CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Note	**June 30 2016 (Unaudited)**	December 31 2015 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*6*	**P3,172,957**	P4,922
Trade receivables - net	*12*	**1,043,606**	–
Receivable from related parties	*9, 12*	**141,170**	–
Other current accounts receivables	*12*	**96,797**	–
Inventories		**2,095,336**	–
Other current assets	*12*	**1,009,235**	–
Total Current Assets		**7,559,101**	4,922
Noncurrent Assets			
Investments in associates and other investments		**15,273**	–
Other assets and noncurrent accounts receivable	*12*	**328,029**	–
Property, machinery and equipment - net	*7*	**15,335,855**	–
Deferred income taxes		**207,097**	–
Goodwill – net		**27,852,296**	–
Total Noncurrent Assets		**43,738,550**	–
		P51,297,651	P4,922
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		**P2,140,002**	P–
Bank loan payable	*10*	**7,302,350**	–
Payable to related parties	*9*	**18,529,174**	190
Income tax payable		**103,032**	–
Other accounts payable and accrued expenses		**1,554,446**	–
Provisions		**285,447**	–
Total Current Liabilities		**29,914,451**	190
Noncurrent Liabilities			
Long-term payable to related party		**17,713,557**	–
Employee benefits liability		**756,428**	–
Other noncurrent liabilities		**29,613**	–
Total Noncurrent Liabilities		**18,499,598**	–
Total Liabilities		**P48,414,049**	P190

Forward

	Note	June 30 2016 (Unaudited)	December 31 2015 (Audited)
Equity			
Controlling interest:			
Common stock	*8*	**P2,857,468**	P9,400
Cumulative translation adjustment		**(38)**	(34)
Other equity reserves		**2,715**	–
Retained earnings (deficit)		**23,201**	(4,634)
Total controlling interest		**2,883,346**	4,732
Non-controlling interest		**256**	–
Total Equity		**2,883,602**	4,732
		P51,297,651	P4,922

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)

	Note	**For The Six Months Ended June 30 2016**	For The Three Months Ended June 30 2016
NET SALES		**P12,718,249**	P6,390,040
COST OF GOODS SOLD		**(6,640,693)**	(3,409,218)
GROSS PROFIT		**6,077,556**	2,980,822
OPERATING EXPENSES			
Administrative and selling expenses		**3,168,880**	1,595,400
Distribution expenses		**1,971,607**	981,426
		5,140,487	2,576,826
PROFIT FROM OPERATIONS		**937,069**	403,996
FINANCIAL EXPENSES		**(481,741)**	(463,801)
FOREIGN EXCHANGE LOSS - Net		**(335,389)**	(138,646)
OTHER EXPENSES - Net		**(74,779)**	(80,334)
PROFIT (LOSS) BEFORE TAX		**45,160**	(278,785)
INCOME TAX EXPENSE (BENEFIT)		**1,513**	(108,130)
NET PROFIT (LOSS)	*5*	**43,647**	(170,655)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of employee benefits liability		**(1,443)**	1,108
Income tax recognized directly in other comprehensive income		**433**	(332)
		(1,010)	776
Items that will be reclassified subsequently to profit or loss			
Currency translation of a foreign subsidiary		**(4)**	94
		(1,014)	870
COMPREHENSIVE INCOME (LOSS)		**42,633**	(169,785)
Non-controlling interest comprehensive loss		**(14)**	(8)
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME (LOSS)		**P42,647**	(P169,777)
Basic / Diluted Earnings (Loss) Per Share	*5*	**P0.06**	(P0.06)

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Amounts in Thousands)
(Unaudited)

For The Six Months Ended June 30

	Common Stock (see Note 8)	**Cumulative Translation Adjustment**	**Other Equity Reserves**	**Retained Earnings (Deficit)**	**Total Controlling Interest**	**Non-controlling Interest**	**Total Stockholders' Equity**
As at December 31, 2015	P9,400	(P34)	P–	(P4,634)	P4,732	P–	P4,732
Issuance of capital stock capital	2,848,068	–	–	–	2,848,068	–	2,848,068
Share issuance cost	–	–	–	(24,858)	(24,858)	–	(24,858)
Equity forward derivatives effect	–	–	–	9,032	9,032	–	9,032
Changes in non-controlling interest	–	–	–	–	–	270	270
Net profit for the period	–	–	–	43,661	43,661	(14)	43,647
Total other comprehensive loss for the period	–	(4)	(1,010)	–	(1,014)	–	(1,014)
Share-based compensation	–	–	3,725	–	3,725	–	3,725
As at June 30, 2016	**P2,857,468**	**(P38)**	**P2,715**	**P23,201**	**P2,883,346**	**P256**	**P2,883,602**

