CEMEX HOLDINGS PHILIPPINES, INC.

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

VOLUME 1

COVER SHEET

CS201518815
S.E.C. Registration Number

C E M E X   H O L D I N G S   P H I L I P P I N E S ,   I N C .

3 4 t h   F l o o r   P e t r o n   M e g a   P l a z a
B u i l d i n g ,   3 5 8   S e n . G i l   J .   P u y a t
A v e n u e ,   M a k a t i   C i t y

(Business Address : No. Street City / Town / Province)

VINCENT PAUL PIEDAD
Contact Person

849-3600
Company Telephone Number

1 2	3 1	**SEC Form 17-A (Annual Report) For the year ended December 31, 2016**	0 5	1 5
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Issuer of Securities under SEC MSRD Order No. 9 series of 2016
Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the year ended **December 31, 2016**

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. **Metro Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
Address of principal office — Postal Code

8. **+632-849-3600**
Issuer's telephone number, including area code

9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

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 **[X]** No [ ]
Stock Exchange: Philippine Stock Exchange (Main Board)
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 [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No [ ]

13. State the aggregated market value of the voting stock held by non-affiliates of the registrant.

₱21,251,765,120.04, which is based on 2,337,927,956 common shares held by non-affiliates of the registrant (including independent directors) @ ₱9.09 per share, the closing market price at which the stock was sold on February 28, 2017

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

Yes [ ] No [ ]

15. The following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

The latest audited financial statement of the Company which is attached as exhibit in this Form 17-A (Annual Report) is incorporated by reference in ITEM 1 (2)(viii) of PART I (Transactions with Related Parties), ITEM 2 of PART I (Properties), ITEM 6 of PART II (Management's Discussion and Analysis), ITEM 7 of PART II (Financial Statements), ITEM 8 of PART II (Information on Independent Accountant and other Related Matters) and ITEM 12 of PART III (Certain Relationships and Related Transactions):

- ***Consolidated Financial Statements of the Company as at and for year ended December 31, 2016 and for the period from September 17 to December 31, 2015***

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

(1) History and Business Development

(a) Organization

CEMEX Holdings Philippines, Inc., a subsidiary of CEMEX Asian South East Corporation ("CASEC"), was incorporated as a stock corporation on September 17, 2015 under Philippine laws with a corporate life of fifty (50) years, 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 it 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 is a wholly-owned indirect subsidiary of CEMEX España, S.A., which in turn is indirectly owned by 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. CEMEX is one of the largest cement companies in the world based on annual installed cement production capacity. The shares of CEMEX are listed on the Mexican Stock Exchange under the symbol "CEMEXCPO" and the New York Stock Exchange under the symbol "CX".

The term "Parent Company" used in this Form 17-A (Annual Report) refers to CEMEX Holdings Philippines, Inc. without its subsidiaries. The term "Company" refers to CEMEX Holdings Philippines, Inc. together with its consolidated subsidiaries.

The Parent Company's two principal operating subsidiaries, i.e., APO Cement Corporation ("APO Cement") and Solid Cement Corporation ("Solid Cement"), are involved in the production, marketing, distribution and sale of cement and other cement products in the Philippines with well-established brands, such as "APO," "Island," and "Rizal," each of which has a multi-decade history in the Philippines.

On January 1, 2016, the Company acquired, directly and indirectly through intermediate holding companies, a 100% equity interest in each of Solid Cement and APO Cement as a result of the following acquisitions:

(a) 1,112,934,284 preferred shares of APO Cement representing 40% of the outstanding capital stock of APO Cement from CEMEX Asia Holdings, Ltd;

(b) 500,000 common shares of Solid Cement representing 10% of the outstanding capital stock of Solid Cement from CEMEX Asia Pacific Investments B.V.;

(c) 1,500,000 common shares of Solid Cement, representing a 30% equity interest in Solid, from CEMEX Asia B.V. (in addition to CEMEX Asia B.V.'s minority interest in two shares that it owned jointly with Sandstone Strategic Holdings, Inc.);

(d) 458,500 common shares of Edgewater Ventures Corporation representing 100% of the outstanding capital stock of Edgewater Ventures Corporation from CEMEX Asia Holdings, Ltd.;

(e) 2,360,000 common shares of Triple Dime Holdings, Inc. representing 40% of the outstanding capital stock of Triple Dime Holdings, Inc. from CEMEX Asia Holdings, Ltd.;

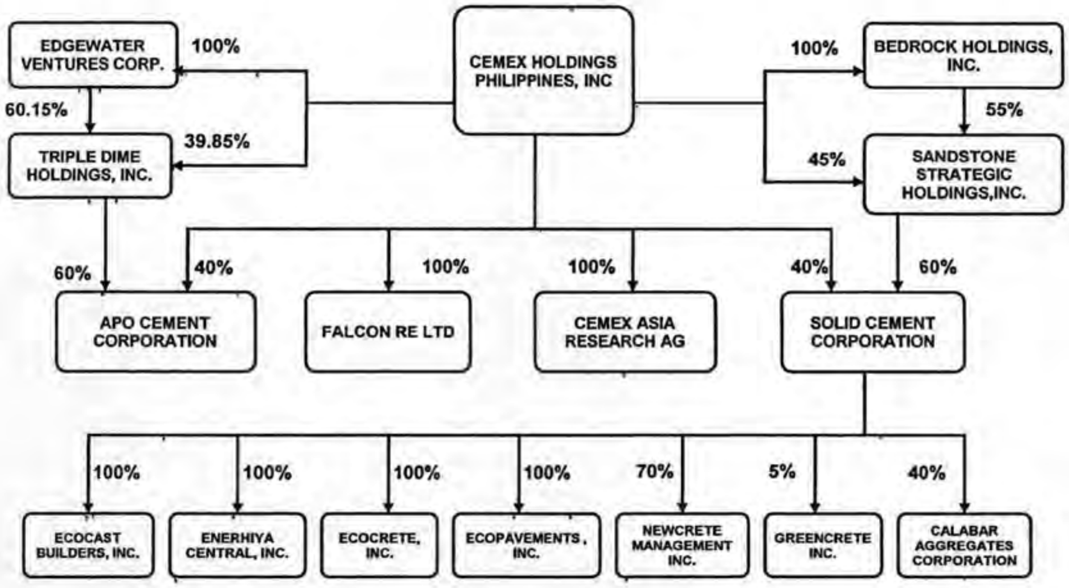
(f) 120,000 common shares of Bedrock Holdings, Inc. representing 100% of the outstanding capital stock of Bedrock Holdings, Inc. from CEMEX Asia Holdings, Ltd.; and

(g) 4,660,966 common shares of Sandstone Strategic Holdings, Inc. representing 45% of the outstanding capital stock of Sandstone Strategic Holdings, Inc. from CEMEX Asia Holdings, Ltd.

On June 17, 2016, the Securities and Exchange Commission of the Philippines (SEC) issued a Pre-effective Clearance for Registration covering 5,195,395,454 common shares of the Parent Company broken down as follows: (a) 2,337,927,954 common shares that shall be offered and sold to the public by way of primary offering ("IPO") and (b) 2,857,467,500 issued and outstanding shares which shall not be included in the offer. In view of the SEC Pre-effective Clearance for Registration and the Parent Company's compliance with other conditions imposed by the Board of the Philippine Stock Exchange (PSE), the PSE approved on June 17, 2016 the initial listing of up to 5,195,395,454 common shares under the Main Board of the Exchange.

On June 30, 2016, the 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 total outstanding shares of the Parent Company consisting of 5,195,395,454 common shares were listed on the Main Board of the Philippine Stock Exchange.

The following diagram provides a summary of the Company's organizational and ownership structure as of December 31, 2016.



(b) Subsidiaries and Associates

The following are brief descriptions of the Company's operating subsidiaries:

- ***APO Cement.*** APO Cement was incorporated in the Philippines on December 27, 1961 primarily to engage in the production and marketing of cement. The Parent Company owns a direct 40% equity interest in APO Cement as well as an indirect 60% equity interest through its equity interest in Triple Dime Holdings, Inc. APO Cement owns and operates the APO Cement plant and primarily produces products which carry the APO cement brand.

• ***Solid Cement* and its subsidiaries**. Solid Cement was incorporated in the Philippines on September 14, 1987. The Parent Company owns a direct 40% equity interest in Solid Cement as well as an indirect 60% equity interest through its equity interest in Sandstone Strategic Holdings, Inc. Solid Cement owns and operates the Solid Cement plant and primarily produces products which carry the Island and Rizal cement brands. Solid Cement also owns a 100% equity interest in each of the following subsidiaries:

- ***Ecocast Builders, Inc.*** and ***Ecopavements, Inc.*** Ecocast Builders, Inc. and Ecopavements, Inc. were each incorporated in the Philippines on October 16, 2014 to primarily provide its customers with materials and solutions for cement-intensive housing and pavement projects, respectively.
- ***Ecocrete, Inc.*** Ecocrete, Inc. was incorporated in the Philippines on February 13, 2013 to primarily manufacture, develop and sell ready-mix concrete and other construction related products materials. Beginning in 2015, the company focused on providing operational services to Solid Cement in relation to the latter's ready-mix concrete business.

• ***Falcon Re Ltd.*** – Falcon Re Ltd. was incorporated in Barbados on May 9, 2016. The Parent Company owns a direct 100% equity interest in Falcon Re Ltd., which reinsures third-party insurers of the Company's property, non-damage business interruption and political risks insurance.

• ***CEMEX Asia Research A.G.*** – CEMEX Asia Research AG was incorporated in Switzerland on December 18, 2015. The Parent Company owns a direct 100% equity interest in CEMEX Asia Research A.G., which is the licensee for the certain licensed trademarks and intangible assets to which the Company has access through several agreements with CEMEX and its affiliate, CEMEX Research Group A.G.

The following are brief descriptions of the Company's investment holding company subsidiaries and other subsidiaries that have not started commercial operations:

• ***Edgewater Ventures Corp.*** and ***Triple Dime Holdings, Inc.*** Edgewater Ventures Corp. was incorporated in the Philippines on April 23, 1998 and Triple Dime Holdings, Inc. was incorporated in the Philippines on May 13, 1998. The Parent Company owns a 100% equity interest in Edgewater Ventures Corp., which is an investment holding company that owns a direct 60.15% equity interest in Triple Dime Holdings, Inc. which is also an investment holding company. The Parent Company owns directly the remaining 39.85% equity interest in Triple Dime Holdings, Inc. Triple Dime Holdings Inc. owns a direct 60% equity interest in APO Cement.

• ***Bedrock Holdings, Inc.*** and ***Sandstone Strategic Holdings, Inc.*** Bedrock Holdings, Inc. was incorporated in the Philippines on October 30, 1998 and Sandstone Strategic Holdings, Inc. was incorporated in the Philippines on November 12, 1998. The Parent Company owns a direct 100% equity interest in Bedrock Holdings, Inc., which is an investment holding company that owns a direct 55% equity interest in Sandstone Strategic Holdings, Inc., which is also an investment holding company. The Parent Company directly owns the remaining 45% equity interest in Sandstone Strategic Holdings, Inc. Sandstone Strategic Holdings, Inc. owns a direct 60% equity interest in Solid Cement.

• ***Enerhiya Central, Inc.*** Enerhiya Central, Inc. was incorporated in the Philippines on February 26, 2013, to primarily sell, broker market and/or aggregate electricity to industrial, commercial and institutional clients. Enerhiya Central, Inc. has not yet started commercial operations. The Parent Company owns an indirect 100% equity interest in Enerhiya Central, Inc. through its 100% equity interest in Solid Cement.

- ***Newcrete Management Inc.*** Newcrete Management Inc. was incorporated in the Philippines on November 14, 2012, to provide management services related to technical support, concrete sales, concrete products, special building materials and other related products and services. Newcrete Management Inc. has not yet started commercial operations. The Parent Company owns an indirect 70% equity interest in Newcrete Management Inc. through its 100% equity interest in Solid Cement.

The following are brief descriptions of companies in which Solid Cement has minority investments:

- ***Calabar Aggregates Corporation.*** Calabar Aggregates Corporation was incorporated in the Philippines on January 31, 1991. Calabar Aggregates Corporation is a company in which the Parent Company owns an indirect 40% equity interest through its 100% equity interest in Solid Cement. This company is currently inactive.

- ***Greencrete Inc.*** Greencrete Inc. was incorporated in the Philippines on November 14, 2012. The Parent Company owns an indirect 5% equity interest in Greencrete Inc. through its 100% equity interest in Solid Cement. Greencrete Inc. has not yet started commercial operations.

(c) Material Reclassification, Merger and Consolidation

There was no material reclassification, merger or consolidation undertaken by the Company in 2016.

(2) General Business Description

The Company has two cement plants with aggregate installed annual capacity[1] of 5.7 million tonnes of cement as of December 31, 2016. APO Cement's cement production plant is located in Naga City, Cebu and currently has three grinding lines and has an installed annual capacity of 3.8 million tonnes of cement, and serves its customers in the Visayas and Mindanao regions through its marine and land distribution network. Solid Cement's cement production plant is located in Antipolo City, Rizal and currently has three grinding lines and an installed annual capacity of 1.9 million tonnes of cement. Solid Cement's plant principally serves the National Capital Region The Company also has one ready-mix plant located in Manila and an admixtures facility located in Parañaque.

The Company primarily sells gray ordinary Portland cement, masonry or mortar cement, blended cement and ready-mix concrete. The Company's cement products are principally sold under the APO, Island and Rizal brand names. The Island and Rizal brands are primarily sold to customers in Luzon, whereas the APO brand cement is primarily sold to customers in the Visayas and Northern Mindanao.

(i) Products

Principal Product – Cement

Cement is a binding agent that, when mixed with sand, stone or other aggregates and water, produces either ready-mix concrete or mortar. The Company provides its customers with high-quality branded cement products and services in both bagged and bulk formats. The Company relies on professional knowledge and experience to develop customized products that fulfill its customers' specific requirements and foster efficient and sustainable construction. The Company sells a large proportion of its cement in bags. Sales of cement and cement products accounted for 85.88% of consolidated net sales for 2016 before eliminations. The principal groups of related products and services are gray ordinary Portland cement, blended cement and masonry cement. The Company delivers its bagged, branded product to a large number of distribution outlets so that its cement is available to end-users in a point of sale near to where the product will be used.

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[1] cement grinding capacity

Product	Brands	Description	Product Specifications and National Standards Met
Gray Ordinary Portland	APO Portland Cement	General-purpose Type I Portland cement made for high performance applications. It passes the specifications of Type II cement as moderately sulfate resistant and is suitable for applications near bodies of water.	PNS 07:2005 ASTM C150:2009
	Island Portland Cement	General-purpose Portland cement made for high performance applications. Achieves higher compressive strength in less time compared to other Portland cement.	PNS 07:2005 ASTM C150:2009
Masonry or mortar	Rizal Masonry Cement APO Masonry Cement	Type M masonry cements. Minimizes the carbon footprint of regular Portland cement by up to 32% and allows better moisture retention and adhesion strength.	PNS ASTM C91:2005
	Palitada King Masonry	Type S masonry cement. Superior properties for use in masonry applications, as it's less prone to rapid dehydration during dry, hot, or windy days. Minimizes shrinkage and stresses that lead to cracking.	PNS ASTM C91:2005
Blended	Rizal Portland Super	All-purpose Type 1P cement formulated with natural minerals that add beneficial properties, such as increased strength and durability over time. Used for general construction applications where structures are exposed to moderate sulfate environments.	PNS 63:2006 ASTM C595:2009
	APO Portland Premium		PNS 63:2006 ASTM C595:2009

Others

The Company sold ready-mixed concrete and admixtures to third parties in 2016. Utilizing its expertise and variety of product offerings, and in particular the products offered by its ready-mix concrete facility, the Company also occasionally provided pavement and housing solutions to its customers.

(ii) Export Revenue

The export revenue for cement as of December 31, 2016 amounted to approximately ₱80.9 million which is 0.3% of total revenue of the Company for the fiscal year. The cement was exported to the Pacific Islands.

(iii) Distribution Methods

The Company's distribution infrastructure includes, as of December 31, 2016, four marine distribution terminals and 18 land distribution centers located across the Philippines. The Company distributes its products using a fleet which is managed directly by its subsidiaries or by third-party transport providers. As of December 31, 2016, the Company leased 1,259 trucks for the distribution of bag and bulk cement as well as 26 ready-mix concrete mixer trucks, chartered 63 marine vessels for the waterborne distribution of bag cement in the Philippines, and contracted seven marine vessels to augment the Company's fleet of two owned marine vessels for the distribution of bulk cement.

(iv) Product Development

The Company continues to work with its current portfolio of products with the objective of developing products to suit customers' specific requirements or specifications.

(v) Competition

As of December 31, 2016, the Company's major competitors in the Philippine cement market were Holcim Philippines, Inc., Republic Cement Group, Taiheiyo Cement Philippines, Inc., Northern Cement Corporation, Goodfound Cement Corporation, Mabuhay FilCement Inc. and Eagle Cement Corporation. The Company competes through a wide section of the Philippine archipelago, primarily on the basis of quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image and pricing.

(vi) Sources and Availability of Raw Materials and Supplies

The primary raw materials used in the Company's cement production are limestone, pozzolan, clay and gypsum. Raw materials costs represented approximately 10% of the Company's combined costs of sales for fiscal year 2015 and 10% of the Company's consolidated costs of sales for fiscal year 2016.

The raw materials are delivered directly to the Company's production facilities by trucks and conveyor belts. The Company purchases the majority of its limestone, pozzolan and clay requirements from APO Land & Quarry Corporation ("ALQC") and Island Quarry and Aggregates Corporation ("IQAC") pursuant to long-term supply agreements, each having 20-year terms and automatic renewals for successive periods of two years.

ALQC is an entity that is wholly-owned by Impact Assets Corporation, a corporation in which CASEC owns a 40% equity interest. IQAC is an entity that is wholly-owned by Albatross Holdings, Inc., a corporation in which CASEC owns a 40% equity interest.

Most of the quarries from which ALQC and IQAC mine raw materials, such as limestone, pozzolan and clay are located near the Company's cement production plants, which reduces the Company's pre-production transport time and costs.

The Company sources electricity by purchasing grid electricity from third parties, from in-house generators at its plants and, with respect to Solid's cement production plant, through the waste-heat-to-energy facility of SINOMA Energy Conservation Ltd (SINOMA). The cost of electricity purchased from the grid are among the highest in Asia. Electricity cost and availability are impacted by limited numbers of suppliers, a complex regulatory framework, low grid reliability, the geography of the Philippines and the climate and weather conditions in the Philippines, which regularly impacts power supply.

The power generation plant at APO Cement plant is capable of producing up to approximately 66 megawatts, and APO Cement plant when running at full utilization requires approximately 48 megawatts of power. The power generation plant at Solid Cement plant is capable of producing up to approximately 15 megawatts of power, and Solid Cement plant when running at full utilization requires up to approximately 24 megawatts of power.

In January 2012, Solid Cement entered into a 15-year build-and-operate arrangement with SINOMA, to implement a waste heat recovery system at Solid Cement plant. SINOMA's facility captures waste heat generated by the plant's kilns and converts it into electricity. Pursuant to this arrangement, SINOMA owns the facility and is responsible for the maintenance, repairs and operations of the facility and, subject to certain conditions, is obligated to deliver all of the electricity generated by the facility to SOLID Cement plant. Moreover, subject to certain conditions, Solid Cement is obligated to purchase all of the electricity generated by the facility. This waste-heat-to-energy facility produces up to approximately 5.5 megawatts of power. In March 2017, the Company entered into a similar 15-year build-and-operate arrangement with SINOMA to implement a waste-heat-to-energy facility at APO Cement plant.

Each of APO Cement and Solid Cement plants purchases grid electricity for its respective power needs from suppliers, such as Masinloc Power Partners Co. Ltd., San Miguel Electric Corporation and The Visayan Electric Company, depending on the cost of grid electricity compared with electricity produced from its power generation plants. Solid Cement plant has been reliant on grid electricity for at least part of its power requirements, while APO Cement plant can rely entirely on its power generation plant when needed. Furthermore, APO Cement and Solid Cement have made significant investments in recent years to enhance the quality and reliability of its supply of grid electricity by improving its electricity grid connection infrastructure.

The Company primarily uses coal to fire its kilns and, to a lesser degree, alternative fuels, including rubber tires, waste plastic, rice husks, among others. The Company currently obtains all of its imported coal from Transenergy, Inc., a CEMEX subsidiary that sources coal, petroleum coke and other products on a CEMEX group-wide basis with a view to obtaining favorable pricing. The Company hedged a majority of its exposure to the spot price of coal in 2016. In the past, APO Cement and Solid Cement have also obtained coal from domestic suppliers, and the Company may enter into arrangements with domestic suppliers in the future.

The Company continues to focus on the use of alternative fuels to manage its fuel costs. It seeks to optimize its fuel mix with available alternative fuels, using rubber tires, waste plastic, rice husks and other alternative fuels. In 2016, the usage of refuse-derived fuel at Solid Cement plant amounted to approximately 17.2% of the overall fuel used to fire its kiln.

The Company primarily uses heavy fuel oil for the electricity generators at its various plants, and the trucks and vessels used in the distribution of its products run primarily on diesel. The Company obtains its supply of heavy fuel oil and diesel from domestic suppliers. The Company hedged a majority of its exposure to the spot price of heavy fuel and diesel in 2016.

(vii) Dependence on a single or a few customers

The Company sells cement directly to retailers such as hardware stores. The Company also sells cement directly to institutional customers such as contractors, developers and ready-mix operators. Many of the customers resell the Company's products to a variety of end-users, such as households, small and large contractors and ready-mix concrete producers, while the cement products which the Company sells directly to institutional customers are used in a variety of private and public infrastructure projects. The business of the Company does not depend on any single or few customers, and no single customer represented more than 20% of the Company's consolidated net sales.

(viii) Transactions with Related Parties

Refer to Item 12, Part III of this SEC Form 17-A (Annual Report) and Note 13 - Related Party Transactions to the Consolidated Financial Statements as of year ending December 31, 2016 in the accompanying Audited Financial Statements filed as part of this Form 17-A.

(ix) Intellectual Properties

The Company relies on trademarks to establish and protect its business interests. As a subsidiary of a multinational corporation, all of the trademarks and intellectual property of CEMEX and its member subsidiaries, as well as the protection and enforcement thereof, are managed centrally by the CEMEX head office in Mexico with the assistance of the local operating companies. The Company has license rights to use the "CEMEX" name, and the "APO", "Island" and "Rizal" brands from CEMEX and its subsidiary, CEMEX Research Group, AG. CEMEX Research Group, AG is also the legal owner of certain intangible assets, including but not limited to, know-how, processes, software and best practices over which the Company has a non-exclusive right to use, exploit and enjoy. The Company relies on these intangible assets for continuous improvements, enhancements and variations considering industry evolution and the particular needs of the Philippine market, and has entered into license agreements that allow its operating subsidiaries to use these intangible assets.

The Company owns several trademarks which include "Semento Filipino" and "Sakto Construction Compound".

(x) Governmental approval of principal products

APO Cement and Solid Cement possess licenses issued by the Bureau of Product Standards – Department of Trade and Industry which allows them to use the Philippine Standard (PS) Quality Mark for its various products.

(xi) Governmental Regulations

The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, its methods of distribution, labor, taxation, antitrust and health and safety. For example, the Occupational Safety and Health Standards promulgated by the Department of Labor and Employment, prescribes the minimum set of standards, rules, and regulations for the welfare and protection of workers in all places of employment. Apart from domestic rules, the Company is also guided by global benchmarks and standards on occupational health and safety, which is a key focus of management. There are management policies and rules in accordance with applicable laws and regulations such as production safety measures, the handling of hazardous materials, guidelines on high risk operations, and the Company also conducts regular training on occupational health and safety.

(xii) Research and Development

CEMEX's research and development efforts, which are concentrated at CEMEX Research Group, AG (CRG) help the Company in achieving its goal of increasing its share of the markets in which it operates. CEMEX's research and development efforts have developed new products for the Company's cement business that respond to its customers' needs and have developed new processes, equipment and methods to optimize operational efficiencies and reduce its costs. Pursuant to several license agreements the Company is able to access the research and development capabilities of CRG through the Company's enjoyment and utilization in the Philippines of certain licensed trademarks and intangible assets developed and owned by CRG. In exchange for the intangible assets and tools made available to the Company pursuant to these license agreements, the Company paid CRG royalty fees for the fiscal year 2016 amounting to ₱943 million, which accounted for 3.8% of the Company's consolidated net sales. On the other hand, in the event that the Company incurs costs for research and development activities undertaken in the Philippines, such costs are reimbursed to the Company by CRG.

(xiii) Compliance with Environmental Law

The Company is subject to a broad range of environmental laws and regulations in the Philippines, such as the Philippine Clean Air Act of 1999, the Philippine Clean Water Act of 2004 and the regulatory framework established by the Philippine Environmental Impact Statement System. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental damage or contamination.

The Company allocates resources to government-mandated social development funds in compliance with environmental laws and regulations. For instance, in 2016, the Company allocated approximately ₱11.1 million for projects implemented pursuant to the Social Development and Management Program.

(xiv) Employees

As of December 31, 2016, the Company employed a total of 705 full-time employees. A breakdown of the employees is shown below:

Area	Number of Employees
Corporate and Administration	143
Cement Business (commercial sales & administration, cement operations & technology, and logistics)	512
Other Businesses	50

The Company does not currently anticipate any significant increase or decrease in the number of its employees over the next twelve months.

For non-managerial employees of Solid Cement plant and APO Cement plant, labor conditions, including wages and benefits, are governed by collective bargaining agreements negotiated at the plant level. These employees are represented by labor unions. Solid Cement plant has a rank and file union as well as a supervisors union, and APO Cement plant has two rank and file unions. Each of these unions is associated with the Trade Union Congress of the Philippines. Under the Philippine Labor Code, a labor union serves as the certified collective bargaining representative of the relevant bargaining unit (i.e., rank and file; supervisors unit) for a period of five years, whereby the bargaining unit will then conduct a certification election to determine who its collective bargaining agent will be for the next five years. Accordingly, APO Cement and Solid Cement negotiate collective bargaining agreements with the newly elected collective bargaining representative every five years for the general and political terms. The economic terms, such as the salary, allowances and all monetary and non-monetary benefits to which the collective bargaining members are entitled, can be renegotiated after a period of three years from the execution of the collective bargaining agreement. The Solid Cement plant agreement with the supervisors' union expires on December 31, 2017, while the rank and file union agreement at Solid Cement plant will expire on February 28, 2018. The agreement with the APO Cement plant unions will expire on December 31, 2021. There has been no strike affecting Solid Cement plant or APO Cement plant during the past fifteen years.

