

# COVER SHEET

**CS201518815**

S.E.C. Registration Number

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

**JANNETTE VIRATA SEVILLA**

Contact Person

**849-3600**

Company Telephone Number

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3	1
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Month      Day

Fiscal Year

SEC Form 20-IS Definitive Information Statement

FORM TYPE

0	6
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Month      Day

First Wednesday of June (or next business day if holiday)

Annual Meeting

Issuer of Securities under SEC MSR D Order No. 9 series of 2016

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

26 (as of 31 August 2019)

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes



**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
WITH AGENDA  
(19 September 2019)**

Notice is hereby given that **CEMEX HOLDINGS PHILIPPINES, INC.** (the “Corporation”) will hold a Special Meeting of Stockholders on **October 16, 2019 at 10:00 a.m.** at the **Mayuree II, DUSIT THANI MANILA, Ayala Centre, Makati City, Metro Manila, Philippines.**

The Record Date for the determination of stockholders entitled to notice of, and to vote at, the said meeting is on **September 26, 2019.**

The agenda of the meeting is the following:

1. Call to Order
2. Certification of Notice and Determination of the Existence of Quorum
3. Amendment of the Seventh Article of the Amended Articles of Incorporation of the Corporation to increase the authorized capital stock from Five Billion One Hundred Ninety Five Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four Pesos (Php 5,195,395,454.00) divided into Five Billion One Hundred Ninety Five Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four (5,195,395,454) common shares with a par value of One Peso (Php1.00) per share to Eighteen Billion Three Hundred Ten Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four Pesos (Php 18,310,395,454) divided into Eighteen Billion Three Hundred Ten Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four (18,310,395,454) common shares with a par value of One Peso (Php1.00) per share
4. Consideration of such other matters as may properly come during the meeting

An explanation of the principal agenda item for stockholders’ approval is provided in the page attached to this Notice.

The registration process for attendees of the Special Meeting of Stockholders will start at 9:00 a.m. Stockholders are requested to present valid proof of identification, such as driver’s license, passport, company ID or SSS/GSIS ID upon registration.

For more information regarding the Special Meeting of Stockholders, please contact:

Pierre Co  
Tel. : +632 849 3757  
          +632 849 3748  
Trunkline : +632 849 3600  
E-mail : chp.ir@cemex.com

***We are not soliciting your proxy.*** However, in the event that you are unable to attend the meeting but wish to be represented thereat, kindly accomplish the proxy form which will be attached to the Information Statement and submit the same to the Office of the Corporate Secretary at the 34<sup>th</sup> Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City on or before October 7, 2019 (Monday). For those Stockholders whose shareholdings are lodged with the Philippine Central Depository, please secure a certification from your respective brokers and send it to the Office of the Corporate Secretary at the 34<sup>th</sup> Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City on or before October 7, 2019 (Monday). The proxies submitted shall be validated on or before October 11, 2019 (Friday) at the office of the Corporate Secretary.

**The Corporation has filed its SEC Form 17-Q (Quarter Report for 2<sup>nd</sup> Quarter 2019) and this report is available in the Corporation’s website, <http://www.cemexholdingsphilippines.com>. Upon request of a stockholder, the Corporation will furnish the stockholder, free of charge, with a copy of this SEC Form 17-Q on the day of the Special Meeting of Stockholders scheduled on October 16, 2019.**

Makati City, Philippines.

  
**JANNETTE VIRATA SEVILLA**  
Corporate Secretary

**EXPLANATION TO  
MEETING AGENDA ITEM 3**

The Board of Directors of CEMEX Holdings Philippines, Inc. (“CEMEX Holdings Philippines”) is seeking shareholders' approval to amend the Amended Articles of Incorporation to increase the corporation's authorized capital stock from Php 5,195,395,454 divided into 5,195,395,454 common shares with a par value of PHP1.00 per common share to Php 18,310,395,454 divided into 18,310,395,454 common shares with a par value of PHP1.00 per common share.