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(Amounts in Thousands)

(Unaudited)

	Note	**For The Six Months Ended June 30 2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit		**P43,647**
Allocation for non-controlling interest		**257**
Adjustments for:		
Financial expenses, other financial expenses and unrealized foreign exchange result		**710,719**
Depreciation of property, machinery and equipment	*7*	**626,415**
Provisions during the period		**47,533**
Stock-based compensation expense		**3,725**
Income tax expense		**1,513**
Results from the sale of assets		**(596)**
Operating profit before working capital changes		**1,433,213**
Changes in working capital, excluding income taxes:		
Decrease (increase) in:		
Trade receivables, net		**(236,992)**
Receivable from related parties		**569,390**
Other current accounts receivable and other current assets		**(109,139)**
Inventories		**180,712**
Prepaid expenses and other current asset		**(434,489)**
Increase (decrease) in:		
Trade payables		**(180,074)**
Payable to related parties		**2,245,167**
Other accounts payable and accrued expenses		**144,001**
Cash generated from operations		**3,611,789**
Financial expenses paid in cash		**(27,980)**
Income taxes paid		**228,262**
Net cash provided by operating activities		**3,812,071**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash and cash equivalents acquired through business combination		**2,674,963**
Collection from sale of investments in shares of stock		**1,476,056**
Collection from sale of investment property		**218,932**
Decrease in other noncurrent assets		**14,256**
Additions to property, machinery and equipment	*7*	**(88,130)**
Net cash provided by investing activities		**4,296,077**

Forward

	Note	For The Six Months Ended June 30 2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from payables to related parties	*9*	**P40,269,677**
Proceeds from bank loan	*10*	**7,302,350**
Proceeds from issuance of common stock (net of issuance cost)		**2,823,209**
Payment of loan to related parties	*9*	**(55,318,257)**
Net cash used in financing activities		**(4,923,021)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,185,127**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(17,092)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**4,922**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*6*	**P3,172,957**

See Notes to the Condensed Consolidated Interim Financial Statements.

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 with a corporate life of fifty (50) years, primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that the Parent Company shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act 2629, Investment Company Act.

Consistent with its statutory purpose, on January 1, 2016, the Parent Company became the holding company of the consolidated entities, a 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 directly and indirectly, through Bedrock Holdings, Inc. and Sandstone Strategic Holdings, Inc. The Company includes other entities that are direct subsidiaries of Solid.

The Securities and Exchange Commission of the Philippines (SEC) issued its Pre-effective Clearance for Registration on June 17, 2016 covering 5,195,395,454 common shares of the Parent Company broken down as follows: (a) 2,337,927,954 common shares that shall be offered and sold by way of primary offering ("IPO") and (b) 2,857,467,500 issued and outstanding shares which shall not be included in the offer.

In view of the SEC Pre-effective Clearance for Registration and the Parent Company's compliance with other conditions imposed by the Board of the Philippine Stock Exchange (PSE), the PSE approved on June 17, 2016 the initial listing of up to 5,195,395,454 common shares under the Main Board of the Exchange.

On June 30, 2016, the SEC resolved to render effective the Registration Statement of the Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company.

Several important operational arrangements will become effective as a result of the consummation of the IPO, as stated in the Parent Company's IPO prospectus and annexes (the "Prospectus"). The effect of these arrangements, which will be applied retroactively to January 1, 2016, will be reflected in and is expected to materially impact the Company's consolidated financial statements beginning the third quarter of 2016 (SEE NOTE 15).

Consequently, these consolidated interim financial statements as of June 30, 2016 do not yet include any impact from these material subsequent events.

The Parent Company's principal office is established at 8/F Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Barangay Bel-Air, Makati City.