(xv) Major Risks Affecting the Business

Substantially all of the Company's manufacturing business and assets are located in the Philippines. Accordingly, economic conditions in the Philippines may adversely affect its business, prospects, financial condition and results of operations.

The results of the Company's operations depend, to a significant extent, on the performance of the Philippine economy. The Philippines has experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls.

The Company's growth prospects are largely dependent upon the economic growth in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or globally;
- scarcity of credit or other financing;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- an increase in unemployment levels or decrease in consumer confidence;
- a decrease in remittances from overseas Filipino workers;

- changes in the taxation policies and laws;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- political or economic developments in or affecting the Philippines.

In addition, the strength of the Philippine economy (and demand for the Company's products in particular) is influenced and affected by global factors, including the performance of the global and regional economies, including in particular the United States and China, and the global economy, in general. If these economies were to suffer periods of prolonged weakness, it could adversely affect the Company's business, prospects, financial condition and results of operations.

A reduction or delay in public or private construction projects may have a material adverse effect on the Company's business, financial condition and results of operations.
The Company's principal business is reliant on levels of public and private construction activity in the Philippines. Significant interruptions or delays in, or the termination of, public or private construction projects may adversely affect the Company's business, financial condition and results of operations.

The Company is dependent on the continuing operation of the Company's two cement plants.
The principal manufacturing facilities are at two cement plants. The Solid Cement plant is located in Rizal in Luzon and the APO Cement plant is located in Cebu in the Visayas. These plants are subject to the normal risks of industrial production, including equipment breakdowns, labor stoppages, natural disasters, directives from Government agencies and power interruptions.

The Company operates in highly competitive markets
The markets in which the Company operate are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants such as new brand introductions by local manufacturers and importers. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain or protect their share of the market.

The construction industry is generally cyclical and variations in supply (including by increase of capacities) and demand (including from a decrease in construction activities) may result in overcapacity and a corresponding reduction in the utilization of the cement plants.
The Company is affected by the cyclical nature of the construction industry, which is characterized by periods of growth and slowdown or decline caused by variations in supply and demand. Such fluctuations may lead to periods of overcapacity where cement supply exceeds cement demand. Overcapacity could be due to (i) a decrease in demand and a failure by the industry to adjust supply or (ii) the industry adding capacity in excess of that required to satisfy demand.

Higher electricity and fuel costs, or the reduction or interruption in supply thereof, may adversely affect the Company's business, prospects, financial condition and results of operations.
The Company's operations consume significant amounts of electricity and fuel. The cement plants use electricity from the electricity grid, in addition to electricity produced from in-house generators fired by heavy fuel oil and waste production heat.

The results of operations could be affected by fluctuations in interest rates
The Company is currently exposed to interest rate risk primarily in connection with certain long-term loans which are subject to variable interest rate. There can be no assurance that fluctuations in interest rates will not adversely impact the Company's business, financial condition and results of operations.

The Company's operations can be affected by adverse weather conditions.
Construction activity, and thus demand for the Company's products, decreases substantially when heavy or sustained rainfalls occur. Consequently, demand for the Company's products is significantly lower during the rainy season in the Philippines or during periods of unexpected heavy or sustained

rainfalls. Adverse weather conditions can adversely affect the Company's results of operations and profitability especially if they occur with unusual intensity, during unexpected periods or last longer than usual, especially during peak construction periods.

The planned expansion of the Company's Solid Cement plant currently under development may not be completed on schedule or within the allocated budget.
The Company is currently in the pre-construction phase of the project, which involves securing regulatory approvals, detailed engineering, and procurement of equipment and services. The time taken and the costs to be incurred to complete this, and any other development or expansion project the Company may undertake, may be directly or indirectly affected by many factors, including change in legislation or governmental policy, shortages of materials, equipment, availability of contractors, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with independent contractors and sub-contractors, accidents, and other problems and circumstances beyond the Company's control.

Specifically, the time taken and the costs incurred in connection with the development of the Company's projects may be affected by the following factors, among others, which are generally beyond the control of the Company:

- delays or inability to obtain all necessary location, zoning, land use, building, development and other required governmental and regulatory licenses, permits, approvals and authorizations;
- construction risks, which include delays in construction and cost overruns (whether from variation to original design plans or any other reason), a shortage or increase in the cost of construction and building materials, equipment or labor as a result of inflation or otherwise, inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third-party providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction-related contract, work stoppages, strikes, accidents, among others; and
- possible shortage of available cash to fund construction and capital improvements, as the Company may need to make significant capital expenditures without receiving revenue and cash flow from these properties until future periods, and the related possibility that financing for these capital improvements may not be available on acceptable terms or at all.

New regulatory developments may increase costs of doing business or restrict operations.
The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, the Company's methods of distribution, labor, taxation, antitrust and health and safety. The Company may also be adversely affected by regulations applicable to ALQC and IQAC, or other third parties that provide the Company with products and services. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the Philippines may increase the Company's operating costs or impose restrictions on the Company's operations.

Currency fluctuations
The Company is exposed to foreign exchange fluctuations to the extent the Company incurs monetary assets and/or liabilities, or recognizes income or expenses, in a currency different from its functional currency, which is the Philippine Peso.

ITEM 2. Properties

(1) The Company does not own land. Majority of the Company's property, consisting of plant and equipment, are located in Naga City, Cebu; San Jose, Antipolo; Batangas City, Batangas; La Paz, Iloilo City; and Tondo, Manila. The production plants and distribution infrastructure are strategically located to serve key markets in the Philippines. APO Cement production plant is located in Naga City,

Cebu. Solid Cement plant is located in Antipolo City, Rizal. The Company's ready-mix concrete facility is located in Manila and the admixture facility is located in Paranaque.

The following table sets forth certain information concerning the land and floor space leased by the Company from ALQC, IQAC and other entities for the Company's cement plants, offices and other facilities as of December 31, 2016.

	Land and/or Floor Space (approx square meters)
APO Cement plant	453,884
Solid Cement plant	743,418
Marine distribution centers	47,500
Land distribution centers	35,306
Ready-mix batching plant	5,000
Company headquarters	2,192
Sales offices	136

Under the lease agreements of APO Cement and Solid Cement with ALQC and IQAC, respectively, each of APO Cement and Solid Cement as lessee uses the leased premises for its various business activities including the manufacture of cement and other cement products as well as the temporary storage and distribution of its products and raw materials. The term of the lease agreements is 25 years, effective from January 1, 2016, and extendable for another 25 years, unless the lessee opts not to renew. The lease between Solid Cement and IQAC covers an approximate aggregate area of 743,418 square meters, and annual rent payments of approximately ₱32.9 million plus VAT are due for the first two years of the lease. The lease between APO cement and ALQC covers an approximate aggregate area of 453,884 square meters, and annual rental payments of approximately ₱58.2 million plus VAT are due for the first two years of the lease. For every two-year period thereafter, the annual rental fee will be reviewed and adjusted if necessary to ensure that the rental fee reflects market conditions.

For additional information relating to material lease arrangements, see Note 26 of the Notes to the Company's Consolidated Financial Statements as at December 31, 2016 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

(2) The table below summarizes fixed assets portfolio of the Company as of December 31, 2016:

(In Thousand Pesos)	Amount (₱)
Buildings and improvements	3,982,565
Machinery and Equipment	11,915,071
Construction in Progress	1,025,207
Sub-total	16,922,843
Less: Accumulated depreciation, depletion and allowance for impairment loss	(1,108,032)
Total	15,814,811

(3) The Company's properties are not mortgaged or encumbered.

ITEM 3. Legal Proceedings

There is no pending legal proceeding to which the Parent Company is a party up to the date of this SEC Form 17-A (Annual Report).

In September 2015, Solid Cement suffered an oil spill at its cement facility in Antipolo City involving approximately 2,000 liters of heavy fuel oil that overflowed from one of Solid Cement's storage tanks, the majority of which was recovered within seven days of the incident. As a result of the incident, three separate administrative proceedings were initiated against Solid Cement before the Laguna Lake Development Authority (LLDA), the Environmental Management Bureau of the Department of Environment and Natural Resources (EMB) and the City of Antipolo, Rizal.

In its resolution dated May 19, 2016, the LLDA resolved to dismiss this case on the condition that Solid Cement pays a fine of ₱200,000.00 to the Laguna Lake Development Authority. Following payment of the fine, the LLDA issued a decision dated June 20, 2016 dismissing the case.

The Notice of Violation issued by the DENR-EMB cited Solid Cement's alleged failure to comply with the conditions of its Environmental Compliance Certificate when the company allegedly failed to strictly manage all external and chemical processes and immediately undertake response activities. Solid Cement filed on October 5, 2015 its reply. No further action against Solid Cement has been taken by DENR-EMB as of the date of this Form 17-A.

The City of Antipolo likewise issued a Notice of Violation requiring Solid Cement to explain why no administrative cases should be filed for violations of the Clean Water Act of 2004 and other related environmental laws such as the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 and the Philippine Environmental Impact Statement System. Solid Cement submitted its response to the City of Antipolo, and as of the date of this Form 17-A, the local government has not taken further action against Solid Cement, although the Office of the Mayor officially endorsed the matter to the LLDA for proper action.

In addition to the above proceedings, several of the subsidiaries of the Parent Company are involved in various legal proceedings that have arisen in the ordinary course of business. These proceedings involve: 1) claims for environmental damages; 2) claims to revoke permits and/or licenses; 3) national and local tax assessments; 4) labor claims; and 5) other diverse civil actions. The Parent Company believes these matters will be resolved without any material significant effect on its business, consolidated financial position or consolidated financial performance.

ITEM 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of 2016 to a vote of security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. Market for Issuer's common Equity and Related Stockholder Matters

(1) Market information

The common stocks of the Company are traded at the Philippine Stock Exchange (PSE). For the year ended December 31 2016, the high and low market prices for each quarter are shown below:

	2016	
Quarter period	High	Low
January to March	NA	NA
April to June	NA	NA
July to September	₱12.96	₱10.80
October to December	₱12.10	₱10.64

(2) Shareholders

There are five billion one hundred ninety five million three hundred ninety five thousand and four hundred fifty four (5,195,395,454) issued and outstanding common shares of stock of the Parent Company.

The top twenty (20) stockholders of record of the Parent Company, including the number and percentage of total common shares outstanding held by each as of December 31, 2016 are as follows:

Title of Class	Names of Stockholders	Nationality	No. of Shares Held	% to Total Outstanding Shares
Common Shares	CEMEX Asian South East Corporation[a]	Non-Filipino (incorporated in the Philippines but wholly owned by a Netherlands company)	2,857,467,493	55.000
Common Shares	PCD Nominee Corporation (Non-Filipino)[b][c]	Non-Filipino	1,675,349,815	32.247
Common Shares	PCD Nominee Corporation (Filipino)	Filipino	662,340,544	12.749
Common Shares	Bob Dy Gothong	Filipino	208,600	0.004
Common Shares	Myra P. Villanueva	Filipino	20,000	0.000
Common Shares	Anita Uy Mustera or Nicolas R. Mustera	Filipino	2,700	0.000
Common Shares	Milagros P. Villanueva	Filipino	2,500	0.000
Common Shares	Myrna P. Villanueva	Filipino	2,500	0.000
Common Shares	Christine F. Herrera	Filipino	1,000	0.000
Common Shares	Shareholders Association of the Philippines, Inc.	Filipino	100	0.000

Common Shares	Jesus San Luis Valencia	Filipino	100	0.000
Common Shares	Bartholomew Dybuncio Young	Filipino	100	0.000
Common Shares	Alfredo Panlilio[d]	Filipino	1	0.000
Common Shares	Pedro Roxas[e]	Filipino	1	0.000

[a] In addition to the indicated shareholdings of CASEC, each of the following directors of the Company hold one qualifying share which is beneficially owned by CASEC: Joaquin Miguel Estrada Suarez, Pedro Jose Palomino, Paul Vincent Arcenas, Vincent Paul Piedad and Jannette Virata Sevilla. Two out of the five qualifying shares are part of the shares recorded under the account *PCD Nominee Corporation (Non-Filipino)*, while the remaining three qualifying shares are part of the shares recorded under the account *PCD Nominee Corporation (Filipino)*.

[b] Based on the Top 100 PDTC Participants Report of Philippine Depository & Trust Corporation for the month of December 2016, the *PCD Nominee Corporation (Non-Filipino)* account includes the following:

(1) The Hongkong and Shanghai Banking Corp. Ltd.- Clients' Acct – 887,771,149 shares corresponding to approximately 37.976%
(2) Deutsche Bank Manila-Clients A/C – 572,136,074 shares corresponding to approximately 24.474%
(3) GIC Private Ltd – 210,885,800 shares corresponding to approximately 9.021%
(4) Citibank, N.A. – 178,990,745 shares corresponding to approximately 7.656%

[c] Based on SEC Form 18-A dated 28 December 2016 that was filed by Wellington Management Group LLP (declarant), the declarant stated that it beneficially owned 277,299,574 shares which represent approximately 5.34% of the issued and outstanding shares of stock of the Parent Company.

[d] In addition to the indicated one share, Mr. Panlilio owns 1000 shares which are part of the shares recorded under the account *PCD Nominee Corporation (Filipino)*.

[e] In addition to the indicated one share, Mr. Roxas owns 1000 shares which are part of the shares recorded under the account *PCD Nominee Corporation (Filipino)*.

(3) Dividends declaration, if any

The Parent Company has not declared any dividends on its common equity from the time of its initial listing and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68

(4) Sales of Unregistered Securities within the last three (3) years

There are no securities of the Company sold by it from the time of its IPO which were not registered under the Securities Regulation Code (SRC).

ITEM 6. Management's Discussion and Analysis

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations as at and for the year ended December 31, 2016, and certain trends, risks and uncertainties that may affect the Company's business.

Results of Operations

As at and for the year ended December 31, 2016

Net Sales

The consolidated net sales for the period ended December 31, 2016 amounted to ₱24.8 billion of which ₱5.6 billion were generated during the fourth quarter of the year. Sales were generated mainly from sale of cement products as a result of the Company's ordinary activities.

The breakdown of sales for the twelve months ended and three months ended December 31, 2016 were as follows:

	For the year ended December 31, 2016 (*in millions Pesos*)		**For the three months ended December 31, 2016** (*in millions Pesos*)	
Segment	***Sales***	***% Sales***	***Sales***	***% Sales***
Cement	23,893	96%	5,221	94%
Other business	394	2%	57	1%
Insurance	519	2%	279	5%
Total	**24,806**	**100%**	**5,557**	**100%**

Cost of Sales
Consolidated cost of sales for the period ended December 31, 2016, amounted to ₱11.9 billion of which ₱2.4 billion were incurred during the fourth quarter. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation and other expenses directly attributable to the manufacturing of finished goods.

Total cost of sales as percentage of sales was 47.9% for the full year of 2016 and 43.3% for the fourth quarter. Excluding insurance revenue, total cost of sales as percentage of sales was 48.9% for the year 2016 and 45.6% for the quarter.

Gross Profit
As a result of the above conditions, gross profit for the year ended December 31, 2016 reached ₱12.9 billion, of which ₱3.1 billion were earned during the fourth quarter. Gross profit as a percentage of sales for the year ended December 31, 2016 represented 52.1% and 56.7% for the fourth quarter.

Operating Expense
Operating expenses amounted to ₱8.0 billion for the year ended December 31, 2016. Operating expenses were composed of administrative, selling, and distribution expenses. For the fourth quarter, operating expenses amounted to ₱2.0 billion or 36.3% of net sales. Administrative and selling expenses amounted to ₱4.0 billion or 16.2% of net sales for the year which are mainly attributable to royalties and insurance amounting to ₱943.0 million and ₱1.2 billion, respectively. Distribution expenses amounted to ₱4.0 billion for the year ended December 31, 2016 which accounted for 16.0% of net sales of the year. Distribution expenses amounted to ₱1.0 billion which accounted for 17.5% of net sales for the quarter.

Other expenses included in operating expenses cover administrative services, salaries and wages, utilities and administrative supplies, tax and license, depreciation and amortization, advertising and travel expenses, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other income and expenses amounted to ₱4.9 billion for the twelve months ended December 31, 2016 and ₱1.1 billion for the fourth quarter. These comprised 19.9% and 20.4% of net sales, respectively.

Other Expenses, Net
Other expenses, net for the year ended December 31, 2016 were ₱319.8 million mainly including IPO-related cost ₱287.9 million as one time charge expense, and other fixed assets disposal loss, row material and spare scrap loss.

Financial Expenses, Net
Net financial expenses for the year ended December 31, 2016 amounted to ₱1.2 billion, broken down into ₱293.2 million arising from short-term loans, fully paid during the year, and ₱942.8 million arising from long-term debts. See Note 29 of the Notes to the Company's Consolidated Financial Statements as of year ending December 31, 2016 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report) referring to the US Dollar denominated long-term loan from New Sunward Holding B.V. (NSH) which was refinanced into a Philippine Peso loan from BDO Unibank, Inc. (BDO) to enhance the Company's financial flexibility.

Foreign Exchange Loss
Loss of ₱1.4 billion and ₱31 thousand were reported for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015. Out of the total foreign exchange loss for the year ended December 31, 2016 amounting to ₱1.4 billion, ₱1.1 billion were unrealized losses and ₱250.5 million were realized losses. Foreign exchange losses were mainly due to US dollar denominated loans from NSH. In early 2017, the outstanding long-term loan from NSH was refinanced into a Philippine Peso loan from BDO.

Income Tax
As a result of operations, the Company's income tax expense for the year ended December 31, 2016 amounted to ₱563.7 million.

Net Income
As a result of the abovementioned concepts, net income (loss) for the year ended December 31, 2016 amounted to ₱1.4 billion.

Financial Position

As of December 31, 2015, the Parent Company was still in the process of capitalization and acquisition of the principal operating subsidiaries Solid Cement and APO Cement. The figures as of the aforementioned date are not relevant for comparison purposes.

As at December 31, 2016

The Company's assets and liabilities as at December 31, 2016 were mostly from the assets acquired and liabilities assumed by the Parent Company as a result of the business combination on January 1, 2016.

Cash and Cash Equivalents
Out of the ₱1.3 billion as of December 31, 2016, ₱680.0 million referred to the remaining balance of IPO proceeds, which will be used in accordance with the IPO Prospectus of the Parent Company. The rest mainly cash inflows from the Company's operations. Cash in banks earned interests at the prevailing bank deposit rates while cash equivalents were short-term highly liquid investments readily convertible to cash.

Trade and Other Receivables - Net
Accounts receivables amounted to ₱909.7 million, net of ₱10.6 million allowances for doubtful accounts, which mainly pertained to receivables from customers.

Receivable from Related Parties
Related party balances amounting to ₱215.2 million as at December 31, 2016 resulted primarily from the sale of goods, invoicing of administrative services, and advances and loans between related parties.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱127.3 million as at December 31, 2016, primarily arising from insurance claim, loan to charitable organization, receivable from contractor and employees, and others.

Inventories
Out of ₱2.6 billion as of December 31, 2016, ₱2.2 billion referred to spare parts, raw material and work in progress, and the remaining balance referred to finished good and others.

Prepayments and Other Current Assets
Prepayments and other current assets amounted to ₱1.4 billion which refers primarily to ₱900.5 million prepaid insurance and ₱310.7 million prepaid taxes. The remaining balance includes advances and prepayments.

Investments in Associates 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 and noncurrent accounts receivable amounting to ₱320.5 million as of December 31, 2016 primarily consisted of ₱112.2 million for performance deposits, ₱92.2 million guarantee bonds used in operations, and the rest including employee benefits amortization, right of way and other long-term prepayments.

Property, Machinery and Equipment
Property, machinery and equipment had a balance of ₱15.8 billion as at December 31, 2016. During the year, ₱534.1 million was incurred for maintenance capital expenditures and ₱796.3 million for strategic capital expenditures.

Goodwill
The Company's goodwill arose from business combinations.
For additional information see the accompanying Consolidated Financial Statements as of year ending December 31, 2016 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

Deferred Income Tax
The Company's deferred income tax asset amounted to ₱444.6 million which mainly represented future tax benefit from operating losses.

Trade Payables
Trade payables as at December 31, 2016 amounted to ₱2.2 billion which were related to purchases of raw materials and other goods, and services provided by third parties.

Payable to Related Parties
Short-term payable to related parties had a balance of ₱1.5 billion as at December 31, 2016, of which ₱573.8 million was related to the purchase of equipment for the Solid plant expansion. On the other hand, long-term payable to related parties amounted to P15.9 billion, consisting mainly of the NSH loan which was used to finance the acquisition by the Parent Company of the shares in the operating subsidiaries from CEMEX Asia B.V., CEMEX Asia Holdings, Ltd. and CEMEX Asia Pacific Investment B.V.

Income Tax Payable, Other Accounts Payable and Accrued Expenses, Unearned Revenue, and Provisions
Other payables and accruals which amounted to ₱2.0 billion pertained mainly to unearned revenue from insurance premiums, taxes payable, and advances from customers.

Employee Benefits Liability
Employee Benefits Liability amounting to ₱769.3 million as at December 31, 2016 referred to the provision recognized by the Company associated with employees' defined benefit pension plans.

Other Noncurrent Liabilities
Other noncurrent liabilities of ₱14.8 million referred to the provision for asset retirement obligations.

Common Stock
Total authorized capital stock of the Parent Company consists of 5,195,395,454 shares at a par value of ₱1 per share. Total issued and outstanding capital stock is 5,195,395,454 shares at a par value of ₱1 per share.

Derivative Instrument
The amount was the unrealized portion of the gain or loss in the coal hedge contract and was initially recognized in other comprehensive income which creates a reserve in equity. Such amount will be reclassified to profit or loss once the hedge subsequently results in the recognition of financial asset or financial liability.

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, hedging reserve and cumulative currency translation of a foreign subsidiary.

Retained Earnings
Retained earnings of ₱1.4 billion included the Company's cumulative net results or prior accounting results.

Company performance and Profitability and Liquidity

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 December 31, 2016.

Key Financial Indicators	**Formula**	**For the year ended December 31, 2016**
Current Ratio	Current Asset/Current Liabilities	1.2 : 1
Solvency Ratio	Profit + Depreciation and Amortization/Total Liabilities	0.1:1
Net debt to Equity Ratio	Debt*/Total Equity	0.7 : 1
Asset to Equity Ratio	Total Assets/Total Equity	1.8 : 1

**The debt is net of cash and cash equivalents.*

Key Financial Indicators	**Formula**	**For the year ended December 31, 2016**
Interest Rate Coverage Ratio	Profit before interest and tax/interest	4.0:1

Key Financial Indicators	Formula	For the year ended December 31, 2016
Profitability Ratio	Operating Margin/Net sales	0.2:1

The Company does not have any off-balance sheet arrangements that are reasonably likely to have a material effect on its financial condition, operating results and liquidity or capital resources.

Refer to the discussion on major risks affecting the business in ITEM 1 of PART I of this Form 17-A (Annual Report).

ITEM 7. Financial Statement

The Company's Consolidated Financial Statements as of year ending December 31, 2016 in the accompanying Audited Financial Statements are filed as part of this Form 17-A (Annual Report).

ITEM 8. Information on Independent Accountant and other Related Matters

(A) External Audit Fees and Services

The aggregate fees billed for professional services rendered by R.G. Manabat & Co. (RGM&Co.) was ₱8.3 million for 2016. These fees are inclusive of out-of-pocket expenses, services rendered by external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for years 2016.

(B) Changes in and disagreements with accountants on accounting and financial disclosures

The accounting policies adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for year ending December 31, 2016 have been applied consistently to all years presented therein, except that certain amendments to accounting standards have been adopted as at January 1, 2016 and applied in the preparation of the consolidated financial statements. A brief discussion of these changes is found in Note 3 of the Notes to the Company's Consolidated Financial Statements as of year ending December 31, 2016 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

There were no disagreements with accountants on accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors and Executive Officers of CEMEX Holdings Philippines, Inc.

(1) Current Directors and Executive Officers

Basic information and a brief description of the business experience of each of the Directors and Executive Officers of the Parent Company including directorships held in reporting companies, if any, are provided below:

Members of the Board of Directors

A. Independent Directors

Alfredo Panlilio, 53, Filipino, holds a B.S. degree in Business Administration in 1984 from San Francisco State University in California and a Master of Business Administration degree from the J.L. Kellogg School of Management at Northwestern University in Illinois, USA and from The Hong Kong University of Science and Technology in 2009. From 1992 to 1997, Mr. Panlilio worked at IBM as an executive lead in various industries, including manufacturing, transportation, travel, and utilities. He then spent two years with ABS CBN, the Philippines' biggest TV network, where he marshalled synergies among the network's various subsidiaries. In 1999, Mr. Panlilio became the Senior Vice President and head of the Corporate Business Group of the Philippine Long Distance Telephone Company ("PLDT"), the Philippines' leading telecommunications firm, a role he served until 2002. In 2003, he was appointed to lead PLDT's Carrier Business Group, where he managed the formulation and implementation of domestic and international inter-carrier requirements. Ultimately this led to Mr. Panlilio starting up PLDT Global Corporation in Hong Kong in 2004 to grow the international retail business and maximize revenue potential of the PLDT Group of Companies. In 2010, PLDT bought the Philippines' largest distribution utility, and Mr. Panlilio was appointed to lead its Customer Retail Services and Corporate Communications. Mr. Panlilio currently also serves as president of the MVP Sports Foundation, the umbrella sports advocacy organization of the Metro Pacific Group, President of Samahang Basketbol ng Pilipinas, PBA Governor for the Meralco Bolts, Governor for the Management Association of the Philippines (Jan 2015 to Dec 2016) and the Treasurer of the National Golf Association of the Philippines. Mr. Panlilio serves as an independent director on the Parent Company's Board who was elected on June 3, 2016 and assumed office effective from July 14, 2016.

