

EXHIBIT C

**SEC Form 17-Q for Quarter Ended 31 March 2020
(1st Quarter 2020)**

**CEMEX HOLDINGS PHILIPPINES, INC.
SEC FORM 17-A**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q (AMENDED)

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

1. For the quarterly period ended **March 31, 2020**
2. SEC Identification Number. **CS201518815**
3. BIR Tax Identification No. **009-133-917-000**
4. Exact name of registrant as specified in its charter. **CEMEX HOLDINGS PHILIPPINES, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and postal code **34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
8. Issuer's telephone number, including area code **(02) 8849-3600**
9. Former name, former address and former fiscal year, if changed since last report – **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	13,489,226,623

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

Yes No

Stock Exchange: Philippine Stock Exchange
Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2020 and the consolidated statement of financial position as at December 31, 2019 and unaudited statement of profit or loss and other comprehensive income for the three months ended March 31, 2019, and the related notes to the unaudited condensed consolidated interim financial statements of CEMEX Holdings Philippines, Inc. and its Subsidiaries as at March 31, 2020 are filed as part of this Form 17-Q as Appendix I.

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

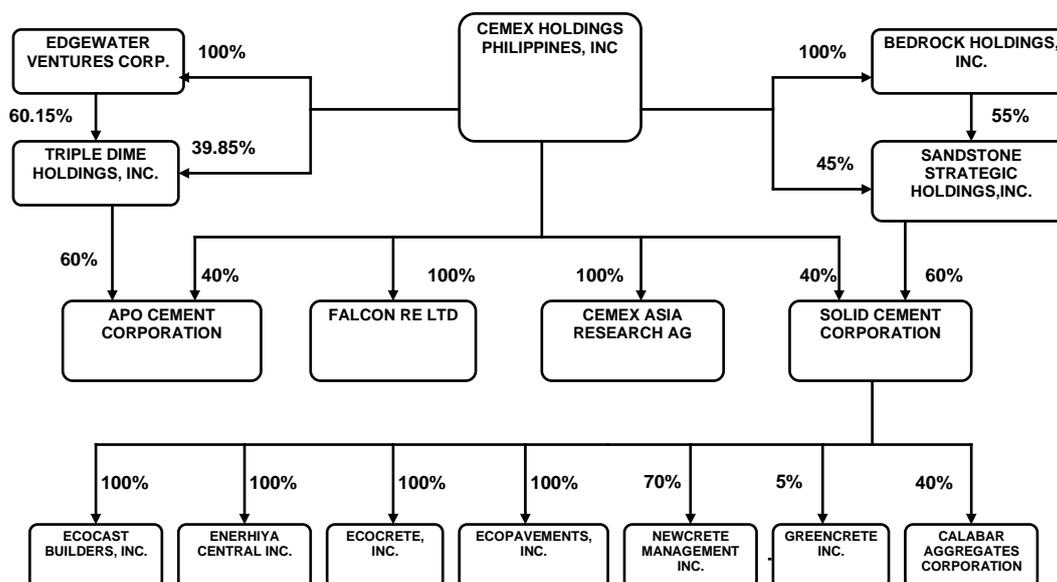
On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (“CEMEX”), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

The Company presents comparative unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020 and unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019.

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

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

The following diagram provides a summary of the Company’s organizational and ownership structure as of March 31, 2020:



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

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

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

On April 2, 2019, the Board of Directors approved the increase in the Parent Company’s authorized capital stock (“ACS”) from P5,195,395,454 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395,454 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company’s shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders’ meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering (“Stock Rights Offering”) for the purpose of raising the equivalent in Philippine Peso of up to US\$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company’s application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC’s approval of the increase in the company’s authorized capital stock.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the “Rights Shares”) at an offer price of P1.54 per Rights Share that would be issued from the Parent Company’s increased ACS. The proceeds from the Stock Rights Offering would be used primarily to fund the expansion of Solid Cement’s plant, including (i) to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and Cemex Asia B.V. (“CABV”), as the lender (the “Solid Expansion Facility Agreement”), which facility agreement has been used primarily but not exclusively to fund the Solid Cement plant expansion project, including (ii) to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (the successor to CEMEX Hungary KFT) (the “APO Operational Facility Agreement”), and for other general corporate purposes.

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500,000.26.

On 27 February 2020, the SEC approved the Parent Company’s application for increase of ACS and on 4 March 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company’s application for increase in authorized capital stock, the Parent Company’s issued and outstanding shares totaled 13,489,226,623 common shares.

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

The following is a discussion and analysis of our unaudited condensed consolidated interim financial condition and results of operations as at and for the three months ended March 31, 2020, the consolidated financial condition as at December 31, 2019, and unaudited condensed consolidated interim results of operations for the three months ended March 31, 2019, and certain trends, risks and uncertainties that may affect our business.

Financial Performance

For the three months ended March 31, 2020 and 2019:

Revenue

Revenue for the three-month period ended March 31, 2020 and 2019 amounted to P5.6 billion and P6.2 billion, respectively. The breakdown of revenue after elimination of transactions between consolidated entities for the three months ended March 31, 2020 and 2019 were as follows:

For the three months ended March 31, 2020			For the three months ended March 31, 2019	
<i>Segment</i>	<i>Amount*</i>	<i>% Sales</i>	<i>Amount*</i>	<i>% Sales</i>
Cement sales	P5,628	100.0%	P6,236	100.0%
Other business	2	0.0%	1	0.0%
Total	P5,630	100.0%	P6,237	100.0%

*Amounts in millions

For the three months ended March 31, 2020, our domestic gray cement volumes decreased by 4% year-over-year during the first quarter of 2020. An 8% increase in volumes during the first two

months of the year was offset by the effects of the Enhanced Community Quarantine in Luzon, and other quarantine measures around the country during the second half of March 2020. Our domestic gray cement prices were 6% lower year-over-year during the first quarter of 2020, reflecting declines during the second half of 2019 due to competitive dynamics.

Cost of Sales

Cost of sales for the three-month period ended March 31, 2020 and 2019 amounted to P3.3 billion and P3.9 billion, respectively. As a percentage of revenue, cost of sales decreased by 5 percentage points year-on-year. Our operations in the first quarter of 2019 incurred higher costs related to the scheduled kiln maintenance of Solid Cement Plant, higher sales from cement imports, and consumption of purchased clinker in cement production, carried over as a result of the Naga landslide.

Gross Profit

As a result of the above conditions, gross profit for the three months ended March 31, 2020 and 2019 reached P2.4 billion and P2.3 billion, respectively. Gross profit as a percentage of revenue for the three months ended March 31, 2020 and 2019 were at 41.8% and 37.1%, respectively.

Operating Expenses

Operating expenses amounted to P1.8 billion and P1.7 billion, respectively, for the three months ended March 31, 2020 and 2019. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to P767.5 million and P735.6 million or 13.6% and 11.8% of revenue for the first three months of 2020 and 2019. These include, among others: a) license fees amounting to P204.0 million and P240.7 million, respectively; b) salaries and wages amounting to P199.0 million and P185.2 million, respectively; and c) administrative services amounting to P191.9 million and P159.1 million, respectively. Distribution expenses amounted to P1.1 billion and P953.0 million, respectively, for the three months ended March 31, 2020 and 2019, which accounted for 18.9% and 15.3%, respectively, of revenue.

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

Movements in operating expenses was primarily due to increase in both selling and administrative expenses and distribution expenses during the first quarter of 2020. Selling and administrative expenses increased by P31.9 million mainly due to higher depreciation and amortization charges, as well as one-off expenses related to the Stock Rights Offering. Distribution expenses increased by P112.9 million due to a) higher sales sourced from cement imports in first quarter 2019, an effect of the Naga landslide incident; and b) higher lease amortization charges in the first quarter of 2020.

Operating Income Before Other Income, Net

For the reasons discussed above, profit from operations amounted to P520.8 million and P624.6 million, respectively, for the three months ended March 31, 2020 and 2019. These comprised 9.3% and 10.0% of revenue for the three months ended March 31, 2020 and 2019, respectively.

Financial and Other Financial Expenses - Net

Net financial expenses for the three months ended March 31, 2020 and 2019 amounted to P279.5 million and P355.2 million, respectively. This includes interest expense, interest income, interest cost on pension and bank charges. Decline in 2020 was primarily attributable to the higher capitalized borrowing costs for the Solid Cement plant expansion project.

Foreign Exchange Loss, Net

Net foreign exchange loss of P66.4 million and P17.3 million were reported for the three months ended March 31, 2020 and 2019, respectively. Increase in foreign exchange loss refers to an unfavorable movement in the foreign exchange rate during the first quarter of 2020 compared to a favorable movement in the same period in 2019. In 2020, the Company also recorded realized foreign exchange losses from the redenomination of its loan with CABV.

Other Income, Net

Net other income for the three-month period ended March 31, 2020 and 2019 was P12.1 million and P6.4 million, respectively. The increase was mainly due to sales of scrap and income from waste processing.

Income Tax Expense

As a result of operations, our income tax expense for the three months ended March 31, 2020 and 2019 amounted to P97.9 million and P89.9 million, respectively. The increase was due to lower deferred tax benefits whose movements were mainly affected by timing differences for items such as unrealized foreign exchange gains or losses, contract liabilities from loyalty points, impairment losses, lease liabilities and others.

Profit

As a result of the abovementioned concepts, profit for the three months ended March 31, 2020 and 2019 amounted to P89.1 million and P168.6 million, respectively.

Financial Position

As at March 31, 2020 and December 31, 2019:

Cash and Cash Equivalents

Cash and cash equivalents amounted to P6.3 billion and P1.4 billion as at March 31, 2020 and December 31, 2019, respectively. As at March 31, 2020, cash and cash equivalents of P6.3 billion include P1.9 billion cash on hand and in banks and P4.4 billion short-term investments which were readily convertible to cash. As at December 31, 2019, cash and cash equivalents of P1.4 billion include P1.2 billion cash on hand and in banks and P215.2 million short-term investments which were readily convertible to cash. Net increase in cash and cash equivalents was mainly from the proceeds from the Stock Rights Offering, net of payments of loans from related parties.

Trade Receivables - Net

Trade receivables amounted to P1.1 billion and P893.0 million as at March 31, 2020 and December 31, 2019, net of allowance for impairment losses amounting to P20.4 million and P23.8 million, respectively, which mainly pertain to receivables from customers. Trade receivables - net increased by 24.6% due to lower collection rate from the impact of the COVID 19 pandemic.

Due from Related Parties

Related party balances amounted to P29.2 million and P27.7 million as at March 31, 2020 and December 31, 2019, respectively. Movements primarily refer to sale of goods, invoicing of administrative fees, and advances between related parties, among others. Please see Note 10 in the attached unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2020 and the consolidated financial position as at December 31, 2019 and unaudited statement of profit or loss and other comprehensive income for the three months ended March 31, 2019.

Insurance Claims and Premium Receivables

Insurance premiums receivable, which amounted to P90.5 million and P437.0 million as at March 31, 2020 and December 31, 2019, respectively, is related to non-damage business interruption insurance receivable from third party insurance company. Premiums receivable represents premiums on written policies which are collectible within the Company's credit term. Claims from insurance amounted to P2.2 million and P8.5 million as at March 31, 2020 and December 31, 2019. Decrease in premiums receivable was mainly from collection of December 31, 2019 receivables, net of premiums during the first quarter of 2020 on written policies which are collectible within the Company's credit term.

Other Current Accounts Receivable

Other accounts receivables amounted to P24.3 million and P65.2 million as at March 31, 2020 and December 31, 2019, respectively. Movements primarily refer to receivable from contractors, short-term deposits, loan receivables, receivable from employees and others.

Inventories

Inventories amounted to P3.0 billion as at March 31, 2020 and December 31, 2019. Inventories consisting of raw materials, cement and work in process amounted to P2.2 billion and P1.9 billion as at March 31, 2020 and December 31, 2019, respectively, and the remaining balance pertains to spare parts. Inventories are measured at cost or net realizable value, whichever is lower.

Prepayments and Other Current Assets

Other current assets amounted to P1.5 billion and P1.7 billion as at March 31, 2020 and December 31, 2019, respectively which pertains primarily to prepayments of insurance, P341.6 million and P508.8 million, respectively, prepayment of taxes, P823.6 million and P645.0 million, respectively. Movement was primarily due to amortization of prepayments of insurance.

Investment in an Associate and Other Investments

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

Other Assets and Noncurrent Accounts Receivable

Other assets amounting to P882.5 million and P837.2 million as at March 31, 2020 and December 31, 2019, respectively, primarily consisted of long-term prepayments amounting to P27.9 million, long-term performance deposits of P266.3 million and P259.9 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to P481.1 million and P480.8 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments. Increase were related to transportation allowance of employees and advances to suppliers.

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

Property, machinery and equipment had a balance of P19.1 billion and P18.0 billion as at March 31, 2020 and December 31, 2019, respectively. For the three months ended March 31, 2020 and for the year ended December 31, 2019, P49.2 million and P659.4 million, respectively, were incurred for maintenance capital expenditures and P1.5 billion and P3.2 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to P1.9 billion and P2.0 billion as at March 31, 2020 and December 31, 2019, respectively. For the three months ended March 31, 2020 and for the year ended December 31, 2019, additions to assets for the right-of-use amounted to P70.7 million and P362.4 million, respectively.

Advances to Contractors

In November 2018, the Company made a downpayment amounting to P2.1 billion to a third party for the construction and installation of Solid Cement's new production line and is presented under noncurrent assets in the consolidated statements of financial position. As at March 31, 2020, and December 31, 2019, the balance of this account amounted to P1.5 billion and P1.6 billion, respectively. Movement was due to the depletion of advances in line with the progress of the Solid Cement plant expansion project.

Deferred Income Tax Assets - Net

The Company's deferred income tax asset amounted to P1.1 billion and P1.0 billion as at March 31, 2020 and December 31, 2019, respectively, which mainly represented pension, unrealized foreign exchange losses and future tax benefits from operating losses. Deferred tax liability amounted to P1.6 million each as at March 31, 2020 and December 31, 2019.

Goodwill

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

Trade Payables

Trade payables as at March 31, 2020 and December 31, 2019 amounted to P4.3 billion and P4.8 billion, respectively. Movements were related to purchases of raw materials and other goods, and services provided by third parties.

Due to Related Parties

Short-term payable to related parties had a balance of P1.6 billion and P2.7 billion as at March 31, 2020 and December 31, 2019, respectively. Long-term payable to related parties amounted to nil and P5.4 billion as at March 31, 2020 and December 31, 2019, respectively. Movement primarily refers to repayment of the Solid Expansion Facility Agreement and the APO Operational Facility Agreement with CABV.

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

Contract liabilities, unearned income, other payables and accruals which amounted to P1.9 billion as at March 31, 2020 and December 31, 2019, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable.

Lease Liabilities

Current portion of finance lease liabilities amounted to P531.3 million and P525.4 million as at March 31, 2020 and December 31, 2019, respectively. Noncurrent portion of finance lease liabilities amounted to P1.6 billion as at March 31, 2020 and December 31, 2019.

Retirement Benefit Liability

Retirement benefit liability amounting to P824.1 million and P794.2 million as at March 31, 2020 and December 31, 2019, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans.

Long-term Bank Loan

The total outstanding balance of the BDO Refinancing Loan amounted to P11.4 billion as at March 31, 2020 and December 31, 2019. The unamortized debt issuance cost of this long-term bank loan, amounting to P99.5 million and P106.0 million, was deducted from the total loan liability as at March 31, 2020 and December 31, 2019, respectively. Short-term portion of the bank loan amounted to P140.1 million as at March 31, 2020 and December 31, 2019.

Other Noncurrent Liabilities

Other noncurrent liabilities of P20.6 million as at March 31, 2020 and December 31, 2019, pertains to provision for asset retirement obligation.

Common Stock

As at March 31, 2020 and December 31, 2019, the total authorized capital stock of the Parent Company consisted of 13,489,226,623 and 5,195,395,454 common shares at a par value of P1 per share, respectively and the total issued and outstanding capital stock was 13,489,226,623 and

5,195,395,454 common shares at a par value of P1 per share, respectively. Increase in common stock was due to the Stock Rights Offering.

Other Equity Reserves

The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries.

Retained Earnings

Retained earnings of P2.4 billion and P2.3 billion as at March 31, 2020 and December 31, 2019 respectively, included the Company's cumulative net results of operations.

Key Performance Indicators

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

Key Financial Indicators	Formula	For the three-month period ended March 31, 2020	For the year ended December 31, 2019
Current Ratio	Current Assets/Current Liabilities	1.4 : 1	0.7 : 1
Solvency Ratio	Profit (Loss) + Depreciation and Amortization/Total Liabilities	0.0 : 1	0.1 : 1
Net debt to Equity Ratio	Debt*/Total Equity	0.4 : 1	0.9 : 1
Asset to Equity Ratio	Total Assets/Total Equity	1.5 : 1	2.0 : 1

*Debt is net of cash and cash equivalents.

Key Financial Indicators	Formula	For the period ended March 31, 2020	For the period ended March 31, 2019
Interest Rate Coverage Ratio	Operating income before other income-net/Interest	2.2 : 1	1.8 : 1
Profitability Ratio	Operating income before other income-net/Revenue	0.1 : 1	0.1 : 1

Aging of Accounts Receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2020:

	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates	0.1%	0.1%	0.2%	14.0%	1.8%
Trade receivables – gross carrying amount	P394,901	P405,878	P193,721	P138,571	P1,133,071
Allowance for impairment losses	354	349	357	19,357	20,417

PART II - OTHER INFORMATION

Insurance claims

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

In 2019, the Company received the outstanding amount of its insurance claims amounting to P447.1 million which includes the additional claims made in during the year amounting to P123.1 million. The collection and recognition of additional insurance claims were offset against “Costs of Sales” account in the consolidated statements of comprehensive income for the year ended December 31, 2019.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for “Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems”. In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants’ gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

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

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs’ Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22

plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019, which remains pending as of the date of this report.

As at March 31, 2020, because of the current status of the lawsuit and considering all possible defenses available, the Company cannot assess with certainty the likelihood of an adverse result in this lawsuit, and turn, the Company cannot assess if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of the novel spread of the Coronavirus COVID-19 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world, having affected as of such date more than 150 countries. In response to that, on March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures as necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. On March 26, 2020, the Governor of Cebu Province announced the implementation of ECQ measures for the entire island of Cebu, effective March 30.

Considering the implementation of ECQ in Luzon, the Company has temporarily suspended the delivery of all cement products to its customers in Luzon starting March 17, 2020. It has also announced on March 19, 2020 that it started the process that will lead to the temporary stoppage of the production at Solid's plant operations located in Antipolo City. On the other hand, beginning March 20, 2020 the operations at APO's plant continued but with skeletal workforce arrangement.

The various measures imposed to date by the Government and those that will be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect the Company's workforce and operations and the operations of the Company's customers, distributors, suppliers and contractors, and may negatively impact the Company's financial condition, results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company's manufacturing facilities, on its operations or workforce, or similar limitations for the Company's customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company's capacity to meet customer demand, any of which could have a material adverse effect on the Company's financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company's financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. As of the date of this report, the Company is not able to make reliable estimates of the impact of the COVID-19 Pandemic due to inadequacy of data and, therefore, the Company is not able to quantify them. The Company will evaluate on a quarterly basis during the year 2020, the impact of these events on its financial condition, results of operations and cash flows.

Even prior to the imposition of ECQ, the Company implemented, and has continued to implement, strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion of the COVID-19 Pandemic. The Company is undertaking and continues to explore temporary measures to address the adverse impact of the COVID-19 Pandemic on its workforce and operations with the objective of re-aligning the organization's resources with the evolving conditions in the different markets in which the Company operates. These immediate measures include (but are not limited to) the reduction of plant production and inventory levels, the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses) and the implementation of changes in work-deployment schedules. During the following months, the Company plans to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have started to considerably affect the Company. The Company considers that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in connection with: (i) increases in estimated credit losses on trade accounts receivable; (ii) impairment of long-lived assets including goodwill; (iii) further disruption in supply chains; and (iv) liquidity effects to meet the Company's short-term obligations. As of the issuance date of these financial statements it is not possible to make reliable estimates of potential unforeseen adverse effects on the Company's business from the COVID-19 Pandemic that may arise due to the uncertainty associated to the duration and consequences of the COVID-19 in the different markets in which the Company operates. Nonetheless, as events evolve during the year 2020, The Company will continue to evaluate and recognize the possible adverse effects in its financial condition, results of operations and cash flow.

Due to the constraints arising from quarantine restrictions imposed by government and in order to mitigate short-term liquidity risks to the Company, the Company intends to suspend, reduce or delay certain planned (i) capital expenditures; (ii) budgeted operating expenses in line with the evolution of demand per market in which the Company operates, and (iii) production and, where required, inventory levels in all of the Company's markets, as part of working capital initiatives.

The significant adverse effects on the Company's business and operating performance in 2020 as a result of the COVID-19 Pandemic, could limit the Company's ability to meet its financial covenants under a facility agreement. Considering this, the Company has started talks with its lender in order to amend such facility agreement. The absence of an agreement to amend may have a material adverse impact on the Company.

SIGNATURES

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

CEMEX HOLDINGS PHILIPPINES, INC.

By:



IGNACIO ALEJANDRO MIJARES ELIZONDO
President & Chief Executive Officer
Date: May 27, 2020



STEVE KUANSHENG WU
Treasurer and Chief Financial Officer
Date: May 27, 2020

Item 1. Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF FINANCIAL POSITION**

(Amounts in Thousands)

	<i>Note</i>	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	<i>6, 13</i>	P6,334,330	P1,399,180
Trade receivables - net	<i>13</i>	1,112,654	892,951
Due from related parties	<i>10, 13</i>	29,241	27,749
Insurance claims and premium receivables	<i>13</i>	92,662	445,535
Other current accounts receivable	<i>13</i>	24,256	65,244
Inventories		2,995,714	3,013,444
Prepayments and other current assets		1,515,138	1,672,392
Total Current Assets		12,103,995	7,516,495
Noncurrent Assets			
Investment in an associate and other investments		14,097	14,097
Advances to contractors		1,458,603	1,606,397
Other assets and noncurrent accounts receivable	<i>13</i>	882,515	837,151
Property, machinery, equipment and assets for the right-of-use – net	<i>7</i>	20,947,637	19,937,723
Deferred income tax assets - net		1,061,446	1,034,620
Goodwill		27,859,694	27,859,694
Total Noncurrent Assets		52,223,992	51,289,682
		P64,327,987	P58,806,177
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		P4,294,021	P4,795,817
Due to related parties	<i>10</i>	1,558,522	2,733,214
Current portion of long-term bank loan	<i>12</i>	140,123	140,123
Lease liabilities - current portion	<i>8</i>	531,287	525,411
Contract liabilities		414,793	267,787
Unearned income, other accounts payable and accrued expenses		1,436,211	1,657,724
Income tax payable		8,273	16,736
Total Current Liabilities		8,383,230	10,136,812
<i>Forward</i>			

		March 31, 2020	December 31, 2019
	<i>Note</i>	(Unaudited)	(Audited)
Noncurrent Liabilities			
Long-term bank loan - net of current portion	<i>12</i>	P11,152,261	P11,180,802
Long-term payable to a related party	<i>10</i>	-	5,368,838
Lease liabilities - net of current portion	<i>8</i>	1,557,368	1,637,840
Retirement benefit liability		824,116	794,201
Deferred income tax liabilities - net		1,624	1,587
Other noncurrent liabilities		20,610	20,610
Total Noncurrent Liabilities		13,555,979	19,003,878
Total Liabilities		21,939,209	29,140,690
Stockholders' Equity			
Controlling interest:			
Common stock	<i>9</i>	13,489,226	5,195,395
Additional paid-in capital	<i>9</i>	26,297,513	21,959,159
Other equity reserves		251,836	249,852
Retained earnings		2,350,041	2,260,911
Total controlling interest		42,388,616	29,665,317
Non-controlling interest		162	170
Total Equity		42,388,778	29,665,487
Total Liabilities and Equity		P64,327,987	P58,806,177

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED
INTERIM STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

(Amounts in Thousands, Except Per Share Data)
(Unaudited)

For The Three Months Ended March 31

	<i>Note</i>	2020	2019
REVENUE	4	P5,629,916	P6,237,427
COST OF SALES		(3,275,817)	(3,924,246)
GROSS PROFIT		2,354,099	2,313,181
OPERATING EXPENSES			
Administrative and selling expenses		(767,455)	(735,596)
Distribution expenses		(1,065,804)	(952,950)
TOTAL OPERATING EXPENSES		(1,833,259)	(1,688,546)
OPERATING INCOME BEFORE OTHER INCOME - Net		520,840	624,635
OTHER INCOME - Net		12,094	6,392
OPERATING INCOME AFTER OTHER INCOME - Net		532,934	631,027
FINANCIAL AND OTHER FINANCIAL EXPENSES - Net		(279,540)	(355,236)
FOREIGN EXCHANGE LOSS - Net		(66,411)	(17,276)
EARNINGS BEFORE INCOME TAX		186,983	258,515
INCOME TAX EXPENSE		(97,861)	(89,876)
PROFIT		89,122	168,639
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Gain (loss) on remeasurement on retirement benefit liability		(9,420)	2,487
Tax effect		2,826	(746)
		(6,594)	1,741
Items that will be reclassified subsequently to profit or loss			
Currency translation gain (loss) of a foreign subsidiary		8,578	(515)
Cash flow hedges - effective portion of changes in fair value		-	8,934
		8,578	8,419
TOTAL OTHER COMPREHENSIVE INCOME		1,984	10,160
TOTAL COMPREHENSIVE INCOME		91,106	178,799
Non-controlling interest comprehensive loss		8	7
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME		P91,114	P178,806
Basic / Diluted Earnings Per Share		0.01:1	0.03:1

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)
(Unaudited)

	For The Three Months Ended March 31, 2020						
	Common Stock (see Note 9)	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non-controlling Interest	Total Stockholders' Equity
As at January 1, 2020	P5,195,395	P21,959,159	P249,852	P2,260,911	P29,665,317	P170	P29,665,487
Share issuance	8,293,831	4,338,354	-	-	12,632,185	-	12,632,185
Total comprehensive income for the period	-	-	1,984	89,130	91,114	(8)	91,106
As at March 31, 2020	P13,489,226	P26,297,513	P251,836	P2,350,041	P42,388,616	P162	P42,388,778