CEMEX Holdings Philippines is potentially looking to raise an amount of up to US\$250 million which would allow it to improve its capital structure, fund the ongoing Solid Cement plant expansion and provide balance sheet flexibility. Given CEMEX Holdings Philippines is currently operating at already high utilization levels, the Solid Cement plant expansion is especially critical in allowing CEMEX Holdings Philippines to maintain its market position and continue to benefit from the Philippines' long- term favorable demand outlook. The expectation is that the Solid Cement plant should be free-cash-flow accretive approximately during the second half of 2021.

The proposed increase in authorized capital stock is at the current par value of PHP1.00 per common share consistent with the corporation's Articles of Incorporation, which specifies the par value of the shares in compliance with the requirements of Philippine law. CEMEX Holdings Philippines would like to clarify that the par value of PHP1.00 per common share is not the issue price of the shares and that the amount looking to be raised would not exceed US\$250 million.

The proposed authorized capital stock increase will pave the way for a capital raising exercise in the form of a Rights Offering, the determination of the final terms and conditions of which (including the type, size, price and terms) has been delegated by the Board of Directors to certain members of senior management. In any case, the issue price of the Rights Offering will be decided based on various factors including the trading price at the time of the announcement and the broader equity capital market conditions. As such, the common shares created as a result of this increase in authorized capital stock may not be fully used and subscribed during the Rights Offering. Any unissued common shares remaining after the Rights Offering will be kept in the form of authorized but unissued share stock (which kept in such form is not dilutive to existing shareholders) and we have no plans for any further equity fundraising.

CEMEX Holdings Philippines would also highlight that the proposed Rights Offering would be fair, transparent and equitable to all shareholders. All relevant approvals will be sought from, and appropriate disclosures would be made to, the Securities and Exchange Commission and the Philippine Stock Exchange in connection with the proposed Rights Offering.

CEMEX, S.A.B. de C.V., the controlling shareholder, has been very supportive of both CEMEX Holdings Philippines and the Solid Cement plant expansion plan, and believes in the Philippines' growth story for the long term. As CEMEX, S.A.B. de C.V. has shown in the past, CEMEX Holdings Philippines expects CEMEX, S.A.B. de C.V. to be supportive of any other actions CEMEX Holdings Philippines decides to implement, including any potential capital raise it may consider to undertake.

For more information or if you have any enquiries, please contact:

Pierre Co  
Tel. : +632 849 3757 / +632 849 3748  
Trunkline : +632 849 3600  
E-mail : [chp.ir@cemex.com](mailto:chp.ir@cemex.com)

**PROXY**

The undersigned stockholder of **CEMEX HOLDINGS PHILIPPINES, INC.** (the "Company") hereby appoints \_\_\_\_\_, or in his absence, **the Chairman of the Meeting**, as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder at the **SPECIAL MEETING OF STOCKHOLDERS** to be held on **October 16, 2019** at **10:00 a.m.** at **Mayuree II, DUSIT THANI MANILA, Ayala Centre, Makati City, Metro Manila, Philippines**, and at any adjournments thereof.

The above-named proxy is to vote as follows:

**Agenda Item 3. Amendment of SEVENTH Article of the Amended Articles of Incorporation**

Yes  No  Abstain

**Agenda Item 4. Any issue or question that may arise related to any item in the Agenda of the meeting**

Yes  No  Abstain

\_\_\_\_\_  
NAME AND SIGNATURE  
OF THE STOCKHOLDER

\_\_\_\_\_  
NAME AND SIGNATURE OF  
AUTHORIZED REPRESENTATIVE OF  
STOCKHOLDER\*

\_\_\_\_\_  
DATE

No. of Shares Held	Tel No.

\* If a representative will sign on behalf of a stockholder, this proxy must be submitted together with a duly executed Special or General Power of Attorney showing the authority of the signatory to sign on behalf of the individual stockholder. In all cases, please provide copies of valid government-issued identification cards of the individual stockholder (and, where applicable, the representative) signing this proxy.