Pedro Roxas, 60, Filipino, holds a B.S. Degree in Business Administration from the University of Notre Dame. Since 1978, Mr. Roxas has been a member of the board of directors of Roxas Holdings Inc. ("RHI"), the largest integrated sugar business in the Philippines. In 1995, he was appointed as Chairman of both the board of directors and executive committee of RHI. Mr. Roxas later became the Chief Executive Officer and Chairman of the board of directors of Roxas and Company, the holding company of RHI. In addition to his leadership at RHI, Mr. Roxas has extensive experience serving as an independent director for companies such the Philippine Long Distance Telephone Company, Manila Electric Co., BDO Private Bank and Brightnote Assets Corporation. Mr. Roxas is a Trustee and the Treasurer of the Philippine Business for Social Progress. Mr. Roxas serves as an independent director on the Parent Company's Board who was elected on June 3, 2016 and assumed office effective from July 14, 2016.

B. Other Directors

Joaquin Miguel Estrada Suarez, 53, Spanish, holds a degree in economics from the Universidad de Zaragoza and holds an M.B.A. from the Instituto de Empresa. Mr. Estrada joined CEMEX in 1992 and has held several executive positions, including head of operations in Egypt and Spain, as well as head of trading for Europe, the Middle East and Asia. He is currently president of

CEMEX Asia, Middle East and Africa and is also responsible for CEMEX global trading activities. From 2008 to 2011, he served as a member of the board of directors of COMAC (Comercial de Materiales de Construcción S.L.), president and member of the board of OFICEMEN (Agrupación de Fabricantes de Cemento de España), and member of the board of IECA (Instituto Español del Cemento y sus Aplicaciones), he was also the president of CEMA (Fundaciòn Laboral del Cemento y el Medioambiente) from 2010 to 2011. Mr. Estrada currently serves as Chairman of the Board of Directors of the Parent Company, a position he has held since October 25, 2016. He was elected to the Board on February 29, 2016.

Pedro Jose Palomino, 53, Spanish, holds a B.S. degree in Economics from the Universidad Complutense de Madrid. Mr. Palomino began his career working as an auditor for KPMG—Spain in 1988, where he became a member of the of the Instituto de Auditores Censores Jurados de Cuentas de España. Since joining the CEMEX group in 1995, Mr. Palomino has served in various management roles from 1995 until present day, including starting his career at CEMEX as Chief Financial Officer of an affiliate in Spain, as the Vice President for Administration and Finance for CEMEX Philippines (1999-2001), as Country Director for CEMEX's operations in the Canary Islands (2001-2008), as Country Director for CEMEX's operations in the United Arab Emirates (2008-2010). In August 2010 he became the head of CEMEX's operations in the Philippines, serving as the President and Chief Executive Officer of CEMEX Strategic Philippines, Inc. His experience with various management roles and responsibilities within the CEMEX group of companies provide him with a high-degree of familiarity with the Company's strategy, operations, finances and the CEMEX core values. Throughout his career with CEMEX, Mr. Palomino has also demonstrated his leadership through his participation in CEMEX's International Management Program and Global Leadership Program. Currently he serves on the Board of Directors of the Parent Company and is the President or chief executive officer, which are positions he has held since the Parent Company's incorporation and registration. He is also a Director of the following subsidiaries: APO Cement Corporation, SOLID Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Ecocrete, Inc., Enerhiya Central, Inc., Ecocast Builders, Inc., Ecopavements, Inc., and Newcrete Management, Inc.

Paul Vincent Arcenas, 50, Filipino, holds a Masters in International Management from the Thunderbird -American Graduate School of International Management which he obtained in 1993. Mr. Arcenas is also a graduate of the Ateneo de Manila University in 1987 with a degree in Management Economics. Mr. Arcenas started his work experience with Andersen Consulting/SGV as Senior Staff Consultant in 1987. In 1995, Mr. Arcenas moved to San Miguel Corporation as Corporate Strategy Manager, and in 1998, he became the Director for Corporate Planning & Management Information Systems at Pepsi Cola Philippines, Inc. Mr. Arcenas joined CEMEX in 2001, and in 2010, he became held the position of Vice President for Commercial and Logistics of CEMEX Philippines. In 2011, he then became the Vice President for Strategic Planning for CEMEX Philippines and Asia. He is currently Vice President for Communications, Marketing and Investor Relations for CEMEX Philippines group of companies. He serves on the Board of Directors of the Parent Company, and is the Investor Relations Officer. He is also a Director of the following subsidiaries: APO Cement Corporation, SOLID Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Ecocrete, Inc., Enerhiya Central, Inc., Ecocast Builders, Inc., Ecopavements, Inc., and Newcrete Management, Inc.

Vincent Paul Piedad, 46, Filipino, holds an MBA from the University of Michigan in Ann Arbor, U.S.A. He also has a Bachelor's degree in Management Engineering (Honors) from the Ateneo de Manila University. Prior to joining CEMEX in 1999, Mr. Piedad worked in Citibank, N.A. under the bank's Treasury group. In 2003, Mr. Piedad became the Planning and Integrated Areas Director of CEMEX Thailand. Mr. Piedad has participated in CEMEX's International Management Program since 2003. In 2011, Mr. Piedad became the Regional Business Services Organization & Procurement Director of the CEMEX Philippines group of companies. Mr. Piedad currently serves on the Board of Directors of the Parent Company and is the Treasurer, positions he has held since the Parent Company's incorporation and registration. He is also Regional Business Services Organization & Procurement Director. He is a Director of the following subsidiaries: APO Cement Corporation, SOLID Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Ecocrete, Inc., Enerhiya Central, Inc., Ecocast Builders, Inc., and Ecopavements, Inc.

Jannette Virata Sevilla, 55, Filipino, obtained her Bachelor of Laws and Bachelor of Arts (cum laude) degrees from the University of the Philippines. She was admitted to the Philippine Bar in 1988 and the New York State Bar in 1996. She is currently engaged in the private practice of law, and is also an external legal consultant of CEMEX Asia Pte. Ltd.—Philippine Headquarters. She was previously employed as Regional Legal Counsel for Asia and Vice President for Legal for the CEMEX Philippines group of companies until November 2008. She was formerly a Senior Associate Attorney at Carpio Villaraza & Cruz Law Offices; a Director in the Office of the Chief Presidential Legal Counsel, Office of the President of the Republic of the Philippines; an associate attorney at Bautista Picazo Buyco Tan & Fider Law Offices; and a Law Clerk/Confidential Attorney, Office of Associate Justice Irene R. Cortes, Supreme Court of the Philippines. Ms. Sevilla currently serves on the Board of Directors of the Parent Company and is the Corporate Secretary, positions she has held since the Parent Company's incorporation and registration. She is also the Compliance Officer of the Parent Company and is a Director of SOLID Cement Corporation.

The members of the Board of Directors hold office for a term of one (1) year until their successors are elected and qualified.

<u>*Other Executive Officers*</u> (in alphabetical order)

Adrian V. Bancoro, 38, Filipino, is a licensed attorney and a certified public accountant. He obtained his Bachelor of Laws from San Beda College and his Bachelor of Science degree in Accountancy from the De La Salle University. Prior to joining CEMEX, Mr. Bancoro worked as Tax Manager with PricewaterhouseCoopers—Manila from 2003 to 2008. In 2008, he became the Tax and Corporate Counsel of Filinvest Land, Inc., a position he held until 2012. He has participated in CEMEX's Achieve Leadership Program. He is a member of the Integrated Bar of the Philippines, Philippine Institute of Certified Public Accountants and Tax Management Association of the Philippines. In 2012, Mr. Bancoro became the Tax Director of the CEMEX Philippines group of companies. Mr. Bancoro currently serves as the Parent Company's Tax Director, a position he has held since February 29, 2016.

Ma. Virginia Ongkiko Eala, 48, Filipino, holds a Master of Laws degree from the University of Michigan in Ann Arbor, U.S.A. Ms. Ongkiko-Eala obtained her Bachelor of Laws degree from the University of the Philippines in Diliman where she also has a degree in Psychology (*Cum Laude*). She started her career in private practice by working as an associate for Carpio Villaraza & Cruz law firm from 1993-1997, and with the Ongkiko Kalaw Manhit & Acorda Law Offices from 1997-2000. She specialized in Litigation and Criminal Law. Ms. Ongkiko-Eala joined CEMEX in 2000 as a Senior Legal Manager and later was appointed as an Executive in Development. In 2004, she was appointed as Vice President for Human Resources of the CEMEX Philippines group of companies. Ms. Ongkiko-Eala currently serves as the Parent Company's Vice President for Human Resources, a position she has held since September 22, 2015. She is also a Director of the following subsidiaries: SOLID Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Ecocrete, Inc., and Enerhiya Central, Inc..

Roberto Martin Javier, 42, Filipino holds a degree in Bachelor of Science and Commerce, Major in Marketing Management, from the De La Salle University in Manila. Throughout his career of over 15 years with CEMEX, Mr. Javier has accumulated extensive experience in sales, marketing, commercial administration and commercial strategy. Mr. Javier has participated in the CEMEX Global Leadership programs and other executive programs from the Asian Institute of Management. In 2014, Mr. Javier became the Vice President for Commercial (Cement) for the CEMEX Philippines group of companies. Mr. Javier currently serves as the Parent Company's Vice President for Commercial (Cement), a position he has held since February 29, 2016. He is also a Director of the following subsidiaries: APO Cement Corporation, SOLID Cement Corporation, Ecocrete, Inc., Ecocast Builders, Inc., Ecopavements, Inc. and Newcrete Management, Inc.

Elvira Oquendo, 49, Filipino, holds a double degree in Physics and Computer Science from the Ateneo de Manila University, where she also later went on to receive her Juris Doctor degree. After graduation from law school in 1992, she joined Carpio Villaraza & Cruz law offices as an associate where she specialized in Litigation, Commercial and Banking Law, Intellectual Property Law, Telecommunications Law and Labor Law. In 2001, she joined the government as Solicitor under the Office of the Solicitor General, and in 2002, she became the Chief of Staff/Head Executive Assistant of the Office of the Ombudsman. Ms. Oquendo joined CEMEX in 2003 as a Senior Legal Manager, and was appointed as head of the Legal Department by 2009. Ms. Oquendo has participated in CEMEX's Achieve Leadership Program and the Management Development Program of the Asian Institute of Management. Ms. Oquendo is also a Board member of the CEMEX Philippines Foundation. In 2009, Ms. Oquendo became the Legal Director of the CEMEX Philippines group of companies. Ms. Oquendo currently serves as the Parent Company's Legal Director and Assistant Corporate Secretary, a position she has held since September 22, 2015. She is also a Director of the following subsidiaries: APO Cement Corporation, SOLID Cement Corporation, Triple Dime Holdings, Inc., Edgewater Ventures Corporation, Sandstone Strategic Holdings, Inc., Bedrock Holdings, Inc., Enerhiya Central, Inc., Ecocast Builders, Inc., and Ecopavements, Inc.

Michael Martin Teotico, 41, Filipino holds a Bachelor's degree in Human Resource Management from the De La Salle University. Mr. Teotico has acquired expertise in Logistics, Supply Chain and Transportation, having held various positions in these fields for more than ten years. He also has held positions in Sales and Marketing. Mr. Teotico has received management trainings from the Asian Institute of Management, and CEMEX's global leadership programs. In 2014, Mr. Teotico became the Vice President of Logistics for the CEMEX Philippines group of companies. Mr. Teotico is currently the Parent Company's Vice President of Logistics, a position he has held since February 29, 2016.

Rolando S. Valentino, 42, Filipino, is a certified public accountant and a certified enterprise-wide risk manager. He completed his MBA at the Ateneo Graduate School of Business in 2016 and obtained his Bachelor of Science degree in Accountancy from Wesleyan University - Philippines. In 1995, Mr. Valentino worked as an associate with Punongbayan and Auraullo (Grant Thornton International) before joining Solid Cement in 1997. Throughout his career of over 20 years with CEMEX, Mr. Valentino held various positions in Accounting, Process and Continuous Improvement, Logistics, Internal Control, and Risk Management. In 2011, he was appointed Regional Internal Control Manager for CEMEX Philippines group of companies. Mr. Valentino has received management training from the Asian Institute of Management (honorable mention) and in 2015, he obtained his CERM certification from Asia Risk Management Institute(ARiMI) - Singapore. He is a member of the Institute of Internal Auditors - Philippines. In 2015, Mr. Valentino was appointed Regional Internal Control and Risk Manager for CEMEX Philippines group of companies. Mr. Valentino currently serves as Internal Auditor of the Parent Company, a position he has held since August 24, 2016.

(2) Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of the Company's employees as instrumental to the overall success of the Company's performance.

(3) Family Relationships

There are no family relationships among the members of the Board of Directors and Executive Officers up to the fourth civil degree of consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings of Directors and Executive Officers

Based on the knowledge and belief of the Company, during the past five (5) years, none of the members of the Board of Directors, nor any of the Executive Officers of the Parent Company, (i) has filed any bankruptcy petitions or have had bankruptcy petitions filed against them; (ii) has been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of any other nation or country (excluding traffic violations and other minor offences); (iii) has been or is are subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (iv) has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

ITEM 10. Executive Compensation

(1) Directors' Compensation

Under the Corporation's by-laws, the members of the Board shall receive compensation for the discharge of the duties of supervision and collegiate decision-making proper to said management body. The Board of Directors approved in a special meeting held on June 3, 2016 the following honorarium fee/per diem for independent directors of the Corporation: (i) an honorarium fee/ per diem equivalent to Php 450,000.00 (computed on an annual basis) for acting as director and (ii) an honorarium fee/per diem equivalent to Php 90,000.00 (computed on an annual basis) per Committee membership.

(2) Executive Compensation

The following table summarizes the aggregate compensation in fiscal year 2016 of the chief executive officer ("CEO") and the four most highly compensated executive officers (the "NEOs").

	2016 *(in million of Philippine Pesos)*		
	Salary	**Bonus**	**Other Annual Compensation**
CEO and NEOs[1]	₱40.6	₱22.8	₱16.8

(1) *Pedro Jose Palomino is the President/Chief Executive Officer and the NEOs are Paul Vincent Arcenas, Roberto Martin Javier, Michael Martin Teotico and Vincent Paul Piedad.*

Certain members of the Board of Directors and senior executive officers have received compensation in the form of restricted shares of CEMEX pursuant to the terms of variable compensation plan applicable to these executives under which the eligible executives are allocated annually with a specific number of restricted shares as a long term incentive compensation to be vested over a specific period of time.

(3) Employment Contracts Between the Parent Company and CEO and NEOs

The Parent Company has no special employment contracts with CEO and NEOs.

(4) Warrants and Options Outstanding

The Parent Company has not issued any warrants or options which are held by the CEO, the NEOs, and all officers and directors as a group.

(5) Employee Restricted Stock and Other Incentive Plans

The Parent Company has not yet established an employee restricted stock or other incentive stock plan of its shares or otherwise linked to the value of its shares.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2016, the Parent Company is not aware of any one who beneficially owns in excess of 5% of the Parent Company's common shares except as set forth in the table below:

Title of Class	Names and Addresses of Record Owners	Names of beneficial owner	Nationality	No. of Shares Held	% to Total Shares
Common Shares	CEMEX Asian South East Corporation 34TH Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila	Same as record holder[a]	Non-Filipino (incorporated in the Philippines but wholly owned by a Netherlands company)	2,857,467,493	55%
Common Shares	PCD Nominee Corporation (Non-Filipino) G/F Makati Stock Exchange 6767 Ayaa Avenune, Makati City	PCD Participants and clients[b][c]	Non-Filipino	1,675,349,815	32.247%
Common Shares	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	PCD Participants and clients	Filipino	662,340,544	12.749%

[a] In addition to the indicated shareholdings of CASEC, each of the following directors of the Company hold one qualifying share which is beneficially owned by CASEC: Joaquin Miguel Estrada Suarez, Pedro Jose Palomino, Paul Vincent Arcenas, Vincent Paul Piedad and Jannette Virata Sevilla. Two out of the five qualifying shares are part of the shares recorded under the account *PCD Nominee Corporation (Non-Filipino)*, while the remaining three qualifying shares are part of the shares recorded under the account *PCD Nominee Corporation (Filipino)*.

[b] Based on the Top 100 PDTC Participants Report of Philippine Depository & Trust Corporation for the month of December 2016, the *PCD Nominee Corporation (Non-Filipino)* account includes the following:

(1) The Hongkong and Shanghai Banking Corp. Ltd.- Clients' Acct – 887,771,149 shares corresponding to approximately 37.976%

(2)Deutsche Bank Manila-Clients A/C – 572,136,074 shares corresponding to approximately 24.474%

(3)GIC Private Ltd – 210,885,800 shares corresponding to approximately 9.021%

(4)Citibank, N.A. – 178,990,745 shares corresponding to approximately 7.656%

[c] Based on SEC Form 18-A dated 28 December 2016 that was filed by Wellington Management Group LLP (declarant), the declarant stated that it beneficially owned 277,299,574 shares which represent approximately 5.34% of the issued and outstanding shares of stock of the Parent Company.

(2) Security Ownership of Management

As of December 31, 2016 the number of shares owned of record and/or beneficially owned by the Directors, the CEO and NEOs are set forth below:

Title of Class	Name of Record Owner	Name of Beneficial Owner	Amount	Nationality	% to Total Shares
Common	Paul Vincent Arcenas	CEMEX Asian South East Corporation	1 (director's qualifying share)	Filipino	0.00%
Common	Joaquin Miguel Estrada Suarez	CEMEX Asian South East Corporation	1 (director's qualifying share)	Spaniard	0.00%
Common	Pedro Jose Palomino	CEMEX Asian South East Corporation	1(director's qualifying share)	Spaniard	0.00%
Common	Alfredo Panlilio	Same as record owner	1001	Filipino	0.00%
Common	Vincent Paul Piedad	CEMEX Asian South East Corporation	1 (director's qualifying share)	Filipino	0.00%
Common	Pedro Roxas	Same as record owner	1001	Filipino	0.00%
Common	Jannette Virata Sevilla	CEMEX Asian South East Corporation	1 (director's qualifying share)	Filipino	0.00%

(3) Voting Trust Holders of 5% or More

The Parent Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

(4) Changes in Control

At the beginning of the last fiscal year, CASEC beneficially owned 100% of the outstanding capital stock of the Parent Company. As a result of the initial public offering of primary shares of the Parent Company which concluded in July 2016, the shareholdings of CASEC was reduced to 55% of the outstanding capital stock of the Parent Company. The Parent Company is not aware of the existence of any change in control agreements.

ITEM 12. Certain Relationships and Related Transactions

Save for transactions with affiliated companies or other related parties of the Parent Company (including subsidiaries of CEMEX) mentioned or referenced to in the discussions below or in the Company's Consolidated Financial Statements as of year ending December 31, 2016 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report), there has been no material related transactions during the last two years with the Parent Company or any of its subsidiaries in which a Director or Executive Officer of the Parent Company, or a security holder owning at least ten percent (10%) or more of the outstanding shares of stock of the Parent Company, and members of their respective immediate family had or is to have a direct or indirect material interest,

On January 1, 2016 the Parent Company acquired, directly and indirectly through intermediate holding companies, a 100% equity interest in each of Solid Cement and APO Cement. In connection with these transfers, the Parent Company subsequently entered into loans with New Sunward Holding B.V. (NSH), a subsidiary of CEMEX, pursuant to which it incurred approximately US$828 million of indebtedness to CEMEX. On March 9, 2016, the Parent Company entered into a short-term loan agreement and a long-term loan agreement with NSH.

- The short-term loan agreement provided for a loan *of up to US$475.0 million*. On April 25, 2016, the Parent Company and NSH amended the short-term loan to increase the principal amount to up to US$504.0 million. The short-term Loan was in force from March 9, 2016 until June 9, 2016 and bore an interest rate of 5.21% per annum. On May 31, 2016, the Parent Company entered into a facility agreement with BDO Unibank, Inc. for a loan of up to ₱12,000.0 million for the purposes of refinancing a portion of this short-term loan with NSH. This loan was eventually fully paid after the IPO.
- The long-term loan agreement provided for a loan *of up to US$353.0 million*. The long-term loan is in force until March 9, 2023 and bearing an interest rate of 7.535% per annum. On 1 February 2017, the Parent Company entered into on a long-term unsecured peso loan with BDO Unibank, Inc., proceeds of which will be used to re-finance a majority portion of the long-term loan with NSH.

Prior to the foregoing acquisition, Island Quarry and Aggregates (IQAC) was a subsidiary of Solid Cement and APO Land & Quarry Corporation (ALQC) was an affiliate of an intermediate holding company of APO Cement.

General Commercial Arrangements

The Company (whether directly or indirectly through any of its operating subsidiaries) engaged with affiliated companies or other related companies in various commercial arrangements in the ordinary course and on arm's-length terms, including:

- supply agreements or spot purchases of cement or other construction materials;
- freight contracts pursuant to which said related companies transport to the Company any products or goods purchased by the Company from related companies or third parties but using vessels owned or contracted by said related companies;
- spot purchases of carbon, petroleum coke or other fuels required by us and offered or arranged by said related companies or offered by the Company to said related companies, such as the coal supply contract with Transenergy, Inc. (a CEMEX subsidiary that sources coal, petroleum coke and other products on a CEMEX group-wide basis), as well as any hedges for such transactions; and
- the sale or lease of construction equipment, including machinery, vehicles used for construction, etc., between related companies and the Company.

For further information on related party transactions, including outstanding advance balances, see Note 13 of the Notes to the Company's Consolidated Financial Statements as of year ending December 31, 2016 in the accompanying Audited Financial Statements filed as part of this Form 17-A (Annual Report).

Notably, APO Cement and SOLID Cement purchase the majority of their respective limestone, pozzolan and clay requirements from ALQC and IQAC pursuant to long-term supply agreements effective as of January 1, 2016. These supply agreements each have 20-year terms and automatic renewals of two years.

All of the principal manufacturing installations of APO and SOLID are located on land owned by ALQC or IQAC. Under the lease agreements, ALQC and IQAC have various customary rights as landlord. Each of these lease agreements expires in December 2040 and is extendable for another 25 years.

License Agreements

Pursuant to separate license agreements entered into by the Parent Company's subsidiary, CEMEX Asia Research AG (CAR), with CEMEX and CEMEX Research Group AG (CRG), respectively, the Parent Company's subsidiaries are allowed the non-exclusive use in the Philippines of different trademarks, names and intellectual property assets owned and developed by CEMEX, such as the name "CEMEX" and brands "APO", "Island" and "Rizal", and other related names and trademarks, processes and information technology, software, industrial models, procurement, commercial and distribution systems. These license agreements became effective with retroactive effect to 1 January 2016 upon completion of the IPO, and have an initial term of five years, automatically renewable for subsequent five-year terms unless terminated by either of the parties thereto by providing one-month written notice prior to the end of the applicable term. These agreements may also be terminated if CAR would cease to be a direct or indirect subsidiary of CEMEX. As consideration for the use of these trademarks, names and intellectual property assets, CAR pays to the licensors a royalty fee determined at an arm's length basis.

Framework Agreement with CEMEX

On December 9, 2016, the Parent Company entered into a Framework Agreement with CEMEX and its principal shareholder to avoid conflicts of interest between the Parent Company and CEMEX. The Framework Agreement became effective upon commencement of trading of the Parent Company's shares on the PSE last July 2016, and may be amended by written agreement between CEMEX, the principal shareholder and the Parent Company, provided that any modification by the Parent Company shall be authorized by the Parent Company's independent directors. In addition, the Framework Agreement will cease to be in effect if the Parent Company is no longer a subsidiary of CEMEX or if CEMEX ceases to account for its investment in the Parent Company on a consolidated basis or under the participation method for accounting purposes (or any other method that applies similar principles).

A discussion on the Framework Agreement is found in the Parent Company's Prospectus accessible at the company's website, which is www.cemexholdingsphilippines.com. The Framework Agreement shall be construed and governed by the laws of the Republic of the Philippines and governs, among other things, the Parent Company's ability to undertake certain actions including, but not limited to, the incurrence of indebtedness above certain levels, the disposition and acquisition of assets in excess of certain amounts and the making of capital expenditures in excess of certain amounts. In addition, the Framework Agreement contains provisions relating to competition, solicitation of employees, corporate opportunities, compliance with CEMEX's debt agreements, financial information, regulatory status, compliance with policies and procedures, share transfer rights, equity purchase rights, litigation, dispute resolution, and further actions and assurances.

PART IV – CORPORATE GOVERNANCE

Manual of Corporate Governance

The Parent Company adopted its Manual of Corporate Governance (the "Manual") on March 7, 2016. This Manual was amended on October 25, 2016. The Parent Company's policy of corporate governance is based on the Manual. The Manual lays down the principles of good corporate governance in the entire organization. The Manual provides that it is the Board's responsibility to initiate compliance to the principles of good corporate governance, to foster long-term success and to secure sustained competitiveness in a manner consistent with the Board's fiduciary responsibility.

Further to SEC Memorandum Circular No. 19 (Series of 2016), the Parent Company will submit a revised Manual of Corporate Governance to the Securities and Exchange Commission on or before May 31, 2017.

There are currently two independent directors namely, Messrs. Alfred Panlilio and Pedro Roxas, on the Board of Directors of the Parent Company.

The Manual embodies the policies on disclosure and transparency, and mandates the conduct of communication and training programs on corporate governance. The Manual further provides for the rights of all shareholders and the protection of the interests of minority shareholders. Any violation of the Manual is punishable by a penalty ranging from reprimand to dismissal, depending on the frequency of commission as well as the gravity thereof.

The Manual expressly provides that any material amendment or revision to the provisions defining the (i) royalty/license fee or service fee, as applicable, payable to CEMEX pursuant to, or (ii) the duration or term of, any of the Company's license agreements involving the trademark and other intellectual properties of CEMEX or the service agreements with CEMEX shall require the affirmative vote of two independent directors.

The Manual recognizes the authority of the Board of Directors to create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Manual. The Board of Directors will establish this self-rating system in due course.

The Parent Company is not aware of any deviation from or violation of the provisions of the Manual.

The Parent Company undertakes to further improve its corporate governance practices as may be required by law or the exigency of the business.