	For The Three Months Ended March 31, 2019						
	Common Stock (see Note 9)	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non-controlling Interest	Total Stockholders' Equity
As at January 1, 2019	P5,195,395	P21,959,159	P589,907	P1,127,626	P28,872,087	P193	P28,872,280
Adjustment on initial application of PFRS 16	-	-	-	(146,314)	(146,314)	-	(146,314)
As at January 1, 2019, as restated	5,195,395	21,959,159	589,907	981,312	28,725,773	193	28,725,966
Total comprehensive income for the period	-	-	10,160	168,646	178,806	(7)	178,799
As at March 31, 2019	P5,195,395	P21,959,159	P600,067	P1,149,958	P28,904,579	P186	P28,904,765

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)
(Unaudited)

For The Three Months Ended March 31

	<i>Note</i>	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		P89,122	P168,639
Adjustments for:			
Depreciation and amortization of property, machinery, equipment and assets for the right-of-use	7	561,596	471,299
Financial expenses and unrealized foreign exchange result		247,396	333,843
Income tax expense		97,861	89,876
Retirement benefit expense		25,368	25,930
Provisions (reversal of provisions) during the period		(105)	6,520
Operating profit before working capital changes		1,021,238	1,096,107
Changes in working capital:			
Decrease (increase) in:			
Trade receivables – net		(219,598)	(378,951)
Due from related parties		4,687	24,813
Insurance claims and receivables		352,873	311,517
Other current accounts receivables		41,226	(10,728)
Inventories		17,981	34,276
Derivative asset		-	4,790
Prepayments and other current assets		93,904	77,866
Increase (decrease) in:			
Trade payables		(192,402)	(890,890)
Due to related parties		(61,747)	850,240
Contract liabilities		147,006	(56,963)
Unearned income, other accounts payable and accrued expenses		(216,758)	290,652
Cash generated from operations		988,410	1,352,729
Interest received		12,123	5,252
Interest paid		(340,508)	(255,449)
Income taxes paid		(66,936)	(92,204)
Benefits paid to employees		(4,873)	(14,305)
Net cash provided by operating activities		588,216	996,023

Forward

For The Three Months Ended March 31			
	<i>Note</i>	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, machinery and equipment	7	(P1,572,406)	(P269,719)
Decrease in other asset and noncurrent accounts receivable		(45,364)	(156,572)
Net cash used in investing activities		(1,617,770)	(426,291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from stock rights offering, net of issuance costs		12,632,185	-
Proceeds on loan from related parties	10	1,221,051	2,157,017
Payment of loan from related parties	10	(7,693,933)	-
Payment of lease liabilities	8	(145,834)	(109,007)
Payment of bank loan	12	(35,031)	(535,031)
Net cash provided by (used in) financing activities		5,978,438	1,512,979
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,948,884	2,082,711
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(13,734)	(11,108)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,399,180	1,813,665
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P6,334,330	P3,885,268

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Reporting Entity

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

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

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

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

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

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

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

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

On April 2, 2019, the Board of Directors approved the increase in the Parent Company’s authorized capital stock (“ACS”) from P5,195,395 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company’s shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders’ meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering (“Stock Rights Offering”) for the purpose of raising the equivalent in Philippine Peso of up to US\$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company’s application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC’s approval of the increase in the company’s authorized capital stock.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the “Rights Shares”) at an offer price of P1.54 per Rights Share that would be issued from the Parent Company’s increased ACS. The proceeds from the Stock Rights Offering would be used primarily to fund the expansion of Solid Cement’s plant, including (i) to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and Cemex Asia B.V. (“CABV”), as the lender (the “Solid Expansion Facility Agreement”), which facility agreement has been used primarily but not exclusively to fund the Solid Cement plant expansion project, including (ii) to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (the successor to CEMEX Hungary KFT) (the “APO Operational Facility Agreement”), and for other general corporate purposes.

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500.

On 27 February 2020, the SEC approved the Parent Company's application for increase of ACS and on 4 March 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares.

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

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2019.

Basis of Measurement

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

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded-off to the nearest thousands, except per share data, number of shares and when otherwise indicated.

Use of Judgments, Estimates and Assumptions

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

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

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

The Company has applied judgment to determine the lease term of some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use recognized.

Estimating Allowance for Impairment losses on Receivables

During the three months ended March 31, 2020, management reassessed its estimates in respect of the allowance for impairment losses on receivables. As at March 31, 2020 and December 31, 2019, allowance for impairment losses on receivables amounted to P20.4 million and P23.8 million, respectively (see Note 13).

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except for the following relevant new and amendments to standards, which were adopted on January 1, 2020.

Changes in Accounting Policies

The following new and amendments to standards and interpretation are effective for the three-month period ended March 31, 2020, and have been applied in preparing these condensed consolidated interim financial statements. The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2020. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's condensed consolidated interim financial statements:

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

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

- *Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be

expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

- raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’;
 - including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;
 - clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
 - clarifying the explanatory paragraphs accompanying the definition; and
 - aligning the wording of the definition of material across PFRS Standards and other publications.
- *Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

Standards Issued But Not Yet Adopted

The amendment to standards discussed below is effective for annual periods beginning after January 1, 2020, and have not been applied in preparing these condensed consolidated interim financial statements.

- PFRS 17, *Insurance Contracts*. The replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
- combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity’s rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts

represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the ‘premium allocation approach’, investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer’s financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2023. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

4. Revenue

Disaggregation of Revenue from Contracts with Customers

Revenue for the three-month period ended March 31, 2020 and 2019 are detailed by major product lines and timing of revenue recognition as follows:

	Timing of revenue recognition		2020	2019
Sale of goods				
Cement	At a point in time	P	5,628,282	6,236,791
Admixtures	At a point in time		1,634	636
		P	5,629,916	6,237,427

Breakdown of cement sales per customer for the three-month period ended March 31, 2020 and 2019 is as follows:

			2020	2019
Retailers		P	4,395,187	5,051,681
Institutional			1,215,474	1,154,860
Others			17,621	30,250
Total		P	5,628,282	6,236,791

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

Contract Balances

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

		March 31, 2020	December 31, 2019
Trade receivables.....	P	1,112,654	892,951
Contract liabilities			
Advances from customers.....		378,406	223,035
Customer loyalty program		36,387	44,752

The contract liabilities include unredeemed customer loyalty points and advances from customers. These will be recognized as revenue when the points are redeemed by customers or when the goods are delivered to the customer, which is expected to occur the following year. The amount recognized in contract liabilities as at March 31, 2020 and December 31, 2019 are expected to be recognized as revenue within 12 months. There are no other unperformed obligation other than those already included in contract liabilities.

Seasonality of Operations

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

5. Basic/Diluted Loss Per Share

Basic and diluted loss per share is computed as follows:

	For the Three Months Ended March 31 2020 (Unaudited)	For the Three Months Ended March 31 2019 (Unaudited)
Profit	P89,122	P168,639
Add: non-controlling interest net loss	8	7
Controlling interest in net income (a)	P89,130	P168,646
Weighted average number of shares outstanding - Basic/Diluted (b)	8,294,189,517	5,195,395,454
Basic/Diluted EPS (a/b)	P0.01	P0.03

As at March 31, 2020 and 2019, the Company has no dilutive equity instruments.

6. Cash and Cash Equivalents

Cash and cash equivalents as at March 31, 2020 and December 31, 2019, consisted of:

	2020 (Unaudited)	2019
Cash on hand and cash in banks	P1,908,131	P1,184,026
Short-term investments	4,426,199	215,154
	P6,334,330	P1,399,180

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 of 0.78% to 1.63% for the three months ended March 31, 2020 and interests ranging from 2.39% to 2.42% for the three months ended March 31, 2019. For the three months ended March 31, 2020 and 2019, interest income on cash and cash equivalents amounted to P12,123 and P5,252, respectively.

As at March 31, 2020 and December 31, 2019, short-term investments include deposits of the Company with related parties which are considered highly liquid investments readily convertible to cash, as follows:

	2020 (Unaudited)	2019
Lomez International B.V. ¹	P3,615,889	P65,154
Local banks	810,310	150,000
	P4,426,199	P215,154

¹The short term investments with Lomez bears interest at a rate equivalent to the higher of Western Asset Institutional Liquid Reserves Fund (WAILRF) rate minus 10 basis points and zero interest for Solid, APO and Edgewater Ventures Corporation and WAILRF rate plus 30 basis points for CAR and Falcon.

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

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

As at March 31, 2020 and December 31, 2019, the consolidated balance of this item is broken down as follows:

		2020 (Unaudited)	2019
Property, Machinery and Equipment	P	19,080,801	17,975,945
Assets for the right-of-use		1,866,836	1,961,778
	P	20,947,637	19,937,723

Property, Machinery and Equipment

The movements in the Company's Property, Machinery and Equipment are as follows:

	Buildings	Machinery and equipment	Construction In-progress	Total
Gross Carrying Amount				
January 1, 2019	P4,177,729	P13,053,684	P2,031,337	P19,262,750
Additions	72,659	396,381	3,389,837	3,858,877
Disposals	(2,191)	(110,865)	-	(113,056)
Transfers	155,457	455,295	(610,752)	-
December 31, 2019	4,403,654	13,794,495	4,810,422	23,008,571
Additions	-	13,697	1,487,333	1,501,030
Transfers	37,605	12,351	(49,956)	-
Disposal	-	(1,730)	-	(1,730)
March 31, 2020 (Unaudited)	4,441,259	13,818,813	6,247,799	24,507,871
Accumulated depreciation				
January 1, 2019	(629,246)	(3,016,139)	-	(3,645,385)
Depreciation for the year	(296,270)	(1,173,901)	-	(1,470,171)
Disposal	1,772	81,158	-	82,930
December 31, 2019	(923,744)	(4,108,882)	-	(5,032,626)
Depreciation for the period	(86,414)	(309,760)	-	(396,174)
Disposal	-	1,730	-	1,730
March 31, 2019 (Unaudited)	(1,010,158)	(4,416,912)	-	(5,427,070)
Carrying Amounts				
December 31, 2019	P3,479,910	P9,685,613	P4,810,422	P17,975,945
March 31, 2020 (Unaudited)	P3,431,101	P9,401,901	P6,247,799	P19,080,801

In relation to Solid's expansion plan, the Company capitalized borrowing cost amounting to P100,519 for the three months ended March 31, 2020. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the three months ended March 31, 2020 is 9.1%.

Assets for the Right-of-Use

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

	Land and Buildings	Machinery and equipment	Total
Gross Carrying Amount			
January 1, 2019	P1,815,620	P1,370,844	P3,186,464
Additions	57,839	304,604	362,443
Remeasurement from lease termination	(7,416)	(119,069)	(126,485)
December 31, 2019	1,866,043	1,556,379	3,422,422
Additions	70,731	-	70,731
March 31, 2020 (Unaudited)	1,936,774	1,556,379	3,493,153
Accumulated amortization			
January 1, 2019	(350,799)	(685,007)	(1,035,806)
Amortization for the year	(130,816)	(365,186)	(496,002)
Remeasurement from lease termination	-	71,164	71,164
December 31, 2019	(481,615)	(979,029)	(1,460,644)
Amortization for the period	(40,274)	(125,399)	(165,673)
March 31, 2020 (Unaudited)	(521,889)	(1,104,428)	(1,626,317)
Carrying Amounts			
December 31, 2019	P1,384,428	P577,350	P1,961,778
March 31, 2020 (Unaudited)	P1,414,885	P451,951	P1,866,836

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

8. Lease liabilities

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

	March 31, 2020	December 31, 2019
Balance at beginning of the period	P2,163,251	P2,359,596
Additions	70,731	362,443
Accretion of interest	32,175	138,321
Effect of changes in exchange rates	507	(23,389)
Payments	(178,009)	(611,367)
Remeasurement from termination of lease	-	(62,353)
Ending balance	P2,088,655	P2,163,251

9. Equity

Common Stock

This account consists of:

	March 31, 2020		December 31, 2019	
	(Unaudited)			
	Shares	Amount	Shares	Amount
Authorized - P1.00 par value per share	5,195,395,454	P5,195,395	5,195,395,454	P5,195,395
Stock rights offering	8,293,831,169	P8,293,831	-	-
Issued, fully paid and outstanding balance at beginning/end of period	13,489,226,623	P13,489,226	5,195,395,454	P5,195,395

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

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

shares at P1 par value per share or a total par value of P2,337,928 at the offer price of P10.75 per share (see Note 1).

On April 2, 2019, the Board of Directors approved the increase in the Parent Company's authorized capital stock ("ACS") from P5,195,395 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company's shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the "Rights Shares") at an offer price of P1.54 per Rights Share that would be issued from the Parent Company's increased ACS. The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500.

On 27 February 2020, the SEC approved the Parent Company's application for increase of ACS and on 4 March 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares.

Capital Management

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

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

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

	March 31 2020 (Unaudited)	December 31 2019
Total liabilities	P21,939,209	P29,140,690
Less cash and cash equivalents	6,334,330	1,399,180
Net debt	P15,604,879	P27,741,510
Total equity	P42,388,778	P29,665,487
Net debt to equity ratio	0.37:1	0.94:1

10. Related Party Transactions

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).

Related party transactions are shown under the appropriate accounts in the condensed consolidated interim financial statements as at and for the three-month period ended March 31, 2020 and for the year ended December 31, 2019 are as follows:

	2020	2019
	(Unaudited)	
Short-term investments		
Other related party¹⁹		
Lomez (Note 6).....	P 3,615,889	65,154
Receivables – current		
Ultimate Parent		
CEMEX ¹	P -	803
Other Related Parties		
Torino Re. ¹⁴	20,926	-
APO Land & Quarry Corporation (ALQC) ²	3,161	13,048
Island Quarry and Aggregates Corporation (IQAC) ³	2,537	10,210
CEMEX Operaciones México, S.A. de C.V. ⁵	1,363	1,363
CASEC ⁶	1,253	626
CEMEX Asia Pte., Ltd. - Philippine Headquarters (CAPL-PHQ) ⁶	1	-
Beijing CXP Import & Export Co. ⁴	-	1,699
	P 29,241	27,749
Payables – current		
Ultimate Parent		
CEMEX ¹	P 16,658	35,474
Other related parties¹⁹		
Transenergy, Inc. ⁹	727,073	621,352
CEMEX Operaciones México, S.A. de C.V. ⁵	536,175	463,948
CRG ⁷	196,824	397,808
IQAC ¹¹	60,071	43,049
ALQC ¹⁷	17,592	-
Beijing CXP Import & Export Co. ¹³	4,124	4,370
CAPL-PHQ ¹⁶	5	50
CEMEX Asia B.V. (CABV) ⁸	-	1,079,560
Sunbulk Shipping, N.V. ¹⁰	-	47,903
CEMEX International Trading LLC ¹²	-	35,229
Torino Re. ¹⁴	-	3,783
CEMEX Internacional, S.A. de C.V. ¹⁵	-	688
	1,558,522	2,733,214
Payable - non current		
Other related party¹⁹		
CEMEX Asia, B.V. ⁸	-	5,368,838
	P 1,558,522	8,102,052

		2020 (Unaudited)	2019
Lease liabilities on land¹⁸			
ALQC	P	785,902	785,865
IQAC		388,686	390,946
	P	1,174,588	1,176,811

¹Effective December 1, 2019, CEMEX Mexico, S.A. de C.V has merged with CEMEX. The receivable balance refers to the hedge settlement received by CEMEX on behalf of the Company which payable on demand and unimpaired; while the balance payable pertains to a) purchase of equipment amounting to P9,448 and P9,414 as at March 31, 2020 and December 31, 2019, respectively, which is unsecured, noninterest-bearing and payable on demand and b) P7,210 and P26,060 as at March 31, 2020 and December 31, 2019 for the use of CEMEX "marks" which is payable in 30 days after receipt of invoice and is unsecured and noninterest-bearing. On January 1, 2016, CAR entered into an agreement with CEMEX for the right to use of its "marks" and to further license the "marks" with other CEMEX group companies operating in the Asia territories.

²The balance, which is unimpaired, unsecured, noninterest-bearing and due on demand includes a) receivables from service agreement amounting to P3,136 and P359 as at March 31, 2020 and December 31, 2019, respectively; and b) others amounting to P25 and P31 as at March 31, 2020 and December 31, 2019, respectively; and c) receivable from US dollar conversion amounting to nil and P12,658 as at March 31, 2020 and December 31, 2019, respectively. The service agreement was entered by Solid and APO with ALQC wherein Solid and APO provides back-office and other support services to the latter. Fees are calculated at cost incurred plus fixed mark-up.

³The balance, which is unimpaired, unsecured, noninterest-bearing and due on demand includes a) reimbursable expenses amounting to P44 as at December 31, 2019; b) receivable from US dollar conversion amounting to P10,166 as at December 31, 2019; respectively; and c) receivables from service agreement amounting amounting to P2,537 as at March 31, 2020. Solid has entered into a service agreement with IQAC wherein the former provides back office and other support services to the latter. Fees are calculated at cost incurred plus fixed mark-up.

⁴The unimpaired receivable balance pertains to advances which are unsecured, noninterest-bearing and due on demand.

⁵The receivable balance, amounting to P1,363 as at March 31, 2020 and December 31, 2019, which is unimpaired, unsecured, noninterest-bearing and due on demand, pertains to reimbursement of fringe benefit tax on share-based compensation; while the balance payable, which is unsecured, noninterest-bearing and payable on demand, pertains to business support services received by the Company. In 2009, Solid and APO entered into separate service agreements with CAPL-PHQ, whereby the latter through CAPL-PHQ shall provide to Solid and APO services relating to, among others, general administration and planning; business planning and coordination; marketing control and; sales promotion and business development. In the implementation of these service agreements, CAPL-PHQ also arranged for certain services to be performed by CEMEX Central, S.A. de C.V. ("CEMEX Central") and, accordingly, CAPL-PHQ collected from each of Solid and APO as reimbursement of the fees billed by CEMEX Central for services rendered. In 2017, the arrangement between CAPL-PHQ and CEMEX Central was changed resulting in Solid and APO entering into separate service agreements directly with CEMEX Central wherein the latter shall provide to the companies those particular services previously performed by CEMEX Central through the service agreements with CAPL-PHQ. CEMEX Operaciones, S.A. de C.V., a CEMEX subsidiary organized and existing under the laws of Mexico, was merged with CEMEX Central, whereby CEMEX Operaciones was the surviving entity pursuant to an agreement with respect to such merger dated August 1, 2019. As at March 31, 2020 and December 31, 2019, payable balance amounted to P536,175 and P463,948, respectively.

⁶The balance pertains to reimbursable expenses, which is unsecured, noninterest-bearing and due on demand.

⁷The receivable balance pertain to overpayment of royalties/license fees of the Company to CRG, which is unimpaired, unsecured, noninterest-bearing and due on demand. The liability balance pertain to unpaid royalties/license fees which is unsecured, noninterest-bearing and payable on demand.

⁸The balance includes a) interest on the loan of APO (short-term loan) and the loan of Solid (long-term loan) amounting to a total of nil and P5,925 as at March 31, 2020 and December 31, 2019, respectively; b) principal on said short-term loan amounting to P1,073,635, which bears 8.4% interest per annum, before tax, as at December 31, 2019. The long-term loan, which bears 8.2% interest per annum, pertains to the revolving facility agreement dated November 21, 2018 between Solid and CABV, allowing Solid to withdraw in one or several installments a sum of up to U.S.\$75,000, which was amended on February 2019, increasing the facility to U.S.\$100,000. On, November 28, 2019, further amendments were made to increase the facility to U.S.\$160,000. As at March 31, 2020 and December 31, 2019, loan principal amounted to nil and P5.4 billion, respectively. The interest rate of the long-term loan is being revalued semi-annually depending on the Company's consolidated leverage ratio. The foregoing loans are unsecured. The loan of Solid with CABV is due to be paid in 2024. The loan of APO with CABV is paid in 2020, as amended on October 1, 2019.

⁹The balance pertains to purchase of coal with a term of 30 days, noninterest-bearing and unsecured.

¹⁰The payable balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services.

¹¹The balance includes a) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P60,071 and P26,471 as at March 31, 2020 and December 31, 2019, respectively; and b) collections from housing loan owned by IQAC amounting to nil and P16,578 in March 31, 2020 and December 31, 2019, respectively, which are unsecured, noninterest-bearing and payable on demand. Solid purchases the majority of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement.

¹²The balance pertains to purchase of raw materials with a 30-day term which is unsecured and noninterest-bearing.

¹³The balance payable pertains to the outstanding liability for the purchases of materials and spare parts, which is unsecured, noninterest-bearing and payable on demand.

¹⁴The balance, which is unsecured, noninterest-bearing and due on demand pertains to insurance premiums.

¹⁵The balance pertains to purchase of other production supplies including additives, fuel and others with a 30-day term which is unsecured and noninterest-bearing.

¹⁶The balance includes a) overpayment on transferred pension liabilities amounting to P50 as at December 31, 2019, which is unsecured, noninterest-bearing and payable on demand; and b) reimbursable expenses amounting to P5 as at March 31, 2020, which is unsecured and noninterest bearing.

¹⁷The balance includes a) purchase of raw materials which is payable upon demand amounting to P17,150 as at March 31, 2020; b) reimbursable expenses amounting to P442 as at March 31, 2020. These transactions are unsecured and are noninterest-bearing. APO purchases the majority of its limestone, pozzolan and clay requirements from ALQC pursuant to a long-term supply agreement.

¹⁸The balances, which are recognized under "Lease liabilities" account, are unsecured, noninterest-bearing and payable on an annual basis. These land rentals have a 30-day term and are both noninterest-bearing and unsecured. The principal manufacturing installations of APO and Solid are located on land owned by IQAC or ALQC, under long-term lease agreements.

¹⁹Other related parties pertain to entities under common control of CEMEX, except for IQAC and ALQC

The reconciliation of opening and closing balances of long-term related party payables follows:

		<u>2020</u>	<u>2019</u>
Balance at beginning of period.....	P	6,448,398	3,594,997
Proceeds from drawdowns (net of issuance cost)		1,221,051	2,611,429
Interest expense (including amortization of debt issue cost)		149,110	574,947
Payments of interest		(155,035)	(170,433)
Payments of loan		(7,693,933)	-
Effect of exchange rate changes		-	(162,542)
Others		30,409	-
Balance at end of period.....	P	<u>-</u>	<u>6,448,398</u>

The main transactions entered by the Company with related parties for the three months ended March 31, 2020 and 2019 are shown below:

		<u>2020</u>	<u>2019</u>
Purchases of raw materials			
Transenergy, Inc.....	P	725,729	456,485
Island Quarry and Aggregates Corporation.....		88,827	60,230
APO Land & Quarry Corporation		26,532	285,107
Beijing CXP Import & Export Co.		12,805	10,916
	P	<u>853,893</u>	<u>812,738</u>
Royalties and trademarks			
CRG.....	P	196,785	233,265
CEMEX.....		7,210	7,413
	P	<u>203,995</u>	<u>240,678</u>
Corporate services and administrative services			
Cemex Operaciones Mexico, S.A. de C.V	P	77,500	-
Cemex Central, S.A. de C.V.		-	71,194
	P	<u>77,500</u>	<u>71,194</u>
Freight services			
Sunbulk Shipping, N.V.	P	-	67,476
Insurance			
Torino Re Ltd.....	P	21,862	97,338
Corporate services and administrative income			
APO Land & Quarry Corporation.....		3,570	1,711
Island Quarry and Aggregates Corporation		2,239	325
	P	<u>5,809</u>	<u>2,036</u>
Loan drawdown			
CEMEX Asia, B.V.....	P	1,221,051	2,157,017
Interest expense			
CEMEX Asia, B.V.....	P	149,110	114,481
Interest income			
Lomez International B.V.....	P	3,077	391

11. Segment Information

The Company applies PFRS 8 for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's results and performance is evaluated for decision-making purposes and allocation of resources is made on a per country basis. Hence, the Company represents a single geographical operating segment. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, ready-mix concrete and other construction materials. For the three-months period ended March 31, 2020 and 2019 the cement sector represented approximately 89.34% and 89.68% of total net revenues before eliminations resulting from consolidation, and 131.73% and 134.42%, respectively, of Operating EBITDA.

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

12. Long-term Bank Loan

On February 1, 2017, the Parent Company signed a Senior Unsecured Peso Term Loan Facility Agreement (Facility Agreement) with BDO for an amount of up to the Philippine Peso equivalent of U.S. dollar 280 million to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO has a tenor of seven (7) years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. Short-term portion of the bank loan amounted to P140,123 as at March 31, 2020 and December 31, 2019.

The debt issuance cost of this bank loan, corresponding to P99,528 and P106,019 on unamortized basis, was deducted from the total loan liability as at March 31, 2020 and December 31, 2019, respectively. Interest expense incurred as at March 31, 2020 and 2019, excluding amortized direct cost, amounted to P147.5 million and P216.0 million, respectively, which is recognized under "Financial and other financial expenses - net" account in the condensed consolidated interim statements of profit or loss and other comprehensive income.

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

		Bank Loan	Accrued Interest	Total
Balance as at January 1, 2019.....	P	13,628,851	132,907	13,761,758
Interest expense		25,964	774,869	800,833
Payment of:				
Principal		(2,340,123)	-	(2,340,123)
Interest		-	(812,776)	(812,776)
Others		6,233	-	6,233
Balance as at December 31, 2019.....		11,320,925	95,000	11,415,925
Interest expense		6,490	147,519	154,009
Payment of:				
Principal		(35,031)	-	(35,031)
Interest		-	(152,526)	(152,526)
Balance as at March 31, 2020.....	P	11,292,384	89,993	11,382,377

Accrued interest from this bank loan amounting to P89,933 and P95,000 as at March 31, 2020 and December 31, 2019 are recognized under “Unearned income, other accounts payable and accrued expenses” account in the condensed consolidated interim statements of financial position.

