL arising from the current year credit sales is computed as the percentage of prior year's credit sales that eventually became more than 365 days overdue. The ECL rate is 100% for the trade receivables that are 365 and more days past due. The Company has identified the GDP growth rate to be the most relevant macroeconomic factor that affects the ability of the customers to settle the receivables. However, it was assessed that the adjustment for forward-looking information is not material.

The following table provides information about the exposure to credit risk and ECL for trade receivables:

As at September 30, 2019	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates.....	0.2%	1.6%	5.0%	39.1%	3.5%
Trade receivables - gross carrying amount	P 908,304	64,213	31,374	87,203	1,091,094
Allowance for impairment losses	1,884	1,020	1,552	34,119	38,575
As at December 31, 2018	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates.....	0.2%	6.5%	58.3%	26.2%	3.3%
Trade receivables - gross carrying amount.....	P 630,107	25,670	3,249	74,028	733,054
Allowance for impairment losses	1,179	1,657	1,893	19,419	24,148

Other Financial Assets (excluding Equity Instruments)

Impairment on cash and cash equivalents and restricted cash (recognized under “Other assets and noncurrent accounts receivable” account in the condensed consolidated interim statements of financial position) has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that these financial assets, as well as derivative assets, have low credit risk as these are held with reputable banks and financial institutions. All other debt investments and other receivables (i.e., due from related parties, insurance claims and premium receivable, other current accounts receivable and rental guaranty deposits) that are measured at amortized cost are considered to have low credit risk, because they have low risk of default as the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Credit risk on these financial assets has not increased significantly since their initial recognition. Hence, the loss allowance calculated was therefore limited to 12 months expected losses. The Company has determined an insignificant amount of ECL on these financial assets because of the zero-instance of default from the counterparties and the effect of forward-looking information on macro-economic factors affecting the ability of the counterparties to settle the receivables were assessed to have an insignificant impact.

The Company sells its products primarily to retailers in the construction industry, with no specific geographic concentration of credit risk within the country in which the Company operates. As at September 30, 2019 and December 31, 2018, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables.

Movements in the Allowance for Impairment Losses in Trade receivables

Changes in the allowance for impairment losses for the nine months ended September 30, 2019 and for the year ended December 31, 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Balance at beginning of period under PFRS 9	P 24,148	50,510
Charged to selling expenses	14,427	10,526
Write-off of trade receivables	-	(36,888)
Allowance for impairment losses at end of period	P 38,575	24,148

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates mainly to its operational and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company’s revenues and costs are generated and settled mainly in Philippine peso. For the nine months ended September 30, 2019 and for the year ended December 31, 2018, approximately less than 5% of the Company’s net sales were generated in dollars.

The Company had an exposure arising from the foreign currency denominated financial obligations as compared to the currency in which the majority of the Company’s revenues are generated. The Company’s only revenues denominated in dollars to cover such dollar-denominated obligations are those generated by exports. As at September 30, 2019 and December 31, 2018, the Company does not have any derivative financing hedge for foreign currency denominated financial obligation to address this foreign currency risk.

Foreign exchange fluctuations occur when any member of the Company incur monetary assets and liabilities in a currency different from its functional currency. These translation gains and losses are recognized in the condensed consolidated interim statements of profit or loss and OCI.

As at September 30, 2019 and December 31, 2018, a summary of the quantitative information of the exposure of the Company due to foreign currencies on the basis of its risk management policy is as follows:

Amounts in thousands of dollars	As at September 30, 2019	
	<i>(in U.S. dollar)</i>	<i>(in EUR)</i>
Cash and cash equivalents	\$9,778	€ -
Due from related parties*	26	-
Trade payables	(5,849)	(1,086)
Due to related parties*	(122,031)	-
Lease liabilities	(16,807)	-
Net liabilities denominated in foreign currency	(\$134,883)	(€1,086)

*Pertains to related party transactions with entities outside the Company

Amounts in thousands of dollars	As at December 31, 2018	
	<i>(in U.S. dollar)</i>	<i>(in EUR)</i>
Cash and cash equivalents	\$10,015	€ -
Due from related parties*	555	-
Trade payables	(30,001)	(1,677)
Due to related parties*	(77,741)	-
Lease liabilities	(16,175)	-
Net liabilities denominated in foreign currency	(\$113,347)	(€1,677)

*Pertains to related party transactions with entities outside the Company

The Company is also exposed to foreign currency risks on eliminated foreign currency denominated intragroup balances as follows:

Amount owed by	Amount owed to	September 30,	
		2019	December 31, 2018
		<i>(in U.S. dollar)</i>	
Parent Company	CAR	(\$88,240)	(\$71,158)
Parent Company	Falcon	(40,558)	(16,222)
APO	CAR	(5,137)	(6,230)
Solid	CAR	(2,347)	(3,657)
		(\$136,282)	(\$97,267)

The most significant closing exchange rates and the approximate average exchange rates of Philippine Peso per U.S. dollar and Euro used in the condensed consolidated interim financial statements were as follows:

Currency	September 30, 2019		December 31, 2018	
	Closing	Average	Closing	Average
U.S. dollar	P51.83	P51.84	52.58	52.69
Euro	56.50	58.10	60.25	62.15

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in various foreign currencies, with all other variables held constant, of the Company's earnings before income tax and equity for the nine months ended September 30, 2019 and for the year ended December 31, 2018:

USD	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2019	+1.4%	P97,874	P68,512
	-1.4%	(97,874)	(68,512)
2018	+5.3%	315,869	221,108
	-5.3%	(315,869)	(221,108)

EUR	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2019	+6.2%	P3,804	P2,663
	-6.2%	(3,804)	(2,663)
2018	+0.5%	505	354
	-0.5%	(505)	(354)

Sensitivity Analysis pertaining to Eliminated Intragroup Balances

USD	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2019	+1.4%	P98,889	P69,222
	-1.4%	(98,889)	(69,222)
2018	+5.3%	271,058	189,740
	-5.3%	(271,058)	(189,740)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As at September 30, 2019 and December 31, 2018, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P6.5 billion and P8.4 billion, respectively, of the long-term bank loan with BDO, short-term investments in Lomez amounting to P66.4 million and P66.2 million as at September 30, 2019 and December 31, 2018, respectively, and long-term loan payable to CABV amounting to P4.8 billion and P2.5 billion as at September 30, 2019 and December 31, 2018, respectively. The short-term investments in Lomez bear interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest. The long-term loan from CABV bears interest at a fixed rate to be revalued semiannually based on the Company's financial ratios.

Sensitivity Analysis

As at September 30, 2019 and December 31, 2018, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the nine months ended September 30, 2019 and for the year ended December 31, 2018 would have decreased by approximately P78,772 and P75,029, net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.



Commodity Price Risk

In the ordinary course of business, the Company is exposed to commodity price risk, including the exposure from diesel fuel prices, and expose the Company to variations in prices of the underlying commodity. The Company established specific policies oriented to obtain hedge with the objective of fixing diesel fuel prices. In 2019 and 2018, the Company has purchased option contract and a commodity swap transactions, respectively, to hedge the price of diesel fuel. By means of these contracts, the Company fixed the price of diesel over certain volume representing a portion of the estimated consumption of diesel fuel in the operations. These contracts have been designated as cash flow hedges of diesel fuel consumption, and as such, changes in fair value are recognized temporarily through OCI and are recycled to profit or loss as the related diesel volumes are consumed.

The following amounts relating to items designated as hedging instruments as at September 30, 2019 and December 31, 2018 were as follows:

	September 30, 2019		December 31, 2018	
	Notional amount	Carrying amount	Notional amount	Carrying amount
Purchase option contract - Inventory purchases	P95,073	P2,777	P385,795	P12,875

For the nine months ended September 30, 2019 and 2018, changes in fair value of these contracts recognized in OCI amounted to P7,322 and nil, respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially decrease the Company's net income and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by operating activities, as presented in its unaudited condensed consolidated interim statement of cash flows, amounted to P2,595,864 and P2,330,689 for the nine months ended September 30, 2019 and 2018, respectively. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	As at September 30, 2019			
	Carrying Amount	Contractual Cash Flows	12 Months or Less	1 - 5 Years
	<i>(In Thousands of Peso)</i>			
Trade payables	P4,128,696	P4,128,696	P4,128,696	P-
Unearned income, other accounts payable and accrued expenses*	1,069,450	1,069,450	1,069,450	-
Due to related parties	7,728,972	10,509,099	3,641,285	6,867,814
Long-term bank loan	11,849,464	14,206,033	963,848	13,242,185
Lease liabilities	2,365,006	5,374,777	811,459	4,563,318
Total	P27,141,588	P35,288,055	P10,614,738	P24,673,317

*Excluding government-related payables, unearned income from insurance premiums and other non-financial liabilities amounting to P406.7 million.

	As at December 31, 2018			
	Carrying Amount	Contractual Cash Flows	12 Months or Less	1 - 5 Years
	<i>(In Thousands of Peso)</i>			
Trade payables	P4,934,535	P4,934,535	P4,934,535	P -
Unearned income, other accounts payable and accrued expenses*	980,728	980,728	980,728	-
Due to related parties	5,203,965	6,756,483	3,005,002	3,751,481
Long-term bank loan	13,628,851	17,481,450	1,000,721	16,480,729
Lease liabilities	2,359,596	5,457,483	592,684	4,864,799
Total	P27,107,675	P35,610,679	P10,513,670	P25,097,009

*Excluding government-related payables, unearned income from insurance premiums and other non-financial liabilities amounting to P901.4 million.