CEMEX Code of Ethics and Business Conduct

The Company adheres to the CEMEX Code of Ethics and Business Conduct (Code) which was established to ensure that all employees of CEMEX worldwide abide by the same high standards of conduct in their daily interactions. This Code is designed to govern the Company's relationships with all of its stakeholders, workplace safety, health, environmental responsibility, protection of confidential information, conflicts of interest, financial controls and records, and preservation of assets. Through the organization's ethics committees, training programs, and secure internal communications channels, the Company ensures awareness and enforcement of this Code. Among several implementing global policies of CEMEX being observed by the Company are the Global Anti-Trust Compliance Policy, CEMEX Anti-Bribery/Anti-Corruption Policy and CEMEX Insider Trading Policy. The Code and the various implementing global policies of CEMEX are periodically evaluated and, where deemed necessary or appropriate, updated.

Board Committees

The Parent Company's Board has constituted two committees to more effectively manage the operations: (i) the Audit Committee and (ii) the Nomination Committee.

The Audit Committee will carry out, among other things, the following functions: (i) assist the Board of Directors in the performance of its oversight responsibility for: the company's financial reporting process; its system of internal control; its audit process and the monitoring of compliance with applicable laws, rules and regulations; (ii) supervise the effectiveness of its internal control procedures and corporate risk management systems; (iii) perform oversight functions over its internal and external auditors, ensuring that the internal and external auditors act independently from each other, and that each are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (iv) review the annual internal audit plan to ensure its conformity with the company's objectives; (v) organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (vi) monitor and evaluate the adequacy and effectiveness of its internal control system, including financial reporting control and information technology security; (vii) review the reports submitted by the internal and external auditors; (viii) review the quarterly, half-year and annual financial statements before their submission to the Board of Directors; (ix) coordinate, monitor and facilitate compliance with laws, rules and regulations; (x) evaluate and determine non-audit work, if any, required of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the company's overall consultancy expenses and (xi) establish and identify the reporting line of the internal auditor to enable them to properly fulfill their duties and responsibilities.

The Audit Committee is currently comprised of three members, two of whom are the independent directors. The Audit Committee reports to the Board of Directors. Following the favorable endorsement of the Audit Committee, the Board of Directors approved the Charter for the Audit Committee on October 25, 2016.

The Nomination Committee will carry out, among other things, the following functions: (i) be responsible for providing shareholders with an independent and objective evaluation of and assurance that the members of the Board of Directors are competent and will foster the company's long-term success and secure its competitiveness; (ii) review and evaluate the qualifications of persons nominated to the Board of Directors as well as other appointments that require the approval of the Board of Directors and (iii) assess the effectiveness of the processes and procedures of the Board of Directors in the election or replacement of directors.

The Nomination Committee is currently comprised of three members, two of whom are the independent directors. The Nomination Committee reports directly to the Board of Directors. Following the favorable endorsement of the Audit Committee, the Board of Directors approved the Charter for the Audit Committee on October 25, 2016.

PART V - EXHIBITS AND SCHEDULES

ITEM 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

A - List of Subsidiaries of Parent Company
B - Consolidated Financial Statements of the Company as at and for year ended December 31, 2016 and as at December 31, 2015 and for period from September 17 to December 31, 2015 and Supplementary Schedules
C - SEC Form 17-Q for Quarter Ended 30 June 2016 (2nd Quarter 2016)
D - SEC Form 17-Q for Quarter Ended 30 September 2016 (3rd Quarter 2016)

(b) Reports on SEC Form 17-C

List of Disclosures under SEC Form 17-C for the period from 1 July 2016 to 31 December 2016)

Date of Report	Description
4 July 2016	Settlement of tax assessments against APO Cement Corporation and SOLID Cement Corporation
11 July 2016	Declaration on Beneficial Ownership of Shares by Executive Officers
14 July 2016	Exercise of Stabilization Related Option
22 July 2016	Use of IPO Proceeds
25 July 2016	Weekly Report on Absence of Stabilization Activities
27 July 2016	Pre-Termination of Stabilization Period
27 July 2016	Use of IPO Proceeds
27 July 2016	2nd Quarter Results of CEMEX, S.A.B. de C.V. which included information relating to CHP
28 July 2016	Use of IPO Proceeds
1 August 2016	Terminal Report on Distribution of the Stabilization Shares
2 August 2016	Announcement (Press Release) regarding release of 2nd Quarter and 3rd Quarter Results
8 August 2016	Use of IPO Proceeds
15 August 2016	Use of IPO Proceeds
24 August 2016	Change of Principal Office Address
24 August 2016	Members of the Audit Committee and Nomination Committee
24 August 2016	Appointment of Internal Auditor
24 August 2016	Appointment of Compliance Officer
9 September 2016	Use of IPO Proceeds
5 October 2016	Use of IPO Proceeds
13 October 2016	1st Quarter Report on Use of IPO Proceeds
21 October 2016	Announcement (Press Release) on Conference Call/Webcast for 3rd Quarter 2016 Results
25 October 2016	Appointment of New Chairman of the Board of Directors
25 October 2016	Amended Manual of Corporate Governance and Charters of the Audit Committee and the Nomination Committee
4 November 2016	Briefing Materials for the Conference Call/Webcast for 3rd Quarter 2016 Results
4 November 2016	Use of IPO Proceeds
10 November 2016	Use of IPO Proceeds
16 November 2016	Use of IPO Proceeds
6 December 2016	Use of IPO Proceeds
9 December 2016	Use of IPO Proceeds

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on MAR 29 2017.

By:

PEDRO JOSE PALOMINO
President/Chief Executive Officer

VINCENT PAUL PIEDAD
Treasurer (Chief Financial Officer)

JANNETTE VIRATA SEVILLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me on MAR 29 2017 affiant(s) exhibiting to me the following documents:

NAMES	IDENTIFICATION DOCS	PLACE/DATE OF ISSUE
Pedro Jose Palomino	Spanish Passport No. XDC050064 SSRN 14101PP1215215617	C.G. Manila/February 20, 2015 Manila
Vincent Paul Piedad	Philippine Passport No. EC3660113 Drivers License No. N0287056130	DFA Manila/March 13, 2015 LTO East Ave QC/December 14, 2016
Jannette Virata Sevilla	Philippine Passport No. EC 5001771 Barangay ID No. 2017-01-1160	DFA Manila/August 13, 2015 Barangay Barangay Dasmarinas-Lungsod ng Makati/January 2017

Doc. No. 88;
Page No. 19;
Book No. 03;
Series of 2017.

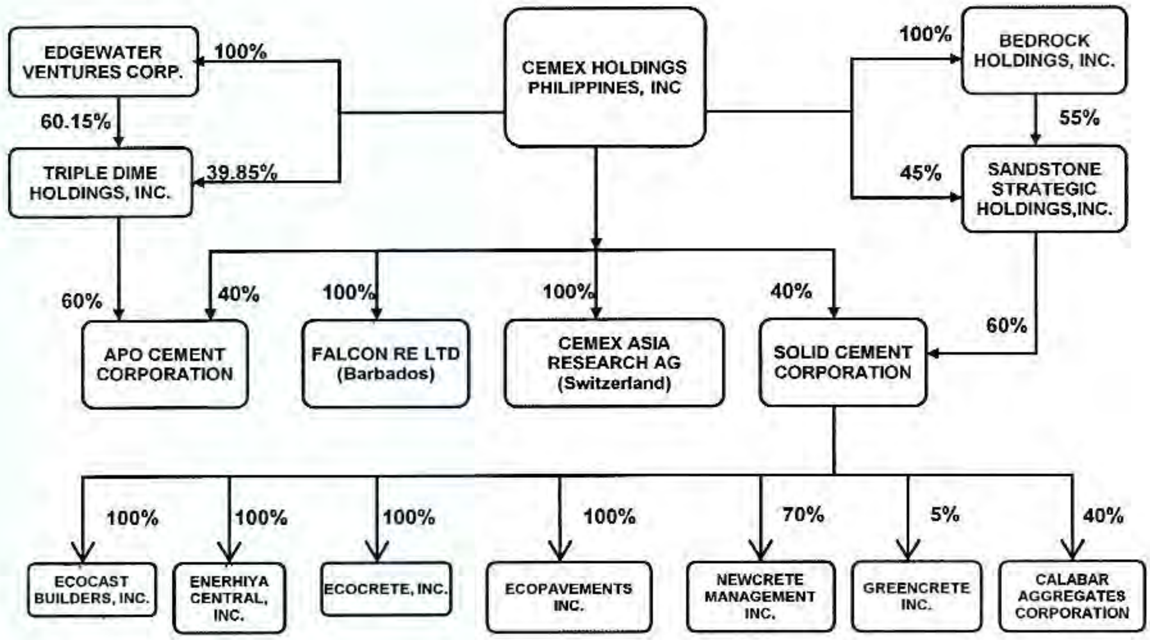
ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-88
UNTIL DEC. 31, 2018
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0016333-4/10/13
IBP O.R No. 706762, LIFETIME MEMBER JAN 29,2007
PTR No. 590-90-82 JAN.3, 2017
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR., JUPITER ST. MAKATI CITY

EXHIBIT A

List Of Subsidiaries Of Parent Company

CEMEX HOLDINGS PHILIPPINES, INC.
SEC FORM 17-A

LIST OF SUBSIDIARIES AND ASSOCIATES OF CEMEX HOLDINGS PHILIPPINES, INC.



(1) Subsidiaries

The following are brief descriptions of the Company's operating subsidiaries:

- ***APO Cement.*** APO Cement was incorporated in the Philippines on December 27, 1961 primarily to engage in the production and marketing of cement. The Parent Company owns a direct 40% equity interest in APO Cement as well as an indirect 60% equity interest through its equity interest in Triple Dime Holdings, Inc. APO Cement owns and operates the APO Cement plant and primarily produces products which carry the APO cement brand.

- ***Solid Cement* and its subsidiaries.** Solid Cement was incorporated in the Philippines on September 14, 1987. The Parent Company owns a direct 40% equity interest in Solid Cement as well as an indirect 60% equity interest through its equity interest in Sandstone Strategic Holdings, Inc. Solid Cement owns and operates the Solid Cement plant and primarily produces products which carry the Island and Rizal cement brands. Solid Cement also owns a 100% equity interest in each of the following subsidiaries:

  - ***Ecocast Builders, Inc.*** and ***Ecopavements Inc.*** Ecocast Builders, Inc. and Ecopavements Inc. were each incorporated in the Philippines on October 16, 2014; each of which provides our customers with materials and solutions for cement-intensive housing and pavement projects, respectively;

- ***Ecocrete, Inc.*** Ecocrete, Inc. was incorporated in the Philippines on February 13, 2013 to primarily manufactures, develops and sells ready-mix concrete and other construction related products materials.

- ***Enerhiya Central, Inc.*** Enerhiya Central, Inc was incorporated in the Philippines on February 26, 2013, to primarily sell, broker, market and/or aggregate electricity to industrial, commercial and institutional clients. Enerhiya Central, Inc. has not yet started commercial operations. We own an indirect 100% equity interest in Enerhiya Central, Inc. through our 100% equity interest in Solid Cement.

- ***Falcon Re Ltd.*** – Falcon Re Ltd. was incorporated in Barbados on May 9, 2016. The Parent Company owns a direct 100% equity interest in Falcon Re Ltd., which reinsures third-party insurers of the Company's property, non-damage business interruption and political risks insurance.

- ***CEMEX Asia Research A.G.*** – CEMEX Asia Research AG was incorporated in Switzerland on December 18, 2015. The Parent Company owns a direct 100% equity interest in CEMEX Asia Research A.G., which is the licensee for the certain licensed trademarks and intangible assets to which the Company has access through several agreements with CEMEX and its affiliate, CEMEX Research Group A.G.

The following are brief descriptions of the Company's investment holding company subsidiaries and other subsidiaries that have not started commercial operations:

- ***Edgewater Ventures Corp.*** and ***Triple Dime Holdings, Inc.*** Edgewater Ventures Corp. was incorporated in the Philippines on April 23, 1998 and Triple Dime Holdings, Inc. was incorporated in the Philippines on May13, 1998. The Parent Company owns a 100% equity interest in Edgewater Ventures Corp., which is an investment holding company that owns a direct 60.15% equity interest in Triple Dime Holdings, Inc. which is also an investment holding company. The Parent Company owns directly the remaining 39.85% equity interest in Triple Dime Holdings, Inc. Triple Dime Holdings Inc. owns a direct 60% equity interest in APO Cement.

- ***Bedrock Holdings, Inc.*** and ***Sandstone Strategic Holdings, Inc.*** Bedrock Holdings, Inc. was incorporated in the Philippines on October 30, 1998 and Sandstone Strategic Holdings, Inc. was incorporated in the Philippines on November 12, 1998. The Parent Company owns a direct 100% equity interest in Bedrock Holdings, Inc., which is an investment holding company that owns a direct 55% equity interest in Sandstone Strategic Holdings, Inc., which is also an investment holding company. The Parent Company directly owns the remaining 45% equity interest in Sandstone Strategic Holdings, Inc. Sandstone Strategic Holdings, Inc. owns a direct 60% equity interest in Solid Cement.

- ***Enerhiya Central, Inc.*** Enerhiya Central, Inc. was incorporated in the Philippines on February 26, 2013, to primarily sell, broker market and/or aggregate electricity to industrial, commercial and institutional clients. Enerhiya Central, Inc. has not yet started commercial operations. The Parent Company owns an indirect 100% equity interest in Enerhiya Central, Inc. through its 100% equity interest in Solid Cement.

- ***Newcrete Management Inc.*** Newcrete Management Inc. was incorporated in the Philippines on November 14, 2012, to provide management services related to technical support, concrete sales, concrete products, special building materials and other related products and services. Newcrete Management Inc. has not yet started commercial operations. The Parent Company owns an indirect 70% equity interest in Newcrete Management Inc. through its 100% equity interest in Solid Cement.

(2) Associates

The following are brief descriptions of companies in which Solid Cement has minority investments:

- ***Calabar Aggregates Corporation.*** Calabar Aggregates Corporation was incorporated in the Philippines on January 31, 1991. Calabar Aggregates Corporation is a company in which the Parent Company owns an indirect 40% equity interest through its 100% equity interest in Solid Cement. This company is currently inactive.

- ***Greencrete Inc.*** Greencrete Inc. was incorporated in the Philippines on November 14, 2012. The Parent Company owns an indirect 5% equity interest in Greencrete Inc. through its 100% equity interest in Solid Cement. Greencrete Inc. has not yet started commercial operations.

COVER SHEET
For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201518815

COMPANY NAME

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	849 - 3600	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
14		December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Vincent Paul O. Piedad	paul.piedad@cemex.com	(02) 849 3725	

CONTACT PERSON's ADDRESS

34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City

Note 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
CEMEX Holdings Philippines, Inc.
34/F Petron Mega Plaza Building
358 Sen. Gil J. Puyat Avenue
Brgy. Bel-Air, Makati City

Opinion

We have audited the consolidated financial statements of CEMEX Holdings Philippines, Inc. and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015, in accordance with Philippine Financial Reporting Standards ("PFRSs").

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Accounting for Business Combination

  During the year, the Group completed its business acquisitions for a total consideration of P47.83 billion as discussed in Note 19 to the consolidated financial statements. The Group accounted for the business acquisition under the acquisition method in accordance with its policy as discussed in Note 3K. Management determined that the fair value of the net identifiable assets acquired is P19.97 billion, with P27.86 billion relating to goodwill that arose from the business combination.

  The Risk

  The accounting for acquisitions in accordance with PFRSs involves a high level of judgment and inherent uncertainty in the estimation used in allocating the overall purchase price to the different assets and liabilities that make up the acquisition. Due to the inherent judgements involved in allocating the purchase consideration and assigning fair values to the assets acquired and liabilities assumed, this is one of our key areas of audit focus.

  Our Response

  Our procedures included inspection and review of deeds of assignment of shares to understand the key terms and conditions, and confirm our understanding of the transaction with management. We evaluated the Group's basis in identifying an intangible asset against the applicable recognition criteria provided by PFRSs, as well as comparing its transaction to any similar transactions previously undertaken by the Group and comparing to transactions completed by other entities having similar type of business. In relation to the allocation of the purchase price to goodwill, we evaluated the objectivity and competence of the Group's valuation specialist by reference to their qualifications and experience. We involved our Firm's valuation specialists in testing their work by evaluating the applicability of the valuation model used and its integrity by verifying that the formulae operated as intended. Key assumptions, such as discount rate and growth rate, used by the Group were also challenged by understanding the rationale behind such assumptions and comparing them to publicly available information and transactions for similar companies. We also evaluated the adequacy of the Group's disclosures in the consolidated financial statements describing the rationale for the allocation of purchase price.

- Goodwill Impairment Assessment

  Refer to Note 3L to the consolidated financial statements for the Group's policy on impairment of Goodwill.

  The Group has goodwill amounting to P27.86 billion as at December 31, 2016 which arose from the Group's business acquisition transactions during the year. Such goodwill has been allocated to the Group's cash-generating units (CGUs), comprising APO Cement Corporation and Solid Cement Corporation. Management has undertaken an annual impairment review in respect of this goodwill in accordance with the requirements of PFRSs, and concluded that no impairment arises as at December 31, 2016.

The Risk
In assessing impairment of goodwill, complex and subjective judgments in determining a number of key assumptions, such as growth rate, discount rate and other economic assumption (i.e. inflation rate), are made to determine its value-in-use. We focused on this area due to both the significance of the carrying amount of the goodwill and because management's assessment of the value-in-use of the Group's CGUs involves significant judgments about the future results of the business and the discount rates applied to future cash flow forecasts.

Our Response
Our procedures included assessment of the appropriateness of the CGUs identified. We evaluated management's future cash flow forecast and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest approved budgets and confirming the mathematical accuracy of the underlying calculations. We assessed the methodology used to generate the discounted cash flow model for each CGU. We involved our own valuation specialists to assist us in evaluating the assumptions applied and comparing the assumptions used to historical results and external economic forecasts. We performed sensitivity analysis on the key assumptions used to ascertain the extent of change that individually would be required for the goodwill to be impaired. We also evaluated the adequacy of the disclosures in respect of the impairment assessment in the consolidated financial statements.

- Recognition of Revenue
  Refer to Note 3T to the consolidated financial statements for the Group's policy on revenue recognition.

  The Risk
  PSAs presume that there is a risk of misstatement on the revenue account when there are pressures to achieve planned results. The listing of shares of CEMEX Holdings Philippines, Inc. in the Philippine Stock Exchange during the year might give rise to such pressures. While the Group's transactions and policy on recognition and measurement of revenue from sale of goods are not complex, the risk identified relate primarily to the recording of sale transactions at or near the year-end in the correct accounting period.

  Our Response
  Our procedures included testing of controls which specifically addresses the risk of material misstatement due to fraud on revenue recognition. We performed background checks on samples of new customers through examination of records that are publicly available to ensure existence of such customers and validity of recorded sales. We performed analytical testing procedures over revenue in the year, comparing amounts recognized with our expectations developed from past experiences and, where possible, external market data and corroborated any explanations provided in response to variances noted. We tested samples of delivery receipts to verify that revenue recorded as at year-end were actually delivered. Customer credit memoranda which were recorded after period end were likewise tested to identify any significant reversal of sales recorded during the year. We also utilized computer assisted auditing techniques in order to test a selection of manual journal entries which impact revenue and identify any unexpected increase in sales on a geographical basis through data analyses.

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Emerald Anne C. Bagnes.

R.G. MANABAT & CO.

Emerald Anne C. Bagnes

EMERALD ANNE C. BAGNES
Partner
CPA License No. 0083761
SEC Accreditation No. 0312-AR-3, Group A, valid until April 30, 2018
Tax Identification No. 102-082-332
BIR Accreditation No. 08-001987-12-2016
Issued April 12, 2016; valid until April 11, 2019
PTR No. 5904915MD
Issued January 3, 2017 at Makati City

March 8, 2017
Makati City, Metro Manila

CEMEX | HOLDINGS PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of CEMEX Holdings Philippines, Inc. and Subsidiaries (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the year ended December 31, 2016 and as at December 31, 2015 and for period from September 17 to December 31, 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ______________________
JOAQUIN MIGUEL ESTRADA SUAREZ
Chairman of the Board

Signature ______________________
PEDRO JOSE PALOMINO
President and Chief Executive Officer

Signature ______________________
VINCENT PAUL PIEDAD
Treasurer/Chief Financial Officer

SUBSCRIBED AND SWORN TO BEFORE ME THIS MAR 08 2017
AT MAKATI CITY AFFIANT EXHIBITED TO ME HIS/HER
: ______ NO. ______ ISSUED ______ AT ______

Signed this 8th day of March, 2017

Doc. No. 318
Page No. 65
Book No. 488
Series No. 2017

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-88
UNTIL DEC. 31, 2018
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0016333-4/10/13
I.B.P O.R No. 706762, LIFETIME MEMBER JAN 29,2007
PTR No. 5919-90-82 JAN.3, 2017
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR., JUPITER ST. MAKATI CITY

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **CEMEX Holdings Philippines, Inc. And Subsidiaries** for the period ending **December 31, 2016.**

In discharging this responsibility, I hereby declare that:

________ I am the ______________ of ______________

✓ I am the Assistant Manager of Cemex Asia PTE Ltd. – Philippine Headquarters and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of **R.G. Manabat & Co.** who is the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

SIGNATURE OVER PRINTED NAME: Melanie C. Legaspi
PROFESSIONAL IDENTIFICATION CARD NO.: 0074287
VALID UNTIL: January 17, 2020

ACCREDITATION NUMBER: 2016 - 3034
VALID UNTIL: November 25, 2019

SUBSCRIBED AND SWORN TO BEFORE ME THIS MAR 08 2017 AFFIANT EXHIBITED TO ME HIS/HER
AT MAKATI CITY ______ NO. ______ ISSUED ______ AT ______

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
NOTARY PUBLIC
APPT. NO. M-88
UNTIL DEC. 31, 2018
ROLL OF ATTY. NO. 48348
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Doc. No. 359
Page No. 72
Book No. 466
Series of 2017

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Note	As at December 31, 2016	As at December 31, 2015
ASSETS			
Current Assets			
Cash and cash equivalents	*11*	**P1,337,155**	P4,922
Trade receivables - net	*12*	**909,667**	–
Due from related parties	*13*	**215,215**	–
Other current accounts receivable	*15*	**127,346**	–
Inventories	*16*	**2,577,577**	–
Prepayments and other current assets	*17*	**1,420,056**	–
Total Current Assets		**6,587,016**	4,922
Noncurrent Assets			
Investment in an associate and other investments	*14*	**15,273**	–
Other assets and noncurrent accounts receivable	*15*	**320,489**	–
Property, machinery and equipment - net	*18*	**15,814,811**	–
Deferred income tax assets - net	*23*	**444,601**	–
Goodwill	*19*	**27,859,694**	–
Total Noncurrent Assets		**44,454,868**	–
		P51,041,884	P4,922
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		**P2,170,646**	P–
Due to related parties	*13*	**1,482,096**	190
Unearned revenue, other accounts payable and accrued expenses	*20*	**1,958,973**	–
Income tax payable		**42,490**	–
Total Current Liabilities		**5,654,205**	190
Noncurrent Liabilities			
Long-term payable to related parties	*13*	**15,919,322**	–
Retirement benefit liability	*22*	**769,340**	–
Other noncurrent liabilities		**14,805**	–
Total Noncurrent Liabilities		**16,703,467**	–
Total Liabilities		**22,357,672**	P190
Stockholders' Equity			
Controlling interest:			
Common stock	*24A*	**P5,195,395**	P9,400
Additional paid-in capital		**21,959,159**	–
Other equity reserves	*24B*	**120,556**	(34)
Retained earnings (deficit)	*24E*	**1,408,856**	(4,634)
Total controlling interest		**28,683,966**	4,732
Non-controlling interest	*24C*	**246**	–
Total Equity		**28,684,212**	4,732
		P51,041,884	P4,922

The accompanying notes are part of these consolidated financial statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Data)

	Note	**For the Year Ended December 31, 2016**	For the Period from September 17 to December 31, 2015
Revenue	*8*	**P24,806,099**	P–
Costs of sales and services	*6*	**(11,885,883)**	–
GROSS PROFIT		**12,920,216**	–
Administrative and selling expenses	*6*	**(4,012,940)**	(4,415)
Distribution expenses	*7*	**(3,961,636)**	–
TOTAL OPERATING EXPENSES		**(7,974,576)**	(4,415)
OPERATING INCOME (LOSS) BEFORE OTHER EXPENSES - Net		**4,945,640**	(4,415)
Other expenses - net	*9*	**(319,783)**	–
OPERATING INCOME (LOSS) AFTER OTHER EXPENSES - Net		**4,625,857**	(4,415)
Financial expenses	*13*	**(1,236,021)**	–
Foreign exchange loss - net		**(1,379,892)**	(31)
Other financial expenses - net	*10*	**(32,734)**	–
EARNINGS (LOSS) BEFORE INCOME TAX		**1,977,210**	(4,446)
Income tax expense	*23*	**(563,744)**	–
PROFIT (LOSS)		**1,413,466**	(4,446)
OTHER COMPREHENSIVE INCOME (LOSS)			–
Item that will not be reclassified subsequently to profit or loss			–
Gain on remeasurements on retirement benefit liability	22	**16,046**	–
Tax effect	23	**(4,814)**	–
		11,232	–
Items that will be reclassified subsequently to profit or loss			
Currency translation gain (loss) of foreign subsidiaries		**90,898**	(34)
Cash flow hedges - effective portion of changes in fair value		**18,821**	–
Cash flow hedges - reclassified to profit or loss		**(12,016)**	–
		97,703	(34)
		108,935	(34)
TOTAL COMPREHENSIVE INCOME (LOSS)		**1,522,401**	(4,480)
Non-controlling interest comprehensive loss		**24**	–
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME (LOSS)		**P1,522,425**	(P4,480)
Basic/Diluted Earnings (Loss) Per Share	25	**P0.50**	(P0.12)

The accompanying notes are part of these consolidated financial statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2016 and For the Period from September 17 to December 31, 2015

(Amounts in Thousands)

	Notes	Common Stock	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings(Deficit)	Total Controlling Interest	Non-controlling Interest	Total Stockholders' Equity
As at September 17, 2015		P–	P–	P–	P–	P–	P–	P–
Transactions with owners of the Company								
Issuance of capital stock	24A	9,400	–	–	–	9,400	–	9,400
Share issuance cost		–	–	–	(188)	(188)	–	(188)
Total comprehensive income								
Loss for the period		–	–	–	(4,446)	(4,446)	–	(4,446)
Other comprehensive loss for the period	24B	–	–	(34)	–	(34)	–	(34)
As at December 31, 2015		9,400	–	(34)	(4,634)	4,732	–	4,732
Transactions with owners of the Company								
Issuance of capital stock	24A	5,185,995	22,794,798	–	–	27,980,793	–	27,980,793
Share issuance cost		–	(835,639)	–	–	(835,639)	–	(835,639)
Changes in non-controlling interest due to business combination	24C	–	–	–	–	–	270	270
Share-based compensation	24D	–	–	11,655	–	11,655	–	11,655
Total comprehensive income								
Profit for the period		–	–	–	1,413,490	1,413,490	(24)	1,413,466
Other comprehensive income for the period		–	–	108,935	–	108,935	–	108,935
		5,185,995	21,959,159	120,590	1,413,490	28,679,234	246	28,679,480
As at December 31, 2016		**P5,195,395**	**P21,959,159**	**P120,556**	**P1,408,856**	**P28,683,966**	**P246**	**P28,684,212**

The accompanying notes are part of these consolidated financial statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	For the Year Ended December 31, 2016	For the Period from September 17 to December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss)		**P1,413,466**	(P4,446)
Allocation for non-controlling interest		**270**	–
Adjustments for:			
Financial expenses, other financial expenses and unrealized foreign exchange result		**2,422,547**	–
Depreciation of property, machinery and equipment	*5*	**1,252,344**	–
Income tax expense	*23*	**563,744**	–
Loss on disposal of property, machinery and equipment	*9*	**24,263**	–
Stock-based compensation expense	*24*	**11,655**	–
Net reversal of provisions during the period	*12, 16, 20, 22*	**(165,732)**	–
Operating profit (loss) before working capital changes		**5,522,557**	(4,446)
Net changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade receivables		**(92,357)**	–
Due from related parties		**(144,842)**	190
Other current accounts receivable		**(139,803)**	–
Inventories		**(328,424)**	–
Prepayments and other current assets		**502,805**	–
Increase (decrease) in:			
Trade payables		**(75,313)**	–
Due to related parties		**314,857**	–
Other accounts payable and accrued expenses		**(232,738)**	–
Cash generated from (absorbed by) operations		**5,326,742**	(4,256)
Interest received		**8,570**	–
Income taxes paid		**(1,239,764)**	–
Interest paid		**(311,430)**	–
Benefits paid to employees		**(36,306)**	–
Net cash provided by (used in) operating activities		**3,747,812**	(4,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Investments in shares of stock		**1,476,056**	–
Investment property		**508,165**	–
Property, machinery and equipment		**1,102**	–
Decrease in other noncurrent assets		**23,654**	–
Acquisition of subsidiaries, net of cash acquired	*19*	**(44,137,515)**	–
Additions to property, plant and equipment	*2F, 18*	**(722,210)**	–
Net cash used in investing activities		**(42,850,748)**	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loan from related parties	*13*	**40,760,694**	–
Issuance of common stock (net of issuance cost)	*24A*	**27,145,155**	9,212
Payment of loan to related parties	*13*	**(27,439,418)**	–
Net cash provided by financing activities		**40,466,431**	9,212
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,363,495**	4,956
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(31,262)**	(34)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**4,922**	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*11*	**P1,337,155**	P4,922

The accompanying notes are part of these consolidated financial statements

NOTE 1 - DESCRIPTION OF BUSINESS

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 with a corporate life of fifty (50) years, 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 a 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 consolidated 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. (see Note 28).