This proxy should be received by the Corporate Secretary of the Company on or before October 7, 2019, the deadline for submission of proxies.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO SPECIFIC DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.**

A stockholder giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

**PROXY**

The undersigned stockholder of **CEMEX HOLDINGS PHILIPPINES, INC.** (the "Company") hereby appoints \_\_\_\_\_, or in his absence, **the Chairman of the Meeting**, as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in the name of undersigned stockholder, at the **SPECIAL MEETING OF STOCKHOLDERS** to be held on **October 16, 2019** at **10:00 a.m.** at **Mayuree II, DUSIT THANI MANILA, Ayala Centre, Makati City, Metro Manila, Philippines**, and at any adjournments thereof.

The above-named proxy is to vote as follows:

**Agenda Item 3. Amendment of SEVENTH Article of the Amended Articles of Incorporation**

Yes  No  Abstain

**Agenda Item 4. Any issue or question that may arise related to any item in the Agenda of the meeting**

Yes  No  Abstain

\_\_\_\_\_  
NAME OF THE CORPORATE STOCKHOLDER

\_\_\_\_\_  
NAME AND SIGNATURE OF  
AUTHORIZED REPRESENTATIVE OF  
CORPORATE STOCKHOLDER\*

\_\_\_\_\_  
DATE

No. of Shares Held	Tel No.

\* This proxy must be submitted together with a duly executed Secretary's Certificate of the corporate stockholder showing the authority of the representative to sign on behalf of the corporate stockholder, and copy of a valid government-issued identification card of the representative/signatory.

This proxy should be received by the Corporate Secretary of the Company on or before October 7, 2019, the deadline for submission of proxies.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO SPECIFIC DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.**

A stockholder giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

**PROXY**

The undersigned Participant/Broker of the Philippine Depository & Trust Corporation, Inc. ("PDTC") and duly appointed proxy for the number of shares of **CEMEX HOLDINGS PHILIPPINES, INC.** (the "Company") indicated below, which are registered in the name of the Philippine Central Depository Nominee Corporation hereby appoints \_\_\_\_\_ or in his absence, **the Chairman of the Meeting**, as sub-proxy, with power of substitution, to represent and vote all said shares at the **SPECIAL MEETING OF STOCKHOLDERS** to be held on **October 16, 2019 at 10:00 a.m.** at **Mayuree II, DUSIT THANI MANILA, Ayala Centre, Makati City, Metro Manila, Philippines**, and at any adjournments thereof.

The above-named proxy is to vote as follows:

**Agenda Item 3. Amendment of SEVENTH Article of the Amended Articles of Incorporation**

Yes  No  Abstain

**Agenda Item 4. Any issue or question that may arise related to any item in the Agenda of the meeting**

Yes  No  Abstain

\_\_\_\_\_  
**NAME OF THE PDTC PARTICIPANT/BROKER**

\_\_\_\_\_  
**NAME AND SIGNATURE OF  
AUTHORIZED REPRESENTATIVE OF  
PDTC PARTICIPANT/BROKER\***

\_\_\_\_\_  
**DATE**

<b>No. of Shares Held</b>	<b>Tel No.</b>
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\* This proxy must be submitted together with a duly executed Secretary's Certificate showing the authority of the signatory to sign on behalf of the PDTC Participant/Broker, as well as the duly accomplished certificate of shareholdings issued by the PDTC Participant/Broker.