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

Debt service reserve account related to the Company’s bank loan amounted to P375,780 and P375,470 as at March 31, 2020 and December 31, 2019, respectively, and is recognized in “Other assets and noncurrent accounts receivable” in the unaudited condensed consolidated interim statements of financial position.

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

As at March 31, 2020, the Parent Company is in compliance with the applicable restrictions and covenants of the Facility Agreement.

13. Financial Instruments and Financial Risk Management

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

Risk management framework

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

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

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or a counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade receivables. As at March 31, 2020 and December 31, 2019 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 guarantees from its customers and financial counterparties with regard to financial assets, which can be called upon if the counterparty is in default under the terms of the agreement. Cash bonds received from credit customers as at March 31, 2020 and December 31, 2019 amounted to P32,624.

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

The carrying amount of financial assets below represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2020 and December 31, 2019 is as follows:

	<u>Gross Carrying Amount</u>		<u>Net Carrying Amount</u>	
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>
<i>Financial assets at amortized cost</i>				
Cash and cash equivalents (excluding cash on hand).....	P 6,334,330	1,399,180	6,334,330	1,399,180
Trade receivables	1,133,071	916,708	1,112,654	892,951
Due from related parties	29,241	27,749	29,241	27,749
Insurance claims and premiums receivable.....	92,662	445,535	92,662	445,535
Other current accounts receivable.....	24,256	65,244	24,256	65,244
Long-term time and rental guaranty deposits (under other assets and noncurrent accounts receivable).....	604,769	597,995	604,769	597,995
	<u>P 8,218,329</u>	<u>3,452,411</u>	<u>8,197,912</u>	<u>3,428,654</u>

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

Trade receivables

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

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

As at March 31, 2020	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
	Average expected credit loss rates	0.1%	0.1%	0.2%	14.0%
Trade receivables - gross carrying amount.....	P 394,901	405,878	193,721	138,571	1,133,071
Allowance for impairment losses	354	349	357	19,357	20,417
As at December 31, 2019					
	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates	0.2%	3.8%	68.2%	57.7%	2.6%
Trade receivables - gross carrying amount.....	P 831,695	50,910	4,538	29,565	916,708
Allowance for impairment losses	1,670	1,934	3,097	17,056	23,757

Other Financial Assets (excluding Equity Instruments)

Impairment on cash and cash equivalents and restricted cash (recognized under "Other assets and noncurrent accounts receivable" account in the consolidated statements of financial position) has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that these financial assets, as well as derivative assets, have low credit risk as these are held with reputable banks and financial

institutions. All other debt investments and other receivables (i.e., due from related parties, insurance claims and premium receivable, other current accounts receivable and rental guaranty deposits) that are measured at amortized cost are considered to have low credit risk, because they have low risk of default as the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Credit risk on these financial assets has not increased significantly since their initial recognition. Hence, the loss allowance calculated was therefore limited to 12 months expected losses. The Company has determined an insignificant amount of ECL on these financial assets because of the zero-instance of default from the counterparties and the effect of forward-looking information on macro-economic factors affecting the ability of the counterparties to settle the receivables were assessed to have an insignificant impact.

The Company sells its products primarily to retailers in the construction industry, with no specific geographic concentration of credit within the country in which the Company operates. As at March 31, 2020 and December 31, 2019, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables.

Movements in the Allowance for Impairment Losses in Trade receivables

Changes in the allowance for impairment losses for the three month period ended March 31, 2020 and for the year ended December 31, 2019 are as follows:

		<u>2020</u>	2019
Balance at beginning of period.....	P	23,757	24,148
Provision for (reversal of) doubtful accounts		(105)	334
Write-off of trade receivables		(3,235)	(725)
Allowance for impairment losses at end of period.....	P	<u>20,417</u>	<u>23,757</u>

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates mainly to its operational and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company's revenues and costs are generated and settled mainly in Philippine peso. For the three months ended March 31, 2020 and as at December 31, 2019 approximately less than 5% of the Company's net sales, before eliminations, were generated in dollars.

The Company had an exposure arising from the foreign currency denominated financial obligations as compared to the currency in which the majority of the Company's revenues are generated. The Company's only revenues denominated in dollars to cover such dollar-denominated obligations are those generated by exports. As at March 31, 2020 and December 31, 2019 the Company does not have any derivative financing hedge for foreign currency denominated financial obligation to address this foreign currency risk.

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

As at March 31, 2020 and December 31, 2019, a summary of the quantitative information of the exposure of the Company due to foreign currencies is provided to the administration on the basis of its risk management policy as follows:

Amounts in thousands of dollars	As at March 31, 2020	
	<i>(in USD)</i>	<i>(in EUR)</i>
Cash and cash equivalents	\$23,977	€-
Receivable from related parties*	27	-
Trade payables	(16,084)	(2,329)
Payable to related parties*	(25,195)	-
Lease liabilities	(11,383)	-
Net assets denominated in foreign currency ..	(\$28,658)	(€2,329)

*Pertains to related party transactions with entities outside the Company

Amounts in thousands of dollars	As at December 31, 2019	
	<i>(in USD)</i>	<i>(in EUR)</i>
Cash and cash equivalents	\$5,474	€ -
Due from related parties*	76	-
Due to related parties*	(130,090)	-
Trade payables	(29,558)	(1,510)
Lease liabilities	(14,051)	-
Net liabilities denominated in foreign currency	(\$168,149)	(€1,510)

*Pertains to related party transactions with entities outside the Company

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

Amount owed by	Amount owed to	March 31, 2020	December 31, 2019
		<i>(in USD)</i>	
Parent Company	CAR	(\$57,395)	(\$88,490)
Parent Company	Falcon	-	(31,225)
APO	CAR	(5,139)	(4,653)
Solid	CAR	(4,303)	(4,535)
		(\$66,837)	(\$128,903)

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:

Currency	March 31, 2020		December 31, 2019	
	Closing	Average	Closing	Average
U.S. dollar	50.68	50.82	P50.64	P51.57
Euro	55.88	56.00	56.78	57.68

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in various foreign currencies, with all other variables held constant, of the Company's earnings before income tax and equity for the three-month period ended March 31, 2020 and for the year ended December 31, 2019:

USD	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2020	+0.09%	P1,307	P915
	-0.09%	(1,307)	(915)
2019	+3.7%	315,057	220,540
	-3.7%	(315,057)	(220,540)

EUR	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2020	+1.6%	P2,082	P1,458
	-1.6%	(2,082)	(1,458)
2019	+5.8%	P4,973	P3,481
	-5.8%	(4,973)	(3,481)

Sensitivity Analysis pertaining to Eliminated Intragroup Balances

USD	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2020	+0.09%	P3,049	P2,134
	-0.09%	(3,049)	(2,134)
2019	+3.7%	241,523	169,067
	-3.7%	(241,523)	(169,067)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As at March 31, 2020 and December 31, 2019, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P5,943,034 and P5,964,021, respectively, of the long-term bank loan with BDO and short-term investments in Lomez International B.V. short-term investments in Lomez amounting to P3,615,889 and P65,154 as at March 31, 2020 and December 31, 2019, respectively. The short term investments with Lomez bears interest at a rate equivalent to the higher of Western Asset Institutional Liquid Reserves Fund (WAILRF) rate minus 10 basis points and zero interest for Solid, APO and Edgewater Ventures Corporation and WAILRF rate plus 30 basis points for CAR and Falcon.

Sensitivity Analysis

As at March 31, 2020 and December 31, 2019, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the three months ended March 31, 2020 and 2019 would have decreased by approximately P16,290 and P41,292 net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

Commodity Price Risk

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

For the three months ended March 31, 2020 and 2019, changes in fair value of these contracts recognized in OCI amounted to nil and P8,934, respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially decrease the Company's net income and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by and used in operating activities, as presented in its unaudited condensed consolidated interim statement of cash flows, was P588,216 and P996,023 for the three months period ended March 31, 2020 and 2019, respectively. 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. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

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

	As at March 31, 2020				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	More than 5 Years
	<i>(In Thousands of Peso)</i>				
Trade payables	P4,294,021	P4,294,021	P4,294,021	P -	P -
Other accounts payable and accrued expenses*	924,614	924,614	924,614	-	-
Due to related parties	1,558,522	1,558,522	1,558,522	-	-
Long-term bank loan	11,292,384	13,139,967	734,789	12,405,178	-
Lease liabilities	2,088,655	4,900,430	610,345	688,989	3,601,096
Total	P20,158,196	P24,817,554	P8,122,291	P13,094,167	P3,601,096

*Excluding government-related payables, and other non-financial liabilities amounting to P511.6 million.

	As at December 31, 2019				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	More than 5 Years
	<i>(In Thousands of Peso)</i>				
Trade payables	P4,795,817	P4,795,817	P4,795,817	P -	P -
Other accounts payable and accrued expenses*	942,855	942,855	942,855	-	-
Due to related parties	8,102,052	10,714,797	3,289,975	7,424,822	-
Long-term bank loan	11,320,925	13,305,483	736,880	12,568,603	-
Lease liabilities	2,163,251	5,094,230	646,741	787,474	3,660,015
Total	P27,324,900	P34,853,182	P10,412,268	P20,780,899	P3,660,015

*Excluding government-related payables, and other non-financial liabilities amounting to P714.9 million.

Insurance Risk management

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

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

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

14. Fair Values of Financial Assets and Financial Liabilities

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

As at March 31, 2020 and December 31, 2019, the carrying amounts of financial assets and liabilities and their respective fair values are as follows:

	March 31, 2020			December 31, 2019		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
<u>Financial assets</u>						
Long-term time and guaranty deposits	P <u>604,769</u>	<u>604,769</u>	Level 2	P <u>597,995</u>	<u>597,995</u>	Level 2
<u>Financial liabilities</u>						
Bank loan	P 11,292,384	13,008,383	Level 2	P 11,320,925	12,888,099	Level 2
Payable to a related party	-	-	Level 2	6,448,398	7,952,786	Level 2
	P <u>11,292,384</u>	<u>13,008,383</u>		P <u>17,769,323</u>	<u>20,840,885</u>	

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

15. Contingencies

As at March 31, 2020, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. The Company considers that in those instances in which obligations have been incurred, the Company has accrued adequate provisions to cover the related risks. The Company believes these matters will be resolved without any significant effect on its business, consolidated financial position or consolidated financial performance. In addition, in relation to ongoing legal proceedings, the Company is able to make a reasonable estimate of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, for a limited number of ongoing proceedings, the Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by-case basis would seriously prejudice Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

16. Relevant Information Regarding the Impact of the Landslide

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

In 2019, the Company received the outstanding amount of its insurance claims amounting to P447,053 which includes the additional claims made in during the year amounting to P123,136. The collection and recognition of additional insurance claims were offset against "Costs of Sales" account in the consolidated statements of comprehensive income for the year ended December 31, 2019.

As at March 31, 2020, among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Parent Company, ALQC and APO still hold the position that the landslide occurred due to natural causes and deny liability, fault and negligence. In the event a final adverse resolution is issued in this matter, plaintiffs will have the option to proceed against any one of ALQC, APO or the Parent Company for satisfaction of the entirety of the potential judgement award, without the need to proceed against any other private defendant beforehand. Thus, ALQC's, APO's or the Parent Company's assets alone could be exposed to execution proceedings.

As at March 31, 2020, because of the current status of the lawsuit and considering all possible defenses available, the Company cannot assess with certainty the likelihood of an adverse result in this lawsuit, and turn, the Company cannot assess if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

17. Events in Relation to the Impact of Covid-19

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of the novel spread of the Coronavirus COVID-19 (the “COVID-19 Pandemic”), due to its rapid spread throughout the world, having affected as of such date more than 150 countries. In response to that, on March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine (“ECQ”) throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures as necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. On March 26, 2020, the Governor of Cebu Province announced the implementation of ECQ measures for the entire island of Cebu, effective March 30.

Considering the implementation of ECQ in Luzon, the Company has temporarily suspended the delivery of all cement products to its customers in Luzon starting March 17, 2020. It has also announced on March 19, 2020 that it started the process that will lead to the temporary stoppage of the production at Solid’s plant operations located in Antipolo City. On the other hand, beginning March 20, 2020 the operations at APO’s plant continued but with skeletal workforce arrangement.

The various measures imposed to date by the Government and those that will be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect the Company’s workforce and operations and the operations of the Company’s customers, distributors, suppliers and contractors, and may negatively impact the Company’s financial condition, results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company’s manufacturing facilities, on its operations or workforce, or similar limitations for the Company’s customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company’s capacity to meet customer demand, any of which could have a material adverse effect on the Company’s financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company’s financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. As of the date of this report, the Company is not able to make reliable estimates of the impact of the COVID-19 Pandemic due to inadequacy of data and, therefore, the Company is not able to quantify them. The Company will evaluate on a quarterly basis during the year 2020, the impact of these events on its financial condition, results of operations and cash flows.

Even prior to the imposition of ECQ, the Company implemented, and has continued to implement, strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion of the COVID-19 Pandemic. The Company is undertaking and continues to explore temporary measures to address the adverse impact of the COVID-19 Pandemic on its workforce and operations with the objective of re-aligning the organization’s resources with the evolving conditions in the different markets in which the Company operates. These immediate measures include (but are not limited to) the reduction of plant production and inventory levels, the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses)

and the implementation of changes in work-deployment schedules. During the following months, the Company plans to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have started to considerably affect the Company. The Company considers that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in connection with: (i) increases in estimated credit losses on trade accounts receivable; (ii) impairment of long-lived assets including goodwill; (iii) further disruption in supply chains; and (iv) liquidity effects to meet the Company's short-term obligations. As of the issuance date of these financial statements it is not possible to make reliable estimates of potential unforeseen adverse effects on the Company's business from the COVID-19 Pandemic that may arise due to the uncertainty associated to the duration and consequences of the COVID-19 in the different markets in which the Company operates. Nonetheless, as events evolve during the year 2020, The Company will continue to evaluate and recognize the possible adverse effects in its financial condition, results of operations and cash flow.

Due to the constraints arising from quarantine restrictions imposed by government and in order to mitigate short-term liquidity risks to the Company, the Company intends to suspend, reduce or delay certain planned (i) capital expenditures; (ii) budgeted operating expenses in line with the evolution of demand per market in which the Company operates, and (iii) production and, where required, inventory levels in all of the Company's markets, as part of working capital initiatives.

The significant adverse effects on the Company's business and operating performance in 2020 as a result of the COVID-19 Pandemic, could limit the Company's ability to meet its financial covenants under a facility agreement. Considering this, the Company has started talks with its lender in order to amend such facility agreement. The absence of an agreement to amend may have a material adverse impact on the Company.

EXHIBIT D

**SEC Form 17-Q for Quarter Ended 30 June 2020
(2nd Quarter 2020)**

**CEMEX HOLDINGS PHILIPPINES, INC.
SEC FORM 17-A**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2020**
2. SEC Identification Number. **CS201518815**
3. BIR Tax Identification No. **009-133-917-000**
4. Exact name of registrant as specified in its charter. **CEMEX HOLDINGS PHILIPPINES, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and postal code **34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
8. Issuer's telephone number, including area code **(02) 8849-3600**
9. Former name, former address and former fiscal year, if changed since last report – **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	13,489,226,623

11. Are any or all of the securities listed on a Stock Exchange?
Yes No

Stock Exchange: Philippine Stock Exchange
Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes No
 - (b) has been subject to such filing requirements for the past ninety (90) days. Yes No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated interim financial statements as at and for the six months ended June 30, 2020 and the consolidated statement of financial position as at December 31, 2019 and unaudited statement of profit or loss and other comprehensive income for the six months ended June 30, 2019, and the related notes to the unaudited condensed consolidated interim financial statements of CEMEX Holdings Philippines, Inc. and its Subsidiaries as at June 30, 2020 are filed as part of this Form 17-Q as Appendix I.

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

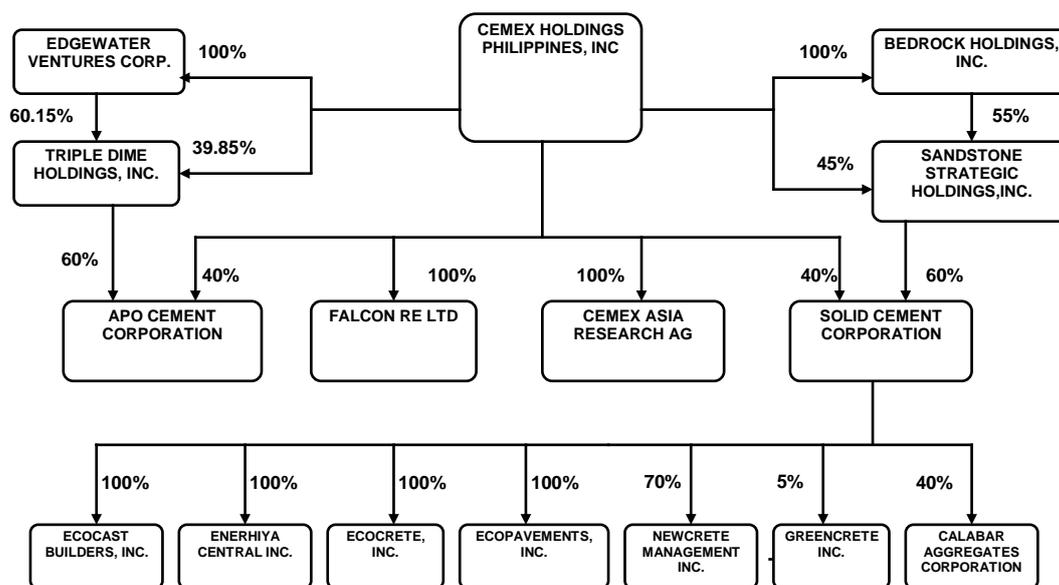
On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (“CEMEX”), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

The Company presents comparative unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020 and unaudited condensed consolidated interim financial statements for the six months ended June 30, 2019.

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

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

The following diagram provides a summary of the Company’s organizational and ownership structure as of June 30, 2020:



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

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

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

On April 2, 2019, the Board of Directors approved the increase in the Parent Company’s authorized capital stock (“ACS”) from P5,195,395,454 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395,454 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company’s shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders’ meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering (“Stock Rights Offering”) for the purpose of raising the equivalent in Philippine Peso of up to US\$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company’s application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC’s approval of the increase in the company’s authorized capital stock.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the “Rights Shares”) at an offer price of P1.54 per Rights Share that would be issued from the Parent Company’s increased ACS. The proceeds from the Stock Rights Offering would be used primarily to fund the expansion of Solid Cement’s plant in Antipolo City (the “Solid Expansion Project”), including (i) to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and Cemex Asia B.V. (“CABV”), as the lender (the “Solid Expansion Facility Agreement”), which facility agreement has been used primarily but not exclusively to fund the Solid Expansion Project, including (ii) to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (the successor to CEMEX Hungary KFT) (the “APO Operational Facility Agreement”), and for other general corporate purposes.

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500,000.26.

On 27 February 2020, the SEC approved the Parent Company’s application for increase of ACS and on 4 March 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company’s application for increase in authorized capital stock, the Parent Company’s issued and outstanding shares totaled 13,489,226,623 common shares.

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

The following is a discussion and analysis of our unaudited condensed consolidated interim financial condition and results of operations as at and for the six months ended June 30, 2020, the consolidated financial condition as at December 31, 2019, and unaudited condensed consolidated interim results of operations for the six months ended June 30, 2019, and certain trends, risks and uncertainties that may affect our business.

Financial Performance

For the six months ended June 30, 2020 and 2019:

Revenue

Revenue for the six-month period ended June 30, 2020 and 2019 amounted to P9.6 billion and P12.4 billion, respectively. The breakdown of revenue after elimination of transactions between consolidated entities for the six months ended June 30, 2020 and 2019 were as follows:

	For the six months ended June 30, 2020		For the six months ended June, 2019	
<i>Segment</i>	<i>Amount*</i>	<i>% Sales</i>	<i>Amount*</i>	<i>% Sales</i>
Cement sales	P9,622	100.0%	P12,354	100.0%
Other business	1	0.0%	2	0.0%
Total	P9,623	100.0%	P12,356	100.0%

**Amounts in millions*

For the six months ended June 30, 2020, our domestic gray cement volumes decreased by 17% year-over-year during the first semester of 2020. This reflects the impact of the Enhanced Community Quarantine (ECQ) in Luzon, and other quarantine measures around the country starting the second half of March 2020 up to May 2020, in relation to the government's response to the COVID-19 pandemic. Our domestic gray cement prices were 6% lower year-over-year during the first six months of 2020, reflecting declines during the second half of 2019.

Cost of Sales

Cost of sales for the six-month period ended June 30, 2020 and 2019 amounted to P5.8 billion and P7.3 billion, respectively. Cost of sales in the first half of 2020 reflects the impact of quarantine measures nationwide and the Luzon ECQ from March 16 until May 31. This includes the temporary stoppage of Solid Cement Plant beginning the third week of March, in relation to the Luzon ECQ. Solid Cement Plant resumed operations on May 20, in compliance with government regulations related to the COVID-19 pandemic.

Gross Profit

As a result of the above conditions, gross profit for the six months ended June 30, 2020 and 2019 reached P3.8 billion and P5.1 billion, respectively. Gross profit as a percentage of revenue for the six months ended June 30, 2020 and 2019 were at 39.3% and 41.1%, respectively.

Operating Expenses

Operating expenses amounted to P3.1 billion and P3.6 billion, respectively, for the six months ended June 30, 2020 and 2019. The decline in operating expenses were related to lower sales activity due to the COVID-19 pandemic and the company's efforts to optimize costs. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to P1.4 billion and P1.5 billion or 14.3% and 12.5% of revenue for the first six months of 2020 and 2019. These include, among others: a) license fees amounting to P327.0 million and P440.7 million, respectively; b) salaries and wages amounting to P387.8 million and P385.9 million, respectively; and c) administrative services amounting to P329.8 million and P380.9 million, respectively. Distribution expenses amounted to P1.8 billion and P2.1 billion, respectively, for the six months ended June 30, 2020 and 2019, which accounted for 18.2% and 16.8%, respectively, of revenue. Measures to control distribution expenses limited the increase in our cost to 1.4 percentage points of sales year-over-year despite significant reduction in sales volumes related to the COVID-19 pandemic.

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

Movements in operating expenses was primarily due to decrease in both selling and administrative expenses and distribution expenses during the first half of 2020. Selling and administrative expenses decreased by P168.3 million mainly due to lower management fees net of royalties and trademarks as well as lower administrative services.

Operating Income Before Other Income, Net

For the reasons discussed above, profit from operations amounted to P0.7 billion and P1.5 billion, respectively, for the six months ended June 30, 2020 and 2019. These comprised 6.8% and 11.8% of revenue for the six months ended June 30, 2020 and 2019, respectively.

Financial and Other Financial Expenses - Net

Net financial expenses for the six months ended June 30, 2020 and 2019 amounted to P534.1 million and P714.8 million, respectively. This includes interest expense, interest income, interest cost on pension and bank charges. Decline in 2020 was primarily attributable to a) higher capitalized borrowing costs for the Solid Expansion Project; and b) lower interest expense as a result of lower bank loan balances and lower bank interest rates in 2020.

Foreign Exchange Loss, Net

Net foreign exchange loss of P0.3 million and net foreign exchange gain of P274.4 million were reported for the six months ended June 30, 2020 and 2019, respectively. Decrease in foreign exchange gain refers to a decline in favorable movement in the foreign exchange rate during the first semester of 2020 compared to the same period in 2019. In 2020, the Company also recorded realized foreign exchange losses from the redenomination of its loan with CABV.

Other Income, Net

Net other loss for the six-month period ended June 30, 2020 was P1.4 million while net other income in the same period last year was P10.5 million. The decrease was mainly due to incremental expenses attributable to the impact of COVID-19 Pandemic (See background in PART II-OTHER INFORMATION).

Income Tax Expense

As a result of operations, our income tax benefit for the six months ended June 30, 2020 amounted to P18.3 million while our income tax expense in the same period last year amounted to P224.7 million. The movement was due to higher deferred tax benefits whose movements were mainly affected by timing differences for items such as unrealized foreign exchange gains or losses, contract liabilities from loyalty points, impairment losses, lease liabilities and others.

Profit

As a result of the abovementioned concepts, profit for the six months ended June 30, 2020 and 2019 amounted to P135.0 million and P802.3 million, respectively.

Financial Position

As at June 30, 2020 and December 31, 2019:

Cash and Cash Equivalents

Cash and cash equivalents amounted to P5.3 billion and P1.4 billion as at June 30, 2020 and December 31, 2019, respectively. As at June 30, 2020, cash and cash equivalents of P5.3 billion include P1.6 billion cash in banks and P3.7 billion short-term investments which were readily convertible to cash. As at December 31, 2019, cash and cash equivalents of P1.4 billion include P1.2 billion cash in banks and P0.2 billion short-term investments which were readily convertible to cash. Net increase in cash and cash equivalents was mainly from the proceeds from the company's concluded Stock Rights Offering, net of payments of loans from related parties.

Trade Receivables - Net

Trade receivables amounted to P883.5 million and P893.0 million as at June 30, 2020 and December 31, 2019, net of allowance for impairment losses amounting to P23.4 million and P23.8 million, respectively, which mainly pertain to receivables from customers.

Due from Related Parties

Related party balances amounted to P7.3 million and P27.7 million as at June 30, 2020 and December 31, 2019, respectively. Movements primarily refer to sale of goods, invoicing of administrative fees, and advances between related parties, among others. Please see Note 10 in the attached unaudited condensed consolidated interim financial statements as at and for the six months ended June 30, 2020 and the consolidated financial position as at December 31, 2019 and unaudited statement of profit or loss and other comprehensive income for the six months ended June 30, 2019.

Insurance Claims and Premium Receivables

Insurance premiums receivable, which amounted to P359.3 million and P437.0 million as at June 30, 2020 and December 31, 2019, respectively, is related to non-damage business interruption insurance receivable from third party insurance company. Premiums receivable represents premiums on written policies which are collectible within the Company's credit term. Claims from insurance amounted to

P0.5 million and P8.5 million as at June 30, 2020 and December 31, 2019. Decrease was mainly from collection of December 31, 2019 premiums insurance receivables, net of premiums of insurance policies which were written during the first half of 2020.