CASEC was incorporated as a stock corporation in August 25, 2015 under Philippine laws. On a consolidated group basis, the Company is a subsidiary of CEMEX, S.A.B. de C.V. ("CEMEX"), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

The term "Parent Company" used in these accompanying notes to the consolidated 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. The term "CEMEX" refers to CEMEX, S.A.B. de C.V. together with its consolidated subsidiaries.

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, 2015 and its complete set of consolidated interim financial statements as at and for the three-month period ended March 31, 2016.

There are no comparative interim figures presented for the six months and three months ended June 30, 2015 since the Parent Company was only incorporated in September 2015. Nevertheless, comparisons pertaining to certain quantitative information related to the operations of the Company have been presented in the MD&A section of the SEC 17Q report.

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on a historical basis, except for employee benefits liability which is measured at the present value of the defined benefit obligation less the fair value of plan assets.

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 and when otherwise indicated.

Use of Judgments and Estimates

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 financial statements.

During the six-months ended June 30, 2016, management reassessed its estimates in respect of the allowance for impairment losses on receivables. As at June 30, 2016 and December 31, 2015, allowance for impairment losses on receivables amounted to P6.8 million and nil, respectively (see Note 12).

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 financial statements.

Changes in Accounting Policies

The following amendments to standards are effective for the six months June 30, 2016, and have been applied in preparing these condensed consolidated interim financial statements. The adoption of these amendments to standards did not have any significant impact on the Company's condensed consolidated interim financial statements:

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to PAS 38, *Intangible Assets*, introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

  The amendments to PAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

- *Annual Improvements to PFRSs 2012 - 2014 Cycle.* This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Company's condensed consolidated interim financial statements.

  - *Offsetting disclosures in condensed interim financial statements (Amendment to PFRS 7).* PFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of PAS 34, *Interim Financial Reporting* require their inclusion.

    The amendment to PFRS 7 is applied retrospectively, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

  - *Disclosure of information "elsewhere in the interim financial report' (Amendment to PAS 34).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" - i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross‑reference are not made available to users of the interim financial statements on the same terms and at the same time.

The amendment to PAS 34 is applied retrospectively, in accordance with PAS 8.

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

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

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

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

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

<u>New Standards and Amendments to Standards Not Yet Adopted</u>
The new standards and amendments to standards discussed below is effective for annual periods beginning after January 1, 2016, and have not been applied in preparing these condensed interim financial statements.

Effective January 1, 2018

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

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

  The Company has decided not to early adopt PFRS 9 (2014) for its 2016 financial reporting. Based on management's review, the new standard will potentially have an impact on the classification of its financial assets, but will have no significant impact on the measurement of its outstanding financial assets and financial liabilities.

Pending approval of local adoption of PFRS 15, Revenue from Contracts with Customers

- PFRS 15, *Revenue from contracts with customers ("PFRS 15").* The core principle of PFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contracts(s) with a customer, which is an agreement between two or more parties that creates enforceable rights and obligations; Step 2: Identify the performance obligations in the contract, considering that if a contract includes promises to transfer distinct goods or services to a customer, the promises are performance obligations and are accounted for separately; Step 3: Determine the transaction price, which is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; Step 4: Allocate the transaction price to the performance obligations in the contract, on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation, by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). PFRS 15 also includes disclosure requirements that would provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. PFRS 15 will supersede all existing guidance on revenue recognition. The FRSC has yet to issue or approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, PFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted considering certain additional disclosure requirements.

  The Company is currently evaluating the impact that PFRS 15 will have on the recognition of revenue from its contracts with customers. The Company does not expect a significant effect. Nonetheless, the Company is not considering an early application of PFRS 15.

Effective January 1, 2019

- PFRS 16, *Leases* ("PFRS 16"). PFRS 16 will supersede all current standards and interpretations related to lease accounting. PFRS 16, defines leases as any contract or part of a contract that conveys to the lessee the right to use an asset for a period of time in exchange for consideration and the lessee directs the use of the identified asset throughout that period. In summary, PFRS 16 introduces a single lessee accounting model, and requires a lessee to recognize, for all leases with a term of more than 12 months, unless the underlying asset is of low value, assets for the "right-of-use" the underlying asset against a corresponding financial liability, representing the net present value of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability. A lessee shall present either in the balance sheet, or disclose in the notes, right-of-use assets separately from other assets, as well as, lease liabilities separately from other liabilities. PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted PFRS 15. The Company is evaluating the impact that PFRS 16 will have on the recognition of the lease contracts. It is considered that upon adoption of PFRS 16, most of its operating leases will be recognized on the statement of financial position increasing assets and liabilities, with no significant initial effect on the Company's net assets. The Company is not considering the early adoption of PFRS 16 and plans to adopt this new standard on leases on the required effective date once adopted locally.