This proxy should be received by the Corporate Secretary of the Company on or before October 7, 2019, the deadline for submission of proxies.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO SPECIFIC DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.**

A stockholder giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter : CEMEX Holdings Philippines, Inc.  
(the "Corporation" or "CHP")
3. Province, country or other jurisdiction of incorporation or organization : Metro Manila, Philippines
4. SEC Identification Number : CS201518815
5. BIR Tax Identification Code : 009-133-917-000
6. Address of principal office : 34<sup>th</sup> Floor Petron Mega Plaza  
Building, 358 Sen. Gil J. Puyat  
Avenue, Makati City, 1200  
Philippines
7. Registrant's telephone number including area code : +632-849-3600
8. Date, time and place of the meeting of security holders : October 16, 2019  
10:00 AM  
Mayuree II, DUSIT THANI MANILA,  
Ayala Centre, Makati City, Metro  
Manila, Philippines
9. Approximate date on which the Information Statement is first to be sent or given to security holders : on or before September 25, 2019
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock<br>(as of March 31, 2018) |
|---------------------|--|
| Common Shares       | 5,195,395,454  |
12. Are any or all of registrant's securities listed in a Stock Exchange?  
Yes  No   
All of the outstanding common shares of the Corporation are listed on the Philippine Stock Exchange.





There are no matters or actions to be taken up at the Special Meeting of Stockholders which may give rise to a possible exercise by stockholders of their appraisal rights under the Corporation Code of the Philippines.

**Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No current director or officer of the Corporation, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Special Meeting of Stockholders.

No director has informed the Corporation in writing that he or she intends to oppose any of the actions to be taken by the Corporation at the said Special stockholders' meeting.

**B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

- (a) As of August 31, 2019, there are five billion one hundred ninety five million three hundred ninety five thousand four hundred fifty four (5,195,395,454) issued and outstanding common shares of stock of the Corporation entitled to vote at the Special Meeting of Stockholders. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.
- (b) All stockholders of record as of September 26, 2019 (the "Record Date") are entitled to notice and to vote at the Special Meeting of Stockholders. In relation to trades made over the PSE which are executed on September 20 and/or 23, if settlement is completed, the sellers shall not be considered as stockholders of record. On the other hand, if settlement is not completed, the sellers shall be considered as stockholders of record.
- (c) Based on the report prepared by the Corporation's stock transfer agent, the percentage of the outstanding shares of stock of the Corporation held by non-Filipinos (foreigners) as of August 31, 2019 is approximately 80.143%.

**Security Ownership of Certain Record and Beneficial Owners and Management**

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of August 31, 2019

Title of Class	Names and Addresses of Record Owners and Relationship with Issuer	Names of Beneficial Owners and Relationship with Record Owner	Nationality	No. of Shares Owned/Held	% to Total Shares
Common	CEMEX Asian South East Corporation ("CASEC") <sup>(1)</sup> 34 <sup>TH</sup> Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila	CASEC	Non-Filipino	2,857,467,493 <sup>(2)</sup>	55%
Common	PCD Nominee Corporation (Non-Filipino) <sup>(3)</sup> G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	PDTC Participants and clients	Non-Filipino	1,305,316,070 <sup>(4)</sup>	25.124%

Common	PCD Nominee Corporation (Filipino) <sup>(3)</sup> G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	PDTC Participants and clients	Filipino	1,030,498,578	19.835%
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Notes:

<sup>(1)</sup> CASEC, the major shareholder of CHP, is a corporation incorporated in the Philippines, but wholly owned by a Netherlands company. The Board of Directors of CASEC has the power to decide how CASEC shares in CHP are to be voted.

<sup>(2)</sup> Based on CASEC's SEC Form 23-B dated September 2, 2019, the declarant declared that it beneficially owned a total of 3,446,799,498 shares as of August 31, 2019 corresponding to approximately 66.34% of the total outstanding shares of CHP. Accordingly, CASEC's shareholdings in CHP consists of (i) this 2,857,467,493 shares in certificated form and (ii) 589,332,005 shares which are recorded under "PCD Nominee Corporation (Non-Filipino)". The CASEC's shares recorded under the "PCD Nominee Corporation (Non-Filipino)" account includes 5 shares held by five non-Filipino individuals but beneficially owned by CASEC, respectively.