Other Current Accounts Receivable

Other accounts receivables amounted to P31.8 million and P65.2 million as at June 30, 2020 and December 31, 2019, respectively. Movements primarily refer to receivable from contractors, short-term deposits, loan receivables, receivable from employees and others.

Inventories

Inventories amounted to P2.4 billion and P3.0 billion as at June 30, 2020 and December 31, 2019, respectively. Inventories consisting of raw materials, cement and work in process amounted to P1.1 billion and P1.9 billion as at June 30, 2020 and December 31, 2019, respectively, and the remaining balance pertains to spare parts. Decrease in 2020 is primarily attributable to the decrease of cement production volume due to temporary stoppage of operations and optimization of production during the implementation of ECQ and other quarantine measures around the country. Inventories are measured at cost or net realizable value, whichever is lower.

Prepayments and Other Current Assets

Other current assets amounted to P1.8 billion and P1.7 billion as at June 30, 2020 and December 31, 2019, respectively which pertains primarily to prepayments of insurance, P614.2 million and P508.8 million, respectively, prepayment of taxes, P950.3 million and P645.0 million, respectively. Movement primarily refers to increase in prepaid taxes offset by amortization of other prepaid costs.

Investment in an Associate and Other Investments

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

Other Assets and Noncurrent Accounts Receivable

Other assets amounting to P873.7 million and P837.2 million as at June 30, 2020 and December 31, 2019, respectively, primarily consisted of long-term prepayments amounting to P27.9 million, long-term performance deposits of P265.5 million and P259.9 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to P474.3 million and P480.8 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments.

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

Property, machinery and equipment had a balance of P19.2 billion and P18.0 billion as at June 30, 2020 and December 31, 2019, respectively. For the six months ended June 30, 2020 and for the year ended December 31, 2019, P45.1 million and P659.4 million, respectively, were incurred for maintenance capital expenditures and P2.0 billion and P3.2 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to P2.1 billion and P2.0 billion as at June 30, 2020 and December 31, 2019, respectively. For the six months ended June 30, 2020 and for the year ended December 31, 2019, additions to assets for the right-of-use amounted to P323.9 million and P362.4 million, respectively.

Advances to Contractors

In November 2018, the Company made a down payment amounting to P2.1 billion to a third party for the construction and installation of Solid Cement's new production line and is presented under noncurrent assets in the consolidated statements of financial position. As at June 30, 2020, and December 31, 2019, the balance of this account amounted to P1.4 billion and P1.6 billion, respectively. Movement was due to the depletion of advances in line with the progress of the Solid Expansion Project.

Deferred Income Tax Assets - Net

The Company's deferred income tax asset amounted to P1.3 billion and P1.0 billion as at June 30, 2020 and December 31, 2019, respectively, which mainly represented pension, unrealized foreign exchange losses and future tax benefits from operating losses. Movement mainly refers to recognition of additional deferred tax assets from operating losses and Minimum Corporate Income Tax. Deferred tax liability amounted to P1.5 million and P1.6 million as at June 30, 2020 and December 31, 2019, respectively.

Goodwill

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

Trade Payables

Trade payables as at June 30, 2020 and December 31, 2019 amounted to P3.7 billion and P4.8 billion, respectively. Movements mainly refer to settlement of payables to contractors for the Solid Expansion Project and lower purchases of raw materials and other goods, and services provided by third parties due to implementation of ECQ and other quarantine measures in 2020.

Due to Related Parties

Short-term payable to related parties had a balance of P1.2 billion and P2.7 billion as at June 30, 2020 and December 31, 2019, respectively. Long-term payable to related parties amounted to nil and P5.4 billion as at June 30, 2020 and December 31, 2019, respectively. Movement primarily refers to repayment of loans with CABV.

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

Contract liabilities, unearned income, other payables and accruals which amounted to P1.8 billion and P1.9 billion as at June 30, 2020 and December 31, 2019, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable.

Lease Liabilities

Current portion of finance lease liabilities amounted to P675.0 million and P525.4 million as at June 30, 2020 and December 31, 2019, respectively. Noncurrent portion of finance lease liabilities amounted to P1.6 billion as at June 30, 2020 and December 31, 2019.

Retirement Benefit Liability

Retirement benefit liability amounting to P825.1 million and P794.2 million as at June 30, 2020 and December 31, 2019, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans.

Long-term Bank Loan

The total outstanding balance of the BDO Refinancing Loan amounted to P11.5 billion and P11.4 billion as at June 30, 2020 and December 31, 2019, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to P93.0 million and P106.0 million, was deducted from the total loan liability as at June 30, 2020 and December 31, 2019, respectively. Short-term portion of the bank loan amounted to P140.1 million as at June 30, 2020 and December 31, 2019.

Other Noncurrent Liabilities

Other noncurrent liabilities of P20.6 million as at June 30, 2020 and December 31, 2019, pertains to provision for asset retirement obligation.

Common Stock

As at June 30, 2020 and December 31, 2019, the total authorized capital stock of the Parent Company consisted of 18,810,395,454 and 5,195,395,454 common shares at a par value of P1 per share, respectively and the total issued and outstanding capital stock was 13,489,226,623 and 5,195,395,454 common shares at a par value of P1 per share, respectively. Increase in common stock was due to the Stock Rights Offering.

Other Equity Reserves

The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries.

Retained Earnings

Retained earnings of P2.4 billion and P2.3 billion as at June 30, 2020 and December 31, 2019 respectively, included the Company's cumulative net results of operations.

Key Performance Indicators

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

Key Financial Indicators	Formula	For the six-month period ended June 30, 2020	For the year ended December 31, 2019
Current Ratio	Current Assets/Current Liabilities	1.4 : 1	0.7 : 1
Solvency Ratio	Profit (Loss) + Depreciation and Amortization/Total Liabilities	0.1 : 1	0.1 : 1
Net debt to Equity Ratio	Debt*/Total Equity	0.4 : 1	0.9 : 1
Asset to Equity Ratio	Total Assets/Total Equity	1.5 : 1	2.0 : 1

**Debt is net of cash and cash equivalents.*

Key Financial Indicators	Formula	For the period ended June 30, 2020	For the period ended June 30, 2019
Interest Rate Coverage Ratio	Operating income before other income-net/Interest	1.6 : 1	2.1 : 1
Profitability Ratio	Operating income before other income-net/Revenue	0.1 : 1	0.1 : 1

Aging of Accounts Receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at June 30, 2020:

	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates	0.2%	2.3%	0.3%	16.3%	2.6%
Trade receivables – gross carrying amount	P682,114	P50,873	P48,810	P125,135	P906,932
Allowance for impairment losses	1,661	1,192	142	20,418	23,413

PART II - OTHER INFORMATION

Insurance claims

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

In 2019, the Company received the outstanding amount of its insurance claims amounting to P447.1 million which includes the additional claims made during the year amounting to P123.1 million. The collection and recognition of additional insurance claims were offset against “Costs of Sales” account in the consolidated statements of comprehensive income for the year ended December 31, 2019.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu¹, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for “Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems”. In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants’ gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

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

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs’ Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending.

¹ The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019, which remains pending as of the date of this report.

As at June 30, 2020, because of the current status of the lawsuit and considering all possible defenses available, the Company cannot assess with certainty the likelihood of an adverse result in this lawsuit, and in turn, the Company cannot assess if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of the novel spread of the Coronavirus COVID-19 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world, having affected as of such date more than 150 countries. In response to that, on March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures as necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. On March 26, 2020, the Governor of Cebu Province announced the implementation of ECQ measures for the entire island of Cebu, effective March 30.

Beginning May 16, 2020, several local government units (which included Metro Manila, Cebu City and Talisay City) were placed under modified enhanced community quarantine, while other local government units (which included the Province of Rizal and other cities in the Province of Cebu, excluding the component cities of Mandaue that remained under enhanced community quarantine) were placed under general community quarantine.

Considering the implementation of ECQ in Luzon, the Company's Solid Cement Plant temporarily suspended the production and delivery of cement products in the third week of March. Solid Cement Plant resumed operations on May 20, in compliance with government regulations. APO Cement Plant has remained operational year-to-date as of June 30, 2020, complying with all government regulations and the necessary hygiene and safety measures.

The various measures imposed to date by the Government and those that will be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect the Company's workforce deployment and operations and the operations of the Company's customers, distributors, suppliers and contractors, and may negatively impact the Company's financial condition, results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company's manufacturing facilities, on its operations or workforce, or similar limitations for the Company's customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company's capacity to meet customer demand, any of which could have a material adverse effect on

the Company's financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company's financial condition and results of operations will depend on future developments of the coronavirus situation in the country, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, government policy, and how quickly and to what extent normal economic and operating conditions can resume. As of the date of this report, the Company is not able to make reliable estimates of the impact of the COVID-19 Pandemic due to inadequacy of data and, therefore, the Company is not able to quantify them. The Company will evaluate on a quarterly basis during the year 2020, the impact of these events on its financial condition, results of operations and cash flows.

Even prior to the imposition of ECQ, the Company implemented, and has continued to implement, strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion of the COVID-19 Pandemic. The Company is undertaking and continues to explore temporary measures to address the adverse impact of the COVID-19 Pandemic on its workforce and operations with the objective of re-aligning the organization's resources with the evolving conditions in the different markets in which the Company operates. These immediate measures include (but are not limited to) the reduction of plant production and inventory levels, the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses) and the implementation of changes in work-deployment schedules. During the following months, the Company plans to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have started to considerably affect the Company. The Company considers that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in connection with: (i) increases in estimated credit losses on trade accounts receivable; (ii) impairment of long-lived assets including goodwill; (iii) further disruption in supply chains; and (iv) liquidity effects to meet the Company's short-term obligations. As of the issuance date of these financial statements it is not possible to make reliable estimates of potential unforeseen adverse effects on the Company's business from the COVID-19 Pandemic that may arise due to the uncertainty associated to the duration and consequences of the COVID-19 in the different markets in which the Company operates. Nonetheless, as events evolve during the year 2020, The Company will continue to evaluate and recognize the possible adverse effects in its financial condition, results of operations and cash flow.

Due to the constraints arising from quarantine restrictions imposed by government and in order to mitigate short-term liquidity risks to the Company, the Company intends to suspend, reduce or delay certain planned (i) capital expenditures; (ii) budgeted operating expenses in line with the evolution of demand per market in which the Company operates, and (iii) production and, where required, inventory levels in all of the Company's markets, as part of working capital initiatives.

On June 30, 2020, the Parent Company reached an agreement with BDO Unibank, Inc. amending further the facility agreement for the BDO Refinancing Loan, so that the Parent Company is required to comply with certain financial covenants commencing at the later date of June 30, 2021.

SIGNATURES

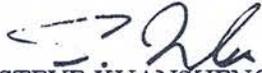
Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CEMEX HOLDINGS PHILIPPINES, INC.

By:



IGNACIO ALEJANDRO MIJARES ELIZONDO
President & Chief Executive Officer
Date: **AUG 14 2020**



STEVE KUANSHENG WU
Treasurer
Date: **AUG 14 2020**

Appendix I of Form 17-Q
Item 1. Financial Statements.
CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	<i>Notes</i>	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	<i>6, 9, 13</i>	P5,271,916	P1,399,180
Trade receivables - net	<i>4, 13</i>	883,519	892,951
Due from related parties	<i>10, 13</i>	7,266	27,749
Insurance claims and premium receivables	<i>13</i>	359,821	445,535
Other current accounts receivable	<i>13</i>	31,772	65,244
Inventories		2,380,727	3,013,444
Prepayments and other current assets		1,778,188	1,672,392
Total Current Assets		10,713,209	7,516,495
Noncurrent Assets			
Investment in an associate and other investments		14,097	14,097
Advances to contractors		1,378,280	1,606,397
Other assets and noncurrent accounts receivable		873,674	837,151
Property, machinery, equipment and assets for the right-of-use - net	<i>7</i>	21,248,850	19,937,723
Deferred income tax assets - net		1,260,914	1,034,620
Goodwill		27,859,694	27,859,694
Total Noncurrent Assets		52,635,509	51,289,682
TOTAL ASSETS		P63,348,718	P58,806,177
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		P3,680,847	P4,795,817
Due to related parties	<i>10</i>	1,199,196	2,733,214
Unearned income, other accounts payable and accrued expenses		1,426,613	1,657,724
Current portion of:			
Bank loan	<i>12</i>	140,123	140,123
Lease liabilities	<i>8</i>	674,985	525,411
Contract liabilities	<i>4</i>	384,277	267,787
Income tax payable		5,329	16,736
Total Current Liabilities		7,511,370	10,136,812

Forward

		June 30, 2020	December 31, 2019
	<i>Note</i>	(Unaudited)	(Audited)
Noncurrent Liabilities			
Long-term bank loan - net of current portion	<i>12</i>	P11,123,722	P11,180,802
Long-term payable to a related party	<i>10</i>	–	5,368,838
Lease liabilities - net of current portion	<i>8</i>	1,649,223	1,637,840
Retirement benefit liability		825,139	794,201
Deferred income tax liabilities - net		1,453	1,587
Other noncurrent liabilities		20,610	20,610
Total Noncurrent Liabilities		13,620,147	19,003,878
Total Liabilities		21,131,517	29,140,690
Equity			
Controlling interest:			
Common stock	<i>9</i>	13,489,226	5,195,395
Additional paid-in capital	<i>9</i>	26,204,379	21,959,159
Other equity reserves		127,498	249,852
Retained earnings		2,395,940	2,260,911
Total controlling interest		42,217,043	29,665,317
Non-controlling interest		158	170
Total Equity		42,217,201	29,665,487
TOTAL LIABILITIES AND EQUITY		P63,348,718	P58,806,177

See Notes to the Condensed Consolidated Interim Financial Statements.

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

		For the Six Months Ended June 30		For the Three Months Ended June 30	
	Note	2020	2019	2020	2019
REVENUE	4	P9,623,042	P12,355,927	P3,993,126	P6,118,500
COST OF SALES		(5,838,720)	(7,274,695)	(2,562,903)	(3,350,450)
GROSS PROFIT		3,784,322	5,081,232	1,430,223	2,768,050
OPERATING EXPENSES					
Distribution expenses		(1,753,826)	(2,078,096)	(688,022)	(1,125,146)
Administrative and selling expenses		(1,377,933)	(1,546,207)	(610,478)	(810,611)
TOTAL OPERATING EXPENSES		(3,131,759)	(3,624,303)	(1,298,500)	(1,935,757)
OPERATING INCOME BEFORE OTHER INCOME - Net		652,563	1,456,929	131,723	832,293
OTHER INCOME (EXPENSES) - Net		(1,373)	10,478	(13,467)	4,086
OPERATING INCOME AFTER OTHER INCOME - Net		651,190	1,467,407	118,256	836,379
FINANCIAL AND OTHER FINANCIAL EXPENSES - Net		(534,124)	(714,803)	(254,584)	(359,567)
FOREIGN EXCHANGE GAIN (LOSS) - Net		(305)	274,401	66,106	291,678
PROFIT (LOSS) BEFORE INCOME TAX		116,761	1,027,005	(70,222)	768,490
PROVISION FOR (BENEFIT FROM) INCOME TAX		18,256	(224,694)	116,117	(134,818)
PROFIT		135,017	802,311	45,895	633,672
OTHER COMPREHENSIVE LOSS					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Loss on remeasurement on retirement benefit liability		(10,749)	(162,769)	(1,329)	(165,255)
Tax effect		3,225	48,831	399	49,576
		(7,524)	(113,938)	(930)	(115,679)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Currency translation loss of a foreign subsidiary		(113,035)	(156,934)	(121,613)	(156,418)
Cash flow hedges - effective portion of changes in fair value		(1,795)	29	(1,795)	(8,905)
		(114,830)	(156,905)	(123,408)	(165,323)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAX		(122,354)	(270,843)	(124,338)	(281,002)
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAX		12,663	531,468	(78,443)	352,670
Non-controlling interest comprehensive loss		12	12	4	6
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME (LOSS)		P12,675	P531,480	(P78,439)	352,676
Basic / Diluted Earnings Per Share		P0.01	P0.15	P0.00	P0.12

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)
(Unaudited)

	For the Six Months Ended June 30, 2020						
	Common Stock (see Note 9)	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non- controlling Interest	Total Stockholders' Equity
As at January 1, 2020	P5,195,395	P21,959,159	P249,852	P2,260,911	P29,665,317	P170	P29,665,487
Share issuance	8,293,831	4,245,220	–	–	12,539,051	–	12,539,051
Total comprehensive income:							
Profit for the period	–	–	–	135,029	135,029	(12)	135,017
Other comprehensive loss for the period	–	–	(122,354)	–	(122,354)	–	(122,354)
As at June 30, 2020	P13,489,226	P26,204,379	P127,498	P2,395,940	P42,217,043	P158	P42,217,201

	For the Six Months Ended June 30, 2019						
	Common Stock (see Note 9)	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non-controlling Interest	Total Stockholders' Equity
As at January 1, 2019	P5,195,395	P21,959,159	P589,907	P1,127,626	P28,872,087	P193	P28,872,280
Adjustment on initial application of PFRS 16, <i>Leases</i>	–	–	–	(146,314)	(146,314)	–	(146,314)
As at January 1, 2019, as restated	5,195,395	21,959,159	589,907	981,312	28,725,773	193	28,725,966
Total comprehensive income:							
Profit for the period	–	–	–	802,323	802,323	(12)	802,311
Other comprehensive loss for the period	–	–	(270,843)	–	(270,843)	–	(270,843)
As at June 30, 2019	P5,195,395	P21,959,159	P319,064	P1,783,635	P29,257,253	P181	P29,257,434

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)
(Unaudited)

For The Six Months Ended June 30

	<i>Note</i>	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		P135,017	P802,311
Adjustments for:			
Depreciation and amortization of property, machinery, equipment and assets for the right-of-use		1,197,343	914,773
Financial expenses and unrealized foreign exchange result		362,852	394,832
Retirement benefit expense		50,737	51,862
Provisions during the period		2,890	56,445
Income tax expense		(18,256)	224,694
Gain on disposal of assets		(538)	(4,311)
Operating profit before working capital changes		1,730,045	2,440,606
Changes in working capital:			
Decrease (increase) in:			
Trade receivables		6,542	(381,322)
Due from related parties		(95,921)	29,258
Insurance claims and premium receivables		85,714	949,471
Other current accounts receivable		27,672	(10,760)
Inventories		573,592	45,951
Prepayments and other current assets		(183,274)	233,570
Derivative asset		–	1,958
Increase (decrease) in:			
Trade payables		(766,390)	(924,193)
Due to related parties		(352,598)	921,377
Unearned income, other accounts payable and accrued expenses		(345,166)	(185,512)
Contract liabilities		116,490	(120,489)
Net cash generated from operations		796,706	2,999,915
Interest received	6	24,894	21,155
Interest paid		(371,453)	(587,125)
Income taxes paid		(138,938)	(180,204)
Benefits paid to employees		(51,128)	(28,201)
Net cash provided by operating activities		260,081	2,225,540

Forward

	For The Six Months Ended June 30	
<i>Note</i>	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, machinery and equipment	(P2,021,023)	(907,328)
Decrease in other asset and noncurrent accounts receivable	(36,522)	(167,625)
Collection from sale of:		
Property, machinery and equipment	811	8,926
Net cash used in investing activities	(2,056,734)	(1,066,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Share issuance	12,539,051	–
Loans from related parties	1,221,051	2,157,017
Payment of:		
Loan from a related party	(7,693,933)	–
Principal portion of lease liabilities	(290,898)	(230,603)
Bank loan	(70,061)	(570,061)
Net cash provided by financing activities	5,705,210	1,356,353
NET INCREASE IN CASH	3,908,557	2,515,866
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(35,821)	(54,448)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,399,180	1,813,665
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P5,271,916	P4,275,083

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Reporting Entity

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

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

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

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

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

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

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

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

On April 2, 2019, the Board of Directors approved the increase in the Parent Company’s authorized capital stock (“ACS”) from P5,195,395 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company’s shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders’ meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering (“Stock Rights Offering”) for the purpose of raising the equivalent in Philippine Peso of up to US\$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company’s application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC’s approval of the increase in the company’s authorized capital stock.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the “Rights Shares”) at an offer price of P1.54 per Rights Share that would be issued from the Parent Company’s increased ACS. The proceeds from the Stock Rights Offering would be used primarily to fund the expansion of Solid Cement’s plant, including (i) to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and Cemex Asia B.V. (“CABV”), as the lender (the “Solid Expansion Facility Agreement”), which facility agreement has been used primarily but not exclusively to fund the Solid Cement plant expansion project, including (ii) to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (the successor to CEMEX Hungary KFT) (the “APO Operational Facility Agreement”), and for other general corporate purposes.

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500.

On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares (see Note 9).

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

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2019.

Basis of Measurement

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

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded-off to the nearest thousands, except per share data, number of shares and when otherwise indicated.

Use of Judgments, Estimates and Assumptions

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

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

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

The Company has applied judgment to determine the lease term of some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use recognized.

Estimating Allowance for Expected Credit Losses (ECL) on Receivables

During the six months ended June 30, 2020, management reassessed its estimates in respect of the allowance for ECL on receivables. As at June 30, 2020 and December 31, 2019,

allowance for ECL on receivables amounted to P23,413 and P23,757, respectively (see Note 4 and 13).

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except for the following relevant new and amendments to standards, which were adopted on January 1, 2020.

Changes in Accounting Policies

The following new and amendments to standards and interpretation are effective for the six-month period ended June 30, 2020, and have been applied in preparing these condensed consolidated interim financial statements. The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2020. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's condensed consolidated interim financial statements:

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

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

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

- including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;
 - clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
 - clarifying the explanatory paragraphs accompanying the definition; and
 - aligning the wording of the definition of material across PFRS Standards and other publications.
- *Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

Standards Issued But Not Yet Adopted

The amendment to standards discussed below is effective for annual periods beginning after January 1, 2021, and have not been applied in preparing these condensed consolidated interim financial statements.

- PFRS 17, *Insurance Contracts*. The replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
- combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity’s rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the ‘premium allocation approach’, investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2023. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

4. Revenue

Disaggregation of Revenue from Contracts with Customers

Revenue for the six-month period ended June 30, 2020 and 2019 are detailed by major product lines and timing of revenue recognition as follows:

	Timing of revenue recognition	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
Sale of goods and services			
Cement	At a point	P9,621,534	P12,353,965
Admixtures and other businesses	At a point	1,508	1,962
		P9,623,042	P12,355,927

Breakdown of cement sales per customer for the six-month period ended June 30, 2020 and 2019 is as follows:

	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
Retailers	P7,839,792	P9,867,294
Institutional	1,733,878	2,359,931
Others	47,864	126,740
Total	P9,621,534	P12,353,965

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

Contract Balances

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

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade receivables	P906,932	916,708
Less: allowance for ECL on trade receivables (Note 13)	23,413	23,757
	P883,519	P892,951
Contract liabilities:		
Advances from customers	P347,889	P223,035
Customer loyalty program	36,388	44,752
	P384,277	P267,787

The contract liabilities include unredeemed customer loyalty points and advances from customers. These will be recognized as revenue when the points are redeemed by customers or when the goods are delivered to the customer, which is expected to occur the following year. The amount recognized in contract liabilities as at June 30, 2020 and December 31, 2019 are expected to be recognized as revenue within 12 months. There are no other unperformed obligation other than those already included in contract liabilities.

Seasonality of Operations

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

5. Basic/Diluted Loss Per Share

Basic and diluted loss per share is computed for the six-months ended June 30, 2020 and 2019 are as follows:

	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
Profit	P135,017	P802,311
Add: non-controlling interest comprehensive loss	12	12
Controlling interest in profit (a)	P135,029	P802,323
Weighted average number of shares outstanding - Basic/Diluted (b)	10,891,708,070	5,195,395,454
Basic/Diluted EPS (a/b)	P0.01	P0.15

As at June 30, 2020 and 2019, the Company has no dilutive equity instruments.

6. Cash and Cash Equivalents

Cash and cash equivalents as at June 30, 2020 and December 31, 2019, consisted of:

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash in banks	P1,599,080	P1,184,026
Short-term investments	3,672,836	215,154
	P5,271,916	P1,399,180

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 of 0.31% to 1.63% for the six-months ended June 30, 2020 and interests ranging from 2.24 % to 2.39% for the six-months ended June 30, 2019. For the six-months ended June 30, 2020 and 2019, interest income on cash and cash equivalents amounted to P24,738 and P21,155, respectively.

As at June 30, 2020 and December 31, 2019, short-term investments include deposits of the Company with related parties which are considered highly liquid investments readily convertible to cash, as follows:

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Lomez International B.V. ¹ (Note 10 and 13)	P3,622,836	P65,154
Local banks	50,000	150,000
	P3,672,836	P215,154

¹The short term investments with Lomez bears interest at a rate equivalent to the higher of Western Asset Institutional Liquid Reserves Fund (WAILRF) rate minus 10 basis points and zero interest for Solid, APO and Edgewater Ventures Corporation and WAILRF rate plus 30 basis points for CAR and Falcon.

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

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

As at June 30, 2020 and December 31, 2019, the consolidated balance of this item is broken down as follows:

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Property, machinery and equipment	P19,179,020	P17,975,945
Assets for the right-of-use	2,069,830	1,961,778
	P21,248,850	P19,937,723

Property, Machinery and Equipment

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

	Buildings	Machinery and equipment	Construction In-progress	Total
Gross Carrying Amount				
January 1, 2019	P4,177,729	P13,053,684	P2,031,337	P19,262,750
Additions	72,659	396,381	3,389,837	3,858,877
Disposals	(2,191)	(110,865)	–	(113,056)
Transfers	155,457	455,295	(610,752)	–
December 31, 2019 (Audited)	4,403,654	13,794,495	4,810,422	23,008,571
Additions	1,523	36,723	1,959,518	1,997,764
Transfers	51,639	30,872	(82,511)	–
Disposal	–	(2,846)	–	(2,846)
June 30, 2020 (Unaudited)	4,456,816	13,859,244	6,687,429	25,003,489
Accumulated depreciation				
January 1, 2019	(629,246)	(3,016,139)	–	(3,645,385)
Depreciation for the year	(296,270)	(1,173,901)	–	(1,470,171)
Disposal	1,772	81,158	–	82,930
December 31, 2019 (Audited)	(923,744)	(4,108,882)	–	(5,032,626)
Depreciation for the period	(173,295)	(621,121)	–	(794,416)
Disposal	–	2,573	–	2,573
June 30, 2020 (Unaudited)	(1,097,039)	(4,727,430)	–	(5,824,469)
Carrying Amounts				
December 31, 2019 (Audited)	P3,479,910	P9,685,613	P4,810,422	P17,975,945
June 30, 2020 (Unaudited)	P3,359,777	P9,131,814	P6,687,429	P19,179,020

In relation to Solid's expansion plan, the Company capitalized borrowing cost amounting to P100,519 and P69,452 for the six months ended June 30, 2020 and 2019, respectively. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the six months ended June 30, 2020 and 2019 are 9.07% and 8.99%, respectively.