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.

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 damage and 100% of the risks associated with political violence and non-damage business interruption programs of 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 P2,337,927 and additional paid-in capital of P21,959,159, net of P835,639 transaction costs that is accounted for as a reduction in equity.

Based on the list of stockholders registered with the stock transfer agent of the Parent Company, the Parent Company has 14 stockholders as at December 31, 2016, with each of PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Non-Filipino) recorded as a stockholder.

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

NOTE 2 - BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards ("PFRSs"). PFRSs are based on International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). PFRSs, which are issued by the Philippine Financial Reporting Standards Council ("FRSC"), consist of PFRSs, Philippine Accounting Standards ("PASs"), and Philippine Interpretations.

B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost 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 certain derivative financial asset that is measured at fair value.

C) DEFINITION OF TERMS

When reference is made to "P", it means Philippine Peso. Unless otherwise indicated, the Philippine Peso amounts in the consolidated financial statements and the accompanying notes are stated in thousands. When reference is made to "$" or dollar and "€" or euro, it means thousands of dollars of the United States of America (the "United States" or "U.S.") and euro of European Union, respectively.

D) FUNCTIONAL AND PRESENTATION CURRENCY

The Consolidated financial statements of the Company are presented in Philippine Peso, the functional currency of the Parent Company and each of its subsidiaries, except for Falcon and CAR whose functional currency is both in U.S. dollar. All values are rounded to the nearest thousand except when otherwise stated.

E) STATEMENTS OF PROFIT OR LOSS

The line item "Other expenses - net" in the consolidated statements of comprehensive income consists primarily of income and expenses not directly related to the Company's main activity, or which are non-recurring in nature, such as results on disposal of assets, among others.

F) STATEMENTS OF CASH FLOWS

The consolidated statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects and the following that did not represent sources or uses of cash:

a) The increases in other equity reserves associated with Ordinary Participation Certificates ("CPOs") granted by CEMEX, S.A.B. de C.V. in 2016 as part of the executive's long-term share-based compensation programs for P11,655 as described in Note 24D.
b) In line with its production expansion plan, the Company acquired equipment from CEMEX Construction Materials South, LLC by incurring a liability amounting to P573,837 (see Note 13).

The accompanying consolidated financial statements were authorized for issue by the Board of Directors ("BOD") on March 8, 2017.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

A) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted have been applied consistently to all years presented in these consolidated financial statements, except for the following relevant amendments to standards, which have been adopted as at January 1, 2016 and have been applied in preparing this consolidated financial statements. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's consolidated financial statements.

1. Adoption of Amendments to Standards

1.1 Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38)
The amendments to PAS 38, *Intangible Assets*, introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments to PAS 16, *Property, Plant and Equipment*, explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

1.2 Annual Improvements to PFRSs 2012 – 2014 Cycle
This cycle of improvements contains amendments to four standards, of which one is applicable to the Company. The amendment to PAS 19, *Employee Benefits*, pertaining to the discount rate in a regional market sharing the same currency, has no significant effect on the consolidated financial statements of the Company.

Discount rate in a regional market sharing the same currency – e.g. the Eurozone (Amendment to PAS 19).
The amendment to PAS 19 clarifies that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not at the country level.

1.3 Disclosure Initiative (Amendments to PAS 1) addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1, *Presentation of Financial Statements*. The amendments clarify that:

- Information should not be obscured by aggregating or by providing immaterial information;

- Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure;

- The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income ("OCI") can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements; and

- An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

2. Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2016. However, the Company has not applied the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's consolidated financial statements. The Company will adopt the following new and amendments to standards in their respective effective dates.

2.1 Effective January 1, 2017

a) Disclosure initiative (Amendments to PAS 7, Statement of Cash Flows). The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes – e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The amendments are effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted. When an entity first applies the amendments, it is not required to provide comparative information for preceding periods.

b) Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12, Income Taxes). The amendments clarify that:

- the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;

- the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;

- the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

- an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017. Early adoption is permitted. On initial application, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company applies the relief, it shall disclose that fact.

2.2 Effective January 1, 2018

a) PFRS 9, *Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

b) Classification and Measurement of Share-based Payment Transactions (Amendments to PFRS 2, Share-based Payment). The amendments cover the following areas:

- *Measurement of cash-settled awards*. The amendments clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments – i.e. the modified grant date method.

- Classification of awards settled net of tax withholdings. The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if:

  - the terms of the arrangement permit or require a company to settle the transaction net by withholding a specified portion of the equity instruments to meet the statutory tax withholding requirement (the net settlement feature); and

  - the entire share-based payment transaction would otherwise be classified as equity-settled if there were no net settlement feature.

  The exception does not apply to equity instruments that the company withholds in excess of the employee's tax obligation associated with the share-based payment.

- *Modification of awards from cash-settled to equity settled.* The amendments clarify that when a share-based payment is modified from cash-settled to equity-settled, at modification date, the liability for the original cash-settled share-based payment is derecognized and the equity-settled share-based payment is measured at its fair value, recognized to the extent that the goods or services have been received up to that date. The difference between the carrying amount of the liability derecognized, and the amount recognized in equity, is recognized in profit or loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective or early application is permitted.

c) PFRS 15, *Revenue from Contracts with Customers*, replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 15.

d) *Philippine Interpretation IFRIC-22 Foreign Currency Transactions and Advance Consideration.* The amendments clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

The interpretation is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

2.3 Effective January 1, 2019

a) 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. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16. The Company is currently assessing the potential impact of PFRS 16 and plans to adopt this new standard on leases on the required effective date.

b) Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28). 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.

c) Deferral of the local implementation of Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate

Philippine Interpretation IFRIC 15 applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. It provides guidance on the recognition of revenue among real estate developers for sales of units, such as apartments or houses, 'off plan'; i.e., before construction is completed. It also provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and the timing of revenue recognition.

The SEC issued a Notice dated August 5, 2011 to further defer the implementation of Philippine Interpretation IFRIC 15 until the final Revenue standard is issued by the IASB and after an evaluation on the requirements and guidance in the said standard vis-à-vis the practices and regulations in the Philippine real estate industry is completed.

B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements includes those of the Parent Company and those of the subsidiaries in which the Parent Company exercises control (see Note 28), by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity's common stock; or b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Company obtains control and continue to be consolidated until the date that such control ceases.

The consolidated financial statements of the Company are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. It is measured at its proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Parent Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company.

If the Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related OCI recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statements of comprehensive income.

The Company has P246 and nil non-controlling interest as at December 31, 2016 and 2015, respectively (see Note 24C).

All intragroup transactions, balances and income and expenses are eliminated in consolidation. Each subsidiary is a legally responsible separate entity and maintains custody of its own financial resources.

C) USE OF JUDGMENTS, ESTIMATES AND CRITICAL ASSUMPTIONS

The preparation of consolidated financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the period. These assumptions are reviewed on an ongoing basis using available information. Actual results could differ from these estimates.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, that have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining Functional Currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires the management to use its judgment to determine an entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, each of the consolidated entities in the Company considers the following:

a) The currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
b) The currency in which funds from financing activities are generated; and
c) The currency in which receipts from operating activities are usually retained.

In case of a subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the Parent Company - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

Determining whether the Company has Control over its Investee Companies

The Parent Company uses judgment in determining control over its investee companies. The Parent Company controls the entity when it is exposed, or has rights, to variable returns from its involvement with the investee; has the ability to affect those returns through its power over the investee; and there is a link between power and returns. Thus, the principle of control sets out the following three elements of control:

- power over the relevant activities of the investee;
- exposure, or rights, to variable returns from involvement with the investee; and
- the ability to use power over the investee to affect the amount of the investor's returns.

The Parent Company assessed that it has control over its investee companies disclosed in Note 28 and treats these investee companies as its subsidiaries.

Determining whether an Arrangement Contains a Lease

The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes an assessment of whether it is dependent on the use of a specific asset or assets and conveys a right to use the asset.

Leases

The Company has entered into various lease arrangements as lessee. The Company has determined that the lessor retains all significant risks and rewards of ownership of these properties which are leased out under operating lease agreements.

Determination of whether the Company is Acting as a Principal or an Agent

Determining whether an entity is acting as a principal or as an agent depends on certain facts and circumstances and requires judgment by management. Features that, individually or in combination, indicate that an entity is acting as a principal include:

- the entity has the primary responsibility for providing the goods or rendering services;
- the entity has inventory risk;
- the entity has discretion in establishing prices; and
- the entity bears the customer's credit risk.

An entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or rendering of services. The Company assessed that it is acting as principal on all of its revenue transactions.

Classifying Financial Instruments

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

In addition, the Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets are classified as financial assets at fair value through profit or loss ("FVPL"), held-to-maturity ("HTM") investments, loans and receivables and available-for-sale ("AFS") financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities.

Assessing Whether the Third Party Insurer is Acting as an Agent or Principal

Determining whether the third party insurer authorized to do business in the Philippines that reinsures its risk ultimately to Falcon is acting as a conduit or a principal to its insurance agreements with Solid and APO depends on certain facts and circumstances and requires judgment by management. The third party insurer is assessed as acting as a conduit if it is not exposed to credit risk, such that the third party insurer is not required to pay Solid and APO unless and until it has received payment from Falcon. The Company determined that the third party insurer is acting as principal to its insurance contracts with Solid and APO. Hence, it was assessed that the insurance transaction between the third party insurer and Solid and APO is not interdependent with the reinsurance transaction to Falcon and thus, no offsetting of profit or loss is made.

Assessing Whether the Business Combination Transaction has Commercial Substance

PFRS 3, *Business Combinations*, does not include in its scope transactions among entities under common control. The Company assesses whether a business combination transaction of the Parent Company has commercial substance pursuant to the Company's accounting policy discussed in Note 3K. Since the Parent Company's acquisition of the entities comprising the Philippine operations was undertaken as an integral part of its IPO, the Company assessed such transaction as having commercial substance. Hence, the Company accounted for such business combination transaction using acquisition method of accounting.

Purchase Price Allocation to Account for the Business Combination

Judgment is applied by the Company in allocating the purchase consideration and assigning fair values to the assets, liabilities acquired and eventually to goodwill. The Company has not identified any intangible asset to be recognized separately from goodwill.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty as at reporting date that have the most significant risk of resulting in a material adjustment to the carrying amounts of assets, liabilities and equity within the next financial year are as follows:

Impairment of Goodwill

The Company performed its annual impartment test on its goodwill as at the reporting date. The recoverable amount of goodwill was determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rates applied to cash flow projections was 9.5%. The following assumptions were also used in computing value-in-use:

Growth rate estimates - growth rates were based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates – discount rates were estimated based on the industry weighted average of cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is the most sensitive to changes in discount rate and growth rate.

Estimating Allowance for Impairment Losses on Receivables

The Company maintains an allowance for impairment losses at a level considered adequate to provide for uncollectible receivables. The Company performs regular review of the age and status of these accounts, designed to identify accounts with objective evidence of impairment and provides these with the appropriate allowance for impairment losses. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment losses being determined for each risk grouping identified by the Company. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in allowance for impairment losses would increase the recorded operating expenses and decrease current assets.

Impairment losses on receivables recognized amounted to P10,615 and nil in 2016 and 2015, respectively (see Note 6). As at December 31, 2016 and 2015, allowance for impairment losses on receivables amounted to P10,615 and nil, respectively (see Note 12). Trade receivables, net of allowance for impairment losses, amounted to P909,667 and nil as at December 31, 2016 and 2015, respectively (see Note 12). No allowance for impairment losses was recognized on receivables from related parties and other current receivables as at December 31, 2016 and 2015 since these receivables are deemed collectible. Receivables from related parties amounted to P215,215 and nil as at December 31, 2016 and 2015, respectively (see Note 13). Other current accounts receivable amounted to P127,346 and nil as at December 31, 2016 and 2015, respectively (see Note 15A).

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Estimating Realizability of Deferred Income Tax Assets

The Company reviews its deferred income tax assets at each reporting date and reduces the deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred income tax accordingly. The Company's assessment on the recognition of deferred income tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses. As at December 31, 2016 and 2015, net deferred income tax assets amounted to P444,601 and nil, respectively (see Note 23B). The Company has unrecognized deferred income tax assets in respect of net operating loss carryover ("NOLCO") and unrealized foreign exchange losses amounting to P894,850 and P4,633 as at December 31, 2016 and 2015, respectively (see Note 23A).

D) FOREIGN CURRENCY

Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of each of the consolidated entities in the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities are denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the transaction of the following items are recognized in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss); and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign currency gains and losses are reported on a net basis. During the reported period, there was no hyperinflationary economy, generally considered to exist when the cumulative inflation rate over the last three years is approaching, or exceeds 100%. In a hyperinflationary economy, the accounts of the entity's income statements should be restated to constant amounts as at the reporting date.

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

	2016		2015	
Currency	Closing	Average	Closing	Average
U.S. dollar	49.720	47.668	47.060	46.844
Euro	52.298	52.599	51.124	51.711

Foreign Operation

The assets and liabilities of foreign operation with functional currency other than the Philippine Peso are translated into Philippine peso at the exchange rates at the reporting date. The income, expenses and cash flows of foreign operations are translated into Philippine peso at the monthly weighted average exchange rates for the period. Capital transactions of the foreign operations are translated to Philippine Peso at the exchange rates at the dates of the relevant transactions. Foreign currency differences are recognized in OCI and accumulated in "Other equity reserves" account in equity, except to the extent that the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the "Other equity reserves" related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Company disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

E) FINANCIAL INSTRUMENTS

Financial instruments within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, are recognized in the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Financial instruments are recognized initially at fair value. Except for financial instruments classified or designated at FVPL, the initial measurement of financial assets includes directly attributable transaction costs. The Company classifies its financial assets into the following categories: financial assets at FVPL, HTM investments, AFS financial assets and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at December 31, 2016 and 2015, the Company has no financial assets and financial liabilities at FVPL and HTM investments.

Cash and cash equivalents

Cash and cash equivalents are included in the category "loans and receivables". Cash equivalents are mainly represented by short-term investments of high liquidity, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. Cash and cash equivalents exclude those which are restricted from Company's use in operations. Cash and cash equivalents are stated at face value which includes accrued interest. Interest income accruing from cash and cash equivalents are recognized as part of "Other financial expenses - net" in the consolidated statements of comprehensive income.

The consolidated entities operate under centralized cash management arrangements whereby excess cash generated by the different companies is swept into a centralized cash pool with a related party financing entity, and the Company's cash requirements are met through withdrawals or borrowings from that pool. Deposits in such related party are considered highly liquid investments readily convertible to cash and classified as cash equivalents.

Trade receivables and other current accounts receivable

Pursuant to PAS 39, items under this caption are included in the category "loans and receivables". Due to their short-term nature, the Company initially recognizes these receivables at the original invoiced amount and are subsequently measured at amortized cost less an estimate of impairment losses. Impairment losses are recognized under selling expenses. The Company assesses at the end of each reporting date whether there is any objective evidence that a financial asset is impaired.

Objective evidence that financial assets are impaired includes, among others, default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy and adverse changes in the payment status of the borrowers or issuers.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial assets, together with the associated allowance accounts, are written-off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectivity to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

The Company performs a regular review of the age and status of these accounts, designed to identify accounts with objective evidence of impairment and provide the appropriate allowance for impairment loss.

The review is accomplished using a combination of specific and collective assessment approaches, with the impairment loss being determined for each risk grouping identified by the Company.

Other assets and noncurrent accounts receivable

As part of the category of "loans and receivables" under PAS 39, noncurrent accounts receivable are initially recognized at fair value including directly attributable transaction costs and are subsequently measured at their amortized cost. Subsequent changes in net present value are recognized in the consolidated statements of comprehensive income as part of "Other financial expenses - net".

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured and accounted for in the consolidated statements of financial position at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment or accounted for as derivative not designated for hedges.

The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in the consolidated statements of comprehensive income. To qualify for hedge accounting, the hedging relationship must comply with the strict requirements such as the designation of the derivative as a hedge of an identified risk exposure, hedge documentation, probability of occurrence of the forecasted transaction in a cash flow hedge, assessment and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The Company's derivative financial instruments are accounted for as either cash flow hedges or transactions not designated as hedges.

Cash flow Hedges
Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset, liability or a highly probable forecast transaction and could affect profit or loss. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in OCI and accumulated in the hedging reserve under "Other equity reserves" in the consolidated statements of financial position, whereas any hedge ineffectiveness is immediately recognized in profit or loss.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that depreciation expense or cost of sales is recognized). However, if an entity expects that all or a portion of a loss recognized in OCI will not be recovered in one or more future periods, it shall reclassify from equity to profit or loss as a reclassification adjustment the amount that is not expected to be recovered.

Hedge accounting is discontinued prospectively when the hedge ceases to be highly effective. When the hedge accounting is discontinued, the cumulative gains or losses on the hedging instrument that has been reported to OCI is retained in OCI until the hedged transaction impacts profit or loss. When the forecasted transaction is no longer expected to occur, any net cumulative gains or losses previously reported in OCI is recognized immediately in profit or loss.

Debt and Other Financial Liabilities

Trade payables, due to related parties and other accounts payable and accrued expenses (excluding advances from customers and liabilities covered by other PFRSs, such as statutory liabilities) is recognized initially at fair value, less directly attributable transaction cost and subsequently measured at their amortized cost. Interest accrued on financial instruments is recognized in the consolidated statements of financial position within "Other accounts payable and accrued expenses" or "Long-term payable to related parties" against financial expenses. As at December 31, 2016 and 2015, the Company did not have financial liabilities classified as at FVPL, or associated to fair value hedge strategies with derivative financial instruments. Direct costs incurred in debt issuances or borrowings are deducted from the fair value of the financial liability at initial recognition and amortized as interest expense as part of the effective interest rate of each transaction over its maturity. When a loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged against profit or loss.

'Day 1' Profit

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has an enforceable legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Derecognition of Financial Instruments

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the financial asset have expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of the financial asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Company has transferred its rights to receive cash flows from a financial asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the carrying amount of the original liability and the recognition of a new liability at fair value, and any resulting difference in the respective carrying amounts is recognized in profit or loss.

F) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Company discloses balances and transactions with related parties. These balances and transactions resulted primarily from: i) the sale goods and purchase of goods and equipment between related parties; ii) the invoicing of administrative services, rentals, royalties and other services rendered between related parties; and iii) loans and advances between related parties.

The recognition and measurement policies on balances with related parties, which are treated as loans and receivables and other financial liabilities, are in accordance with PAS 39.

G) INVENTORIES

Inventories are valued using the lower of their acquisition cost and net realizable value ("NRV"). The cost of inventories is based on the moving average method and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. NRV of inventories, other than spare parts, is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The NRV of spare parts is the replacement cost. The Company analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired.

When an impairment situation arises, the inventory balance is adjusted to its NRV, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognized against the results for the period. Advances to suppliers of inventory are presented as part of "Prepayments and other current assets" in the consolidated statements of financial position.

When the inventories are sold, the carrying amounts of those inventories are recognized under "Costs of sales and services" account in profit or loss in the period when the related revenue is recognized.

H) PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments are carried at cost. Prepaid insurance and prepaid rent are subsequently amortized over the terms of the contract to which the payment applies. Advances to suppliers for raw materials and spare parts are subsequently recognized as inventories or expense when the goods are received or services are rendered. Prepaid taxes represent creditable withholding taxes which are deducted from income tax payable.

I) INVESTMENT IN AN ASSOCIATE AND OTHER INVESTMENTS

Investment in an Associate

An associate is an entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Interest in an associate is accounted for using the equity method. It is initially recorded at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share in the profit or loss and OCI of the associate, until the date on which the significant influence ceases.

Other Investments

Included in other investments are the AFS financial assets. AFS financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. Subsequent to initial recognition, AFS financial assets which are investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

If there is objective evidence that an impairment loss has been incurred on an equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

As at December 31, 2016 and 2015, other investments include mainly investments in shares of stock of Greencrete, Inc. and other entities (see Note 14).

J) PROPERTY, MACHINERY AND EQUIPMENT

An item of property, machinery and equipment is initially recognized at its cost, which consists of its purchase price and any directly attributable cost in bringing the asset to the location and condition of its intended use. Property, machinery and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

The acquisition or construction cost includes all expenditures directly attributable to bringing the assets to a working condition for their intended use. Major components of an item of property, machinery and equipment with different useful lives are accounted for as separate items.

Depreciation of property, machinery and equipment is recognized as part of "Costs of sales and services" and "Operating Expenses", and is calculated using the straight-line method over the estimated useful lives of the assets.

As at December 31, 2016, the Company's maximum estimated useful lives by category of fixed assets were as follows:

	Years
Buildings and improvements	50
Machinery and equipment	
Plant Machinery and equipment	10 - 35
Ready-mix trucks and motor vehicles	5
Office equipment and other assets	3

The assets' residual values, useful lives and method of depreciation are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property, machinery and equipment. Any change in the expected residual values, useful lives and method of depreciation are adjusted prospectively from the time the change was determined necessary.

The Company capitalizes, as part of the historical cost of property, machinery and equipment, interest expense arising from existing debt during the construction or installation period of significant property, machinery and equipment, considering the Company's corporate average interest rate and the average balance of investments in process for the period.

Construction in-progress represents property, machinery and equipment under construction and is recognized at cost. This includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for operational use but tested for impairment.

Costs incurred in respect of operating property, machinery and equipment that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. The capitalized costs are depreciated over the remaining useful lives of such property, machinery and equipment. Other costs, including periodic maintenance on property, machinery and equipment, are expensed as incurred. Advances to suppliers of property, machinery and equipment are presented as part of "Other assets and noncurrent accounts receivable" in the consolidated statements of financial position.

Major spare parts and stand-by equipment items that the Company expects to use over more than one period and can be used only in connection with an item of property, machinery and equipment are accounted for as property, machinery and equipment. Depreciation on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Company).

An item of property, machinery and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the consolidated statements of comprehensive income, in the period the item is derecognized.

K) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted using the acquisition method of accounting when control is transferred to the Parent Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable assets, liabilities and contingent liabilities (that satisfy certain recognition criteria) acquired. The consideration is allocated to all identifiable assets acquired and liabilities assumed, based on their estimated fair values at acquisition date. Intangible assets acquired are identified and recognized at fair value. Any unallocated portion of the consideration transferred represents goodwill, which is not amortized and is subject to periodic impairment tests (see Note 3L). Goodwill can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase. Costs associated with the acquisition are expensed in profit or loss as incurred.

For business combination transactions among entities under common control, the Company applies the provisions of the Philippine Interpretations Committee Questions and Answers No. 2011-02, *Common Control Business Combinations,* in assessing whether a transaction has commercial substance and qualifies for acquisition method of accounting under PFRS 3.

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Company's cash- generating units ("CGUs"), or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether the assets or liabilities of the Company are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Company's operating segments as determined in accordance with PFRS 8, *Operating Segments.*

Following initial recognition, goodwill is measured at cost, less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see Note 3L).