Insurance Risk management

As mentioned in Note 1, the Parent Company incorporated Falcon to create its own reserves and reinsure in respect of the Company's property, non-damage business interruption and political risks insurance. Falcon is expected to retain 10% of the risk in connection with property insurance and 100% of the risk in connection with earthquake and wind stop loss, non-damage business interruption and political risks insurance, and cyber risks and professional liabilities of the Parent Company's operating subsidiaries. As a result of these arrangements, the Company will effectively self-insure these risks to the extent of Falcon's retained liability. There can be no assurance that the reserves established by Falcon will exceed any losses in connection with the Company's self-insured risks.

In addition, the Company's insurance coverage is subject to periodic renewal. If the availability of insurance coverage is reduced significantly for any reason, the Company may become exposed to certain risks for which it is not and, in some cases could not be, insured. Moreover, if the Company's losses exceed its insurance coverage, or if the Company's losses are not covered by the insurance policies it has taken up, or if Falcon is required to pay claims to its insurer pursuant to the reinsurance arrangements, the Company may be liable to cover any shortfall or losses. The Company's insurance premiums may also increase substantially because of such claim from the Company's insurers.

The foregoing risk exposure is mitigated, through making reasonable approximation after an evaluation of reported claims in the past of the Parent Company's operating subsidiaries, by retaining only insurance risk from insurance policies in which the operating subsidiaries have low probability of incurring losses.

14. Fair Values of Financial Assets and Financial Liabilities

The fair values of cash and cash equivalents, trade receivables, amounts due from and due to related parties, other current accounts receivable, other accounts payable and accrued expenses reasonably approximate their carrying amounts considering the short-term maturities of these financial instruments.

As at September 30, 2019 and December 31, 2018, the carrying amounts of financial assets and liabilities and their respective fair values are as follows:

	September 30, 2019			December 31, 2018		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
Financial assets						
Long-term time and guaranty deposits	P 776,093	776,093	Level 2	P 716,905	716,905	Level 2
Derivative asset	2,777	2,777	Level 2	12,875	12,875	Level 2
	P 778,870	778,870		P 729,780	729,780	
Financial liabilities						
Bank loan	P 11,849,464	14,378,505	Level 2	P 13,628,851	14,089,868	Level 2
Payable to a related party	4,802,422	4,802,422	Level 2	2,520,914	2,520,914	Level 2
Lease liabilities	2,365,006	2,430,703	Level 2	2,359,596	2,503,049	Level 2
	P 19,016,892	21,611,630		P 18,509,361	19,113,831	

The estimated fair value of the Company's long-term time and guaranty deposits, long-term payable to a related party, lease liabilities and bank loan are either based on estimated market prices for such or similar instruments, considering interest rates currently available for the Company to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to the Company. The estimated fair value of the derivative asset is determined by measuring the effect of the future economic variables according to the yield curved shown on the market as at the reporting date.

15. Contingencies

As at September 30, 2019, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. The Company considers that in those instances in which obligations have been incurred, the Company has accrued adequate provisions to cover the related risks. The Company believes these matters will be resolved without any significant effect on its business, consolidated financial position or consolidated financial performance. In addition, in relation to ongoing legal proceedings, the Company is able to make a reasonable estimate of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, for a limited number of ongoing proceedings, the Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by-case basis would seriously

prejudice Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

16. Relevant Information Regarding the Impact of the Landslide

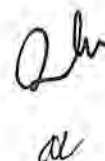
On September 20, 2018, a landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Landslide"), a site located within an area covered by the mining rights of APO Land & Quarry Corporation ("ALQC"). ALQC is a principal raw material supplier of APO Cement. The Parent Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC, an indirect subsidiary of CEMEX, S.A.B. de C.V. which is a majority shareholder of the Parent Company, owns a minority 40% stake in Impact Assets Corporation.

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses. In addition, the Company incurred losses in 2018 amounting to P83,844 on inventories which were buried during the incident. However, substantial portion of such incremental costs and losses were offset by the insurance claims recognized in 2018 amounting to P662,210. Other losses as result of the landslide amounting to P71,716 were not covered by the insurance.

During the nine months ended September 30, 2019, the Company received the outstanding amount of its insurance claims amounting to P447,053, which includes the additional claims made in 2019 amounting to P123,136. The collection and recognition of additional insurance claims were offset against "Costs of Sales" account in the condensed consolidated interim statements of profit or loss and OCI for the nine months ended September 30, 2019. As at September 30, 2019 and December 31, 2018, the balance of claims amounted to nil and P345,050, respectively.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems". ALQC received summons concerning the class action during the first quarter of 2019. The class action is currently pending before the Regional Trial Court of Cebu City.

In the complaint, among other allegations, plaintiffs (i) claim that the Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.



In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs' Application for Temporary Environment Protection Order.

As at September 30, 2019, among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Parent Company, ALQC and APO still hold the position that the landslide occurred due to natural causes and deny liability. In the event a final adverse resolution is issued in this matter, plaintiffs will have the option to proceed against any one of ALQC, APO or the Parent Company for satisfaction of the entirety of the potential judgement award, without the need to proceed against any other private defendant beforehand. Thus, ALQC's, APO's or the Parent Company's assets alone could be exposed to execution proceedings.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed.