Assets for the Right-of-Use

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

	Land and buildings	Machinery and equipment	Total
Gross Carrying Amount			
January 1, 2019	P1,815,620	P1,370,844	P3,186,464
Additions	57,839	304,604	362,443
Cancellations and remeasurements	(7,416)	(119,069)	(126,485)
December 31, 2019 (Audited)	1,866,043	1,556,379	3,422,422
Additions	85,075	238,793	323,868
Remeasurements	–	127,987	127,987
June 30, 2020 (Unaudited)	1,951,118	1,923,159	3,874,277
Accumulated amortization			
January 1, 2019	(350,799)	(685,007)	(1,035,806)
Amortization for the year	(130,816)	(365,186)	(496,002)
Cancellations and remeasurements	–	71,164	71,164
December 31, 2019 (Audited)	(481,615)	(979,029)	(1,460,644)
Amortization for the period	(82,441)	(261,362)	(343,803)

June 30, 2020 (Unaudited)	(564,056)	(1,240,391)	(1,804,447)
Carrying Amounts			
December 31, 2019 (Audited)	P1,384,428	P577,350	P1,961,778
June 30, 2020 (Unaudited)	P1,387,062	P682,768	P2,069,830

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

8. Lease liabilities

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

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	P2,163,251	P2,359,596
Additions	323,868	362,443
Accretion of interest	63,120	138,321
Effect of changes in exchange rates	(6,990)	(23,389)
Payments	(347,028)	(611,367)
Cancellations and remeasurements	127,987	(62,353)
Ending balance	P2,324,208	P2,163,251

9. Equity

Common Stock

This account consists of:

	June 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Shares	Amount	Shares	Amount
Authorized - P1.00 par value per share	18,310,395,454	P18,310,395	5,195,395,454	P5,195,395
Issued, fully paid and outstanding balance at end of period	13,489,226,623	P13,489,226	5,195,395,454	P5,195,395

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

On May 20, 2016, the SEC approved the Parent Company's application for the amendment of and increase in its authorized capital stock. Accordingly, the original subscription of CASEC changed from 376,000 common shares with par value of P100 per share to 37,600,000 common shares with par value of P1 per share. Furthermore, in connection with

the increase in authorized capital stock, CASEC subscribed to an additional 2,819,867,500 shares at P1 par value per share or a total par value of P2,819,868 which was fully paid. During the IPO which culminated in the listing of all of the outstanding shares of stock of the Parent Company on July 18, 2016, the Parent Company issued additional 2,337,927,954 shares at P1 par value per share or a total par value of P2,337,928 at the offer price of P10.75 per share (see Note 1).

On April 2, 2019, the Board of Directors approved the increase in the Parent Company's authorized capital stock ("ACS") from P5,195,395 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company's shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the "Rights Shares") at an offer price of P1.54 per Rights Share that would be issued from the Parent Company's increased ACS. The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500.

On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares.

Capital Management

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

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

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

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Total liabilities	P21,131,517	P29,140,690
Less: cash and cash equivalents	5,271,916	1,399,180
Net debt	15,859,601	27,741,510
Total equity	42,217,201	29,665,487
Net debt to equity ratio	P0.38:1	P0.94:1

10. Related Party Transactions

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).

Related party transactions are shown under the appropriate accounts in the condensed consolidated interim financial statements as at and for the six-month period ended June 30, 2020 and for the year ended December 31, 2019 are as follows:

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Short-term investments		
<i>Other related party</i> ¹⁹		
Lomez International B.V. (Note 6)	P3,622,836	P65,154
Due from related parties		
<i>Ultimate Parent</i>		
CEMEX ¹	P139	P803
<i>Other Related Parties</i>		
APO Land & Quarry Corporation (ALQC) ²	3,612	13,048
Beijing CXP Import & Export Co. ⁴	2,743	1,699
Island Quarry and Aggregates Corporation (IQAC) ³	176	10,210
CASEC ⁶	526	626
CEMEX Operaciones México, S.A. de C.V. ⁵	70	1,363
	P7,266	P27,749
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Due to related parties		
<i>Ultimate Parent</i>		
CEMEX ¹	P14,199	P35,474
<i>Other related parties</i> ¹⁹		
CEMEX Operaciones México, S.A. de C.V. ⁵	605,284	463,948
CRG ⁷	314,653	397,808
Transenergy, Inc. ⁹	210,860	621,352
IQAC ¹¹	23,331	43,049
ALQC ¹⁷	15,366	-

Beijing CXP Import & Export Co. ¹³	11,777	4,370
Torino Re Ltd ¹⁴	3,413	3,783
Sunbulk Shipping, N.V. ¹⁰	299	47,903
CASEC ⁶	14	–
CAPL-PHQ ¹⁶	–	50
CABV ⁸	–	1,079,560
CEMEX International Trading LLC ¹²	–	35,229
CEMEX Internacional, S.A. de C.V. ¹⁵	–	688
	1,199,196	2,733,214

Long-term payable to a related party

Other related party¹⁹

CABV ⁸	–	5,368,838
	P1,199,196	P8,102,052

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Lease liabilities on land¹⁸		
ALQC	P780,459	P785,865
IQAC	385,994	390,946
	P1,166,453	P1,176,811

¹Effective December 1, 2019, CEMEX Mexico, S.A. de C.V has merged with CEMEX. On January 1, 2016, CAR entered into an agreement with CEMEX for the right to use of its "marks" and to further license the "marks" with other CEMEX group companies operating in the Asia territories.

The due from related party as at June 30, 2020 and December 31, 2019 pertains to the:

- a) the hedge settlement received by CEMEX on behalf of the Company which is payable on demand and unimpaired, which amounted to the receivable of P139 and P803, respectively.

The due to related party as at June 30, 2020 and December 31, 2019 pertains to:

- a) purchase of equipment amounting to nil and P9,414 respectively, which is unsecured, noninterest-bearing and payable on demand;
- b) the use of CEMEX "marks" which is payable in 30 days after receipt of invoice and is unsecured and noninterest-bearing which amounted to P12,370 and P26,060, respectively;
- c) reimbursable fees, which is unsecured, non-interest bearing and payable on demand amounted P34 and nil, respectively; and
- d) Commodity hedge on diesel oil derivative liability which amounted to P1,795 and nil, respectively.

²The balance, which is unimpaired, unsecured, noninterest-bearing and due on demand as at June 30, 2020 and December 31, 2019 includes

- a) receivables from service agreement amounting to P3,581 and P359, respectively;
- b) others amounting to P31 and P31, respectively; and
- c) receivable from US dollar conversion amounting to nil and P12,658 respectively. The service agreement was entered by Solid and APO with ALQC wherein Solid and APO provides back-office and other support services to the latter. Fees are calculated at cost incurred plus fixed mark-up.

³The balance which is unimpaired, unsecured, noninterest-bearing and due on demand as at June 30, 2020 and December 31, 2019 includes:

- a) reimbursable expenses amounting to P23 and P44, respectively;
- b) receivable from US dollar conversion amounting to nil and P10,166, respectively; and
- c) receivables from service agreement amounting to P153 as at June 30, 2020. Solid has entered into a service agreement with IQAC wherein the former provides back office and other support services to the latter. Fees are calculated at cost incurred plus fixed mark-up.

⁴The unimpaired receivable balance pertains to advances which are unsecured, noninterest-bearing and due on demand.

⁵The receivable balance, amounting to P70 and P1,363 as at June 30, 2020 and December 31, 2019, which is unimpaired, unsecured, noninterest-bearing and due on demand, pertains to reimbursement of fringe benefit tax on share-based compensation; while the balance payable, which is unsecured, noninterest-bearing and payable on demand, pertains to business support services received by the Company. In 2009, Solid and APO entered into separate service agreements with CAPL-PHQ, whereby the latter through CAPL-PHQ shall provide to Solid and APO services relating to, among others, general administration and planning; business planning and coordination; marketing control and; sales promotion and business development. In the implementation of these service agreements, CAPL-PHQ also arranged for certain services to be performed by CEMEX Central, S.A. de C.V. ("CEMEX Central") and, accordingly, CAPL-PHQ collected from each of Solid and APO as reimbursement of the fees billed by CEMEX Central for services rendered. In 2017, the arrangement between CAPL-PHQ and CEMEX Central was changed resulting in Solid and APO entering into separate service agreements directly with CEMEX Central wherein the latter shall provide to the companies those particular services previously performed by CEMEX Central through the service agreements with CAPL-PHQ. CEMEX Operaciones, S.A. de C.V., a CEMEX subsidiary organized and existing under the laws of Mexico, was merged with CEMEX Central, whereby CEMEX Operaciones was the surviving entity pursuant to an agreement with respect to such merger dated August 1, 2019. As at June 30, 2020 and December 31, 2019, payable balance amounted to P605,284 and P463,948, respectively.

⁶The balance pertains to reimbursable fees/expenses, which is unsecured, noninterest-bearing and due on demand.

⁷As at June 30, 2020 and December 31, 2019, the due to related party balance pertains to the following:

- a) the unpaid royalties/license fees which is unsecured, noninterest-bearing and payable on demand amounted to P314,610 and P397,808, respectively; and

b) reimbursable fees, which is unsecured, non-interest bearing and payable on demand amounted P43 and nil, respectively.

⁸The balance includes a) interest on the loan of APO (short-term loan) and the loan of Solid (long-term loan) amounting to a total of nil and P5,925 as at June 30, 2020 and December 31, 2019, respectively; b) principal on said short-term loan amounting to P1,073,635, which bears 8.4% interest per annum, before tax, as at December 31, 2019. The long-term loan, which bears 8.2% interest per annum, pertains to the revolving facility agreement dated November 21, 2018 between Solid and CABV, allowing Solid to withdraw in one or several installments a sum of up to U.S.\$75,000, which was amended on February 2019, increasing the facility to U.S.\$100,000. On, November 28, 2019, further amendments were made to increase the facility to U.S.\$160,000. As at June 30, 2020 and December 31, 2019, loan principal amounted to nil and P5,368,838, respectively. The interest rate of the long-term loan is being revalued semi-annually depending on the Company's consolidated leverage ratio. The foregoing loans are unsecured. The loans of APO and Solid with CABV, respectively, were fully paid in the first quarter of 2020.

⁹The balance pertains to purchase of coal with a term of 30 days, noninterest-bearing and unsecured.

¹⁰The payable balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services.

¹¹The balance includes a) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P23,331 and P26,471 as at June 30, 2020 and December 31, 2019, respectively; and b) collections from housing loan owned by IQAC amounting to nil and P16,578 in June 30, 2020 and December 31, 2019, respectively, which are unsecured, noninterest-bearing and payable on demand. Solid purchases the majority of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement.

¹²The balance pertains to purchase of raw materials with a 30-day term which is unsecured and noninterest-bearing.

¹³The balance payable pertains to the outstanding liability for the purchases of materials, supplies and spare parts, which is unsecured, noninterest-bearing and payable on demand.

¹⁴The balance, which is unsecured, noninterest-bearing and due on demand pertains to insurance premiums.

¹⁵The balance pertains to purchase of other production supplies including additives, fuel and others with a 30-day term which is unsecured and noninterest-bearing.

¹⁶As at June 30, 2019 and December 31, 2019 the due to related party balance pertains to the overpayment on transferred pension liabilities amounting to nil and P50 respectively, which is unsecured, noninterest-bearing and payable on demand;

¹⁷The balance includes a) purchase of raw materials which is payable upon demand amounting to P15,335 and nil as at June 30, 2020 and December 31, 2019, respectively; b) reimbursable expenses amounting to P31 and nil as at June 30, 2020 and December 31, 2019, respectively. These transactions are unsecured and are noninterest-bearing. APO purchases the majority of its limestone, pozzolan and clay requirements from ALQC pursuant to a long-term supply agreement.

¹⁸The balances, which are recognized under "Lease liabilities" account, are unsecured, noninterest-bearing and payable on an annual basis. These land rentals have a 30-day term and are both noninterest-bearing and unsecured. The principal manufacturing installations of APO and Solid are located on land owned by IQAC or ALQC, under long-term lease agreements.

¹⁹Other related parties pertain to entities under common control of CEMEX, except for IQAC and ALQC

The reconciliation of opening and closing balances of long-term related party payables follows:

	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	P6,448,398	P3,594,997
Proceeds from drawdowns (net of issuance cost)	1,221,051	2,611,429
Interest expense (including amortization of debt issue cost)	149,110	574,947
Payments of interest	(155,035)	(170,433)
Payments of loan	(7,693,933)	-
Effect of exchange rate changes	-	(162,542)
Others	30,409	-
Ending balance	P-	P6,448,398

The main transactions entered by the Company with related parties for the six months ended June 30, 2020 and 2019 are shown below:

	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)
Purchases of raw materials		
Transenergy, Inc.	P929,275	P1,129,074
IQAC	113,390	142,190
ALQC	52,233	234,092
Beijing CXP Import & Export Co.	22,850	11,264
Cemex International Trading LLC	2,384	36,527
	P1,120,132	P1,553,147

Royalties and trademarks		
CRG	P314,614	P425,558
CEMEX	12,370	15,106
	P326,984	P440,664
Corporate services and administrative services		
Cemex Operaciones Mexico, S.A. de C.V	P154,167	P-
Cemex Central, S.A. de C.V.	-	176,758
	P154,167	P176,758
Freight services		
Sunbulk Shipping, N.V.	P304	P67,832
	June 30,	June 30,
	2020	2019
	(Unaudited)	(Unaudited)
Insurance		
Torino Re Ltd	P108,163	P97,338
Corporate services and administrative income		
IQAC	P5,656	P3,008
ALQC	2,549	425
	P8,205	P3,433
Loan drawdown		
CABV	P1,221,051	P2,157,017
Interest expense		
CABV	P149,110	P114,481
Interest income		
Lomez International B.V.	P12,224	P775

11. Segment Information

The Company applies PFRS 8, *Operating Segments* for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's results and performance is evaluated for decision-making purposes and allocation of resources is made on a per country basis. Hence, the Company represents a single geographical operating segment. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, and other construction-related products and services. For the six-months period ended June 30, 2020 and 2019 the cement sector represented approximately 89.79 % and 89.32% of total net revenues before eliminations resulting from consolidation, and 130.61% and 137.06%, respectively, of Operating Earnings before interest, taxes, depreciation, and amortization (EBITDA).

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

12. Long-term Bank Loan

On February 1, 2017, the Parent Company signed a Senior Unsecured Peso Term Loan Facility Agreement (Facility Agreement) with BDO Unibank, Inc. (BDO) for an amount of up to the Philippine Peso equivalent of US\$280million to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO has a tenor of seven (7) years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. Short-term portion of the bank loan amounted to P140,123 as at June 30, 2020 and December 31, 2019.

The debt issuance cost of this bank loan, corresponding to P93,040 and P106,019 on unamortized basis, was deducted from the total loan liability as at June 30, 2020 and December 31, 2019, respectively. Interest expense incurred as at June 30, 2020 and 2019, excluding amortized direct cost, amounted to P293,688 and P430,985, respectively, which is recognized under "Financial and other financial expenses - net" account in the condensed consolidated interim statements of comprehensive income.

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

	Bank Loan	Accrued Interest	Total
Balance as at January 1, 2019	P13,628,851	P132,907	P13,761,758
Interest expense	25,964	774,869	800,833
Payment of:			
Principal	(2,340,123)	-	(2,340,123)
Interest	-	(812,776)	(812,776)
Others	6,233	-	6,233
Balance as at December 31, 2019			
(Audited)	11,320,925	95,000	11,415,925
Interest expense	12,981	293,688	306,669
Payment of:			
Principal	(70,061)	-	(70,061)
Interest	-	(152,526)	(152,526)
Balance as at June 30, 2020			
(Unaudited)	P11,263,845	P236,162	P11,500,007

Accrued interest from this bank loan amounting to P236,162 and P95,000 as at June 30, 2020 and December 31, 2019 are recognized under "Unearned income, other accounts payable and accrued expenses" account in the condensed consolidated interim statements of financial position.

The Facility Agreement also provides certain covenants. Compliance with these covenants shall be tested semi-annually. On December 8, 2017, the Parent Company entered into a

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

Debt service reserve account related to the Company's bank loan amounted to P368,975 and P375,470 as at June 30, 2020 and December 31, 2019, respectively, and is recognized in "Other assets and noncurrent accounts receivable" in the condensed consolidated interim statements of financial position.

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

As at June 30, 2020, the Parent Company is in compliance with the applicable restrictions and covenants of the Facility Agreement.

On June 30, 2020, the Parent Company reached an agreement with BDO further amending the Facility Agreement, so that the Parent Company is required to comply with certain financial covenants commencing at the later date of June 30, 2021.

13. Financial Instruments and Financial Risk Management

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

Risk management framework

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

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

disciplined and constructive control environment where all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or a counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade receivables. As at June 30, 2020 and December 31, 2019 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 guarantees from its customers and financial counterparties with regard to financial assets, which can be called upon if the counterparty is in default under the terms of the agreement. Cash bonds received from credit customers as at June 30, 2020 and December 31, 2019 amounted to P32,624.

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

The carrying amount of financial assets below represents the maximum credit exposure. The maximum exposure to credit risk as at June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020 (Unaudited)	
	Gross Carrying Amount	Net carrying amount
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents (Note 6)	P5,271,916	P5,271,916
Trade receivables (Note 4)	906,932	883,519
Due from related parties (Note 10)	7,266	7,266
Insurance claims and premiums receivable	359,821	359,821
Other current accounts receivable	31,772	31,772
Long-term time and rental guaranty deposits (Note 14; under other assets and noncurrent accounts receivable)	597,082	597,082
	P7,174,789	P7,151,376

	December 31, 2019 (Audited)	
	Gross Carrying Amount	Net carrying amount
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents (Note 6)	P1,399,180	P1,399,180
Trade receivables (Note 4)	916,708	892,951
Due from related parties (Note 10)	27,749	27,749
Insurance claims and premiums receivable	445,535	445,535

Other current accounts receivable	65,244	65,244
Long-term time and rental guaranty deposits (Note 14; under other assets and noncurrent accounts receivable)	597,995	597,995
	<u>P3,452,411</u>	<u>P3,428,654</u>

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

Trade receivables

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

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

As at June 30, 2020 (Unaudited)	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Trade receivables - gross carrying amount	P682,114	P50,873	P48,810	P125,135	P906,932
Allowance for ECL	1,661	1,192	142	20,418	23,413
Average ECL rates	0.2%	2.3%	0.2%	16.3%	2.6%

As at December 31, 2019 (Audited)	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Trade receivables - gross carrying amount	P831,695	P50,910	P4,538	P29,565	P916,708
Allowance for ECL	1,670	1,934	3,097	17,056	23,757
Average ECL rates	0.2%	3.8%	68.2%	57.7%	2.6%

Other Financial Assets (excluding Equity Instruments)

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

affecting the ability of the counterparties to settle the receivables were assessed to have an insignificant impact.

The Company sells its products primarily to retailers in the construction industry, with no specific geographic concentration of credit within the country in which the Company operates. As at June 30, 2020 and December 31, 2019, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables.

Movements in the Allowance for ECL in Trade receivables

Changes in the allowance for ECL for the six month period ended June 30, 2020 and for the year ended December 31, 2019 are as follows:

	June 30 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	P23,757	P24,148
Provision	2,891	334
Write-off of trade receivables	(3,235)	(725)
Ending balance	P23,413	P23,757

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates mainly to its operational and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company's revenues and costs are generated and settled mainly in Philippine peso. For the six months ended June 30, 2020 and as at December 31, 2019 approximately less than 5% of the Company's net sales, before eliminations, were generated in dollars.

The Company had an exposure arising from the foreign currency denominated financial obligations as compared to the currency in which the majority of the Company's revenues are generated. The Company's only revenues denominated in dollars to cover such dollar-denominated obligations are those generated by exports. As at June 30, 2020 and December 31, 2019 the Company does not have any derivative financing hedge for foreign currency denominated financial obligation to address this foreign currency risk.

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

As at June 30, 2020 and December 31, 2019, a summary of the quantitative information of the exposure of the Company due to foreign currencies is provided to the administration on the basis of its risk management policy as follows:

As at June 30, 2020 (Unaudited)

Amounts in thousands of dollars	U.S. dollar	Euro
Cash and cash equivalents	US\$4,252	€-
Receivable from related parties*	59	-
Trade payables	(24,355)	(426)
Payable to related parties*	(16,906)	-
Lease liabilities	(16,058)	-
Net assets denominated in foreign currency	(US\$53,008)	(€426)

*Pertains to related party transactions with entities outside the Company

As at December 31, 2019 (Audited)

Amounts in thousands of dollars	U.S. dollar	Euro
Cash and cash equivalents	US\$5,474	€-
Due from related parties*	76	-
Due to related parties*	(130,090)	-
Trade payables	(29,558)	(1,510)
Lease liabilities	(14,051)	-
Net liabilities denominated in foreign currency	(US\$168,149)	(€1,510)

*Pertains to related party transactions with entities outside the Company

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

Amount owed by	Amount owed to	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Parent Company	CAR	(US\$57,593)	(US\$88,490)
Parent Company	Falcon	(3,001)	(31,225)
APO	CAR	(3,547)	(4,653)
Solid	CAR	(8,918)	(4,535)
		(US\$73,059)	(US\$128,903)

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

Currency	June 30, 2020		December 31, 2019	
	Closing	Average	Closing	Average
U.S. dollar	P49.83	P50.55	P50.64	P51.57
Euro	55.98	55.81	56.78	57.68

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in various foreign currencies, with all other variables held constant, of the Company's earnings before income tax and equity for the six-month period ended June 30, 2020 and for the year ended December 31, 2019:

US\$	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
	+1.6%	P57,884	P40,519
2020	-1.6%	(57,884)	(40,519)
	+3.7%	P315,057	P220,540
2019	-3.7%	(315,057)	(220,540)

EUR	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
	+1.4%	P339	P237
2020	-1.4%	(339)	(237)
	+5.8%	P4,973	P3,481
2019	-5.8%	(4,973)	(3,481)

Sensitivity Analysis pertaining to Eliminated Intragroup Balances

US\$	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
	+1.6%	P41,998	P29,339
2020	-1.6%	(41,998)	(29,339)
	+3.7%	P241,523	P169,067
2019	-3.7%	(241,523)	(169,067)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As at June 30, 2020 and December 31, 2019, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P5,922,047 and P5,964,021, respectively, of the long-term bank loan with BDO and short-term investments in Lomez International B.V. amounting to P3,622,836 and P65,154 as at June 30, 2020 and December 31, 2019, respectively (see Note 6). The short term investments with Lomez International B.V. bears interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest for Solid, APO and Edgewater Ventures Corporation and WAILRF rate plus 30 basis points for CAR and Falcon.

Sensitivity Analysis

As at June 30, 2020 and December 31, 2019, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the six months ended June 30, 2020 and 2019 would have decreased by approximately P16,094 and P86,242 net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

Commodity Price Risk

In the ordinary course of business, the Company is exposed to commodity price risk, including the exposure from diesel fuel prices, and expose the Company to variations in prices of the underlying commodity. The Company established specific policies oriented to obtain hedge with the objective of fixing diesel fuel prices. In 2019, the Company purchased option contract transactions to hedge the price of diesel fuel. By means of these contracts, the Company fixed the price of diesel over certain volume representing a portion of the estimated consumption of diesel fuel in the operations. The Company is expected to complete its purchase of option contract transactions in 2020 to cover a portion of the estimated consumption in 2021 of diesel fuel. These contracts have been designated as cash flow hedges of diesel fuel consumption, and as such, changes in fair value are recognized temporarily through OCI and are recycled to profit or loss as the related diesel volumes are consumed.

For the six months ended June 30, 2020 and 2019, changes in fair value of these contracts recognized in OCI amounted to P1,795 and P29 respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially decrease the Company's net income and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by and used in operating activities, as presented in its unaudited condensed consolidated interim statement of cash flows, was P260,081 and P2,225,540 for the six months period ended June 30, 2020 and 2019, respectively. 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. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

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

	As at June 30, 2020 (Unaudited)				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	More than 5 Years
Trade payables	P3,680,847	P3,680,847	P3,680,847	P-	P-
Other accounts payable and accrued expenses*	742,381	742,381	742,381	-	-
Due to related parties	1,199,196	1,199,196	1,199,196	-	-
Long-term bank loan	11,263,845	12,956,071	762,322	12,193,749	-
Lease liabilities	2,324,208	5,103,924	745,720	787,238	3,570,966
Total	P19,210,477	P23,682,419	P7,130,466	P12,980,987	P3,570,966

*Excluding government-related payables, and other non-financial liabilities amounting to P684.2 million.

	As at December 31, 2019 (Audited)				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	More than 5 Years
Trade payables	P4,795,817	P4,795,817	P4,795,817	P-	P-
Other accounts payable and accrued expenses*	942,855	942,855	942,855	-	-
Due to related parties	8,102,052	10,714,797	3,289,975	7,424,822	-
Long-term bank loan	11,320,925	13,305,483	736,880	12,568,603	-
Lease liabilities	2,163,251	5,094,230	646,741	787,474	3,660,015
Total	P27,324,900	P34,853,182	P10,412,268	P20,780,899	P3,660,015

*Excluding government-related payables, and other non-financial liabilities amounting to P714.9 million.