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

L) IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, machinery and equipment, goodwill and other investments

Property, machinery and equipment and other investments are tested for impairment upon the occurrence of factors, such as a significant adverse event, changes in the Company's operating environment, changes in projected use or in technology, as well as expectations of lower operating results for each CGU, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recognized in profit or loss for the period when such determination is made within "Other expenses - net".

The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher between the fair value of the asset, less costs of disposal, and its value-in-use, the latter represented by the net present value of estimated cash flows related to the use or disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and value-in-use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to market information available and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statements of comprehensive income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is tested for impairment when needed due to significant adverse changes or at least once a year by determining the recoverable amount of the group of CGUs to which goodwill was allocated, which consists of the higher between the CGU's fair value, and their value-in-use, represented by the discounted amount of estimated future cash flows to be generated by such CGUs to which those net assets relate. The Company determines discounted cash flows over a 5-year period. If the value-in-use of any CGU is lower than their respective carrying amount, the Company determines the fair value of its CGUs using a methodology widely accepted in the market to determine the value of entities, such as multiples of Operating Earnings Before Income Tax, Depreciation and Amortization ("EBITDA") and by reference to other market transactions, among others. An impairment loss is recognized in profit or loss within "Other expenses - net", if the recoverable amount is lower than the carrying amount of the group of CGUs to which goodwill was allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

The Company operates through its major operating subsidiaries, Solid and APO, which represents the Company's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment and represents the lowest level at which goodwill is monitored for internal management purposes.

Impairment tests are significantly sensitive, among other factors, to the estimation of future prices of the Company's products, the development of operating expenses, economic trends in the relevant construction industry, the long-term growth expectations in the market, as well as to the discount rate and the growth rate in perpetuity applied. For purposes of estimating future prices, the Company uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources and/or governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil.

The Company uses pre-tax discount rates which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount obtained of undiscounted future cash flows by CGU. Conversely, the higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by CGU.

M) PROVISIONS AND CONTINGENCIES

The Company recognizes provisions when it has a legal or constructive obligation resulting from past events, whose resolution would imply probable and reliably measurable cash outflows or delivery of other resources owned by the Company. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as a borrowing cost.

Restructuring

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

Asset retirement obligations

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process, and are initially recognized against the related assets' carrying amount. The increase in the assets' carrying amount is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to profit or loss. Adjustments to the liability for changes in estimations are recognized against property, machinery and equipment and depreciation is modified prospectively. These liabilities relate mainly to the future costs of demolition, cleaning and rehabilitation and vacating from, under certain conditions, production or operating sites, including maritime terminals.

Costs related to remediation of the environment

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

Commitments and contingencies

Obligations or losses related to contingencies are recognized as liabilities in the consolidated statements of financial position when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably. Otherwise, a qualitative disclosure is included in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the consolidated financial statements on an incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the consolidated financial statements. The Company does not recognize contingent revenues, income or assets.

N) FAIR VALUE MEASUREMENTS

The Company applies the guidance of PFRS 13, *Fair value measurement* ("PFRS 13"), for its fair value measurements of financial assets and financial liabilities recognized or disclosed at fair value. Under PFRS 13, fair value represents an "Exit Price," which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation. The concept of exit value is premised on the existence of a market and market participants for the specific asset or liability. When there is no market and/or market participants willing to make a market, PFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement), secondly, to inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly (Level 2 measurement), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement). The Company recognizes transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred.

O) EMPLOYEE BENEFITS

Defined benefit pension plans

Pursuant to PAS 19, the Company recognizes the costs associated with employees' defined benefit pension plans as services are rendered, based on actuarial estimations of the benefits' present value with the advice of external actuaries. The actuarial assumptions consider the use of nominal rates.

The service cost, corresponding to the increase in the obligation for additional benefits earned by employees during the period, is recognized within operating costs and expenses. The interest cost related to the increase in the liability by the passage of time is recognized in profit or loss within "Other financial expenses - net."

The effects from modifications to the pension plans that affect the cost of past services are recognized within the operating costs and expenses during the period in which such modifications occur or when any related restructuring or termination benefits are recognized, if earlier. Likewise, the effects from curtailments and/or settlements of obligations occurred during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognized within the operating costs and expenses.

Remeasurements such as the return on plan assets, excluding amounts included in net interest on the net defined benefit liability, and actuarial gains and losses, related to differences between the previous actuarial assumptions and actual occurrences, and changes in actuarial assumptions at the end of the period, are recognized in the period in which they are incurred as part of OCI for the period within equity. Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in profit or loss for the period in which they are incurred.

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Transportation Allowance

The Company grants transportation allowance to "entitled executives" for the purpose of purchasing a motor vehicle and to cover other transportation-related expenses such as, but not limited to, maintenance cost, gasoline, registration expenses and insurance premiums on motor vehicle for a period of five (5) years from the date of grant. The amount paid to executives in respect of the Company's transportation allowances is recorded as an asset carried at cost (the current portion is part of "Prepayments and other current assets" account, while the noncurrent portion is part of "Other assets and noncurrent accounts receivable" account in the consolidated statements of financial position) and subsequently amortized as an expense over the term of the contract.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

P) BORROWING COSTS

Interest and other finance costs incurred on borrowings used to finance property development are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all activities necessary to prepare the assets are completed. These costs are amortized using the straight-line method over the estimated useful life of the related property, machinery and equipment to which it is capitalized. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Other borrowing costs are generally expensed in the period in which these are incurred.

Q) TAXES

Income Taxes

Based on PAS 12, the effects reflected in profit or loss for income taxes include the amounts payable or recoverable in respect of taxable profit or loss during the period and the amounts of deferred income taxes pertaining to amounts payable or recoverable in future periods, determined according to the income tax law applicable to each entity. Consolidated deferred income taxes represent the addition of the amounts determined in each legal entity by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable amounts of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income taxes for the period represent the difference between balances of deferred income taxes at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. According to PFRSs, all items charged or credited directly in equity or as part of OCI for the period are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax ("MCIT") over the regular corporate income tax ("RCIT") and unused NOLCO, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is not considered probable that the related tax benefit will be realized. In conducting such assessment, the Company analyzes the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where the Company believes, based on available evidence, that the tax authorities would not reject; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If the Company believes that it would not be able to use a tax loss carryforward before its expiration or any other deferred income tax asset, the Company will not recognize such deferred income tax assets.

Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred income tax assets will ultimately be realized, the Company takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences, etc. Likewise, every reporting period, the Company analyzes its actual results versus the Company's estimates, and adjusts its estimations as necessary. If actual results vary from the Company's estimates, the deferred income tax asset may be affected and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect the Company's profit or loss in such period.

Excess income tax payments are recognized as "Prepaid taxes" under "Prepayments and other current assets" account in the consolidated statements of financial position and are carried at cost.

The income tax effects from an uncertain tax position are recognized when it is highly probable that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information, and they are measured using a cumulative probability model. The amount to be provided for uncertain tax positions is the best estimate of the tax amount expected to be paid. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The high probability threshold represents a positive assertion by management that the Company is entitled to the economic benefits of a tax position. If a tax position is considered to have low probability to be sustained, no benefits of the position are recognized.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as a part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of "Prepayments and other current assets" or "Unearned revenue, other accounts payable and accrued expenses" accounts, respectively, in the consolidated statements of financial position.

R) STOCKHOLDERS' EQUITY

Common stock and Additional Paid-in Capital

Common stock is classified as equity. Common stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement, net of any subscription receivable, and is measured at par value. The transaction costs incurred as a necessary part of completing an equity transaction are accounted for as a part of that transaction and are deducted from equity, net of related tax benefits. Considerations received in excess of the par value of shares issued are recognized in "Additional paid-in capital" account in the consolidated statements of financial position.

Other equity reserves

Represent the horizontal sum of each consolidated entity's cumulative effects of items and transactions that are, temporarily or permanently, recognized directly to equity, and includes the elements presented in the OCI for the period, which includes certain changes in stockholders' equity during a period not resulting from investments by owners and distributions to owners. As at December 31, 2016 and 2015, the "Other equity reserves" account in the consolidated statements of financial position represents the share-based compensation, remeasurements on retirement benefit liability, changes in fair value of the derivative instrument on an effective cash flow hedge and cumulative currency translation of foreign subsidiaries.

Retained earnings

Represent the horizontal sum of each consolidated entity's cumulative net results or prior accounting periods, net of dividends declared to stockholders.

S) EXECUTIVE STOCK-BASED COMPENSATION

Certain executives of the Company receive compensation under CEMEX's Long-Term Incentive Program using CEMEX's Ordinary Participation Certificates ("CPOs"). Pursuant to the guidance of PFRS 2, stock awards based on the ultimate parent company's shares granted to the Company's executives are treated as equity instruments, considering that services received from employees are settled by delivering such CEMEX's shares. The cost of equity instruments represents the estimated fair value at the date of grant and is recognized in profit or loss during the period in which the exercise rights of the employees become vested against other equity reserves.

T) REVENUE RECOGNITION

The Company's consolidated revenue represents the value of products sold by consolidated entities, net of VAT on sales, as a result of their ordinary activities, after the elimination of transactions between consolidated entities, and is quantified at the fair value of the consideration received or receivable granted to customers. Revenue from the sale of goods is recognized when goods are delivered to customers, there is no condition or uncertainty implying a reversal thereof, and they have assumed the risk of loss.

Revenue associated with construction contracts is recognized in the period in which the work is performed by using the percentage-of-completion method of accounting and is measured principally on the basis of the estimated completion of a physical proportion of the contract work, considering that the following have been defined: a) each party's enforceable rights regarding the asset to be constructed; b) the consideration to be exchanged; c) the manner and terms of settlement; d) actual costs incurred and contract costs required to complete the asset are effectively controlled; and e) it is probable that the economic benefits associated with the contract will flow to the Company. Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Customer Loyalty Programme

The Company has a customer loyalty programme whereby customers are awarded credits known as "Points" entitling customers to redeem Company's products at a certain accumulated number of Points varying on the date of redemption. The Company grants Points to a customer as part of the sales transaction and subject to condition set-out in the programme. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of the sale. The amount allocated to the Points, granted through the customer loyalty programme, is measured by reference to the fair value of the Company's products for which they could be redeemed, since the fair value of the Points themselves is not directly observable. The fair value of the right to acquire Company's products for free for which the loyalty credits can be redeemed takes into account the selling price of the Company's products to the customers that have not earned the loyalty credits and the expected forfeiture rate. Such amount is deferred, and is recognized as revenue when the Points are redeemed and the Company has fulfilled its obligations to supply Company's products. The amount of revenue recognized in those circumstances is based on the number of Points that have been redeemed in exchange for Company's products, relative to the total number of Points that is expected to be redeemed. Unearned revenue is also reversed and recognized as revenue when it is no longer considered probable that the Points will be redeemed.

U) INSURANCE CONTRACTS

Insurance contract is an agreement whereby one party, called the insurer, undertakes for a consideration paid by the other party, called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Premiums from insurance contracts are recognized as revenue over the period of the contracts. The portion of the premiums written that relate to the unexpired periods of the policies at each reporting date is accounted for as "Unearned revenue" and is presented under current liabilities section of the consolidated statements of financial position. The net changes in this account between reporting dates are credited to or charged against profit or loss.

Benefits and Claims

Benefits and claims consist of all costs incurred during the year, which are recognized when the Company receives notification from policyholders. Estimates have to be made as at the reporting date both for the expected ultimate cost of claims reported and for the expected ultimate cost of the claims incurred but not yet reported ("IBNR"). The primary technique adopted by management in estimating the cost of notified and IBNR claims is that of using past claim settlement trends to project future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to profit or loss against insurance liability. Claims provisions are not discounted for the time value of money.

V) COSTS OF SALES AND SERVICES, ADMINISTRATIVE AND SELLING EXPENSES AND DISTRIBUTION EXPENSES

Cost of sales represents the production cost of goods sold. Such cost of sales includes power and fuel, raw materials and supplies, personnel expenses, depreciation of property, machinery and equipment involved in production, as well as freight expenses of raw material in plants and delivery expenses of the Company's ready-mix concrete business. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales and costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item in the consolidated statements of comprehensive income. Cost of construction contracts are recognized as incurred.

W) LEASES

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c) There is a change in determination of whether fulfillment is dependent on a specified asset; or
d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b). Lease which do not transfer to the Company substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

X) BASIC AND DILUTED EARNINGS PER SHARE

Pursuant to PAS 33, *Earnings per share* ("PAS 33"), basic earnings (loss) per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. Shares that would be issued depending only on the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings (loss) per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate anti-dilution.

Y) EVENTS AFTER THE REPORTING DATE

Post year-end events, up to the approval of the consolidated financial statements by the BOD, that provide additional information about the Company's consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed on the notes to the consolidated financial statements when material.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

NOTE 4 - 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 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 year ended December 31, 2016, the cement sector represented approximately 85.88% of total net revenues before eliminations resulting from consolidation, and 109.60% of Operating EBITDA.

The Company's operations are managed by a country manager. The country manager, who is one level below the regional president for CEMEX's Asia, Middle East and Africa region in the organizational structure, reports the performance and operating results of its country to the regional president, including all the operating sectors. CEMEX's top management internally evaluates the results and performance of each country for decision-making purposes and allocation of resources on a country basis. Based on PFRS 8, the Company represents a single geographical operating segment.

The main indicator used by the Company's management to evaluate performance is "Operating EBITDA", representing operating earnings before other expenses - 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.

NOTE 5 - DEPRECIATION

Depreciation charges for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are detailed as follows:

		2016	2015
Depreciation expense related to assets used in the production process ...	P	1,159,320	–
Depreciation expense related to assets used in administrative and selling activities........		93,024	–
	P	1,252,344	–

NOTE 6 - COSTS AND EXPENSES

Costs of sales and services, administrative and selling expenses for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are detailed as follows:

		Costs of Sales and Services	
		2016	2015
Power, fuels and production supplies	P	7,244,800	–
Cement and concrete purchases		1,524,206	–
Depreciation and depletion		1,050,966	–
Repairs and maintenance		622,218	–
Outside services		457,628	–
Salaries and wages [1]		422,228	–
Rent		327,658	–
Others [2]		236,179	–
	P	11,885,883	–

[1] Includes retirement benefit expense amounting to P41,390 (see Note 22).
[2] Others pertain to insurance expense, taxes and licenses, transportation and communication expenses and other costs that are individually inmaterial.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

		Administrative Expenses	
		2016	2015
Insurance	P	1,214,852	–
Administrative fees		671,490	4,373
Salaries and wages [1]		212,977	–
Depreciation		61,679	–
Travel expenses		50,443	–
Utilities and supplies		37,814	–
Rental		28,810	–
Taxes and licenses		12,425	3
Others		41,921	39
	P	2,332,411	4,415

[1] Includes retirement benefit expense amounting to P33,433 (see Note 22).

		Selling Expenses	
		2016	2015
License fees	P	942,985	–
Administrative fees		180,588	–
Advertising and travel		157,461	–
Salaries and wages		150,204	–
Utilities and supplies		62,562	–
Rental		51,791	–
Taxes and licenses		39,553	–
Depreciation		31,345	–
Impairment losses on receivables		10,615	–
Insurance		2,790	–
Others		50,635	–
	P	1,680,529	–

NOTE 7 - DISTRIBUTION EXPENSES

Distribution expenses for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are detailed as follows:

		2016	2015
Trucks, barge and charter hire	P	3,065,909	–
Handling expenses		428,530	–
Fuel for vessel		366,850	–
Harbor services		95,465	–
Others		4,882	–
	P	3,961,636	–

NOTE 8 - REVENUE

Net sales for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are detailed as follows:

		2016	2015
Sale of goods			
Cement	P	23,893,481	–
Ready-mix concrete		333,041	–
Admixtures		13,516	–
		24,240,038	–
Reinsurance premium income		519,346	–
Construction services		46,715	–
	P	24,806,099	–

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

NOTE 9 - OTHER EXPENSES - Net

Net other expenses for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are detailed as follows:

		2016	2015
Costs related to listing of shares[1]	P	287,930	–
Loss on disposal of property, machinery and equipment		24,770	–
Others		7,083	–
	P	319,783	–

[1] Costs related to the listing of shares include legal fees, stock exchange listing fees, roadshow presentation, among others.

NOTE 10 - OTHER FINANCIAL EXPENSES - Net

Net other financial expenses for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are detailed as follows:

		2016	2015
Bank charges	P	36,485	–
Interest expense on retirement benefit plan		29,964	–
Interest income		(33,715)	–
	P	32,734	–

NOTE 11 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31 consisted of:

		2016	2015
Cash on hand and in banks	P	579,622	4,922
Short-term investments		757,533	–
	P	1,337,155	4,922

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 0.63% to 1% in 2016. In 2016 and 2015, interest income amounted to P28,778 and nil, respectively.

As mentioned in Note 3E, as at December 31, 2016, the following cash equivalents, which include deposits to a related party, are considered highly liquid investments readily convertible to cash:

		Amount
BDO Unibank, Inc	P	680,000
New Sunward Holding B.V. [1]		52,543
Citibank, N.A.		24,990
		757,533

1 The investment are due on demand and bear interest at a rate equivalent to the higher of Western Asset Institutional Liquid Reserves Fund (WAILRF) rate minus 10 basis points and zero interest.

The Company's exposures to credit risk, foreign currency risk, and interest rate risk related to cash and cash equivalents are disclosed in Note 21 to the consolidated financial statements.

NOTE 12 - TRADE RECEIVABLES - Net

Trade accounts receivable as at December 31 consisted of:

		2016	2015
Trade accounts receivable - gross	P	920,282	–
Allowance for impairment losses		(10,615)	–
	P	909,667	–

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Allowances for impairment losses are established according to the credit history and risk profile of each customer. Changes in the allowance for doubtful accounts for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are as follows:

		2016	2015
Allowances for impairment losses at beginning of period	P	–	–
Charged to selling expenses (see Note 6)		10,615	–
Allowances for impairment losses at end of period	P	10,615	–

The company's exposure to credit risk related to trade receivables is disclosed in Note 21 to the consolidated financial statements.

NOTE 13 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related party relationship exists when the other party (i) has control or joint control of the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. A related party relationship is deemed to exist when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and/or operating decisions. Another criteria recognizes a related party relationship, whether or not the ability to control exists, if any of the following conditions applies to an entity: (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others, (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member), (iii) both entities are joint ventures of the same third party, (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity, or (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity (If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity).

As at December 31, 2016 and 2015, balances of related party receivables and payables which are generally expected to be settled in cash, are detailed as follows:

Receivables - current		2016	2015
Ultimate Parent			
CEMEX S.A.B de C.V. [2]	P	10,326	–
Other related parties			
Island Quarry and Aggregates Corporation [1]		197,904	–
APO Land & Quarry Corporation [3]		3,513	–
CEMEX Research Group, AG [12]		2,306	–
CEMEX Concrete (Malaysia) Sdn Bhd [4]		1,084	–
Others [5]		82	–
	P	215,215	–

Payables - current		2016	2015
Other related parties			
CEMEX Construction Materials South, LLC [6]	P	573,836	–
Transenergy, Inc. [7]		533,517	–
Island Quarry and Aggregates Corporation [8]		221,396	–
CEMEX Asia Pte. Ltd. [9]		105,381	–
APO Land & Quarry Corporation [10]		28,723	–
CEMEX Strategic Philippines, Inc. [11]		10,950	–
CEMEX Research Group, AG [12]		6,940	–
Others [13]		1,353	–
	P	1,482,096	–

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Payables - non-current

Other related parties		2016	2015
New Sunward Holding B.V. [14]	P	14,557,460	–
CEMEX Asia B.V. [15]		1,361,862	–
	P	15,919,322	–

[1] The balance includes a) advances related to purchase of raw materials amounting to P180,723, which is unsecured, with no impairment, noninterest-bearing and due on demand; b) receivables arising from the sale of goods with a 30-day term and without interest amounting to P9,821; c) receivables from service agreements amounting to P4,174 and project income of P1,989, where both has 30-60 days' term, noninterest-bearing, unsecured and with no impairment; and d) others amounting to P1,197, which is due on demand, noninterest-bearing, unsecured and with no impairment. In 2016, Solid entered into an agreement with Island Quarry and Aggregates Corporation wherein the former shall provide back-office and other support services to the latter. Fees are calculated at cost incurred plus mark-up;

[2] The balance, which is unsecured, with no impairment, noninterest-bearing and due on demand, pertains to diesel hedge;

[3] In 2016, Solid and APO entered into separate agreements with APO Land & Quarry Corporation, wherein Solid and APO shall provide back-office and other support services to the latter. The balance includes a) receivables from service agreement amounting to P3,492, which has 30-60 days' term, noninterest-bearing, unsecured and with no impairment; and b) others amounting to P21 which is unsecured, with no impairment, noninterest-bearing and due on demand;

[4] The balance, which is unsecured, with no impairment, noninterest-bearing and due on demand, pertains to receivables arising from billed expenses;

[5] The balance which is unsecured, with no impairment, noninterest-bearing and due on demand, pertains to receivables arising from non-trade transactions;

[6] The balance, which is unsecured, noninterest-bearing and due on demand, is generated for the purchase of equipment for the expansion of Solid plant;

[7] The balance pertains to purchase of coal with a term of 30 days, noninterest-bearing and unsecured;

[8] The balance includes a) fees related to purchases of raw materials amounting to P218,350, which is unsecured, noninterest-bearing and due on demand; b) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P3,023; c) unsecured payable arising from land rental with a 30-day term and noninterest-bearing amounting to P4; and d) other non-trade payables amounting to P19, which are unsecured, noninterest-bearing and due on demand;

[9] The balance includes fees for corporate services and administrative services received by the Company which has a term of 30 days, noninterest-bearing and is unsecured;

[10] The balance includes a) purchase of raw materials with a 30-day term amounting to P27,716; and b) advances amounting P1,007. These balances are unsecured and are noninterest-bearing;

[11] The balance pertains to corporate services and administrative services rendered to the Company which has a term of 30 days, noninterest-bearing and is unsecured;

[12] The balance pertains to royalties/license fees of the Company, which is unsecured, noninterest-bearing and due on demand;

[13] The balance includes a) current portion of long-term loan from CEMEX Asia B.V. amounting to P426 which bears interest at 5.9% - 6.38%, unsecured and due for payment in 2017; b) purchases of raw materials from Beijing CXP Import & Export Co. amounting to P662 and CEMEX Admixtures GmbH amounting to P265, which are both unsecured, noninterest-bearing and are due on demand;

[14] The balance pertains to interest-bearing long-term loan payable. The loan bears interest of 7.535% per annum and payable in four annual installments starting March 2020 until March 2023. The Company refinanced the loan in 2017 (see Note 29).

[15] The balance pertains to the Company's loan from CEMEX Asia B.V. The loan bears interest at an annual rate equal to 6-month LIBOR plus 450 basis points. The loan is unsecured and is due to be paid in 2018 and 2019 for Solid and APO, respectively.

The main transactions entered by the Company with related parties for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are shown below:

Transaction with ultimate parent

		2016	2015
Hedging transaction			
CEMEX S.A.B de C.V. [2]	P	12,016	–

Transactions with other related parties

		2016	2015
Purchases of raw materials			
Transenergy, Inc.[1]	P	1,853,913	–
Island Quarry and Aggregates Corporation [1]		303,383	–
APO Land & Quarry Corporation [1]		312,103	–
Beijing CXP Import and Export Co. [1]		2,517	–
CEMEX Admixtures GmbH [1]		265	–
	P	2,472,181	–
Interest expense			
New Sunward Holding B.V.			
Long-term [1]	P	861,318	–
Short-term [8]		271,044	–
CEMEX Asia B.V. [1]		32,976	–
	P	1,165,338	–
Royalties and trademarks			
CEMEX Research Group, AG [1]	P	942,985	–

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Purchase of equipment			
CEMEX Construction Materials South, LLC [1]	P	**573,836**	–
Corporate services and administrative services			
CEMEX Asia Pte. Ltd. - Philippine Headquarters [1]	P	**469,121**	–
CEMEX Strategic Philippines, Inc. [1]		**85,906**	–
Island Quarry and Aggregates Corporation [1]		**3,179**	–
APO Land & Quarry Corporation [1]		**3,032**	–
	P	**561,238**	–
Sales of goods			
Island Quarry and Aggregates Corporation [1]	P	**108,197**	–
CEMEX Cement Bangladesh Ltd. [4]		**4,411**	–
APO Land & Quarry Corporation [4]		**184**	–
	P	**112,792**	–
		2016	2015
Land Rental			
APO Land & Quarry Corporation [3]	P	**58,210**	–
Island Quarry and Aggregates Corporation [3]		**32,929**	–
	P	**91,139**	–
Reimbursements			
CEMEX Concrete (Malaysia) Sdn Bhd. [1]	P	**1,084**	–
Others [7]		**–**	190
	P	**1,084**	190
Interest income			
APO Land & Quarry Corporation [5]	P	**435**	–
Others [6]		**68**	–
	P	**503**	–
Transactions with Key Management Personnel			
Short-term employee benefits	P	**215,818**	–
Post-employment and other long-term employee benefits		**47,892**	–
	P	**263,710**	–

[1] Please refer to the footnotes provided on the outstanding balances of related party receivables and payables.
[2] Please refer to Note 21 under Fair values of financial assets and financial liabilities for the details of this transaction.
[3] These land rentals have a 30-day term, and are both noninterest-bearing and unsecured.
[4] These sale transactions have a 30-day term, and are both noninterest-bearing and unsecured.
[5] This amount pertain to the interest from loan drawdowns that bear interest at 4.625% annually. The total outstanding balance, from which this interest income relates, including interest accrued was paid in 2016.
[6] This amount pertain to the interest from loans drawdowns that bear interest at fixed rates annually. The total outstanding balances, from which this interest income relates, including interest accrued, were paid in 2016.
[7] The transaction is noninterest-bearing and due on demand.
[8] The amount pertains to the interest on short-term loan from New Sunward Holding B.V. which has been fully paid in 2016.

Transactions with the Retirement Fund

The Company established a retirement plan for its qualified employees. The control and administration of the retirement plan is vested in its Board of Trustees ("BOT"). The retirement plan's accounting and administrative functions are undertaken by the Bank of the Philippine Islands Asset Management Trust Group ("BPI AMTG"), the Company's duly appointed trust fund manager.