4. 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/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 Six Months Ended June 30 2016 (Unaudited)
Net profit (a)	**P43,661**
Less: non-controlling interest net loss	**(14)**
Controlling interest in net income	**P43,647**
Weighted average number of shares outstanding - Basic/Diluted (b)	**688,338,654**
Basic/Diluted EPS (a/b)	**P0.06**

As at June 30, 2016, the Company has no dilutive equity instruments.

6. Cash and Cash Equivalents

Consolidated cash and cash equivalents as at June 30, 2016 and December 31, 2015, consisted of:

	2016	2015
Cash and bank accounts	**P853,355**	P4,922
Short-term investments	**2,319,602**	–
	P3,172,957	P4,922

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest ranging from 0.35% to 0.70% in 2016. For the three months ended June 30, 2016, interest income amounted to P977.

As of June 30, 2016 and as of December 31, 2015, Short-term investments include deposits of the Company in related parties which are considered highly liquid investments readily convertible to cash, as follows:

	2016	2015
New Sunward Holding B.V. [1]	**P2,273,052**	P–

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

The Company's exposure to credit risk related to cash and cash equivalents is disclosed in Note 12 to the condensed consolidated interim financial statements.

7. Property, Machinery and Equipment

The movements in this account are as follows:

	Building	**Machinery and equipment**	**Construction in progress**	**Total**
Gross carrying amount				
Acquired from business combinations	P3,848,465	P11,600,051	P347,958	P15,796,474
Additions	1,828	103,062	60,906	165,796
Transfers/reclassifications	56,528	168,691	(225,219)	–
June 30, 2016 (Unaudited)	**3,906,821**	**11,871,804**	**183,645**	**15,962,270**
Accumulated depreciation and amortization				
Depreciation and amortization	(88,512)	(537,903)	–	(626,415)
June 30, 2016 (Unaudited)	**(88,512)**	**(537,903)**	**–**	**(626,415)**
Carrying Amount June 30, 2016 (Unaudited)	**P3,818,309**	**P11,333,901**	**P183,645**	**P15,335,855**

8. Equity

<u>Common Stock</u>

This account consists of:

	June 30, 2016 (Unaudited)* Par value per share P1.00		December 31, 2015 (Audited) Par value per share P100.00	
	Shares	Amount	Shares	Amount
Authorized	**5,195,395,454**	**P5,195,395**	1,504,000	P150,400
Subscribed	**2,857,467,500**	**P2,857,468**	376,000	P37,600
Issued, fully paid and outstanding balance at beginning/end of period	**2,857,467,500**	**P2,857,468**	94,000	P9,400

**Refer to Notes 1 and 15*

The Parent Company's application for the increase in authorized capital stock was approved by the SEC on May 20, 2016. As a result, the Parent Company's outstanding shares were split from 376,000 shares at P100 par value per share to 37,600,000 at P1 par value per share. On May 20, 2016, the Parent Company also issued additional

2,819,867,500 shares for the subscription deposit received from CASEC on February 18, 2016.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure. The Board has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company's capital is defined as "Total Equity" as shown in the 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 2016	December 31 2015
Total liabilities	**P48,414,049**	P190
Less cash and cash equivalents	**(3,172,957)**	(4,922)
Net debt (excess cash)	**P45,241,092**	(P4,732)
Total equity	**P2,883,602**	P4,732
Net debt to equity ratio	**P15.7:1**	P1:1

9. 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 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 period ended June 30, 2016 and December 31, 2015 are as follows:

Receivables - current	2016	2015
Island Quarry and Aggregates Corporation[1]	**74,270**	P–
CEMEX Asia Holdings, Ltd.[2]	**23,563**	–
Rivendell Holdings Corporation[2]	**12,631**	–
Breeland Corporation[3]	**10,069**	–
CEMEX S.A.B. de CV[4]	**9,026**	–
Blockland, Inc.[5]	**8,797**	–
Others	**2,814**	–
Total accounts receivable from related parties	**P141,170**	P–

Payables – current	2016	2015
New Sunward Holding B.V. [6]	**P16,602,502**	P–
CEMEX Research Group, AG [7]	**1,354,105**	–
Transenergy, Inc. [8]	**338,527**	–
CEMEX Asia Pte. Ltd [9]	**137,000**	–
APO Land & Quarry Corporation [10]	**47,820**	–
Island Quarry and Aggregates Corporation [11]	**41,708**	–
Others [12]	**7,512**	190
	P18,529,174	190
Payable - non current		
New Sunward Holding B.V. [13]	**16,726,157**	–
CEMEX Asia B.V. [14]	**987,400**	–
Total accounts payable to related parties	**P17,713,557**	P190

[1] The balance, which is unsecured with no impairment and due on demand includes a) receivables arising from advances to P408; b) receivables arising from the sale of raw materials and supplies with a 30-day term and without interest amounting to P10,877; c) royalty fees of P61,007; and d)others amounting to P1,978;
[2] The balance is generated from cash advances which are noninterest-bearing, due on demand, unsecured and not impaired;
[3] The balance is generated from a sale of land in 2015, which is due on demand and without interest. The balance is unsecured with no impairment;
[4] The balance pertains to unsecured with no impairment diesel hedge;
[5] The balance, which is due on demand and without interest, is generated from a) a sale of land in 2015 amounting to P8,493, and b) advances of P304. The balance is unsecured with no impairment;
[6] The balance is the remaining liability related to the short term loan incurred during the business acquisitions, due on demand and unsecured (see Note 15);
[7] The balance is generated from license fees of the Company which has a term of 30 days, noninterest-bearing and unsecured (see Note15);
[8] The balance is generated from purchase of raw materials with a term of 30 days, no interest and unsecured;
[9] The balance is generated from administrative services received by the Company which has a term of 30 days, noninterest-bearing and unsecured;
[10] The balance includes a) purchase of raw materials with a 30-day term amounting to P22,914; b) cash advances of P10,205, which are payable on demand; c) land rental with a 30-day term amounting to P13,825; and d) nontrade transactions amounting to P876. These transactions are unsecured and without interest;
[11] The balance includes a) unsecured payable arising from purchase of raw materials with a 30-day term and no interest amounting to P10,510; b) unsecured payable arising from land rental with a 30-day term and no interest amounting to P7,821; and c) royalty amounting to P23,377;
[12] The balance includes a) purchase of raw materials with a 30-day term amounting to P5,303; and b) others amounting to P2,209;
[13] The balance pertains to interest-bearing long term loan payable;
[14] The balance is generated from the Company's loan from CEMEX Hungary KFT which was assigned by the latter to CEMEX Asia B.V. at the same terms.

The main transactions entered by the Company with related parties for the six months ended June 30, 2016 are shown below:

		Amount
Purchases of raw materials		
Transenergy, Inc.	P	784,181
APO Land & Quarry Corporation		139,523
Island Quarry and Aggregates Corporation		53,340
	P	977,044

Land Rental		
APO Land & Quarry Corporation	P	29,105
Island Quarry and Aggregates Corporation.		16,464
	P	45,569
Royalties and technical assistance		
CEMEX Research Group AG.	P	1,593,065
General, administrative and selling expenses		
CEMEX Asia Pte. Ltd	P	207,099
CEMEX Strategic Philippines, Inc.		35,549
	P	242,648
Sales of raw materials		
Island Quarry and Aggregates Corporation	P	54,179
CEMEX Cement Bangladesh Ltd		4,411
	P	58,590
Interest income		
APO Land & Quarry Corporation	P	435
Interest expense		
New Sunward Holding B.V.	P	377,445

Transactions and balances between consolidated entities eliminated during consolidation