<sup>(3)</sup> PCD Nominee Corporation is not related to CHP. The beneficial owners of the shares held through a PDTC participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PDTC participant. CHP has no record relating to the power to decide how the shares by PCD Nominee Corporation (Filipino and Non-Filipino) are to be voted.

<sup>(4)</sup> See supra note 2. The PCD Nominee Corporation (Non-Filipino) account includes 589,332,005 shares owned by CASEC corresponding to approximately 11.34% of the total outstanding shares of CHP.

#### Security Ownership of Management as of August 31, 2019

As of August 31, 2019, the number of shares owned of record and/or beneficially owned by the members of the Board of Directors, the President/Chief Executive Officer ("CEO") and the four most highly compensated Executive Officers (the "NEOs") of the Company are:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Nationality	% to Total Shares
Common	Alfredo Panlilio	1,001 (D)	Filipino	nil
Common	Pedro Roxas	1,001 (D)	Filipino	nil
Common	Eleanor M. Hilado	776,700 (D)	Filipino	0.02%
Common	Joaquin Miguel Estrada Suarez	1* (D)	Spaniard	nil
Common	Ignacio Alejandro Mijares Elizondo	100,001* (D)	Mexican	nil
Common	Antonio Ivan Sanchez Ugarte	1* (D)	Spaniard	nil
Common	Alejandro Garcia Cogollos	75,787* (D)	Spaniard	nil
Common	Larry Jose Zea Betancourt	1* (D)	British	nil
Common	Arturo Manrique Ramos	0	Mexican	nil
Common	Everardo Sanchez Banuet	0	Mexican	nil
Common	Juan Carlos Soto Carbajal	0	Spaniard	nil

*\*As of August 31, 2019, each of the following individuals held in his name one (1) share which is beneficially owned by CEMEX ASIAN SOUTH EAST CORPORATION: Joaquin Miguel Estrada Suarez, Ignacio Alejandro Mijares Elizondo, Alejandro Garcia Cogollos, Antonio Ivan Sanchez Ugarte, and Larry Jose Zea Betancourt.*

As of August 31, 2019, members of the Board of Directors and executive officers of the Corporation, as a group, beneficially owned a total of only 1,551,650 shares which corresponds to an insignificant percentage of the Corporation's issued and outstanding shares of stock.

#### **Voting Trust Holders of 5% or More**

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

#### **Changes in Control**

There was no change in control in 2018 and as of the date of this Information Statement.

#### **Item 5. Directors and Executive Officers**

No action is to be taken with respect to Item 5 during the Special Meeting of Stockholders.

#### **Item 6. Compensation of Directors and Executive Officers**

No action is to be taken with respect to Item 6 during the Special Meeting of Stockholders.

#### **Item 7. Independent Public Accountants**

The external auditor or independent public accountant of the Corporation (and its Philippine subsidiaries) is the accounting firm of R.G. Manabat & Co, which was reappointed during the Annual Meeting of Stockholders on June 6, 2019. Since the firm's appointment, there has been no disagreement with the Corporation with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

No action is to be taken with respect to this Item 7 during the Special Meeting of Stockholders.

The representatives of the principal accountant are expected to be present at the Special Meeting of Stockholders and may also respond to appropriate questions with respect to matters for which their services were engaged

#### **Item 8. Compensation Plans**

No action is to be taken with respect to Item 8 during the Special Meeting of Stockholders.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

#### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

The sole matter to be presented for the approval of the stockholders is the proposal to amend the Seventh Article of the Amended Articles of Incorporation of the Corporation for the increase in authorized capital stock from Five Billion One Hundred Ninety Five Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four Pesos (Php 5,195,395,454.00) divided into Five Billion One Hundred Ninety Five Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four (5,195,395,454) common shares with a par value of One Peso (Php1.00) per share to Eighteen Billion Three Hundred Ten Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four Pesos (Php

18,310,395,454) divided into Eighteen Billion Three Hundred Ten Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four (18,310,395,454) common shares with a par value of One Peso (Php1.00) per share

The Board of Directors recommends the foregoing increase in authorized capital stock of the Corporation. The rationale for the amendment is to provide the Corporation with the ability to raise equity capital through a potential stock rights offering to the existing shareholders of the Corporation as of a specified record date. The Corporation is potentially looking to raise an amount of up to US\$250 million which would allow it to improve its capital structure, fund the ongoing Solid Cement plant expansion of SOLID Cement Corporation ("Solid Cement"), one of the principal operating subsidiaries of the Corporation, and provide balance sheet flexibility.