Insurance Risk management

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

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

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

14. Fair Values of Financial Assets and Financial Liabilities

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

As at June 30, 2020 and December 31, 2019, the carrying amounts of financial assets and liabilities and their respective fair values are as follows:

	June 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
<u>Financial assets</u>						
Long-term time and guaranty deposits (Note 13)	P597,082	P597,082	Level 2	P597,995	P597,995	Level 2
<u>Financial liabilities</u>						
Bank loan	P11,263,385	P11,263,385	Level 2	P11,320,925	P12,888,099	Level 2
Payable to a related party	–	–	Level 2	6,448,398	7,952,786	Level 2
	P11,263,385	P11,263,385		P17,769,323	P20,840,885	

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

15. Contingencies

As at June 30, 2020, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. The Company considers that in those instances in which obligations have been incurred, the Company has accrued adequate provisions to cover the related risks. The Company believes these matters will be resolved without any significant effect on its business, consolidated financial position or consolidated financial performance. In addition, in relation to ongoing legal proceedings, the Company is able to make a reasonable estimate of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, for a limited number of ongoing proceedings, the Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by-case basis would seriously prejudice Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

16. Relevant Information Regarding the Impact of the Landslide

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

In 2019, the Company received the outstanding amount of its insurance claims amounting to P447.1 million which includes the additional claims made in during the year amounting to P123.1 million. The collection and recognition of additional insurance claims were offset against “Costs of Sales” account in the consolidated statements of comprehensive income for the year ended December 31, 2019.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu¹, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for “Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems”. In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants’ gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

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

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs’ Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave

¹ The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019, which remains pending as of the date of this report.

As at June 30, 2020, because of the current status of the lawsuit and considering all possible defenses available, the Company cannot assess with certainty the likelihood of an adverse result in this lawsuit, and in turn, the Company cannot assess if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

17. Events in Relation to the Impact of Covid-19

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of the novel spread of the Coronavirus COVID-19 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world, having affected as of such date more than 150 countries. In response to that, on March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures as necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. On March 26, 2020, the Governor of Cebu Province announced the implementation of ECQ measures for the entire island of Cebu, effective March 30.

Beginning May 16, 2020, several local government units (which included Metro Manila, Cebu City and Talisay City) were placed under modified enhanced community quarantine, while other local government units (which included the Province of Rizal and other cities in the Province of Cebu, excluding the component cities of Mandaue that remained under enhanced community quarantine) were placed under general community quarantine.

Considering the implementation of ECQ in Luzon, the Company's Solid Cement Plant temporarily suspended the production and delivery of cement products in the third week of March. Solid Cement Plant resumed operations on May 20, in compliance with government regulations. APO Cement Plant has remained operational year-to-date as of June 30, 2020, complying with all government regulations and the necessary hygiene and safety measures.

The various measures imposed to date by the Government and those that will be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect

the Company's workforce deployment and operations and the operations of the Company's customers, distributors, suppliers and contractors, and may negatively impact the Company's financial condition, results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company's manufacturing facilities, on its operations or workforce, or similar limitations for the Company's customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company's capacity to meet customer demand, any of which could have a material adverse effect on the Company's financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company's financial condition and results of operations will depend on future developments of the coronavirus situation in the country, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, government policy, and how quickly and to what extent normal economic and operating conditions can resume. As of the date of this report, the Company is not able to make reliable estimates of the impact of the COVID-19 Pandemic due to inadequacy of data and, therefore, the Company is not able to quantify them. The Company will evaluate on a quarterly basis during the year 2020, the impact of these events on its financial condition, results of operations and cash flows.

Even prior to the imposition of ECQ, the Company implemented, and has continued to implement, strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion of the COVID-19 Pandemic. The Company is undertaking and continues to explore temporary measures to address the adverse impact of the COVID-19 Pandemic on its workforce and operations with the objective of re-aligning the organization's resources with the evolving conditions in the different markets in which the Company operates. These immediate measures include (but are not limited to) the reduction of plant production and inventory levels, the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses) and the implementation of changes in work-deployment schedules. During the following months, the Company plans to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have started to considerably affect the Company. The Company considers that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in connection with: (i) increases in estimated credit losses on trade accounts receivable; (ii) impairment of long-lived assets including goodwill; (iii) further disruption in supply chains; and (iv) liquidity effects to meet the Company's short-term obligations. As of the issuance date of these financial statements it is not possible to make reliable estimates of potential unforeseen adverse effects on the Company's business from the COVID-19 Pandemic that may arise due to the uncertainty associated to the duration and consequences of the COVID-19 in the different markets in which the Company operates. Nonetheless, as events evolve during the year 2020, The Company will continue to evaluate and recognize the possible adverse effects in its financial condition, results of operations and cash flow.

Due to the constraints arising from quarantine restrictions imposed by government and in order to mitigate short-term liquidity risks to the Company, the Company intends to suspend, reduce or delay certain planned (i) capital expenditures; (ii) budgeted operating expenses in line with the evolution of demand per market in which the Company operates, and (iii) production and, where required, inventory levels in all of the Company's markets, as part of working capital initiatives.

EXHIBIT E

**SEC Form 17-Q for Quarter Ended 30 September 2020
(3rd Quarter 2020)**

**CEMEX HOLDINGS PHILIPPINES, INC.
SEC FORM 17-A**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2020**
2. SEC Identification Number. **CS201518815**
3. BIR Tax Identification No. **009-133-917-000**
4. Exact name of registrant as specified in its charter. **CEMEX HOLDINGS PHILIPPINES, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and postal code **34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
8. Issuer's telephone number, including area code **(02) 8849-3600**
9. Former name, former address and former fiscal year, if changed since last report – **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	13,489,226,623

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

Yes No

Stock Exchange: Philippine Stock Exchange
Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2020 and the consolidated statement of financial position as at December 31, 2019 and unaudited statement of profit or loss and other comprehensive income for the nine months ended September 30, 2019, and the related notes to the unaudited condensed consolidated interim financial statements of CEMEX Holdings Philippines, Inc. and its Subsidiaries as at September 30, 2020 are filed as part of this Form 17-Q as Appendix I.

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

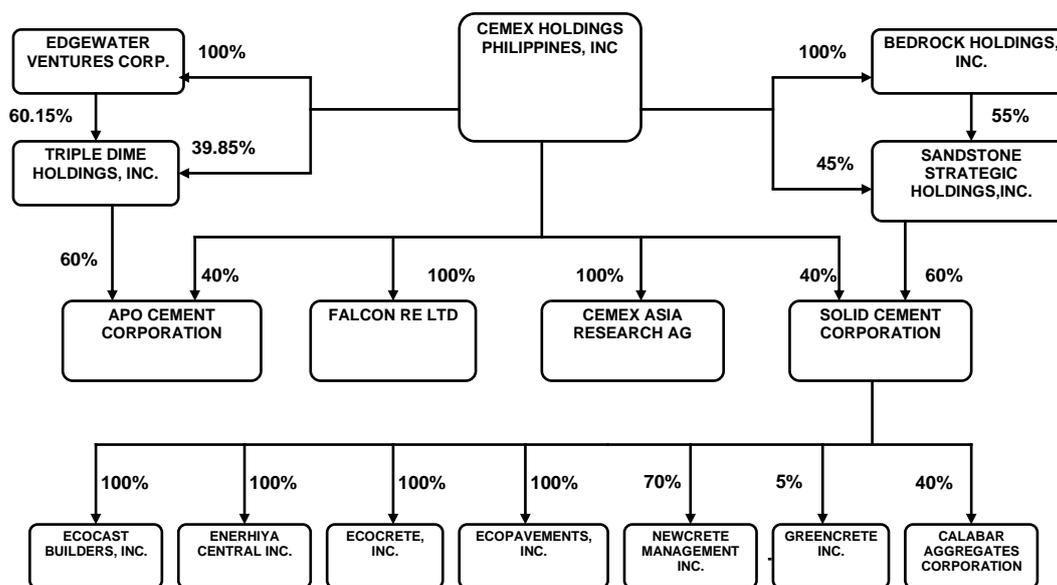
On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (“CEMEX”), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

The Company presents comparative unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2020 and unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2019.

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

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

The following diagram provides a summary of the Company’s organizational and ownership structure as of September 30, 2020:



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

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

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

On April 2, 2019, the Board of Directors approved the increase in the Parent Company’s authorized capital stock (“ACS”) from P5,195,395,454 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395,454 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company’s shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders’ meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering (“Stock Rights Offering”) for the purpose of raising the equivalent in Philippine Peso of up to US\$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company’s application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC’s approval of the increase in the company’s authorized capital stock.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value P1.00 per share (the “Rights Shares”) at an offer price of P1.54 per Rights Share that would be issued from the Parent Company’s increased ACS. The proceeds from the Stock Rights Offering would be used primarily to fund the expansion of Solid Cement’s plant in Antipolo City (the “Solid Expansion Project”), including (i) to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and Cemex Asia B.V. (“CABV”), as the lender (the “Solid Expansion Facility Agreement”), which facility agreement has been used primarily but not exclusively to fund the Solid Expansion Project, including (ii) to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (the successor to CEMEX Hungary KFT) (the “APO Operational Facility Agreement”), and for other general corporate purposes.

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to P12,772,500,000.26.

On 27 February 2020, the SEC approved the Parent Company’s application for increase of ACS and on 4 March 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company’s application for increase in authorized capital stock, the Parent Company’s issued and outstanding shares totaled 13,489,226,623 common shares.

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

The following is a discussion and analysis of our unaudited condensed consolidated interim financial condition and results of operations as at and for the nine months ended September 30, 2020, the consolidated financial condition as at December 31, 2019, and unaudited condensed consolidated interim results of operations for the nine months ended September 30, 2019, and certain trends, risks and uncertainties that may affect our business.

Financial Performance

For the nine months ended September 30, 2020 and 2019:

Revenue

Revenue for the nine-month period ended September 30, 2020 and 2019 amounted to P15.1 billion and P18.2 billion, respectively. The breakdown of revenue after elimination of transactions between consolidated entities for the nine months ended September 30, 2020 and 2019 were as follows:

	For the nine months ended September 30, 2020		For the nine months ended September 30, 2019	
<i>Segment</i>	<i>Amount*</i>	<i>% Sales</i>	<i>Amount*</i>	<i>% Sales</i>
Cement sales	P15,140	100.0%	P18,220	100.0%
Other business	2	0.0%	4	0.0%
Total	P15,142	100.0%	P18,224	100.0%

*Amounts in millions

For the nine months ended September 30, 2020, our domestic gray cement volumes decreased by 12% year-over-year due to the effects of the COVID-19 pandemic. This includes the impact of the reimposition of stricter lockdown measures during the third quarter, in areas including Metro Manila and nearby provinces, which returned to two weeks of Modified Enhanced Community Quarantine. Our domestic gray cement prices were 5% lower year-over-year during the first nine months of 2020, reflecting declines starting the second half of 2019.

Cost of Sales

Cost of sales for the nine-month period ended September 30, 2020 and 2019 amounted to P8.8 billion and P10.7 billion, respectively. For the first nine months of the year, our cost of sales, as a percentage of sales, was at 58.3%, compared to 58.8% in the same period last year. The decrease was driven by lower volume sold and lower production cost, including efforts to contain expenses, amidst the pandemic.

Gross Profit

As a result of the above conditions, gross profit for the nine months ended September 30, 2020 and 2019 reached P6.3 billion and P7.5 billion, respectively. Gross profit as a percentage of revenue for the nine months ended September 30, 2020 and 2019 were at 41.7% and 41.2%, respectively.

Operating Expenses

Operating expenses amounted to P4.8 billion and P5.4 billion, respectively, for the nine months ended September 30, 2020 and 2019. The decline in operating expenses were related to lower sales activity due to the COVID-19 pandemic and the company's efforts to optimize costs. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to P2.1 billion and P2.3 billion or 14.1% and 12.7% of revenue for the first nine months of 2020 and 2019. These include, among others: a) license fees amounting to P587.2 million and P664.8 million, respectively; b) salaries and wages amounting to P589.2 million and P574.3 million, respectively; and c) administrative services amounting to P442.9 million and P553.7 million, respectively. Distribution expenses amounted to P2.7 billion and P3.1 billion, respectively, for the nine months ended September 30, 2020 and 2019, which accounted for 17.8% and 17.1%, respectively, of revenue. Measures to control distribution expenses limited the increase in our cost to 0.7 percentage points of sales year-over-year despite significant reduction in sales volumes related to the COVID-19 pandemic.

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

Movements in operating expenses were due to decrease in both selling and administrative expenses and distribution expenses during the first nine months of 2020. Selling and administrative expenses decreased by P175.1 million mainly due to lower management, royalties and license fees as well as lower administrative services. There is also a decrease in distribution expense amounting to P425.0 million mainly attributable to improved logistics efficiency and lower fuel costs.

Operating Income Before Other Income, Net

For the reasons discussed above, profit from operations amounted to P1.5 billion and P2.1 billion, respectively, for the nine months ended September 30, 2020 and 2019. These comprised 9.9% and 11.4% of revenue for the nine months ended September 30, 2020 and 2019, respectively.

Financial and Other Financial Expenses - Net

Net financial expenses for the nine months ended September 30, 2020 and 2019 amounted to P0.7 billion and P1.1 billion, respectively. This includes interest expense, interest income, interest cost on pension and bank charges. Decline in 2020 was primarily attributable to lower interest expense as a

result of lower bank loan balances and lower bank interest rates in 2020, as well as due to full payment of the outstanding intercompany loans by Solid Cement and APO Cement to CABV using a portion of the proceeds raised from the Parent Company's Stock Rights Offering during the first quarter of 2020..

Foreign Exchange Loss, Net

Net foreign exchange gain of P133.0 million and P127.9 million were reported for the nine months ended September 30, 2020 and 2019, respectively. Increase in foreign exchange gain refers to a favorable movement in the foreign exchange rate during the first nine months of 2020 compared to the same period in 2019. In 2020, the Company also recorded realized foreign exchange losses from the redenomination of its loan with CABV.

Other Income, Net

Net other expenses for the nine-month period ended September 30, 2020 was P4.3 million while net other income in the same period last year was P32.2 million. The decrease was mainly due to incremental expenses attributable to the impact of COVID-19 Pandemic (See background in PART II- OTHER INFORMATION).

Income Tax Expense

As a result of operations, our income tax expenses for the nine months ended September 30, 2020 and 2019 amounted to P155.5 million and P302.8 million, respectively. Income tax expense is composed of current income tax expenses amounting to P305.0 million and P391.3 million, and deferred income tax benefit amounting to PP149.5 million and P88.5 million for the nine months ended September 30, 2020 and 2019, respectively. Decrease in current income tax expenses refers to lower taxable income for the first nine months of 2020 compared to the same period last year. Movements in deferred income tax benefit were mainly affected by future tax benefits from items such as net operating losses carried over from prior periods, unrealized foreign exchange gains or losses, minimum corporate income taxes paid, lease liabilities and others.

Profit

As a result of the abovementioned concepts, profit for the nine months ended September 30, 2020 and 2019 amounted to P758.1 million and P874.7 million, respectively.

Financial Position

As at September 30, 2020 and December 31, 2019:

*Cash and Cash Equivalent*s

Cash and cash equivalents amounted to P6.7 billion and P1.4 billion as at September 30, 2020 and December 31, 2019, respectively. As at September 30, 2020, cash and cash equivalents of P6.7 billion include P2.3 billion cash in banks and P4.4 billion short-term investments which were readily convertible to cash. As at December 31, 2019, cash and cash equivalents of P1.4 billion include P1.2 billion cash in banks and P0.2 billion short-term investments which were readily convertible to cash. Net increase in cash and cash equivalents was mainly from the proceeds from the company's concluded Stock Rights Offering, net of payments of loans from related parties.

Trade Receivables - Net

Trade receivables amounted to P807.7 million and P893.0 million as at September 30, 2020 and December 31, 2019, net of allowance for impairment losses amounting to P24.9 million and P23.8 million, respectively, which mainly pertain to receivables from customers.

Due from Related Parties

Related party balances amounted to P5.8 million and P27.7 million as at September 30, 2020 and December 31, 2019, respectively. Movements primarily refer to sale of goods, invoicing of administrative fees, and advances between related parties, among others. Please see Note 10 in the attached unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2020 and the consolidated financial position as at December 31, 2019 and unaudited statement of profit or loss and other comprehensive income for the nine months ended September 30, 2019.

Insurance Claims and Premium Receivables

Insurance premiums receivable, which amounted to P174.6 million and P437.0 million as at September 30, 2020 and December 31, 2019, respectively, is related to non-damage business interruption insurance receivable from third party insurance company. Premiums receivable represents premiums on written policies which are collectible within the Company's credit term. Claims from insurance amounted to P0.7 million and P8.5 million as at September 30, 2020 and December 31, 2019. Decrease was mainly from collection of December 31, 2019 premiums insurance receivables, net of premiums of insurance policies which were written during the first nine months of 2020.

Other Current Accounts Receivable

Other accounts receivables amounted to P35.3 million and P65.2 million as at September 30, 2020 and December 31, 2019, respectively. Movements primarily refer to receivable from contractors, short-term deposits, loan receivables, receivable from employees and others.

Inventories

Inventories amounted to P2.3 billion and P3.0 billion as at September 30, 2020 and December 31, 2019, respectively. Inventories consisting of raw materials, cement and work-in-process amounted to P1.2 billion and P1.9 billion as at September 30, 2020 and December 31, 2019, respectively, and the remaining balance pertains to spare parts. Decline in inventories in 2020 primarily refers to decrease in work-in-process and finished goods inventories due to temporary stoppage of operations during the implementation of Enhanced Community Quarantine (ECQ) and other quarantine measures around the country in 2020.

Prepayments and Other Current Assets

Other current assets amounted to P1.4 billion and P1.7 billion as at September 30, 2020 and December 31, 2019, respectively which pertains primarily to prepayments of insurance, P293.5 million and P508.8 million, respectively, prepayment of taxes, P931.6 million and P645.0 million, respectively. Movement is primarily due to amortization of prepaid Non-damage Business Interruption and general liability insurance accounts.

Investment in an Associate and Other Investments

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

Other Assets and Noncurrent Accounts Receivable

Other assets amounting to P799.3 million and P837.2 million as at September 30, 2020 and December 31, 2019, respectively, primarily consisted of long-term prepayments amounting to P27.9 million, long-term performance deposits of P266.5 million and P259.9 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to P425.6 million and P480.8 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments.

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

Property, machinery and equipment had a balance of P19.3 billion and P18.0 billion as at September 30, 2020 and December 31, 2019, respectively. For the nine months ended September 30, 2020 and for the year ended December 31, 2019, P166.6 million and P659.4 million, respectively, were incurred for maintenance capital expenditures and P2.3 billion and P3.2 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to P2.0 billion as at September 30, 2020 and December 31, 2019. For the nine months ended September 30, 2020 and for the year ended December 31, 2019, additions to assets for the right-of-use amounted to P323.8 million and P362.4 million, respectively.

Advances to Contractors

In November 2018, the Company made a down payment amounting to P2.1 billion to a third party for the construction and installation of Solid Cement's new production line and is presented under noncurrent assets in the consolidated statements of financial position. As at September 30, 2020, and December 31, 2019, the balance of this account amounted to P1.3 billion and P1.6 billion, respectively. Movement was due to the depletion of advances in line with the progress of the Solid Expansion Project.

Deferred Income Tax Assets - Net

The Company's deferred income tax asset amounted to P1.2 billion and P1.0 billion as at September 30, 2020 and December 31, 2019, respectively, which mainly represented pension, unrealized foreign exchange losses and future tax benefits from operating losses. Movement mainly refers to recognition of additional deferred tax assets from operating losses and Minimum Corporate Income Tax. Deferred tax liability amounted to P1.0 million and P1.6 million as at September 30, 2020 and December 31, 2019, respectively.

Goodwill

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

Trade Payables

Trade payables as at September 30, 2020 and December 31, 2019 amounted to P4.1 billion and P4.8 billion, respectively. The decrease in trade payables is mainly due to the payment to contractors for the Solid Expansion Project, and settlement of various insurance with Pioneer.

Due to Related Parties

Short-term payable to related parties had a balance of P1.3 billion and P2.7 billion as at September 30, 2020 and December 31, 2019, respectively. Long-term payable to related parties amounted to P0.7 million and P5.4 billion as at September 30, 2020 and December 31, 2019, respectively. Movement primarily refers to repayment of loans with CABV.

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

Contract liabilities, unearned income, other payables and accruals which amounted to P1.4 billion and P1.9 billion as at September 30, 2020 and December 31, 2019, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. Movement to these accounts refers to the decrease in accrued general insurance amounting to P220.9 million, accrued freight cost P156.0 million, accrued maintenance P58.8 million, accrued interest expense P21.3 million and accrued miscellaneous P23.4 million.

Lease Liabilities

Current portion of finance lease liabilities amounted to P606.0 million and P525.4 million as at September 30, 2020 and December 31, 2019, respectively. Noncurrent portion of finance lease liabilities amounted to P1.6 billion as at September 30, 2020 and December 31, 2019.

Retirement Benefit Liability

Retirement benefit liability amounting to P831.7 million and P794.2 million as at September 30, 2020 and December 31, 2019, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans.

Long-term Bank Loan

The total outstanding balance of the BDO Refinancing Loan amounted to P11.3 billion and P11.4 billion as at September 30, 2020 and December 31, 2019, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to P86.5 million and P106.0 million, was deducted from the total loan liability as at September 30, 2020 and December 31, 2019, respectively. Short-term portion of the bank loan amounted to P140.1 million as at September 30, 2020 and December 31, 2019.

Other Noncurrent Liabilities

Other noncurrent liabilities of P20.6 million as at September 30, 2020 and December 31, 2019, pertains to provision for asset retirement obligation.

Common Stock

As at September 30, 2020 and December 31, 2019, the total authorized capital stock of the Parent Company consisted of 18,810,395,454 and 5,195,395,454 common shares at a par value of P1 per share, respectively and the total issued and outstanding capital stock was 13,489,226,623 and 5,195,395,454 common shares at a par value of P1 per share, respectively. Increase in common stock was due to the Stock Rights Offering.

Other Equity Reserves

The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries.

Retained Earnings

Retained earnings of P3.0 billion and P2.3 billion as at September 30, 2020 and December 31, 2019 respectively, included the Company's cumulative net results of operations.

Key Performance Indicators

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

Key Financial Indicators	Formula	For the nine-month period ended September 30, 2020	For the year ended December 31, 2019
Current Ratio	Current Assets/Current Liabilities	1.5 : 1	0.7 : 1
Solvency Ratio	Profit (Loss) + Depreciation and Amortization/Total Liabilities	0.1 : 1	0.1 : 1
Net debt to Equity Ratio	Debt*/Total Equity	0.3 : 1	0.9 : 1
Asset to Equity Ratio	Total Assets/Total Equity	1.5 : 1	2.0 : 1

*Debt is net of cash and cash equivalents.

Key Financial Indicators	Formula	For the period ended September 30, 2020	For the period ended September 30, 2019
Interest Rate Coverage Ratio	Operating income before other income-net/Interest	2.5 : 1	2.0 : 1
Profitability Ratio	Operating income before other income-net/Revenue	0.1 : 1	0.1 : 1

Aging of Accounts Receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at September 30, 2020:

	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates	0.16%	0.72%	2.47%	100.00%	2.99%
Trade receivables – gross carrying amount	P719,698	P62,614	P27,690	P22,573	P832,575
Allowance for impairment losses	1,149	448	685	22,573	24,855

PART II - OTHER INFORMATION

Insurance claims

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC¹. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

In 2019, the Company received the outstanding amount of its insurance claims amounting to P447.1 million which includes the additional claims made during the year amounting to P123.1 million. The collection and recognition of additional insurance claims were offset against “Costs of Sales” account in the consolidated statements of comprehensive income for the year ended December 31, 2019.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu², against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for “Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems”. In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants’ gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

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

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs’ Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending.

¹ As at September 30, 2020, local and national authorities have allowed ALQC to resume its mining operations in the affected areas.

² The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019, which remains pending as of the date of this report.

As of September 30, 2020, at this stage of the overall proceedings and considering all possible defenses that could be available, while we cannot assess with certainty the likelihood of an adverse result in the overall proceedings, we believe a final adverse resolution in the overall proceeding is not probable, and, in turn, because we are not able to assess the outcome of the reconsiderations filed against the court's order, we are not able to determine if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of the novel spread of the Coronavirus COVID-19 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world, having affected as of such date more than 150 countries. In response to that, on March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures as necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. On March 26, 2020, the Governor of Cebu Province announced the implementation of ECQ measures for the entire island of Cebu, effective March 30.

Beginning May 16, 2020, several cities and provinces (which included Metro Manila and Cebu City) were placed under modified enhanced community quarantine, while other cities and provinces (which included the Province of Rizal and other cities in the Province of Cebu) were placed under general community quarantine. As of the second half of August 2020, Metro Manila, Cebu City, as well as the Municipalities of Minglanilla and Consolacion in the Province of Cebu, were among the areas which shifted to general community quarantine.

Considering the implementation of ECQ in Luzon, the company's Solid Cement Plant temporarily suspended the production and delivery of cement products in the third week of March. Solid Cement Plant resumed operations on May 20, in compliance with government regulations. APO Cement Plant has remained operational year-to-date as of September 30, 2020, complying with all government regulations and the necessary hygiene and safety measures.

The various measures imposed to date by the Government and those that will be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect the Company's workforce deployment and operations and the operations of the Company's customers, distributors, suppliers and contractors, and may negatively impact the Company's financial condition,

results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company's manufacturing facilities, on its operations or workforce, or similar limitations for the Company's customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company's capacity to meet customer demand, any of which could have a material adverse effect on the Company's financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company's financial condition and results of operations will depend on future developments of the coronavirus situation in the country, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, government policy, and how quickly and to what extent normal economic and operating conditions can resume. As of the date of this report, the Company is not able to make reliable estimates of the impact of the COVID-19 Pandemic due to inadequacy of data and, therefore, the Company is not able to quantify them. The Company will evaluate on a quarterly basis during the year 2020, the impact of these events on its financial condition, results of operations and cash flows.