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

Accounts Receivable

Amounts owed to:	Amounts owed by:	2016	2015
Solid Cement Corporation	Apo Cement Corporation	**P10,816**	P–
Solid Cement Corporation	Ecocrete, Inc.	**65,016**	–
Solid Cement Corporation	Ecocast Builders, Inc.	**39,619**	–
Solid Cement Corporation	Bedrock Holdings Inc.	**1,889**	–
Solid Cement Corporation	Sandstone Strategic Holdings Inc	**1,070**	–
Solid Cement Corporation	Cemex Holdings Philippines, Inc.	**1,568,587**	–
Apo Cement Corporation	Solid Cement Corporation	**114,723**	–
Apo Cement Corporation	Edgewater Ventures Corporation	**35,540**	–
Apo Cement Corporation	Cemex Holdings Philippines, Inc.	**3,396,997**	–
Ecopavements, Inc.	Solid Cement Corporation	**440**	–
Ecopavements, Inc.	Ecocrete, Inc.	**116**	–
Ecopavements, Inc.	Ecocast Builders, Inc.	**247**	–
Triple Dime Holdings Inc.	Edgewater Ventures Corporation	**4,921**	–
Ecocrete Inc.	Solid Cement Corporation	**P5,073**	P–
Edgewater Ventures Corporation	Cemex Holdings Philippines, Inc.	**258,610**	–
Ecocast Builders, Inc.	Solid Cement Corporation	**2,102**	–
Ecocast Builders, Inc.	Ecocrete, Inc.	**314**	–
Ecocast Builders, Inc.	Ecopavements, Inc.	**335**	–

Accounts Payable

Amounts owed by:	Amounts owed to:	2016	2015
APO Cement Corporation	Solid Cement Corporation	**P10,816**	P–
Ecocrete, Inc.	Solid Cement Corporation	**65,016**	–
CEMEX Holdings Philippines, Inc.	Solid Cement Corporation	**1,568,587**	–
Bedrock Holdings Inc.	Solid Cement Corporation	**1,889**	
Sandstone Strategic Holdings Inc.	Solid Cement Corporation	**1,070**	
Ecocast Builders, Inc.	Solid Cement Corporation	**39,619**	–
Solid Cement Corporation	Apo Cement Corporation	**114,723**	–
CEMEX Holdings Philippines, Inc.	Apo Cement Corporation	**3,396,997**	–
Edgewater Ventures Corporation	Apo Cement Corporation	**35,540**	–
CEMEX Holdings Philippines, Inc.	Edgewater Ventures Corporation	**258,610**	–
Solid Cement Corporation	Ecocrete, Inc.	**5,073**	–
Solid Cement Corporation	Ecocast Builders, Inc.	**2,102**	–
Ecopavements, Inc.	Ecocast Builders, Inc.	**335**	–
Ecocrete, Inc.	Ecocast Builders, Inc.	**314**	–
Solid Cement Corporation	Ecopavements, Inc.	**440**	–
Ecocrete, Inc.	Ecopavements, Inc.	**116**	–
Ecocast Builders, Inc.	Ecopavements, Inc.	**247**	–
Edgewater Ventures Corporation	Triple Dime Holdings Inc.	**4,921**	–

Sales	**Purchases**	**2016**
Apo Cement Corporation	Solid Cement Corporation	P379,628
Solid Cement Corporation	APO Cement Corporation	57,417
Solid Cement Corporation	Ecocast Builders, Inc.	10,267
Ecocast Builders, Inc.	Solid Cement Corporation	797
Solid Cement Corporation	Ecopavements, Inc.	4,999
Ecocrete, Inc.	Solid Cement Corporation	20,609

Financial Income	**Financial Expense**	**2016**
Solid Cement Corporation	Ecocrete, Inc.	P1,816
Solid Cement Corporation	Bedrock Holdings, Inc.	89

10. Bank Loan Payable

On May 31, 2016, the Parent Company entered into a facility agreement (the "BDO Facility") pursuant to which BDO Unibank, Inc. made available to the Parent Company a loan in an amount of up to P12.0 billion for the purpose of refinancing a portion of the short-term loan with NSH. Pursuant to the terms set forth in the loan agreement, the loan is payable within 90-days following the initial drawdown date, subject to a further 90-day extension in the event the IPO is delayed. Pursuant to the BDO Facility, the loan bears interest at the rate of 3.25% per annum, and the Parent Company is permitted to prepay the loan at any time with no prepayment penalty, subject to a three business day prior notice period. In June 2016, the Parent Company drew an amount of the principal amounting to P7.3 billion of the short-term bank loan. The entire proceeds of this bank loan were used to repay a corresponding portion of the amount of the outstanding liability of the Parent Company under the short-term loan with NSH (see Note 15).