The proposed increase in authorized capital stock is at the current par value of PHP1.00 per common share consistent with the corporation's Articles of Incorporation, which specifies the par value of the shares in compliance with the requirements of Philippine law. The Corporation clarifies that the par value of PHP1.00 per common share is not the issue price of the shares and that the amount looking to be raised would not exceed US\$250 million.

The common shares to be created as a result of the increase in authorized capital stock of CEMEX Holdings Philippines, Inc. ("Corporation") shall have the same voting and dividend rights ascribed to the current issued and outstanding common shares of the Corporation.

Pursuant to the *Seventh Article of the Amended Articles of Incorporation* of the Corporation, holders of common shares are not entitled to pre-emptive rights to subscribe to any new issues of such common stock, nor dispositions of existing stocks, whether issued from its unissued capital or its treasury shares.

There are no provisions in the articles of incorporation or by-laws of the Corporation that would delay, defer, or prevent a change in control.

Details of the potential stock rights offering (including the type, size, price and terms) have been delegated by the Board of Directors to its management in a resolution passed on 3 September 2019. In any case, the issue price of the stock rights offering will be decided based on various factors including the trading price of the Corporation's shares and the broader equity capital market conditions. As such, it is a possibility that the common shares created from the increase in authorized capital stock may not be fully used and subscribed during any potential capital raising exercise. All relevant approvals will be sought from the Philippine Securities and Exchange Commission and the Philippine Stock Exchange, and the appropriate disclosures would be made by the Corporation to the regulators and the public, well ahead of any potential capital raising activity.

#### **Item 10. Modification or Exchange of Securities**

No action is to be taken during the Special Meeting of Stockholders with respect to the modification of any class of securities of the Corporation, or the issuance or authorization for issuance of one class of securities of the Corporation in exchange for outstanding securities of another class.

#### **Item 11. Financial and Other Information**

The Corporation filed its SEC Form 17-Q (Quarter Report for the 2nd Quarter 2019) with the Securities and Exchange Commission and the Philippine Stock Exchange. A copy of this SEC Form 17-Q (Quarter Report for the 2nd Quarter 2019) is attached as Annex A hereof. The Corporation has made the SEC Form 17-Q available in the Corporation's website,

<http://www.cemexholdingsphilippines.com>. Upon request of a stockholder, the Corporation will furnish the stockholder, free of charge, with a copy of this SEC Form 17-Q on the day of the Special Meeting of Stockholders scheduled on October 16, 2019.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken during the Special Meeting of Stockholders with respect to any transaction involving the: (i) merger or consolidation of the Corporation into or with any other person or of any other person into or with the Corporation, (ii) acquisition by the Corporation or any of its security holders of securities of another person, (iii) acquisition by the Corporation of any other going business or of the assets thereof, (iv) sale or other transfer of all or any substantial part of the assets of the Corporation, or (v) liquidation or dissolution of the Corporation.

**Item 13. Acquisition or Disposition of Property**

No action is to be taken with respect to Item 13 during the Special Meeting of Stockholders.

**Item 14. Restatement of Accounts**

No action is to be taken during the Special Meeting of Stockholders with respect to the restatement of any asset, capital, or surplus account of the Corporation.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

No action is to be taken with respect to Item 15 during the Special Meeting of Stockholders.

**Item 16. Matters Not Required to be Submitted**

All matters or actions to be taken up in the Special Meeting of Stockholders require the vote of the stockholders.