Even prior to the imposition of ECQ, the Company implemented, and has continued to implement, strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion of the COVID-19 Pandemic. The Company is undertaking and continues to explore temporary measures to address the adverse impact of the COVID-19 Pandemic on its workforce and operations with the objective of re-aligning the organization's resources with the evolving conditions in the different markets in which the Company operates. These immediate measures include (but are not limited to) the reduction of plant production and inventory levels, the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses) and the implementation of changes in work-deployment schedules. During the following months, the Company plans to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have started to considerably affect the Company. The Company considers that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in connection with: (i) increases in estimated credit losses on trade accounts receivable; (ii) impairment of long-lived assets including goodwill; (iii) further disruption in supply chains; and (iv) liquidity effects to meet the Company's short-term obligations. As of the issuance date of these financial statements it is not possible to make reliable estimates of potential unforeseen adverse effects on the Company's business from the COVID-19 Pandemic that may arise due to the uncertainty associated to the duration and consequences of the COVID-19 in the different markets in which the Company operates. Nonetheless, as events evolve during the year 2020, The Company will continue to evaluate and recognize the possible adverse effects in its financial condition, results of operations and cash flow.

Due to the constraints arising from quarantine restrictions imposed by government and in order to mitigate short-term liquidity risks to the Company, the Company intends to suspend, reduce or delay certain planned (i) capital expenditures; (ii) budgeted operating expenses in line with the evolution of demand per market in which the Company operates, and (iii) production and, where required, inventory levels in all of the Company's markets, as part of working capital initiatives.

On June 30, 2020, the Parent Company reached an agreement with BDO Unibank, Inc. amending further the facility agreement for the BDO Refinancing Loan, so that the Parent Company is required to comply with certain financial covenants commencing at the later date of June 30, 2021.

SIGNATURES

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

CEMEX HOLDINGS PHILIPPINES, INC.

By:



IGNACIO ALEJANDRO MIJARES ELIZONDO
President & Chief Executive Officer

Date: NOV 16 2020



STEVE KUANSHENG WU
Treasurer

Date: NOV 16 2020

Appendix I of Form 17-Q
Item 1. Financial Statements.
CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	<i>Notes</i>	Septemeber 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	<i>6, 9, 13</i>	₱6,667,022	₱1,399,180
Trade receivables - net	<i>4, 13</i>	807,720	892,951
Due from related parties	<i>10, 13</i>	5,763	27,749
Insurance claims and premium receivables	<i>13</i>	175,285	445,535
Other current accounts receivable	<i>13</i>	35,314	65,244
Inventories		2,273,242	3,013,444
Prepayments and other current assets		1,362,209	1,672,392
Total Current Assets		11,326,555	7,516,495
Noncurrent Assets			
Investment in an associate and other investments		14,097	14,097
Advances to contractors		1,286,693	1,606,397
Other assets and noncurrent accounts receivable		799,317	837,151
Property, machinery, equipment and assets for the right-of-use - net	<i>7</i>	21,246,158	19,937,723
Deferred income tax assets - net		1,188,719	1,034,620
Goodwill		27,859,694	27,859,694
Total Noncurrent Assets		52,394,678	51,289,682
TOTAL ASSETS		₱63,721,233	₱58,806,177
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		₱4,111,424	₱4,795,817
Due to related parties	<i>10</i>	1,277,624	2,733,214
Unearned income, other accounts payable and accrued expenses		1,117,956	1,657,724
Current portion of:			
Lease liabilities	<i>8, 13</i>	605,994	525,411
Bank loan	<i>12</i>	140,123	140,123
Contract liabilities	<i>4</i>	269,697	267,787
Income tax payable		26,503	16,736
Total Current Liabilities		7,549,321	10,136,812

Forward

		September 30, 2020	December 31, 2019
	<i>Note</i>	(Unaudited)	(Audited)
Noncurrent Liabilities			
Long-term bank loan - net of current portion	<i>12</i>	₱11,095,182	₱11,180,802
Long-term payable to related parties	<i>10</i>	718	5,368,838
Lease liabilities - net of current portion	<i>8,13</i>	1,582,331	1,637,840
Retirement benefit liability		831,712	794,201
Deferred income tax liabilities - net		1,043	1,587
Other noncurrent liabilities		20,610	20,610
Total Noncurrent Liabilities		13,531,596	19,003,878
Total Liabilities		21,080,917	29,140,690
Equity			
Controlling interest:			
Common stock	<i>9</i>	13,489,226	5,195,395
Additional paid-in capital		26,204,379	21,959,159
Other equity reserves		(72,502)	249,852
Retained earnings		3,019,059	2,260,911
Total controlling interest		42,640,162	29,665,317
Non-controlling interest		154	170
Total Equity		42,640,316	29,665,487
TOTAL LIABILITIES AND EQUITY		₱63,721,233	₱58,806,177

See Notes to the Condensed Consolidated Interim Financial Statements.

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

		For the Nine Months Ended September 30		For the Three Months Ended September 30	
	<i>Note</i>	2020	2019	2020	2019
REVENUE		₱15,142,304	₱18,223,518	₱5,519,262	₱5,867,591
COST OF SALES		(8,829,342)	(10,717,942)	(2,990,622)	(3,443,247)
GROSS PROFIT		6,312,962	7,505,576	2,528,640	2,424,344
OPERATING EXPENSES					
Distribution expenses		(2,688,895)	(3,113,928)	(935,069)	(1,035,832)
Administrative and selling expenses		(2,131,900)	(2,307,000)	(753,967)	(760,793)
TOTAL OPERATING EXPENSES		(4,820,795)	(5,420,928)	(1,689,036)	(1,796,625)
OPERATING INCOME BEFORE OTHER INCOME (EXPENSES), NET		1,492,167	2,084,648	839,604	627,719
OTHER INCOME (EXPENSES), NET		(4,309)	32,159	(2,936)	21,681
OPERATING INCOME AFTER OTHER INCOME, NET		1,487,858	2,116,807	836,668	649,400
FINANCIAL AND OTHER FINANCIAL EXPENSES, NET		(707,223)	(1,067,235)	(173,099)	(352,432)
FOREIGN EXCHANGE GAIN (LOSS), NET		133,009	127,921	133,314	(146,480)
PROFIT BEFORE INCOME TAX		913,644	1,177,493	796,883	150,488
PROVISION FOR INCOME TAX		(155,512)	(302,811)	(173,768)	(78,117)
PROFIT		758,132	874,682	623,115	72,371
OTHER COMPREHENSIVE INCOME (LOSS)					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain (loss) on remeasurement on retirement benefit liability		(8,896)	(124,453)	1,853	38,316
Tax effect		2,669	37,336	(556)	(11,495)
		(6,227)	(87,117)	1,297	26,821
<i>Items that will be reclassified subsequently to profit or loss</i>					
Currency translation gain (loss) of a foreign subsidiary		(310,045)	(80,541)	(197,010)	76,393
Cash flow hedges - effective portion of changes in fair value		(8,170)	(7,322)	(6,375)	(10,128)
		(318,215)	(87,863)	(203,385)	66,265
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		(324,442)	(174,980)	(202,088)	93,086
TOTAL COMPREHENSIVE INCOME, NET OF TAX		433,690	699,702	421,027	165,457
Non-controlling interest comprehensive income		16	18	4	6
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME		₱433,706	₱699,720	₱421,031	₱165,463
Basic / Diluted Earnings Per Share		₱0.06	₱0.17	₱0.05	₱0.01

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)
(Unaudited)

	For the Nine Months Ended September 30, 2020						
	Common Stock (Note 9)	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non- controlling Interest	Total Stockholders' Equity
As at January 1, 2020	₱5,195,395	₱21,959,159	₱249,852	₱2,260,911	₱29,665,317	₱170	₱29,665,487
Share issuance	8,293,831	4,245,220	–	–	12,539,051	–	12,539,051
Transaction with the owners of the Company							
Share-based compensation	–	–	2,088	–	2,088	–	2,088
Total comprehensive income:							
Profit for the period	–	–	–	758,148	758,148	(16)	758,132
Other comprehensive loss for the period	–	–	(324,442)	–	(324,442)	–	(324,442)
As at September 30, 2020	₱13,489,226	₱26,204,379	(₱72,502)	₱3,019,059	₱42,640,162	₱154	₱42,640,316

	For the Nine Months Ended September 30, 2019						
	Common Stock (Note 9)	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non-controlling Interest	Total Stockholders' Equity
As at January 1, 2019	₱5,195,395	₱21,959,159	₱589,907	₱1,127,626	₱28,872,087	₱193	₱28,872,280
Adjustment on initial application of PFRS 16, <i>Leases</i>	–	–	–	(146,314)	(146,314)	–	(146,314)
As at January 1, 2019, as restated	5,195,395	21,959,159	589,907	981,312	28,725,773	193	28,725,966
Total comprehensive income:							
Profit for the period	–	–	–	874,700	874,700	(18)	874,682
Other comprehensive loss for the period	–	–	(174,980)	–	(174,980)	–	(174,980)
As at September 30, 2019	₱5,195,395	₱21,959,159	₱414,927	₱1,856,012	₱29,425,493	₱175	₱29,425,668

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

(Unaudited)

For the Nine Months Ended September 30

	<i>Notes</i>	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		₱758,132	₱874,682
Adjustments for:			
Depreciation and amortization of property, machinery, equipment and assets for the right-of-use		1,788,987	1,361,556
Financial expenses (income), other financial expenses (income) and unrealized foreign exchange result		(243,920)	855,829
Income tax expense		155,512	302,811
Retirement benefit expense		76,105	79,255
Provisions during the period		10,265	22,769
Loss (gain) on disposal of property, machinery, and equipment		141	(5,020)
Gain on remeasurement of lease liability and assets for the right-of-use from lease termination		–	(289)
Operating profit before working capital changes		2,545,222	3,491,593
Changes in working capital:			
Decrease (increase) in:			
Trade receivables		80,898	(358,040)
Due from related parties		339,042	27,869
Insurance claims and premium receivables		270,250	949,465
Other current accounts receivable		37,596	2,814
Inventories		667,414	585,135
Prepayments and other current assets		215,319	403,620
Derivative asset		–	2,776
Increase (decrease) in:			
Trade payables		(673,458)	(1,182,768)
Due to related parties		(171,257)	309,362
Unearned income, other accounts payable and accrued expenses		(955,806)	(376,385)
Contract liabilities		1,910	(85,913)
Net cash generated from operations		2,357,130	3,769,528
Interest received		39,199	35,031
Interest paid		(155,035)	(857,393)
Income taxes paid		(202,076)	(273,645)
Benefits paid to employees		(63,347)	(77,657)
Net cash provided by operating activities		1,975,871	2,595,864

Forward

	For the Nine Months Ended September 30		
	<i>Notes</i>	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, machinery, and equipment		(₱2,077,839)	(₱1,809,004)
Decrease (increase) in other asset and noncurrent accounts receivable		37,945	(69,618)
Proceeds from sale of property, machinery, and equipment		811	9,428
Net cash used in investing activities		(2,039,083)	(1,869,194)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Share issuance		12,539,051	–
Loans from related parties	<i>10</i>	1,221,051	2,157,017
Payment of:			
Loan from a related party		(7,693,933)	–
Principal portion of lease liabilities		(606,035)	(283,293)
Bank loan		(105,092)	(1,805,092)
Net cash provided by financing activities		5,355,042	68,632
NET INCREASE IN CASH		5,291,830	795,302
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(23,988)	(17,168)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,399,180	1,813,665
CASH AND CASH EQUIVALENTS AT END OF PERIOD		₱6,667,022	₱2,591,799

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Reporting Entity

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

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

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

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

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

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

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

On June 30, 2016, the Philippine Securities and Exchange Commission (“SEC”) resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the Parent Company’s initial public offering (“IPO”) of 2,337,927,954 common shares at ₱10.75 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 ₱2,337,927 and additional paid-in capital of ₱21,959,159, net of P835,639 transaction costs that is accounted for as a reduction in equity.

On April 2, 2019, the Board of Directors approved the increase in the Parent Company’s authorized capital stock (“ACS”) from ₱5,195,395 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to ₱18,310,395 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was authorized by the Parent Company’s shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders’ meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering (“Stock Rights Offering”) for the purpose of raising the equivalent in Philippine Peso of up to US\$250 million.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company’s application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC’s approval of the increase in the company’s authorized capital stock.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value ₱1.00 per share (the “Rights Shares”) at an offer price of ₱1.54 per Rights Share that would be issued from the Parent Company’s increased ACS. The proceeds from the Stock Rights Offering would be used primarily to fund the expansion of Solid Cement’s plant, including (i) to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and Cemex Asia B.V. (“CABV”), as the lender (the “Solid Expansion Facility Agreement”), which facility agreement has been used primarily but not exclusively to fund the Solid Cement plant expansion project, including (ii) to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (the successor to CEMEX Hungary KFT) (the “APO Operational Facility Agreement”), and for other general corporate purposes.

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to ₱12,772,500.

On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares (see Note 9).

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

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2019.

Basis of Measurement

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

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded-off to the nearest thousands, except per share data, number of shares and when otherwise indicated.

Use of Judgments, Estimates and Assumptions

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

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

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

The Company has applied judgment to determine the lease term of some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use recognized.

Estimating Allowance for Expected Credit Losses (ECL) on Receivables

During the nine months ended September 30, 2020, management reassessed its estimates in respect of the allowance for ECL on receivables. As at September 30, 2020 and December 31, 2019, allowance for ECL on receivables amounted to ₱24,855 and ₱23,757, respectively (see Note 4 and 13).

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except for the following relevant new and amendments to standards, which were adopted on January 1, 2020.

Changes in Accounting Policies

The following new and amendments to standards and interpretation are effective for the nine months ended September 30, 2020, and have been applied in preparing these condensed consolidated interim financial statements. The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2020. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's condensed consolidated interim financial statements:

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

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

- *Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

- raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’;
 - including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;
 - clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
 - clarifying the explanatory paragraphs accompanying the definition; and
 - aligning the wording of the definition of material across PFRS Standards and other publications.
- *Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

Standards Issued But Not Yet Adopted

The amendment to standards discussed below is effective for annual periods beginning after January 1, 2021, and have not been applied in preparing these condensed consolidated interim financial statements.

- PFRS 17, *Insurance Contracts*. The replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
- combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity’s rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the ‘premium allocation approach’, investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2023. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

4. Revenue

Disaggregation of Revenue from Contracts with Customers

Revenue for the nine months ended September 30, 2020 and 2019 are detailed by major product lines and timing of revenue recognition as follows:

	Timing of revenue recognition	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Sale of goods and services			
Cement	At a point in time	₱15,139,766	₱18,219,599
Admixtures and other businesses	At a point in time	2,538	3,919
		₱15,142,304	₱18,223,518

Breakdown of cement sales per customer for the nine months ended September 30, 2020 and 2019 is as follows:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Retailers	₱12,244,064	₱14,538,004
Institutional	2,823,614	3,599,239
Others	72,088	82,356
Total	₱15,139,766	₱18,219,599

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

Contract Balances

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade receivables	₱832,575	₱916,708
Less: allowance for ECL on trade receivables (Note 13)	24,855	23,757
	₱807,720	₱892,951
Contract liabilities:		
Advances from customers	₱255,577	₱223,035
Customer loyalty program	14,120	44,752
	₱269,697	₱267,787

The contract liabilities include unredeemed customer loyalty points and advances from customers. These will be recognized as revenue when the points are redeemed by customers or when the goods are delivered to the customer, which is expected to occur the following year. The amount recognized in contract liabilities as at September 30, 2020 and December 31, 2019 are expected to be recognized as revenue within 12 months. There are no other unperformed obligation other than those already included in contract liabilities.

Seasonality of Operations

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

5. Basic/Diluted Earnings Per Share

Basic and diluted earnings per share is computed for the nine months ended September 30, 2020 and 2019 are as follows:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Profit	₱758,132	₱874,682
Add: non-controlling interest comprehensive loss	16	18
Controlling interest in profit (a)	₱758,148	₱874,700
Weighted average number of shares outstanding - Basic/Diluted (b)	11,763,867,584	5,195,395,454
Basic/Diluted EPS (a/b)	₱0.06	₱0.17

As at September 30, 2020 and 2019, the Company has no dilutive equity instruments.

6. Cash and Cash Equivalents

Cash and cash equivalents as at September 30, 2020 and December 31, 2019, consisted of:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash in banks	₱2,304,826	₱1,184,026
Short-term investments	4,362,196	215,154
	₱6,667,022	₱1,399,180

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 interest rate range for the nine months ended September 30, 2020 and 2019 are as follow: 0.01% to 1.63% and 1.95% to 2.42%, respectively. For the nine months period ended September 30, 2020 and 2019, the interest income earned on cash and cash equivalents amounted to ₱39,043 and ₱35,031, respectively.

As at September 30, 2020 and December 31, 2019, short-term investments include deposits of the Company with local banks and a related party which are considered highly liquid investments readily convertible to cash, as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Lomez International B.V. ¹ (Notes 10 and 13)	₱3,712,196	₱65,154
Local banks	650,000	150,000
	₱4,362,196	₱215,154

¹The short term investments with Lomez bears interest at a rate equivalent to the higher of Western Asset Institutional Liquid Reserves Fund (WAILRF) rate minus 10 basis points and zero interest for Solid, APO and Edgewater Ventures Corporation and WAILRF rate plus 30 basis points for CAR and Falcon.

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

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

As at September 30, 2020 and December 31, 2019, the consolidated balance of this item is broken down as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Property, machinery and equipment	P19,280,218	P17,975,945
Assets for the right-of-use	1,965,940	1,961,778
	P21,246,158	P19,937,723

Property, Machinery and Equipment

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

	Buildings and improvements	Machinery and equipment	Construction In-progress	Total
Gross Carrying Amount				
January 1, 2019	P4,177,729	P13,053,684	P2,031,337	P19,262,750
Additions	72,659	396,381	3,389,837	3,858,877
Transfers	155,457	455,295	(610,752)	-
Disposals	(2,191)	(110,865)	-	(113,056)
December 31, 2019 (Audited)	4,403,654	13,794,495	4,810,422	23,008,571
Additions	3,729	45,275	2,449,059	2,498,063
Transfers	71,499	39,882	(111,381)	-
Disposals	-	(3,111)	-	(3,111)
September 30, 2020 (Unaudited)	4,478,882	13,876,541	7,148,100	25,503,523
Accumulated depreciation				
January 1, 2019	(629,246)	(3,016,139)	-	(3,645,385)
Depreciation for the year	(296,270)	(1,173,901)	-	(1,470,171)
Disposal	1,772	81,158	-	82,930
December 31, 2019 (Audited)	(923,744)	(4,108,882)	-	(5,032,626)
Depreciation for the period	(259,964)	(932,891)	-	(1,192,855)
Disposals	-	2,176	-	2,176
September 30, 2020 (Unaudited)	(1,183,708)	(5,039,597)	-	(6,223,305)
Carrying Amounts				
December 31, 2019 (Audited)	P3,479,910	P9,685,613	P4,810,422	P17,975,945
September 30, 2020 (Unaudited)	P3,295,174	P8,836,944	P7,148,100	P19,280,218

In relation to Solid's expansion plan, the Company capitalized borrowing cost amounting to P100,519 and P132,129 for the nine months ended September 30, 2020 and 2019, respectively. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the nine months ended September 30, 2020 and 2019 are 9.07% and 10.10%, respectively.

Assets for the Right-of-Use

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

	Land and buildings	Machinery and equipment	Total
Gross Carrying Amount			
January 1, 2019	₱1,815,620	₱1,370,844	₱3,186,464
Additions	57,839	304,604	362,443
Cancellations and remeasurements	(7,416)	(119,069)	(126,485)
December 31, 2019 (Audited)	1,866,043	1,556,379	3,422,422
Additions	85,040	238,793	323,833
Cancellations and remeasurements	40,628	165,717	206,345
September 30, 2020 (Unaudited)	1,991,711	1,960,889	3,952,600
Accumulated amortization			
January 1, 2019	(350,799)	(685,007)	(1,035,806)
Amortization for the year	(130,816)	(365,186)	(496,002)
Cancellations and remeasurements	–	71,164	71,164
December 31, 2019 (Audited)	(481,615)	(979,029)	(1,460,644)
Amortization for the period	(128,497)	(400,781)	(529,278)
Cancellations and remeasurements	3,262	–	3,262
September 30, 2020 (Unaudited)	(606,850)	(1,379,810)	(1,986,660)
Carrying Amounts			
December 31, 2019 (Audited)	₱1,384,428	₱577,350	₱1,961,778
September 30, 2020 (Unaudited)	₱1,384,861	₱581,079	₱1,965,940

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

8. Lease liabilities

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	₱2,163,251	₱2,359,596
Payments	(582,971)	(611,367)
Additions	323,833	362,443
Accretion of interest	97,654	138,321
Effect of changes in exchange rates	(22,840)	(23,389)
Cancellations and remeasurements	209,398	(62,353)
Ending balance	₱2,188,325	₱2,163,251

9. Equity

Common Stock

As at September 30, 2020 and December 31, 2019, the Parent Company's common stock is shown below:

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Shares	Amount	Shares	Amount
Authorized - P1.00 par value per share	18,310,395,454	₱18,310,395	5,195,395,454	₱5,195,395
Issued, fully paid and outstanding balance at end of period	13,489,226,623	₱13,489,226	5,195,395,454	₱5,195,395

On September 17, 2015, CASEC subscribed to 376,000 shares of stock of the Parent Company at ₱100 par value. Of the agreed subscription price of ₱37,600, only ₱9,400 was paid in 2015, while the remainder of ₱28,200 was paid in 2016. In 2016, the Parent Company's Board of Directors approved the amendment of and increase in the authorized capital stock of the Parent Company from ₱150,400, divided into 1,504,000 common shares with par value of ₱100 per share, to ₱5,195,395, divided into 5,195,395,454 common shares with par value of ₱1 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 ₱100 per share to 37,600,000 common shares with par value of ₱1 per share. Furthermore, in connection with the increase in authorized capital stock, CASEC subscribed to an additional 2,819,867,500 shares at ₱1 par value per share or a total par value of ₱2,819,868 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 ₱1 par value per share or a total par value of ₱2,337,928 at the offer price of ₱10.75 per share (see Note 1).

On April 2, 2019, the Board of Directors approved the increase in the Parent Company's authorized capital stock ("ACS") from ₱5,195,395 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to ₱18,310,395 divided into 18,310,395,454 Common Shares with a par value of ₱1 per share. This increase was authorized by the Parent Company's shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of par value ₱1 per share (the "Rights Shares") at an offer price of ₱1.54 per Rights Share that would be issued from the Parent Company's increased ACS. The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to ₱12,772,500.

On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange.

After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares.

Capital Management

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

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

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Total liabilities	₱21,080,917	₱29,140,690
Less: cash and cash equivalents (Notes 6 and 13)	6,667,022	1,399,180
Net debt	14,413,895	27,741,510
Total equity	42,640,316	29,665,487
Net debt to equity ratio	₱0.34:1	₱0.94:1

10. Related Party Transactions

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).

Related party transactions are shown under the appropriate accounts in the condensed consolidated interim financial statements as at and for the nine months ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Short-term investments		
<i>Other related party</i> ¹⁹		
Lomez International B.V. (Note 6)	P 3,712,196	P65,154
Due from related parties		
<i>Ultimate Parent</i>		
CEMEX ¹	P–	P803
<i>Other Related Parties</i> ¹⁹		
CASEC ⁶	1,589	626
APO Land & Quarry Corporation (ALQC) ²	1,241	13,048
Beijing CXP Import & Export Co. ⁴	1,215	1,699
Cemex Central S.A. de C.V. ²⁰	807	–
CEMEX Internacional, S.A. de C.V. ¹⁵	635	–
Island Quarry and Aggregates Corporation (IQAC) ³	205	10,210
CEMEX Operaciones México, S.A. de C.V. ⁵	71	1,363
	P5,763	P27,749
Due to related parties		
<i>Ultimate Parent</i>		
CEMEX ¹	P 12,576	P35,474
<i>Other related parties</i> ¹⁹		
CEMEX Operaciones México, S.A. de C.V. ⁵	610,991	463,948
CRG ⁷	263,509	397,808
Transenergy, Inc. ⁹	221,869	621,352
IQAC ¹¹	80,150	43,049
Sunbulk Shipping, N.V. ¹⁰	40,913	47,903
CEMEX International Trading LLC ¹²	19,631	35,229
ALQC ¹⁷	18,481	–
Beijing CXP Import & Export Co. ¹³	9,504	4,370
Torino Re Ltd ¹⁴	–	3,783
CAPL-PHQ ¹⁶	–	50
CABV ⁸	–	1,079,560
CEMEX Internacional, S.A. de C.V. ¹⁵	–	688
	1,277,624	2,733,214
Long-term payable to related parties		
<i>Ultimate Parent</i>		
CEMEX ¹	718	–
<i>Other related party</i> ¹⁹		
CABV ⁸	–	5,368,838
	718	5,368,838
	P1,278,342	P8,102,052

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Lease liabilities on land¹⁸		
ALQC	₱785,083	₱785,865
IQAC	388,281	390,946
	₱1,173,364	₱1,176,811

¹Effective December 1, 2019, CEMEX Mexico, S.A. de C.V has merged with CEMEX. On January 1, 2016, CAR entered into an agreement with CEMEX for the right to use of its “marks” and to further license the “marks” with other CEMEX group companies operating in the Asia territories.

The receivable balance as at September 30, 2020 and December 31, 2019 pertains to the:

- a) the hedge settlement received by CEMEX on behalf of the Company which is due on demand and unimpaired, which amounted to the receivable of nil and ₱803, respectively.

The payable balance as at September 30, 2020 and December 31, 2019 pertains to:

- a) purchase of equipment amounting to nil and ₱9,414 respectively, which is unsecured, noninterest-bearing and payable on demand;
- b) the use of CEMEX “marks” which is payable in 30 days after receipt of invoice and is unsecured and noninterest-bearing which amounted to ₱5,124 and ₱26,060, respectively; and
- c) Commodity hedge on diesel oil derivative liability which amounted to ₱8,170 and nil, respectively.