11. Segment Information

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 six months ended June 30, 2016 the cement sector represented approximately 97.9% of total net revenues before eliminations resulting from consolidation.

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

Major Customer
The Company does not have any single customer from which sales revenue generated amounted to 10% or more of the net sales.

12. 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 counterpart of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of June 30, 2016, 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.

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 represents the maximum credit exposure. The maximum exposure to credit risk as at June 30, 2016 and December 31, 2015 is as follows:

	2016	2015
Cash and cash equivalents (excluding cash on hand)	**P3,172,825**	P4,922
Trade receivables	**1,050,384**	–
Receivables from related parties	**141,170**	–
Other current accounts receivables	**96,797**	–
Long-term deposits (under other noncurrent receivables)	**328,029**	–
	P4,789,205	P4,922

As at June 30, 2016, the aging analyses per class of financial assets are as follows:

	Neither past due nor impaired	**Past due but not impaired**				
		1 to 30 days	**31 to 60 days**	**More than 60 days**	**Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand	P3,172,825	P–	P–	P–	P–	P3,172,825
Trade receivables	870,632	87,758	43,013	42,203	6,778	1,050,384
Receivables from related parties	141,170	–	–	–	–	141,170
Other current accounts receivables	96,797	–	–	–	–	96,797
Long-term deposits (under other noncurrent accounts receivables)	328,029	–	–	–	–	328,029
	4,609,453	87,758	43,013	42,203	6,778	4,789,205
Allowance for impairment losses	–	–	–	–	(6,778)	(6,778)
	P4,609,453	P87,758	P43,013	P42,203	P–	P4,782,427

As of June 30, 2016, the amount of allowance for impairment losses of the Company's subsidiaries amounted to P6,778, considering the Company's best estimates of potential losses based on an analysis of aging and considering management's recovery efforts.

Cash in banks, cash equivalents and long-term time deposits are of high grade quality. Trade and other accounts receivable that are neither past due nor impaired is of high grade quality. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

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

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

- Total receivables, amounts due from related parties and long-term loan receivable are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

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 activities. The Company's revenues and costs are generated and settled mainly in Philippine peso. For the six months ended June 30, 2016, approximately less than 1% 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, 2016, 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 consolidated interim income statement.

As at June 30, 2016 and December 31, 2015, 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 U.S. dollars)	**2016**	2015
Cash and cash equivalents	**$48,301**	$–
Receivable from related parties	**692**	–
Trade payables	**(14,566)**	–
Payable to related parties…..	**(765,090)**	–
Short-term loans	**(155,000)**	–
Net assets denominated in foreign currency	**($885,663)**	$–

Sensitivity Analysis
As at June 30, 2016, a hypothetical 1% appreciation of the Philippine Peso against the U.S. Dollar, with all other variables held constant, the Company's net income for six months ended June 30, 2016 would have increased by approximately P291,811 due to lower foreign exchange losses on the Company's dollar-denominated net monetary assets held by consolidated entities with other functional currencies. Conversely, a hypothetical 1% instant depreciation of the dollar against the Philippine peso would have the opposite effect.

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 of June 30, 2016, the Company is exposed to interest rate risk primarily on its investment in New Sunward Holding B.V, with a rate equivalent to the higher of WAILRF rate minus 10 basis points or zero interest and its

long-term liability to CEMEX Asia BV, with variable interest rates equivalent to 6-month LIBOR plus 450 basis points. The Company's exposure to interest rate fluctuations is not significant.

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. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially decrease the Company's net income and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by operating activities, as presented in its consolidated interim statement of cash flows, was P3,812,071 as at June 30, 2016. The Company's trade payables, payables to related parties, taxes payable and other accounts payable and accrued expenses are expected to be settled within one year.