The Company's funding policy is to contribute to the Plan's fund as required under actuarial principles to maintain the fund in sound condition. In addition, the Company reserves the right to discontinue, suspend or change the rate and amount of its contribution to the fund at any time due to business necessity or economic conditions. The Company has no contributions to the retirement fund in 2016 and 2015 (see Note 22). There are also no other transactions entered into by the Company with the plan for the year. As at December 31, 2016 and 2015, the fund's unfunded status amounted to P769,340 and nil, respectively. The retirement plan consists of unit investment trust fund, mutual funds, debt instruments and others (cash, money market instruments and government securities), which accounted for 58%, 21%, 12% and 9% of plan assets, respectively, in 2016 (see Note 22).

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Balances and transactions between consolidated entities eliminated during consolidation

The following are the transactions and balances among related parties which are eliminated in the consolidated financial statements:

Amounts owed by	Amounts owed to		2016
CEMEX Holdings Philippines, Inc. [10]	CAR	P	1,669,265
APO [5]	CAR		16,980
CEMEX Holdings Philippines, Inc. [10]	Falcon		1,467,596
Sandstone Strategic Holdings, Inc. [6]	Bedrock Holdings, Inc.		109,617
Solid [1]	APO		189,445
Ecocrete, Inc. [3]	Solid		50,244
Ecocast Builders, Inc. [4]	Solid		49,143
CEMEX Asia Research AG [5]	Solid		25,555
APO [2]	Solid		19,942
Sandstone Strategic Holdings, Inc. [6]	Solid		1,068
Ecocast Builders, Inc. [7]	Ecopavements, Inc.		40,287
Solid [8]	Ecocast Builders, Inc.		14,583
APO [8]	Ecocast Builders, Inc.		6,802
Ecopavements, Inc. [6]	Ecocast Builders, Inc.		288
Solid [9]	Ecocrete, Inc.		7,114
		P	3,667,929

[1] Amount includes a) P75,007 from sale of goods, which has a 30-day term, noninterest-bearing and unsecured; b) P110,171 loan and interest, which is due on demand, with interest at 2.4% per annum and unsecured; and c) P4,037 from sale of production supplies and P230 reimbursable expenses, which are both due on demand, noninterest-bearing and unsecured.
[2] Amount includes a) P5,513 from sale of goods, which has a 30-day term, noninterest-bearing and unsecured; and b) P14,429 reimbursable expenses, which is due on demand, noninterest-bearing and unsecured.
[3] Amount includes a) P1,628 from sale of goods, which has a 30-day term, noninterest-bearing and unsecured; and b) P48,616 loan and interest, which is due in one year, with interest at 3.63% per annum and unsecured.
[4] Amount includes a) P42,569 arising from sale of equipment, which has a 30-day term, noninterest-bearing and unsecured; b) P5,859 from sale of goods and P507 from construction service, which has a 30-day term, noninterest-bearing and unsecured; and c) P208 from reimbursable expenses, which is due on demand, noninterest-bearing and unsecured.
[5] Amounts have 30-day term, noninterest-bearing and unsecured.
[6] Amounts are from cash advances or reimbursable expenses, which are due on demand, noninterest-bearing and unsecured.
[7] Amount includes a) P40,000 loan, which is due in one year, with interest at 2.6% per annum and unsecured; and b) P287 from cash advances, which is due on demand, noninterest-bearing and unsecured.
[8] Amounts pertain to construction services which have 30-day term, noninterest-bearing and unsecured.
[9] Amount includes P6,616 from sale of raw materials and P498 from service fees, where both have 30-day term, noninterest-bearing and unsecured
[10] Amounts pertain to long-term unsecured loans which are due to be paid in 2021, with interest at 2.5% per annum for CAR and at WAILRF minus 10 basis points annually for Falcon.

Sales	Purchases		2016
APO [1]	Solid	P	853,036
Solid [1]	APO		110,914
Ecocrete, Inc. [1]	Solid		36,173
Solid [1]	Ecocast Builders, Inc.		26,344
Ecocast Builders, Inc. [1]	Solid		13,182
Solid [1]	Ecopavements, Inc.		4,998
Ecocast Builders, Inc. [1]	APO		6,128
		P	1,050,775

[1] Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Royalties and technical assistance	Selling and Administrative Expense		2016
CAR [1]	APO	P	2,002,129
CAR [1]	Solid		1,052,348
		P	**3,054,477**

[1] Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

Dividend declared by	Dividend received by		2016
APO	Triple Dime Holdings, Inc.	P	2,451,632
Triple Dime Holdings, Inc.	CEMEX Holdings Philippines, Inc.		2,421,949
APO	CEMEX Holdings Philippines, Inc.		1,634,421
Solid	Sandstone Strategic Holdings, Inc.		1,297,390
Sandstone Strategic Holdings, Inc.	CEMEX Holdings Philippines, Inc.		1,219,546
Solid	CEMEX Holdings Philippines, Inc.		864,926
Edgewater Ventures Corporation	CEMEX Holdings Philippines, Inc.		263,364
Sandstone Strategic Holdings, Inc.	Bedrock Holdings, Inc.		77,843
Bedrock Holdings, Inc.	CEMEX Holdings Philippines, Inc.		73,008
Triple Dime Holdings, Inc.	Edgewater Ventures Corporation		6,840
		P	**10,310,919**

Interest income	Interest expense		2016
CAR [1]	CEMEX Holdings Philippines, Inc.	P	10,745
Falcon [1]	CEMEX Holdings Philippines, Inc.		1,888
Solid [1]	Ecocrete, Inc.		800
APO [1]	Solid		175
		P	**13,608**

[1] Please refer to the footnotes provided on the outstanding balances of related party receivables and payables eliminated during consolidation.

NOTE 14 - INVESTMENT IN AN ASSOCIATE AND OTHER INVESTMENTS

Investment in an associate and other investments as at December 31 are detailed as follows:

	Activity	Country	%		2016	2015
Calabar Aggregates Corporation	Aggregates	Philippines	40.0	P	**11,816**	–
Greencrete, Inc.	–	Philippines	5.0		**3,437**	–
Others	–	–	–		**20**	–
				P	**15,273**	–

The investments above are investments of Solid and APO which were acquired by the Company upon business combination.

NOTE 15 - OTHER ACCOUNTS RECEIVABLE

15A) OTHER CURRENT ACCOUNTS RECEIVABLE

Other current accounts receivable as at December 31 consisted of:

		2016	2015
Insurance claims	P	**51,022**	
Loan receivable [1]		**32,548**	–
Short-term deposits		**14,873**	–
Receivable from employees		**14,409**	–
Receivable from contractors		**12,790**	–
Others		**1,704**	–
	P	**127,346**	–

1 Loan receivable pertains to the amount provided by the Company to CEMEX Philippines Foundation, Inc., with fixed interest at 2.96% per annum and is due on demand.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

15B) OTHER ASSETS AND NONCURRENT ACCOUNTS RECEIVABLE

Other assets and noncurrent accounts receivable as at December 31 consisted of:

		2016	2015
Rental guaranty deposits	P	112,209	–
Long-term time deposits [1]		92,254	–
Long-term prepayments [2]		47,558	–
Right of way		30,952	–
Others[3]		37,516	–
	P	320,489	–

[1] Long-term time deposits pertain to the Company's restricted time deposits.

[2] Long-term prepayments primarily pertain to prepaid mining and quarry royalty fees related to the purchase of raw materials amounting to P24,127.

[3] Others primarily pertain to transportation allowance amounting to P36,906.

NOTE 16 - INVENTORIES

Inventories as at December 31 consisted of:

		2016	2015
At NRV:			
Materials and spare parts	P	1,211,947	–
At Cost:			
Work-in-process inventory		728,945	–
Finished goods		363,494	–
Raw materials		269,520	–
Inventory in transit		3,671	–
	P	2,577,577	–

In 2016, the Company recognized in the consolidated statements of comprehensive income the cost of inventories sold amounting to P11,885,883 (see Note 6). As at December 31, 2016 and 2015, inventory write-down to NRV amounted to P17,604 and nil, respectively. Write-down of inventories to NRV included under "Costs of Sales and Services" account in the consolidated statements of comprehensive income amounted to P17,604 and nil in 2016 and 2015, respectively.

NOTE 17 - PREPAYMENTS AND OTHER CURRENT ASSETS

Other current assets as at December 31 consisted of:

		2016	2015
Prepaid insurance [1]	P	900,531	–
Prepaid taxes		310,714	–
Advances to suppliers		96,417	–
Prepaid freight cost		89,559	–
Advances to employees		13,989	–
Prepaid rent		3,660	–
Others		5,186	–
	P	1,420,056	–

[1] Prepaid insurance pertains to unamortized portion of payments on property, non-damage business interruption and political risks insurance.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

NOTE 18 - PROPERTY, MACHINERY AND EQUIPMENT - Net

The movements for each class of property, machinery and equipment are as follows:

	Buildings and Improvements	Machinery and Equipment	Constructions in-Progress	Total
Gross Carrying Amount				
September 17, 2015/December 31, 2015	P–	P–	P–	P–
Acquisition through business combination	3,848,465	11,600,051	347,958	15,796,474
Additions	85,417	316,081	928,711	1,330,209
Disposals	(8,244)	(170,975)	(24,621)	(203,840)
Reclassifications	56,927	169,914	(226,841)	–
December 31, 2016	**3,982,565**	**11,915,071**	**1,025,207**	**16,922,843**
Accumulated Depreciation				
September 17, 2015/December 31, 2015	–	–	–	–
Depreciation for the period	(161,688)	(1,090,656)	–	(1,252,344)
Disposals	8,195	136,117	–	144,312
December 31, 2016	**(153,493)**	**(954,539)**	–	**(1,108,032)**
Carrying Amounts				
December 31, 2015	P–	P–	P–	P–
December 31, 2016	**P3,829,072**	**P10,960,532**	**P1,025,207**	**P15,814,811**

In 2016, there were no interest expense arising from borrowings that have been capitalized as part of property, machinery and equipment.

NOTE 19 - ACQUISITION OF SUBSIDIARIES AND GOODWILL - Net

As part of CEMEX's overall current priorities, CEMEX has been focusing in strengthening its capital structure. One way of doing so is through the optimization of CEMEX's global corporate structure which should lead to less administration costs and facilitate the implementation of CEMEX's business strategy. Considering this premises and in line with the Parent Company's IPO, the Parent Company was created and on January 1, 2016, the Parent Company acquired interest in the economic benefit of the entities listed in Note 28 (except for CAR, which was incorporated by the Parent Company in 2015 and Falcon, which was incorporated by the Parent Company in 2016). The acquisition price of P47,825,147 was initially financed through accounts payable to a related party, which was eventually paid from proceeds on short-term and long-term loans from a local bank and a related party.

The Company incurred acquisition-related costs amounting to P9,569 on documentary stamp taxes and other costs, which were recognized as part of "Administrative and selling expenses" account in the consolidated statements of comprehensive income.

The following table summarizes the recognized amounts and assets acquired and liabilities assumed at the date of the acquisition:

Assets (liabilities)		Amounts
Cash and cash equivalents	P	3,687,632
Trade receivables		813,392
Due from related parties		999,896
Other current accounts receivable		1,459,014
Inventories		2,250,415
Prepayments and other current assets		1,205,663
Investments in associates and other investments		15,273
Other assets and noncurrent accounts receivable		344,134
Property, machinery and equipment - net		15,796,474
Trade payables		(2,258,403)
Due to related parties		(619,705)
Income tax payable		(249,284)
Other accounts payable and accrued expenses		(1,608,339)
Long-term payable to related party		(987,027)
Retirement benefit liability		(716,903)
Deferred income taxes		(138,473)
Other noncurrent liabilities		(28,306)
Total identifiable net assets acquired	P	19,965,453

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

The valuation techniques used for measuring the fair value of assets acquired were as follows:

Assets acquired	Valuation technique
Property, machinery and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The trade receivables comprise gross contractual amounts due of P883,990, of which P70,598 was expected to be uncollectible at the date of the acquisition. The carrying amount of the acquired property, machinery and equipment acquired in the books of the acquirees at the date of acquisition amounted to P14,026,454.

Goodwill arising from the acquisition has been recognized as follows:

		Amount
Amount of the consideration	P	47,825,147
Fair value of the identifiable net assets		19,965,453
Goodwill	P	27,859,694

The goodwill is attributable mainly to the assembled work force and dealer network. None of the goodwill recognized is expected to be deductible for tax purposes.

As mentioned in Note 3L, the consolidated entities test their goodwill balances for impairment at the level of the CGUs to which goodwill has been allocated, which are commonly comprised by the vertically-integrated operations of the Company in the country. The Company's cash flow projections for five years to determine the value-in-use of its CGU consider the use of long-term economic assumptions. The Company believes that its discounted cash flow projections and the discount rates used reasonably reflect current economic conditions at the time of the calculations, considering, among other factors that: a) the cost of capital reflects current risks and volatility in the markets; and b) the cost of debt represents the actual interest rates recognized by the CGUs in their outstanding interest-bearing debt. The Company performed its annual goodwill impairment test, and based on the analysis, the Company does not need to recognize impairment loss on goodwill. For purposes of impairment testing, goodwill has been allocated to the Company's CGUs (significant operating divisions) as follows:

		Amount
APO Cement Corporation	P	17,648,162
Solid Cement Corporation		10,211,532
	P	27,859,694

In 2016, the Company's pre-tax discount rates and expected growth rates in perpetuity used in the Company's impairment tests, to determine the discounted cash flows in both the CGUs with the main goodwill balances, were as follows:

	Rates used
Discount rate	9.5%
Growth rate	7.0%

In connection with the Company's assumptions as at December 31, 2016 included in the table above, the Company made sensitivity analysis to changes in assumptions, affecting the value-in-use of all CGUs with an independent reasonable possible increase of 1% in the pre-tax discount rate and an independent decrease of 1% in the perpetual growth rate. In any of the sensitivity analyses, the carrying amount of the CGUs exceeded their recoverable amount.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

NOTE 20 - UNEARNED REVENUE, OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Unearned revenue, other current accounts payable and accrued expenses as at December 31 consisted of:

		2016	2015
Unearned revenue from reinsurance premiums [1]	P	793,320	–
Unearned revenue from customer loyalty program		40,482	–
Total Unearned revenue		833,802	–
Accrued expenses [2]		519,400	–
Taxes payable		241,687	–
Advances from customers		301,014	–
Others		63,070	–
Total Other accounts payable and accrued expenses		1,125,171	–
	P	1,958,973	–

1 Unearned revenue from reinsurance premiums pertain to the portion of reinsurance premiums written by Falcon that relate to unexpired period of the policies.

2 As at December 31, 2016, accrued expenses includes a) utilities and supplies amounting to P271,329; b) salaries and employee benefits amounting to P88,232; c) freight cost amounting to P127,627; d) outside services amounting to P25,833; and e) royalty fees amounting to P6,379.

For the year ended December 31, 2016 and for the period from September 17 to December 31, 2015, the roll-forward analyses of unearned revenue from reinsurance premiums are as follows:

		2016	2015
Balance at beginning of period	P	–	–
Policies written during the period		1,286,843	–
Premiums earned during the period		(519,346)	–
Effect of translation Philippine peso		25,823	–
Balance of end of period	P	793,320	–

For the year ended December 31, 2016 and for the period from September 17 to December 31, 2015, the roll-forward analyses of provisions (under "Taxes payable" account) are as follows:

		2016	2015
Balance at beginning of period	P	–	–
Assumed in a business combination		284,453	–
Net reversals made during the period		(255,141)	–
Balance of end of period	P	29,312	–

NOTE 21 - FINANCIAL RISK AND INSURANCE RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Risk management framework

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

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.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade receivables. As at December 31, 2016 and 2015, the maximum exposure to credit risk is represented by the balance of financial assets. 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 guarantee deposits from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, and 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 represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 is as follows:

		2016	2015
Cash and cash equivalents (excluding cash on hand)	P	**1,337,023**	4,922
Trade receivables		**909,667**	–
Due from related parties		**215,215**	–
Other current accounts receivable		**127,346**	–
Long-term and guarantee deposits (under other assets and noncurrent accounts receivable)		**204,463**	–
	P	**2,793,714**	4,922

As at December 31, 2016, the aging analysis per class of financial assets are as follows:

		Neither past due nor impaired	Past due but not impaired			Impaired	Total
			1 to 30 days	31 to 60 days	More than 60 days		
Cash and cash equivalents (excluding cash on hand)	P	1,337,023	–	–	–	–	1,337,023
Trade receivables		774,265	66,386	13,994	55,022	10,615	920,282
Due from related parties		215,215	–	–	–	–	215,215
Other current accounts receivable		127,346	–	–	–	–	127,346
Long-term and guarantee deposits		204,463	–	–	–	–	204,463
		2,658,312	66,386	13,994	55,022	10,615	2,804,329
Less allowance for impairment losses		–	–	–	–	10,615	10,615
	P	**2,658,312**	**66,386**	**13,994**	**55,022**	**–**	**2,793,714**

Considering the Company's best estimates of potential losses based on an analysis of aging and considering management's recovery efforts, the allowance for impairment losses amounted to P10,615 as at December 31, 2016.

Cash in banks, short-term investments and long-term and guarantee deposits are of high grade quality as these are deposited in reputable financial entities. Of the total trade receivables, due from related parties and other current accounts receivable, 88% are neither past due nor impaired, and are considered of high grade quality. Other financial assets that are not considered of high grade quality are considered standard grade quality financial assets. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

The credit qualities of financial assets that were neither past due nor impaired are determined as follows:

- Cash in banks, cash equivalents and long-term and guarantee deposits are based on the credit standing or rating of the counterparty.

- Trade receivables, due from related parties and other current accounts receivable are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

The Company sells its products primarily to retailers in the construction industry, with no specific geographic concentration of credit within the country in which the Company operates. As at December 31, 2016 and 2015, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables.

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 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 revenue and costs are generated and settled mainly in Philippine Peso. For the year ended December 31, 2016, approximately less than 5% of the Company's net sales, before eliminations, were generated in U.S. dollars.

The Company had an exposure arising from the dollar-denominated financial obligations as compared to the currency in which the majority of the Company's revenues are generated. The Company's only revenue denominated in U.S. dollars to cover such dollar-denominated obligations are those generated by exports. As at December 31, 2016, the Company has not implemented any derivative financing hedging strategy 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 consolidated statements of comprehensive income.

As at December 31, 2016, a summary of the quantitative information of the exposure of the Company due to foreign currencies is provided to the top management on the basis of its risk management policy as follows:

Amounts in thousands of dollars	in U.S. dollar	in Euro
Cash and cash equivalents	$2,307	€–
Due from related parties	254	–
Trade payables	(19,022)	(8,477)
Due to related parties	(342,591)	–
Net liabilities denominated in foreign currency	**($359,052)**	**(€8,477)**

As at December 31, 2015, there are no foreign currency denominated financial instruments.

Sensitivity analysis on Foreign Currency Risk

For the management of foreign currency risks, the Company intends to reduce the impact of short-term fluctuations in its consolidated profits. As at December 31, 2016, a hypothetical 5% appreciation of the Philippine Peso against the U.S. dollar and Euro, with all other variables held constant, the Company's profit for the year ended December, 31, 2016 would have increased by approximately P640,339, net of tax, due to higher dollar-denominated net monetary liabilities held by consolidated entities with other functional currencies. Conversely, a hypothetical 5% instant depreciation of the dollar against the Philippine peso would have the opposite effect.

Interest rate risk

As at December 31, 2016, the Company is exposed to interest rate risk primarily on its short-term investments in New Sunward Holding B.V. and long-term loan payable to CEMEX Asia B.V. The short-term investments in New Sunward Holding B.V. bear interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest (see Note 11). The long-term loan from CEMEX Asia B.V. bears interest at an annual rate equal to 6-month LIBOR plus 450 basis points (see Note 13).

Sensitivity analysis on Interest Rate Risk

As at December 31, 2016, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the year ended December, 31, 2016 would have decreased by approximately P9,165. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

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. 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 (used in) operating activities, as presented in its consolidated statements of cash flows, was P3,747,812 and (P4,256) as at December 31, 2016 and 2015, respectively. In 2016, the Company incurred interest expense amounting to P20,546 from a short-term bank loan, which has been fully paid in 2016. The Company's trade payables, due to related parties, taxes payable and other accounts payable and accrued expenses are expected to be settled within one year. Trade payables are noninterest-bearing and are normally settled on a 30-days' term. The maturities of the Company's long-term contractual obligations are included in Note 26 to the consolidated financial statements. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

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 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.

Fair values of financial assets and financial liabilities

The Company entered into a commodity swap transaction to hedge its risk exposure on fuel price volatility. The hedge qualifies for hedge accounting. The commodity swap is a contractual agreement to buy fuel at a fixed price and sell fuel at market rate with notional quantity of 10,371 liters. As at December 31, 2016 and 2015, the fair value of the Company's derivative asset is P6,805 and nil, respectively. The recurring fair value measurement is categorized as level 2 of the fair value hierarchy. The fair value is determined using quoted commodity price at the reporting date, adjusted by the fixed price under the commodity swap agreement.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

The fair values of cash and cash equivalents, trade receivables, amounts due from and due to related parties, other current accounts receivable, accounts payable and accrued expenses reasonably approximate their carrying amounts considering the short-term maturities of these financial instruments. The fair value of the long-term payable to CEMEX Asia B.V., which is based on the present value of future cash flows discounted at market rate of interest at the reporting date (discounted cash flows under level 2 of the fair value hierarchy), approximates its carrying amount as at December 31, 2016 as the said financial instruments bear interest at LIBOR rates, which is approximately similar to the market interest rate. The fair values of long-term time deposits and long-term payable to New Sunward Holding B.V., which are also based on the present value of future cash flows discounted at market rate of interest at the reporting date (discounted cash flows under level 2 of the fair value hierarchy), approximate their carrying amounts as at December 31, 2016 as these financial instruments bear interest at rates which are approximately similar to market interest rates. The fair value of the rental guarantee deposits approximate its carrying amount since the Company does not anticipate its carrying amount to be significantly different from the actual amount that the rental guarantee deposits would eventually be collected.

NOTE 22 - RETIREMENT BENEFIT LIABILITY

The Company has a funded, noncontributory, defined benefit retirement plan covering substantially all of its regular and permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Company's latest actuarial valuation date was made on December 31, 2016. Valuations are obtained on an annual basis.

The retirement plan of the Company entitled a regular and permanent employee to avail of the "Normal Retirement, Early Retirement, and Late Retirement" and "Resignation Benefit". In addition, the retirement plan also provides "Total and Permanent Disability and Death Benefit" for the qualified employees and beneficiaries.

Normal Retirement, Early Retirement and Late Retirement

The total benefit that will be received by a retired employee is based on his final plan salary and years of service (YOS), which is summarized on the retirement benefit formula table below:

YOS	Retirement Benefit*
20 & Below	100% of the plan salary for every year of credited service
Above 20 to 25	119% of the plan salary for every year of credited service
Above 25	139% of the plan salary for every year of credited service

**covering Normal, Early and Late Retirement*

An employee may be entitled only to an early retirement benefit provided that he reached the age of fifty-five (55) and has completed at least ten (10) years of credited service unless approved by the Company. The late retirement may be availed only beyond age 60 but not beyond 65, on a case-to-case and yearly extension basis and subject to the consent of the Company.

Resignation

The total benefit that will be received by a retired employee is based on his final salary and YOS, which is summarized on the retirement benefit formula table below:

YOS	Retirement Benefit*
10 to 15	79% of the plan salary for every year of credited service
16 to 20	99% of the plan salary for every year of credited service
21 to 25	119% of the plan salary for every year of credited service
Above 25	139% of the plan salary for every year of credited service

Total and Permanent Disability Benefit and Death Benefit

In the event that a qualified employee dies or is required by the Company to retire due to total and permanent disability, his benefit should be equal to an amount based on the retirement benefit formula. In the case of disability, the employee should have completed at least five (5) years and three (3) years of credited service for Solid and APO, respectively.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

The plan is registered with the Bureau of Internal Revenue ("BIR") as tax-qualified plan under Republic Act No. 4917, as Amended. The control and administration of the retirement plan is vested in its BOT. The retirement plan's accounting and administrative functions are undertaken by BPI AMTG, and its duly appointed trust fund manager.

a) Movement in Retirement Benefit Liability

The following table shows reconciliation from the opening balances to the closing balances for retirement benefit liability and its components:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Retirement Benefit Liability
Balance at September 17, 2015 and January 1, 2016	P–	P–	P–
Net retirement benefit liability assumed during business combination	796,064	(79,160)	716,904
Included in profit or loss			
Service costs:			
Current service cost	57,652	–	57,652
Past service cost [1]	17,171	–	17,171
Interest cost, net	37,841	(7,877)	29,964
	112,664	**(7,877)**	**104,787**
Included in OCI			
Actuarial loss (gain) from:			
Change in financial assumptions	(77,471)	–	(77,471)
Change in demographic assumptions	(5,658)	–	(5,658)
Experience adjustments	59,761	–	59,761
Return on plan assets excluding interest income	–	7,322	7,322
	(23,368)	**7,322**	**(16,046)**
Others			
Benefits paid	(36,305)	-	(36,305)
Balance at December 31, 2016	**P849,055**	**(P79,715)**	**P769,340**

1 The past service cost is the result of the amendment during the period on the retirement benefit plan of APO to align with the retirement benefit plan of Solid.

b) Plan Assets

Plan assets as at December 31, 2016 consisted of the following:

		Amount
Unit investment trust fund (UITF)		
Equities - local currency	P	24,777
Fixed income - local currency		21,806
Mutual funds		16,342
Debt instruments		9,368
Money market		3,497
Exchange traded funds		2,915
Government securities		539
Foreign currency		152
Cash in Bank		44
Others		275
	P	**79,715**

Equity UITF investments are placed in a concentrated portfolio of stocks listed in the Philippine Stock Exchange which are generally invested in holding firms, industrial companies, financial institutions, mining and real estate corporations. Fixed income UITF investments are placed mainly in portfolio of bonds and other similar fixed-income securities such as special deposit accounts from the Bangko Sentral ng Pilipinas and treasury notes with weighted average term to maturity of up to five (5) years.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Mutual funds are invested in listed equity instruments which are actively traded in globally developed markets. Other mutual funds are invested in debt instruments with terms generally ranging from five (5) to more than ten (10) years which were issued by low and middle income developing countries and are rated mostly at "BBB," "BB" and "B" by Standard and Poor's Financial Services. Investments in bonds have quoted prices in active market and are rated "Aaa," based on ratings made by Philippine Rating Services Corporation.