²The due from related party balance, which is unimpaired, unsecured, noninterest-bearing and due on demand as at September 30, 2020 and December 31, 2019 includes:

- a) receivable from service agreement amounting to nil and ₱359, respectively;
- b) receivable from US dollar conversion amounting to nil and ₱12,658 respectively. The service agreements were entered by Solid and APO with ALQC wherein Solid and APO respectively provides back-office and other support services to ALQC. Fees are calculated at cost incurred plus fixed mark-up; and
- c) Others pertaining to reimbursements and/or advances amounting to ₱1,241 and ₱31, respectively.

³The due from related party balance which is unimpaired, unsecured, noninterest-bearing and due on demand as at September 30, 2020 and December 31, 2019 includes:

- a) reimbursable expenses amounting to ₱205 and ₱44, respectively; and
- b) receivable from US dollar conversion amounting to nil and ₱10,166, respectively.

⁴The due from related party balance pertains to advances which are unimpaired, unsecured, noninterest-bearing and due on demand amounting to ₱1,215 and ₱1,699 as at September 30, 2020 and December 31, 2019, respectively.

⁵The due from related party balance, amounting to ₱71 and ₱1,363 as at September 30, 2020 and December 31, 2019, respectively; which is unimpaired, unsecured, noninterest-bearing and due on demand, pertains to reimbursement of fringe benefit tax on share-based compensation.

The due to related party balance as at September 30, 2020 and December 31, 2019, are as follow:

- a) The business support services received by the Company which is unsecured, noninterest-bearing and payable on demand. In 2009, Solid and APO entered into separate service agreements with CAPL-PHQ, whereby the latter through CAPL-PHQ shall provide to Solid and APO services relating to, among others, general administration and planning; business planning and coordination; marketing control and; sales promotion and business development. In the implementation of these service agreements, CAPL-PHQ also arranged for certain services to be performed by CEMEX Central, S.A. de C.V. (“CEMEX Central”) and, accordingly, CAPL-PHQ collected from each of Solid and APO as reimbursement of the fees billed by CEMEX Central for services rendered. In 2017, the arrangement between CAPL-PHQ and CEMEX Central was changed resulting in Solid and APO entering into separate service agreements directly with CEMEX Central wherein the latter shall provide to the companies those particular services previously performed by CEMEX Central through the service agreements with CAPL-PHQ. CEMEX Operaciones, S.A. de C.V., a CEMEX subsidiary organized and existing under the laws of Mexico, was merged with CEMEX Central, whereby CEMEX Operaciones was the surviving entity pursuant to an agreement with respect to such merger dated August 1, 2019. The payable balance amounted to ₱604,618 and ₱463,948, respectively; and
- b) unsecured payable arising from reimbursement of cost incurred for Solid K4 project with a 30-day term and noninterest-bearing amounting to ₱6,373 and nil respectively.

⁶The due from related party balance pertains to reimbursable fees/expenses, which is unsecured, noninterest-bearing and due on demand.

⁷The due to related party balance, which is unsecured, noninterest-bearing and payable on demand, as at September 30, 2020 and December 31, 2019 includes:

- a) the unpaid royalties/license fees amounted to ₱263,466 and ₱397,808, respectively; and
- b) reimbursable fees which amounted to ₱43 and nil, respectively.

⁸The long term related party balance includes:

- a) interest on the loan of APO (short-term loan) and the loan of Solid (long-term loan) amounting to nil and ₱5,925 as at September 30, 2020 and December 31, 2019, respectively;
- b) principal on said short-term loan amounting to ₱1,073,635, which bears 8.4% interest per annum, before tax, as at December 31, 2019. The long-term loan, which bears 8.2% interest per annum, pertains to the revolving facility agreement dated November 21, 2018 between Solid and CABV, allowing Solid to withdraw in one or several installments a sum of up to U.S.\$75,000, which was amended on February 2019, increasing the facility to US\$100,000. On, November 28, 2019, further amendments were made to increase the facility to US\$160,000. As at September 30, 2020 and December 31, 2019, loan principal amounted to nil and ₱5,368,838, respectively. The interest rate of the long-term loan is being revalued semi-annually depending on the Company's consolidated leverage ratio. The foregoing loans are unsecured. The loans of APO and Solid with CABV, respectively, were fully paid in the first quarter of 2020.

⁹The due to related party balance pertains to purchase of coal with a term of 30 days, noninterest-bearing and unsecured.

¹⁰The due to related party balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services.

¹¹The due to related party balance as at September 30, 2020 and December 31, 2019, respectively includes:

- a) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to ₱80,150 and ₱26,471, respectively; and
- b) collections from housing loan owned by IQAC amounting to nil and ₱16,578, respectively, which are unsecured, noninterest-bearing and payable on demand.

Solid purchases the majority of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement.

¹²The due to related party balance as at September 30, 2020 and December 31, 2019, pertains to purchase of raw materials with a 30-day term which is unsecured and noninterest-bearing.

¹³The due to related party balance payable as at September 30, 2020 and December 31, 2019, pertains to the outstanding liability for the purchases of materials, supplies and spare parts, which is unsecured, noninterest-bearing and payable on demand.

¹⁴The due to related party balance as at December 31, 2019, which is unsecured, noninterest-bearing and due on demand pertains to insurance premiums.

¹⁵The due from related party balance of ₱635 and nil as at September 30, 2020 and December 31, 2019, respectively pertains to reimbursable expenses which is unimpaired, unsecured, noninterest-bearing and due on demand.

The due to related party balance of nil and ₱688 as at September 30, 2020 and December 31, 2019, respectively pertains to purchase of other production supplies including additives, fuel and others with a 30-day term which is unsecured and noninterest-bearing.

¹⁶The due to related party balance, which is unsecured, noninterest-bearing and payable on demand, pertains to the overpayment on transferred pension liabilities amounting to nil and ₱50 as at September 30, 2020 and December 31, 2019, respectively.

¹⁷The due to related party balance pertains to purchase of raw materials which is payable upon demand amounting to ₱18,481 and nil, as at September 30, 2020, and December 31, 2019, respectively;

¹⁸The balances, which are recognized under "Lease liabilities" account, are unsecured, noninterest-bearing and payable on an annual basis. These land rentals have a 30-day term and are both noninterest-bearing and unsecured. The principal manufacturing installations of APO and Solid are located on land owned by IQAC or ALQC, under long-term lease agreements.

¹⁹Other related parties pertain to entities under common control of CEMEX, except for IQAC and ALQC

²⁰The due from related party balance of ₱807 and nil as at September 30, 2020 and December 31, 2019, respectively pertains to reimbursable expenses which is unimpaired, unsecured, noninterest-bearing and due on demand.

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	₱6,448,398	₱3,594,997
Proceeds from drawdowns (net of issuance cost)	1,221,051	2,611,429
Interest expense (including amortization of debt issue cost)	149,110	574,947
Payments of interest	(155,035)	(170,433)
Payments of loan	(7,693,933)	–
Effect of exchange rate changes	–	(162,542)
Others	30,409	–
Ending balance	₱–	₱6,448,398

The main transactions entered by the Company with related parties for the nine months ended September 30, 2020 and 2019 are shown below:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Purchases of raw materials, supplies and spareparts		
Transenergy, Inc.	₱1,156,933	₱1,288,717
IQAC	218,914	229,316
ALQC	103,120	285,107
Beijing CXP Import & Export Co.	34,022	14,260
CEMEX International Trading LLC	33,734	71,934
CEMEX Internacional, S.A. de C.V.	3,019	–
	₱1,549,742	₱1,889,334
Loan drawdown		
CABV	₱1,221,051	₱2,157,017
Royalties and trademarks		
CRG	₱570,344	₱642,191
CEMEX	16,847	22,574
	₱587,191	₱664,765
Interest expense		
CABV	₱149,110	₱414,122
Corporate services and administrative services		
Cemex Operaciones Mexico, S.A. de C.V	₱169,924	₱57,167
Cemex Central, S.A. de C.V.	–	189,159
	₱169,924	₱246,326
Purchase of Equipment		
Cemex Mexico, S. A. de C.V.	₱–	₱416,727
Insurance		
Torino Re Ltd	₱103,896	₱–

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Freight services		
Sunbulk Shipping, N.V.	₱41,208	₱111,803
Land rentals		
ALQC	₱43,656	₱43,657
IQAC	21,592	21,592
	₱65,248	₱65,249
Corporate services and administrative income		
ALQC	₱7,266	₱4,110
IQAC	3,060	425
	₱10,326	₱4,535
Interest income		
Lomez International B.V.	₱23,816	₱1,132

11. Segment Information

The Company applies PFRS 8, *Operating Segments* for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's results and performance is evaluated for decision-making purposes and allocation of resources is made on a per country basis. Hence, the Company represents a single geographical operating segment. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, and other construction-related products and services. For the nine months period September 30, 2020 and 2019, the cement sector represented approximately 89.86% and 89.31%, respectively of total net revenues before eliminations resulting from consolidation, and 129.72% and 131.73%, respectively, of Operating Earnings before interest, taxes, depreciation, and amortization (EBITDA).

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

12. Long-term Bank Loan

On February 1, 2017, the Parent Company signed a Senior Unsecured Peso Term Loan Facility Agreement (Facility Agreement) with BDO Unibank, Inc. (BDO) for an amount of up to the Philippine Peso equivalent of US\$280million to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO has a tenor of seven (7) years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. Short-term portion of the bank loan amounted to ₱140,123 as at September 30, 2020 and December 31, 2019.

The debt issuance cost of this bank loan, corresponding to ₱86,546 and ₱106,019 on unamortized basis, was deducted from the total loan liability as at September 30, 2020 and December 31, 2019, respectively. The interest expense for the nine months ended September 30, 2020 and 2019, excluding amortized direct cost, amounted to ₱424,430 and ₱618,224, respectively, which is recognized under "Financial and other financial expenses, net" account in the condensed consolidated interim statements of comprehensive income.

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

	Bank Loan	Accrued Interest	Total
Balance as at January 1, 2019	₱13,628,851	₱132,907	₱13,761,758
Interest expense	25,964	774,869	800,833
Payment of:			
Principal	(2,340,123)	–	(2,340,123)
Interest	–	(812,776)	(812,776)
Others	6,233	–	6,233
Balance as at December 31, 2019			
(Audited)	11,320,925	95,000	11,415,925
Interest expense	19,472	424,430	443,902
Payment of:			
Principal	(105,092)	–	(105,092)
Interest	–	(445,711)	(445,711)
Balance as at September 30, 2020			
(Unaudited)	₱11,235,305	₱73,719	₱11,309,024

Accrued interest from this bank loan amounting to ₱73,719 and ₱95,000 as at September 30, 2020 and December 31, 2019 are recognized under "Unearned income, other accounts payable and accrued expenses" account in the condensed consolidated interim statements of financial position.

The Facility Agreement also provides certain covenants. Compliance with these covenants shall be tested semi-annually. On December 8, 2017, the Parent Company entered into a Supplemental Agreement to the Facility Agreement with BDO pursuant to which, more notably, it was agreed that: (i) the commencement date for compliance with the aforementioned financial covenants under the Facility Agreement would be in June 2020; (ii) debt service reserve accounts were created and (iii) additional debt incurrence restrictions be put in place. One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Parent Company's ability to cover its interest expense using its Operating EBITDA (interest coverage ratio) and is measured by dividing Operating EBITDA by the financial expense for the last twelve months as of the calculation date. Operating EBITDA equals operating income before other income, net plus depreciation and amortization. On December 14, 2018, the Parent Company entered into another Supplemental

Agreement to the Facility Agreement that provides an option, only for certain potential events of default under the Facility Agreement, for the Parent Company's ultimate parent company, CEMEX, or any affiliate of CEMEX which is not a direct or indirect subsidiary of the Parent Company, to pay all amounts outstanding under the Facility Agreement before they become due and payable prior to their maturity in certain events.

Debt service reserve account related to the Company's bank loan amounted to ₱320,309 and ₱375,470 as at September 30, 2020 and December 31, 2019, respectively, and is recognized in "Other assets and noncurrent accounts receivable" in the condensed consolidated interim statements of financial position.

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

On June 30, 2020, the Parent Company reached an agreement with BDO further amending the Facility Agreement, so that the Parent Company is required to comply with certain financial covenants commencing at the later date of June 30, 2021.

As at September 30, 2020, the Parent Company is in compliance with the applicable restrictions and covenants of the Facility Agreement.

13. Financial Instruments and Financial Risk Management

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

Risk management framework

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

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

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or a counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade receivables. As at September 30, 2020 and December 31, 2019 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 guarantees from its customers and financial counterparties with regard to financial assets, which can be called upon if the counterparty is in default under the terms of the agreement. Cash bonds received from credit customers as at September 30, 2020 and December 31, 2019 amounted to ₱32,624.

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

The carrying amount of financial assets below represents the maximum credit exposure. The maximum exposure to credit risk as at September 30, 2020 and December 31, 2019 is as follows:

As at September 30, 2020 (Unaudited)	Gross Carrying Amount	Net carrying amount
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents (Notes 6 and 9)	₱6,667,022	₱6,667,022
Trade receivables (Note 4)	832,575	807,720
Due from related parties (Note 10)	5,763	5,763
Insurance claims and premiums receivable	175,285	175,285
Other current accounts receivable	35,314	35,314
Long-term time and rental guaranty deposits (Note 14; under other assets and noncurrent accounts receivable)	549,467	549,467
	₱8,265,426	₱8,240,571

As at December 31, 2020 (Audited)	Gross Carrying Amount	Net carrying amount
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents (Notes 6 and 9)	₱1,399,180	₱1,399,180
Trade receivables (Note 4)	916,708	892,951
Due from related parties (Note 10)	27,749	27,749
Insurance claims and premiums receivable	445,535	445,535
Other current accounts receivable	65,244	65,244
Long-term time and rental guaranty deposits (Note 14; under other assets and noncurrent accounts receivable)	597,995	597,995
	₱3,452,411	₱3,428,654

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

Trade receivables

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

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

As at September 30, 2020 (Unaudited)	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Trade receivables – gross carrying amount	₱719,698	₱62,614	₱27,690	₱22,573	₱832,575
Allowance for ECL	1,149	448	685	22,573	24,855
Average ECL rates	0.16%	0.72%	2.47%	100.00%	2.99%

As at December 31, 2019 (Audited)	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Trade receivables – gross carrying amount	₱831,695	₱50,910	₱4,538	₱29,565	₱916,708
Allowance for ECL	1,670	1,934	3,097	17,056	23,757
Average ECL rates	0.2%	3.8%	68.2%	57.7%	2.6%

Other Financial Assets (excluding Equity Instruments)

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

The Company sells its products primarily to retailers in the construction industry, with no specific geographic concentration of credit within the country in which the Company operates. As at September 30, 2020 and December 31, 2019, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables.

Movements in the Allowance for ECL in Trade receivables

Changes in the allowance for ECL for the nine months ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	₱23,757	₱24,148
Provision	4,333	334
Write-off of trade receivables	(3,235)	(725)
Ending balance	₱24,855	₱23,757

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates mainly to its operational and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company's revenues and costs are generated and settled mainly in Philippine peso. For the nine months ended September 30, 2020 and as at December 31, 2019 approximately less than 5% of the Company's net sales, before eliminations, were generated in dollars.

The Company had an exposure arising from the foreign currency denominated financial obligations as compared to the currency in which the majority of the Company's revenues are generated. The Company's only revenues denominated in dollars to cover such dollar-denominated obligations are those generated by exports. As at September 30, 2020 and December 31, 2019 the Company does not have any derivative financing hedge for foreign currency denominated financial obligation to address this foreign currency risk.

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

As at September 30, 2020 and December 31, 2019, a summary of the quantitative information of the exposure of the Company due to foreign currencies is provided to the administration on the basis of its risk management policy as follows.:

As at September 30, 2020 (Unaudited)	U.S. dollar	Euro
Cash and cash equivalents	US\$5,710	€–
Receivable from related parties*	89	–
Trade payables	(9,895)	(1,268)
Payable to related parties*	(18,893)	–
Lease liabilities	(13,132)	–
Net assets denominated in foreign currency	(US\$36,121)	(€1,268)

**Pertains to related party transactions with entities outside the Company*

As at December 31, 2019 (Audited)	U.S. dollar	Euro
Cash and cash equivalents	US\$5,474	€–
Due from related parties*	76	–
Due to related parties*	(130,090)	–
Trade payables	(29,558)	(1,510)
Lease liabilities	(14,051)	–
Net liabilities denominated in foreign currency	(US\$168,149)	(€1,510)

*Pertains to related party transactions with entities outside the Company

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

		September 30, 2020	December 31, 2019
Amount owed by	Amount owed to	(Unaudited)	(Audited)
Parent Company	CAR	(\$61,963)	(\$88,490)
APO	CAR	(3,427)	(4,653)
Parent Company	Falcon	(3,003)	(31,225)
Solid	CAR	(1,140)	(4,535)
		(\$69,533)	(\$128,903)

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

Currency	September 30, 2020		December 31, 2019	
	Closing	Average	Closing	Average
U.S. dollar	₱48.50	₱49.94	₱50.64	₱51.57
Euro	56.85	56.40	56.78	57.68

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in various foreign currencies, with all other variables held constant, of the Company's earnings before income tax and equity for the nine months ended September 30, 2020 and for the year ended December 31, 2019:

US\$	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
	2020	+4.23%	(₱74,096)
	-4.23%	74,096	51,867
2019	+3.7%	₱315,057	₱220,540
	-3.7%	(315,057)	(220,540)
EUR	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
	2020	+0.12%	(₱87)
	-0.12%	87	61
2019	+5.8%	₱4,973	₱3,481
	-5.8%	(4,973)	(3,481)

Sensitivity Analysis pertaining to Eliminated Intragroup Balances

US\$	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
	+4.23%	(P142,636)	(P99,845)
2020	-4.23%	142,636	99,845
	+3.7%	P241,523	P169,067
2019	-3.7%	(241,523)	(169,067)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As at September 30, 2020 and December 31, 2019, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P5,901,059 and P5,964,021, respectively, of the long-term bank loan with BDO and short-term investments in Lomez International B.V. amounting to P3,712,196 and P65,154 as at September 30, 2020 and December 31, 2019, respectively (see Note 6). The short term investments with Lomez International B.V. bears interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest for Solid, APO and Edgewater Ventures Corporation and WAILRF rate plus 30 basis points for CAR and Falcon.

Sensitivity Analysis

As at September 30, 2020 and December 31, 2019, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the nine months ended September 30, 2020 and 2019 would have decreased by approximately P15,322 and P78,722 net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

Commodity Price Risk

In the ordinary course of business, the Company is exposed to commodity price risk, including the exposure from diesel fuel prices, and expose the Company to variations in prices of the underlying commodity. The Company established specific policies oriented to obtain hedge with the objective of fixing diesel fuel prices. In 2019, the Company purchased option contract transactions to hedge the price of diesel fuel. By means of these contracts, the Company fixed the price of diesel over certain volume representing a portion of the estimated consumption of diesel fuel in the operations. The Company is expected to complete its purchase of option contract transactions in 2020 to cover a portion of the estimated consumption in 2021 of diesel fuel. These contracts have been designated as cash flow hedges of diesel fuel consumption, and as such, changes in fair value are recognized temporarily through OCI and are recycled to profit or loss as the related diesel volumes are consumed.

For the nine months ended September 30, 2020 and 2019, changes in fair value of these contracts recognized in OCI amounted to P8,170 and P7,322, respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in

which they operate, any one of which may materially decrease the Company's net income and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by and used in operating activities, as presented in its unaudited condensed consolidated interim statement of cash flows, was ₱1,975,871 and ₱2,595,864 for the nine months ended September 30, 2020 and 2019, respectively. 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. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

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

	As at September 30, 2020 (Unaudited)				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	More than 5 Years
Trade payables	₱4,111,424	₱4,111,424	₱4,111,424	₱-	₱-
Other accounts payable and accrued expenses*	682,605	682,605	682,605	-	-
Due to related parties	1,277,624	1,277,624	1,277,624	-	-
Long-term bank loan	11,235,305	12,497,051	618,820	11,878,231	-
Lease liabilities	2,188,325	4,947,816	679,584	700,359	3,567,873
Total	₱19,495,283	₱23,516,520	₱7,370,057	₱12,578,590	₱3,567,873

*Excluding government-related payables, and other non-financial liabilities amounting to ₱682.61 million.

	As at December 31, 2019 (Audited)				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	More than 5 Years
Trade payables	₱4,795,817	₱4,795,817	₱4,795,817	₱-	₱-
Other accounts payable and accrued expenses*	942,855	942,855	942,855	-	-
Due to related parties	8,102,052	10,714,797	3,289,975	7,424,822	-
Long-term bank loan	11,320,925	13,305,483	736,880	12,568,603	-
Lease liabilities	2,163,251	5,094,230	646,741	787,474	3,660,015
Total	₱27,324,900	₱34,853,182	₱10,412,268	₱20,780,899	₱3,660,015

*Excluding government-related payables, and other non-financial liabilities amounting to ₱714.9 million.

Insurance Risk management

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

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

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

14. Fair Values of Financial Assets and Financial Liabilities

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

As at September 30, 2020 and December 31, 2019, the carrying amounts of financial assets and liabilities and their respective fair values are as follows:

	September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
Financial assets						
Long-term time and guaranty deposits (Note 13)	₱549,467	₱549,467	Level 2	₱597,995	₱597,995	Level 2
Financial liabilities						
Bank loan	₱11,235,305	₱11,392,252	Level 2	₱11,320,925	₱12,888,099	Level 2
Payable to a related party	-	-	Level 2	6,448,398	7,952,786	Level 2
	₱11,235,305	₱11,235,305		₱17,769,323	₱20,840,885	

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

15. Contingencies

As at September 30, 2020, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. The Company considers that in those instances in which obligations have been incurred, the Company has accrued adequate provisions to cover the related risks. The Company believes these matters will be resolved without any significant effect on its business, consolidated

financial position or consolidated financial performance. In addition, in relation to ongoing legal proceedings, the Company is able to make a reasonable estimate of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, for a limited number of ongoing proceedings, the Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by-case basis would seriously prejudice Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

16. Relevant Information Regarding the Impact of the Landslide

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC¹. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

In 2019, the Company received the outstanding amount of its insurance claims amounting to P447.1 million which includes the additional claims made in during the year amounting to P123.1 million. The collection and recognition of additional insurance claims were offset against "Costs of Sales" account in the consolidated statements of comprehensive income for the year ended December 31, 2019.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu², against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems". In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

¹ As at September 30, 2020, local and national authorities have allowed ALQC to resume its mining operations in the affected areas.

² The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

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

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs' Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019, which remains pending as of the date of this report.

As of September 30, 2020, at this stage of the overall proceedings and considering all possible defenses that could be available, while we cannot assess with certainty the likelihood of an adverse result in the overall proceedings, we believe a final adverse resolution in the overall proceeding is not probable, and, in turn, because we are not able to assess the outcome of the reconsiderations filed against the court's order, we are not able to determine if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

17. Events in Relation to the Impact of Covid-19

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of the novel spread of the Coronavirus COVID-19 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world, having affected as of such date more than 150 countries. In response to that, on March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures as necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. On March 26, 2020, the Governor of Cebu Province announced the implementation of ECQ measures for the entire island of Cebu, effective March 30.

Beginning May 16, 2020, several cities and provinces (which included Metro Manila and Cebu City) were placed under modified enhanced community quarantine, while other cities and provinces (which included the Province of Rizal and other cities in the Province of Cebu) were placed under general community quarantine. As of the second half of August 2020, Metro Manila and Cebu City, as well as the Municipalities of Minglanilla and Consolacion in the Province of Cebu, were among the areas which shifted to general community quarantine.

Considering the implementation of ECQ in Luzon, the Company's Solid Cement Plant temporarily suspended the production and delivery of cement products in the third week of March. Solid Cement Plant resumed operations on May 20, in compliance with government regulations. APO Cement Plant has remained operational year-to-date as of June 30, 2020, complying with all government regulations and the necessary hygiene and safety measures.

The various measures imposed to date by the Government and those that will be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect the Company's workforce deployment and operations and the operations of the Company's customers, distributors, suppliers and contractors, and may negatively impact the Company's financial condition, results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company's manufacturing facilities, on its operations or workforce, or similar limitations for the Company's customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company's capacity to meet customer demand, any of which could have a material adverse effect on the Company's financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company's financial condition and results of operations will depend on future developments of the coronavirus situation in the country, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, government policy, and how quickly and to what extent normal economic and operating conditions can resume. As of the date of this report, the Company is not able to make reliable estimates of the impact of the COVID-19 Pandemic due to inadequacy of data and, therefore, the Company is not able to quantify them. The Company will evaluate on a quarterly basis during the year 2020, the impact of these events on its financial condition, results of operations and cash flows.

Even prior to the imposition of ECQ, the Company implemented, and has continued to implement, strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion of the COVID-19 Pandemic. The Company is undertaking and continues to explore temporary measures to address the adverse impact of the COVID-19 Pandemic on its workforce and operations with the objective of re-aligning the organization's resources with the evolving conditions in the different markets in which the Company operates. These immediate measures include (but are not limited to) the reduction of plant production and inventory levels, the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses) and the implementation of changes in work-deployment schedules. During the following months, the Company plans to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have started to considerably affect the Company. The Company considers that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in

connection with: (i) increases in estimated credit losses on trade accounts receivable; (ii) impairment of long-lived assets including goodwill; (iii) further disruption in supply chains; and (iv) liquidity effects to meet the Company's short-term obligations. As of the issuance date of these financial statements it is not possible to make reliable estimates of potential unforeseen adverse effects on the Company's business from the COVID-19 Pandemic that may arise due to the uncertainty associated to the duration and consequences of the COVID-19 in the different markets in which the Company operates. Nonetheless, as events evolve during the year 2020, The Company will continue to evaluate and recognize the possible adverse effects in its financial condition, results of operations and cash flow.

Due to the constraints arising from quarantine restrictions imposed by government and in order to mitigate short-term liquidity risks to the Company, the Company intends to suspend, reduce or delay certain planned (i) capital expenditures; (ii) budgeted operating expenses in line with the evolution of demand per market in which the Company operates, and (iii) production and, where required, inventory levels in all of the Company's markets, as part of working capital initiatives.