13. Fair values of financial assets and financial liabilities

The fair values of cash and cash equivalents, trade receivables, receivables and payables with related parties, other current accounts receivable, accounts payable and accrued expenses reasonably approximate their carrying amounts considering the short-term maturities of these financial instruments. The fair value of the long-term accounts payable with a related party, which is based on the present value of future cash flows discounted at market rate of interest at the reporting date (discounted cash flows under level 2 of the fair value hierarchy), approximates its carrying amount as at June 30, 2016 as the said financial instrument bears interest at LIBOR rates which is approximately similar to the market interest rate. The fair values of long-term deposits, which is also based on the present value of future cash flows discounted at market rate of interest at the reporting date (discounted cash flow under level 2 of the fair value hierarchy), approximates its carrying amount as at June 30, 2016 as these financial instruments bear interest at a rates which are approximately similar to market interest rate.

14. Contingencies

As at June 30, 2016, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) claims to revoke permits and/or concessions; 4) national and local tax assessments; and 5) other diverse civil actions. The Company considers that in those instances in which obligations have been incurred, the Company has accrued adequate provisions to cover the related risks. The Company believes these matters will be resolved without any significant effect on its business, consolidated financial position or consolidated financial performance. In addition, in relation to ongoing legal proceedings, the Company may not be able to make a reasonable estimate of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss, but for a limited number of ongoing proceedings, the Company may not be able to make 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 qualitative information with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

15. Subsequent Events

a) On July 4, 2016, the Board of Directors of Solid approved the declaration of cash dividends amounting to P1.17 billion, payable to stockholders of record as of June 30, 2016 (namely, the Parent Company and its subsidiary, Sandstone Strategic Holdings, Inc.).

b) On July 4, 2016, the Board of Directors of APO approved the declaration of cash dividends amounting to P4.03 billion, payable to stockholders of record as of June 30, 2016 (namely, the Parent Company and its subsidiary, Triple Dime Holdings, Inc.).

c) On July 18, 2016, the total outstanding shares of the Parent Company consisting of 5,195,395,454 common shares were listed under the Main Board of the Philippine Stock Exchange, with 2,337,927,954 shares sold to the public via an IPO.

d) The total gross proceeds from the IPO of P25.1 billion were used to (i) pay underwriting and selling fees, commissions and expenses related to the IPO including applicable taxes; (ii) fully repay the BDO Facility; and (iii) repay amounts outstanding under the short-term loan agreement with NSH (see Note 9 and Note 10).

e) As described in the Parent Company's prospectus and the Pro Forma Condensed Consolidated Financial Information attached to the Prospectus, as a result of the consummation of the IPO on July 18, 2016, certain changes will be implemented:

   - With respect to the agreements entered into by subsidiaries of CEMEX with APO and SOLID, respectively, for the use of trademarks (including the "CEMEX" corporate brand) and other intangible assets, such as processes, patents, software, know-how etc, and provision of administrative and business support services (the "Pre-IPO Agreements") (see Note 9).

     The Parent Company's wholly owned subsidiary, CEMEX Asia Research AG ("CAR"), became the new licensor engaged primarily in the development, maintenance and customization of the CEMEX group IP portfolio for the Asia Region, pursuant to the assignment agreements it entered into with CEMEX Research Group AG ("CRG") and with CEMEX in 2016. Accordingly, APO and Solid's Pre-IPO Agreements with CRG have also been assigned to CAR, as the new licensor. Consequently, APO and Solid will pay the royalties and trademark fees to CAR. While APO and Solid will continue to pay the royalty fees to CAR at the same rate of 12% of net of sales (equivalent to P1.7 billion for the six-month period ending June 30, 2016), the aggregate amount of royalties payable, on a consolidated basis, by the Company to CRG and CEMEX will not exceed 5% of the net sales of the Company. These assignment agreements are expected to generate material benefits to the Company that will be reflected in subsequent quarters.

   - With respect to the insurance arrangements, the Company's operating subsidiaries obtain, in the normal course of business, various insurance policies from insurer in the Philippines, which are in turn re-insured with

Mustang Re Limited, an affiliate of CEMEX. As a result of the consummation of the IPO on July 18, 2016, the Company's wholly-owned subsidiary, Falcon Re Limited, intends to commence business and act as 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, of the operating subsidiaries.

Falcon Re will earn insurance premiums from this new re-insurance arrangement and, as noted in the Parent Company's prospectus, is expected to generate material benefits to the Company that will be reflected in subsequent quarters.