The BOT reviews the level of funding required for the retirement fund with inputs from the Company's accredited actuary. Such a review includes the asset-liability matching ("ALM") strategy and investment risk management policy. The objective of BPI AMTG is to manage the portfolio in accordance with the objectives set forth by both the Company and BPI AMTG, and to be able to provide and fund benefits as they fall due.

c) Defined Benefit Obligation

(i) Assumptions

The principal actuarial assumptions, at the reporting date, used to determine the retirement benefits are as follows (expressed as weighted averages):

	Solid	APO	Ecocrete, Inc.	Ecocast Builders, Inc.
Discount rate	5.34%	5.30%	5.67%	5.58%
Future salary growth	6.00%	6.00%	6.00%	6.00%

The following are the turnover rate assumption as at December 31, 2016:

Age	**Turnover Rates (%)**
18 – 30	5 to <7
31 – 34	4 to <5
35 – 37	3 to <4
38 – 42	2 to <3
42 – 50	1 to <2
51 – 59	0 to <1

Mortality rate is based on the "1994 Group Annuity Mortality Table" from the Society of Actuaries while Disability rate is based on "1952 Disability Study," Period 2, Benefit 5.

ii) Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as at December 31, 2016 by the amounts shown below:

	2016	
	Increase	**Decrease**
Discount rate (0.5% movement)	(P43,400)	P46,902
Future Salary Increase rate (0.5% movement)	48,827	(45,564)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

d) Maturity Analysis

Maturity analysis of the benefit payments:

	2016				
	Carrying Amount	**Contractual Cash Flows**	**Within >1 Year**	**Within 1 - 5 Years**	**More than 5 Years**
Defined benefit obligation	P849,055	P1,784,188	P 31,130	P235,199	P1,517,859

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

As at December 31, 2016 the weighted average duration of the defined benefit obligation as follows:

	In Years
Solid	18.97
APO	17.39
Ecocrete, Inc.	26.38
Ecocast Builders, Inc.	24.80

No contributions to the retirement benefit plan were made in 2016. The Company plans to contribute the following to the retirement benefit plan in 2017:

		Amount
Solid	P	88,581
APO		58,141
Ecocast Builders, Inc.		435
	P	**147,157**

e) Retirement Benefit Expense

Retirement benefit expense in 2016 is recognized in the following line items in the consolidated statements of comprehensive income:

		Amount
Costs of sales and services	P	41,390
Administrative and selling expenses		33,433
Other financial expenses - net.		29,964
	P	**104,787**

NOTE 23 - INCOME TAXES

23A) INCOME TAXES FOR THE PERIOD

The amounts of income taxes recognized in profit or loss for the year ended December 31, 2016 are as follows:

	2016	2015
Current tax expense	**P1,151,631**	P–
Deferred tax benefit arising from origination and reversal of temporary differences	**(587,887)**	–
	P563,744	P–

As at December 31, 2016 and 2015, the Company has NOLCO that can be claimed as deductions from future taxable income as follows:

Year Incurred	Valid until	Amount	Addition During the Period	Expired/Utilized During the Period	Ending Balance
2016	2019	P–	P1,780,808	P–	P1,780,808
2015	2018	28,040	–	–	28,040
2014	2017	12,871	–	–	12,871
2013	2016	13,017	–	(13,017)	–
		P53,928	**P1,780,808**	**(P13,017)**	**P1,821,719**

As at December 31, 2016 and 2015, the Company has MCIT that can be claimed as deductions from future taxable income as follows:

Year Incurred	Valid until	Amount	Addition During the Period	Expired/Utilized During the Period	Ending Balance
2016	2019	**P–**	**P178**	**P–**	**P178**

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

Deferred income tax assets have not been recognized in respect of the following items because it is not probable that future taxable income will be available against which the Company can utilize the benefits therefrom:

	2016		2015	
	Gross amount	Tax effect	Gross amount	Tax effect
NOLCO	P894,850	P268,455	P4,603	P1,381
Unrealized foreign exchange losses	–	–	30	9
	P894,850	P268,455	P4,633	P1,390

23B) DEFERRED INCOME TAXES

For the year ended December 31, 2016, the income tax effects of the temporary differences that resulted in deferred income tax assets and liabilities are presented below:

	Balance at January 1	Additions from business combination	Recognized in Profit or Loss	Recognized in OCI	Balance at December 31
Deferred tax assets (liabilities):					
Unrealized foreign exchange loss (gain)	P–	(P36,825)	P340,519	P–	P303,694
NOLCO	–	14,140	263,921	–	278,061
Accrued retirement benefit liability and past service cost	–	215,813	18,380	(4,814)	229,379
Allowance for impairment losses on receivables	–	21,181	3,184	–	24,365
Write-down of:					
Inventories to NRV	–	57,627	(34,176)	–	23,451
Property, machinery and equipment to recoverable amount	–	9,232	–	–	9,232
Unearned revenue	–	11,998	147	–	12,145
Provisions	–	85,258	(79,918)	–	5,340
Accrued employee severance pay	–	1,321	(1,318)	–	3
Fair value adjustment on property, machinery and equipment	–	(531,006)	83,946	–	(447,060)
Other items	–	12,789	(6,798)	–	5,991
	P–	(P138,472)	P587,887	(P4,814)	P444,601

The breakdown of deferred income taxes as at December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred income tax credited to income statement	P 587,887	–
Deferred income tax credited to stockholders' equity	(4,814)	–
Change in deferred income tax during the period	P 583,073	–

As at December 31, 2016, based on the forecasts of future cash flows and operating results, the Company believes that sufficient taxable income will be generated so that it is probable that it will realize the tax benefits associated with the recognized deferred income tax assets related to tax loss carry forwards prior to their expiration. In addition, the Company concluded that the deferred income tax liabilities that were considered in the analysis of recoverability of its deferred income tax assets will reverse in the same period and tax jurisdiction of the related recognized deferred income tax assets. In the event that present conditions change, and it is determined that future operations would not generate sufficient taxable income, currently recognized deferred income tax assets would be evaluated and derecognized if necessary against the results of the period.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

23C) EFFECTIVE TAX RATE

Differences between the financial basis and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, give rise to permanent differences between the average statutory tax rate of the entities included in the consolidated financial statements, and the effective tax rate presented in the consolidated statements of comprehensive income, which as at December 31, 2016 and 2015 were as follows:

	2016	2015
Statutory income tax rate	**30.00%**	(30.00%)
Movement in NOLCO	**13.63**	31.27
Non-deductible expense	**0.61**	–
Non-taxable income	**(7.94)**	–
CAR tax rate difference	**(6.17)**	–
Others	**(1.62)**	(1.27)
Consolidated effective income tax rate	**28.51%**	0.00%

23D) SIGNIFICANT TAX PROCEEDINGS

As at December 31, 2016, APO and Solid are the subject of the on-going regular tax investigations conducted by the Philippine tax authorities covering the taxable years 2012 and 2013. As at March 8, 2017, no preliminary tax audit findings or issues have been raised arising from these investigations.

NOTE 24 - STOCKHOLDERS' EQUITY

24A) COMMON STOCK

As at December 31, 2016 and 2015, information on the Parent Company's common stock is summarized as follows:

	Authorized			Issued and Outstanding		
	Number of Shares	Par Value	Amount	Number of Shares	Par Value	Amount
Balance at September 17, 2015/ December 31, 2015	1,504,000	P100	P150,400	94,000	P100	P9,400
Full payment of previously subscribed common stock				282,000	100	28,200
Effect of decrease in par value on previously authorized and subscribed shares	148,896,000	-	-	37,224,000	-	-
Effect of increase in authorized capital stock	5,044,995,454	1	5,044,995	2,819,867,500	1	2,819,867
Shares issued during IPO				2,337,927,954	1	2,337,928
Balance at December 31, 2016	**5,195,395,454**	**P1**	**P5,195,395**	**5,195,395,454**	**P1**	**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 BOD 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).

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

24B) OTHER EQUITY RESERVES

As at December 31, 2016 and 2015, the movements and balance of other equity reserves is detailed as follows:

		2016	2015
Balance at beginning of period	P	**(34)**	–
Cumulative translation of a foreign subsidiaries		**90,898**	(34)
Share-based payments		**11,655**	
Remeasurements on retirement benefit liability (Note 22)		**11,232**	–
Hedge reserve		**6,805**	–
Balance at end of period	P	**120,556**	(34)

24C) NON-CONTROLLING INTERESTS

Non-controlling interest represents the 30% share of non-controlling stockholders in the results and equity of Newcrete Management, Inc. As at December 31, 2016 and 2015, non-controlling interest in equity amounted to approximately P246 and nil, respectively.

24D) SHARE BASED PAYMENTS

As part of CEMEX's share-based payments programs, a group of the Company's executives participates in the long-term share-based compensation program providing for the grant of CEMEX, S.A.B. de C.V.'s CPOs, pursuant to which new CPOs are issued by the ultimate parent company under each annual program over a 4 year period. By agreement with the executives, the CPOs of the annual grant, which is equivalent to 25% of the CPOs related to each plan, are placed in a trust established for the benefit of the executives to comply with a 1 year restriction on sale.

Under these programs, CEMEX, S.A.B. de C.V. issued new shares to certain executives of the Company for approximately 765,586 CPOs as at December 31, 2016, that were subscribed and pending for payment in the ultimate parent company's treasury. As at December 31, 2016, there are approximately 1,200,262 CPOs associated with these annual programs that are expected to be issued in the future as the Company's executives render services.

The compensation expense related to these programs for the year ended December 31, 2016, for approximately P11,655 corresponding to the fair value of the number of CEMEX's CPOs at the date of grant, was recognized in the Company's profit or loss against other equity reserves. The weighted average fair value, which pertains to the market price of the CEMEX's CPOs granted in 2016 is 13.79 Mexican Pesos. As at December 31, 2016 and 2015, the Company did not have outstanding commitments or options to make cash payments to executives on the exercise date of awards based on changes in CEMEX's own stock (intrinsic value).

24E) RETAINED EARNINGS

As at December 31, 2016, the Company's retained earnings include unappropriated retained earnings of its significant operating subsidiaries, Solid and APO, amounting to P1,534,978 which pertains to the result of the operations of both Solid and APO from the date the Parent Company obtained control over these subsidiaries. Such amount was offset by the net results of the Parent Company and its remaining subsidiaries. The retained earnings of both Solid and APO are not available for declaration as dividends by the Parent Company until declared by the respective investees.

24F) 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 for the Company with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD 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 "Stockholders' Equity" as shown in the consolidated statements of financial position.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

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:

	2016	2015
Total liabilities	P22,357,672	P190
Less cash and cash equivalents	(1,337,155)	(4,922)
Net debt (excess cash)	P21,020,517	(P4,732)
Total equity	P28,684,212	P4,732
Net debt to equity ratio	P0.73:1	- P1:1

NOTE 25 - BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share ("EPS") calculation reflects the effect of the stock split resulting from the decrease in par value of the common stock from P100 to P1 per share, which was approved by the SEC on May 20, 2016 (see Note 24A). The change resulted in an increase in the weighted average number of shares outstanding used in the 2015 computation from 109,195 shares to 10,919,452 shares. The amounts considered for the calculation of earnings per share ("EPS") for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015 are as follows:

		2016	2015
Profit (loss) (a)	P	1,413,466	(4,446)
Add: non-controlling interest net loss		24	–
Controlling interest in net income		1,413,490	(4,446)
Weighted average number of shares outstanding - Basic/Diluted (b)		2,845,589,135	37,600,000
Basic/Diluted earnings (loss) per share (a/b)	P	P0.50	(P0.12)

As at December 31, 2016 and 2015, the Company has no dilutive equity instruments.

NOTE 26 - COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at December 31, 2016 and 2015, the Company had the following contractual obligations. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

		December 31, 2016				2015
Obligations		Less than 1 year	1-5 Years	More than 5 Years	Total	Total
Long-term payable to related parties [1]	P	1,219,843	17,995,563	4,744,420	23,959,826	–
Operating leases [2]						–
Vessel lease		141,952	125,541	–	267,493	–
Land lease		91,139	455,695	1,640,502	2,187,336	–
Warehouse lease		27,594	173,024	–	200,618	–
Office lease		16,711	88,683	64,182	169,576	–
Retirement plans and other benefits [3]		31,130	235,199	1,517,859	1,784,188	–
Total contractual obligations	P	1,528,369	19,073,705	7,966,963	28,569,037	–

1 The payables pertain to the Company's loan from New Sunward Holding B.V. and CEMEX Asia B.V. Loan with New Sunward Holding B.V. bears interest at 7.535% per annum and payable in four annual installments starting March 2020 until March 2023. Loan with CEMEX Asia B.V. bears interest at an annual rate equal to 6-month LIBOR plus 450 basis points. The loan is unsecured and is due to be paid in 2018 and 2019 for Solid and APO, respectively.

2 The Company leases its vessels, land, warehouses and office premises under operating leases with periods ranging from 1 - 25 years. Total rental expenses recognized in profit or loss by the Company from these operating leases amounted to P355,213 and nil for the year ended December 31, 2016 and for the period from September 17 to December 31, 2015, respectively. The amounts of payments under operating leases have been determined on the basis of nominal cash flows.

3 Represents the estimated payments for retirement benefits over the expected maturity of the retirement and other benefit liabilities (see Note 22). Future payments include an estimation of new pensioned personnel over those years.

(Amounts in Thousands of Philippine Peso, Except Number of Shares and Per Share Data)

NOTE 27 - CONTINGENCIES FROM LEGAL PROCEEDINGS

As at December 31, 2016, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) claims for environmental damages; 2) claims to revoke permits and/or licenses; 3) national and local tax assessments; 4) labor claims; and 5) 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, but 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.

NOTE 28 - MAIN SUBSIDIARIES

The Parent Company's direct and indirect subsidiaries as at December 31, 2016 are as follows:

Entities	Country of Incorporation	Main activity	% of interest
CAR	Switzerland	Services	100.0
Falcon	Barbados	Insurance	100.0
Edgewater Ventures Corporation	Philippines	Holdings	100.0
Triple Dime Holdings, Inc.	Philippines	Holdings	100.0
APO	Philippines	Cement	100.0
Bedrock Holdings, Inc.	Philippines	Holdings	100.0
Sandstone Strategic Holdings, Inc.	Philippines	Holdings	100.0
Solid	Philippines	Cement / Concrete	100.0
Ecocast Builders, Inc.	Philippines	Construction	100.0
Ecocrete, Inc.	Philippines	Services	100.0
Ecopavements, Inc.	Philippines	Construction	100.0
Enerhiya Central, Inc.	Philippines	Energy	100.0
Newcrete Management, Inc.	Philippines	Services	70.0

NOTE 29 - SUBSEQUENT EVENTS

On February 1, 2017, the Parent Company signed a Senior Unsecured Peso Term Loan Facility Agreement with BDO Unibank, Inc. ("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 will have a tenor of seven (7) years from the date of the initial drawdown on the facility and will consist of a fixed rate and a floating rate tranche.

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REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
CEMEX Holdings Philippines, Inc.
34/F Petron Mega Plaza Building
358 Sen. Gil J. Puyat Avenue
Brgy. Bel-Air, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of CEMEX Holdings Philippines, Inc. (the "Company") and Subsidiaries as at and for the year ended December 31, 2016 and as at December 31, 2015 and for the period from September 17 to December 31, 2015, included in this Form 17-A, and have issued our report thereon dated March 8, 2017.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include:

- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration;
- Map of Group of Companies within which the Group belongs;
- Schedule of Philippine Financial Reporting Standards and Interpretations; and
- Supplementary Schedules of Annex 68-E.

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Emerald Anne C. Bagnes

EMERALD ANNE C. BAGNES
Partner
CPA License No. 0083761
SEC Accreditation No. 0312-AR-3, Group A, valid until April 30, 2018
Tax Identification No. 102-082-332
BIR Accreditation No. 08-001987-12-2016
Issued April 12, 2016; valid until April 11, 2019
PTR No. 5904915MD
Issued January 3, 2017 at Makati City

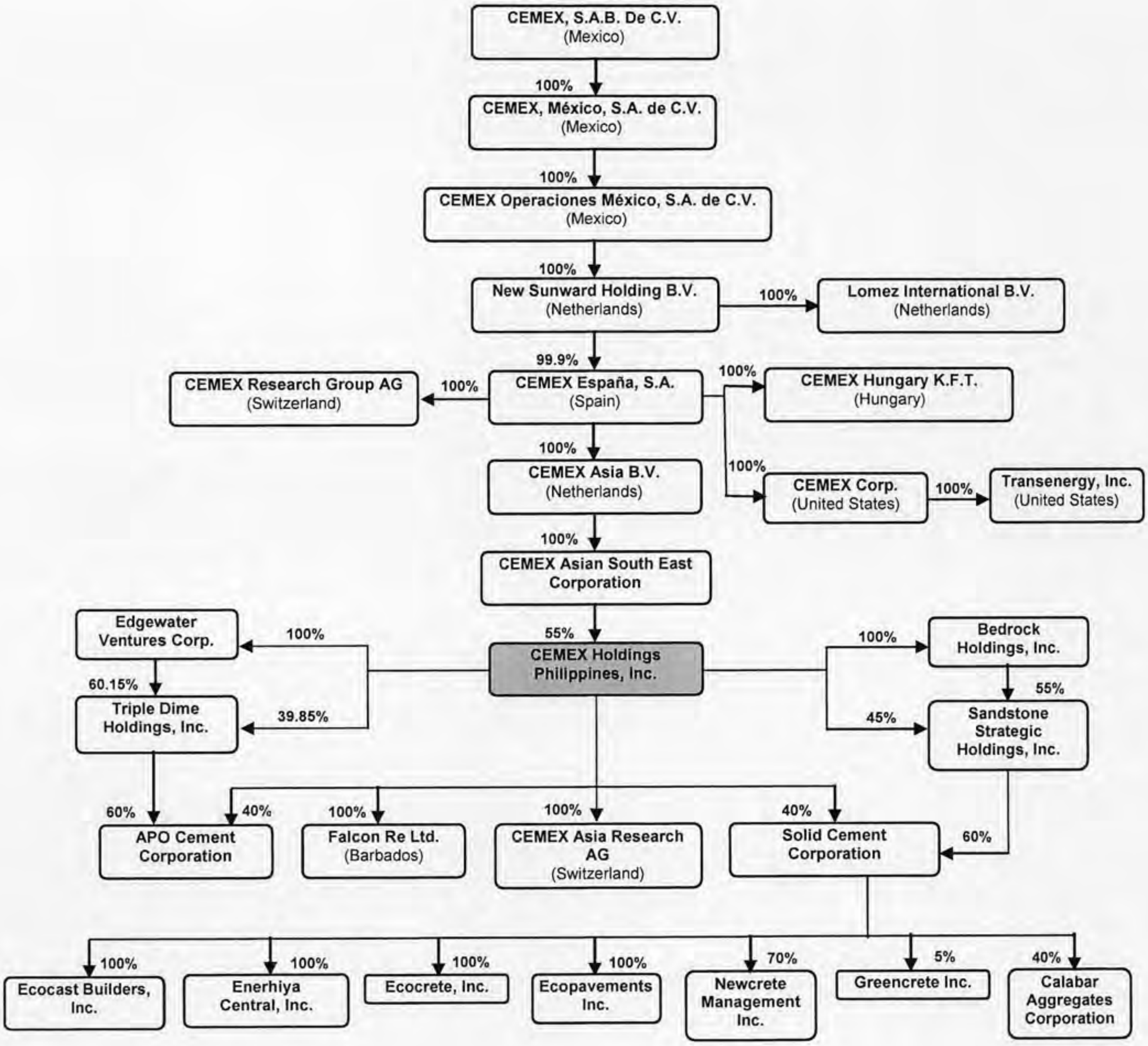
March 8, 2017
Makati City, Metro Manila

CEMEX HOLDINGS PHILIPPINES, INC.
3[4th] Floor, Floor Petron Mega Plaza Building
358 Sen. Gil J. Puyat Avenue, Makati City
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated Retained Earnings (Deficit), January 1, 2016		**(P4,634,111)**
Adjustments:		
Adjustments in previous years' reconciliation		-
Unappropriated Retained Earnings (Deficit), as adjusted, January 1, 2016		**(4,634,111)**
Add: Net income actually earned/realized during the year		
Net income during the period closed to Retained Earnings	**4,419,957,222**	
Less: Non-actual/unrealized income net of tax		
Equity in net income (loss) of associate/ joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)		
Unrealized actuarial gain	-	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting in gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Deferred income tax benefit for the year	**549,827,278**	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned/realized during the year		**3,870,129,944**
Add (Less):		
Dividends declaration during the period		-
Appropriation of retained earnings during the period		-
Reversal of appropriations		-
Effect of prior period adjustments		-
Treasury shares		-
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2016		**P3,865,495,833**

CEMEX Holdings Philippines, Inc. and Subsidiaries

Map of the Group of Companies Within which the Company Belongs
As at December 31, 2016



Note: The diagram provides the organizational and ownership structure as at December 31, 2016 and has been simplified to show only the relevant intermediate holding companies of CEMEX, S.A.B. de C.V.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'	✓		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions		✓	
PFRS 3 (Revised)	Business Combinations	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements	✓		
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments	✓		
PFRS 9	Financial Instruments		✓	
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39		✓	
PFRS 9 (2014)	Financial Instruments		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Clarification of the scope of the standard		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers		✓	
PFRS 16	Leases		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses		✓	
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Measuring an associate or joint venture at fair value		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions	✓		
PAS 33	Earnings per Share	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)	✓		
	Amendments to PAS 40: Transfers of Investment Property		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01-Revised	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 - Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01-Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-01	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-01	PAS 1.10(f) - Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations	✓		
PIC Q&A 2011-03	Accounting for Inter-company Loans	✓		
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares	✓		
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?	✓		
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements	✓		
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015	✓		
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016	✓		
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts		✓	

Legend:

Adopted *- means a particular standard or interpretation is relevant to the operations of the entity (even if it has no effect or no material effect on the financial statements), for which there may be a related particular accounting policy made in the financial statements and/or there are current transactions the amounts or balances of which are disclosed on the face or in the notes of the financial statements.*

Not Adopted *- means a particular standard or interpretation is effective but the entity did not adopt it due to either of these two reasons: 1) The entity has deviated or departed from the requirements of such standard or interpretation; or 2) The standard provides for an option to early adopt it but the entity decided otherwise.*

Not Applicable *- means the standard or interpretation is not relevant at all to the operations of the entity.*

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE A. FINANCIALS ASSETS

December 31, 2016

(Amounts in Thousands)

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued

NOT APPLICABLE

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)

December 31, 2016

(Amounts in Thousands)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
APRIL BILUGAN VIDAL	P -	P 7,025	P (5)	P -	P 7,020	P -	P 7,020
CARPIO,EDMUND JAVIER	-	862	(35)	-	827	-	827
BLANCO,HERMINIA SISON	-	581	(111)	-	470	-	470
AS-IL, MARK GANSSEN	-	192	(35)	-	157	-	157
HEIDEE ESGUERRA CASTILLO	-	150	-	-	150	-	150
JOAN IVY DIESTA SORONGON	-	140	-	-	140	-	140
VICENCIO, ROCHELLE FERNANDO	-	130	(3)	-	127	-	127
FLORES, MARIA KATRINA MANZANO	-	7,299	(7,184)	-	115	-	115
	P -	P 16,379	P (7,373)	P -	P 9,006	P -	P 9,006

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF SEPARATE FINANCIAL STATEMENTS

December 31, 2016

(Amounts in Thousands)

Related party name	Balance at beginning of period	Acquired through business combination	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Solid Cement Corporation	P -	P 183,614	P 3,834,542	P 3,872,204	P -	P 145,952	P -	P 145,952
APO Cement Corporation	-	193,808	4,734,418	4,738,781	-	79,445	110,000	189,445
Bedrock Holdings, Inc.	-	109,617	-	-	-	-	109,617	109,617
Ecocast Builders, Inc.	-	13,905	26,128	18,360	-	21,673	-	21,673
Ecopavements, Inc.	-	15,932	37,173	12,818	-	287	40,000	40,287
Ecocrete, Inc.	-	2,862	41,402	37,150	-	7,114	-	7,114
Cemex Asia Research AG	-	-	1,695,604	9,359	-	16,980	1,669,265	1,686,245
Falcon Re Ltd.	-	-	1,474,011	6,415	-	-	1,467,596	1,467,596
	P -	P 519,738	P 11,843,278	P 8,695,087	P -	P 271,451	P 3,396,478	P 3,667,929

CEMEX HOLDINGS PHILIPPINES, INC. AND A SUBSIDIARIES

SCHEDULE D. GOODWILL AND OTHER INTANGIBLE ASSETS

December 31, 2016

(Amounts in Thousands)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	P -	P 27,859,694	P -	P -	P -	P 27,859,694

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE E. LONG TERM DEBT

December 31, 2016

(Amounts in Thousands)

Title of Issue and type of obligation	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Number of Periodic Installments	Final Maturity

NOTHING TO REPORT

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

December 31, 2016

(Amounts in Thousands)

Name of Related Parties	Balance at beginning of period	Balance at end of period
New Sunward Holding B.V.	P -	P 14,557,460
CEMEX Asia B.V.	-	1,361,862
	P -	P 15,919,322

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS

December 31, 2016

(Amounts in Thousands)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

NOTHING TO REPORT

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE H. CAPITAL STOCK
December 31, 2016

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors/ officers	Others
Common shares	**5,195,395,454**	**5,195,395,454**	**Not applicable**	**2,857,467,493**	**2,007**	**2,337,925,954**

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016 AND AS AT DECEMBER 31, 2015 AND FOR THE PERIOD FROM SEPTEMBER 17, 2015 TO DECEMBER 31, 2015

	2016	2015
Current ratio (Current assets over current liabilities)	**1.16:1**	25.91:1
Solvency ratio (Profit plus depreciation and amortization over total liabilities)	**0.12:1**	-23.40:1
Bank debt-to-equity ratio (Bank debt over total equity)	**N/A**	N/A
Asset-to-equity ratio (Total assets over total equity)	**1.78:1**	1.04:1
Interest rate coverage ratio (Profit before interest and taxes over interest expense)	**2.60:1**	N/A
Operating profit margin (Operating profit over net sales)	**20%**	N/A
Net profit margin (Profit over net sales)	**6%**	N/A