**Item 17. Amendment of Charter, Bylaws or Other Documents**

The only item on the agenda for the Special Meeting of Stockholders is the amendment of the Seventh Article of the Amended Articles of Incorporation of the Corporation to increase the authorized capital stock from Five Billion One Hundred Ninety Five Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four Pesos (Php 5,195,395,454.00) divided into Five Billion One Hundred Ninety Five Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four (5,195,395,454) common shares with a par value of One Peso (Php1.00) per share to Eighteen Billion Three Hundred Ten Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four Pesos (Php 18,310,395,454) divided into Eighteen Billion Three Hundred Ten Million Three Hundred Ninety Five Thousand Four Hundred Fifty Four (18,310,395,454) common shares with a par value of One Peso (Php1.00) per share

The Board of Directors recommends the foregoing increase in authorized capital stock of the Corporation. The rationale for the amendment is to provide the Corporation with the ability to raise equity capital through a potential stock rights offering to the existing shareholders of the Corporation as of a specified record date. The Corporation is potentially looking to raise up to US\$250 million which would allow it to improve its capital structure, fund the ongoing Solid Cement plant expansion and provide balance sheet flexibility. This amendment is a result of the evaluation

of different funding options communicated during CHP 4<sup>th</sup> Quarter 2018 investors' briefing/conference held in February 2019.

**Item 18. Other Proposed Actions**

There are no other proposed actions to be discussed during the Special Meeting of Stockholders.

**Item 19. Voting Procedures**

For purposes of the determination of quorum at the Special Meeting of Stockholders, Section 5, Article II of the By-laws of the Corporation provide that shareholders representing a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

The affirmative vote of stockholders representing at least 2/3 of the issued and outstanding capital stock of the Corporation present at the Special Meeting of Stockholders is required for the approval of the amendment of Seventh Article of the Amended Articles of Incorporation.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Special Meeting of Stockholders.

**UPON WRITTEN REQUEST OF A STOCKHOLDER, THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE CORPORATION'S SEC FORM 17-Q (QUARTER REPORT FOR THE 2ND QUARTER 2019). ANY WRITTEN REQUEST FOR A COPY OF THE CORPORATION'S SEC FORM 17-Q SHOULD BE ADDRESSED TO:**

**CEMEX HOLDINGS PHILIPPINES, INC.  
34<sup>th</sup> Floor Petron Mega Plaza Building  
358 Sen. Gil J. Puyat Avenue  
Makati City, Metro Manila**

**Attention: The Corporate Secretary**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement is true, complete and correct. This report is signed in the City of Makati, Metro Manila on September 19, 2019.

**CEMEX HOLDINGS PHILIPPINES, INC.**

By:

  
**JANNETTE VIRATA SEVILLA**  
Corporate Secretary

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### PART 1: Management's Discussion and Analysis

The following is a discussion and analysis of the Company's unaudited condensed consolidated interim financial condition and results of operations as at and for the six months ended June 30, 2019, the audited consolidated financial condition as at December 31, 2018<sup>1</sup>, and unaudited consolidated interim results of operations for the six months ended June 30, 2018, and certain trends, risks and uncertainties that may affect the Company's business.

When used in this Management Report, the term "CHP" refers to CEMEX Holdings Philippines, Inc. without its consolidated subsidiaries, while the term "Company" refers to CEMEX Holdings Philippines, Inc. together with its consolidated subsidiaries. CHP 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.

CHP filed its SEC Form 17-Q (Quarter Report for the 2nd Quarter 2019) with the Securities and Exchange Commission on August 14, 2019. CHP also made the SEC Form 17-Q available in the Corporation's website, <http://www.cemexholdingsphilippines.com>. Upon request of a stockholder, the Corporation will furnish the stockholder, free of charge, with a copy of this SEC Form 17-Q on the day of the Special Meeting of Stockholders scheduled on October 16, 2019.

#### Financial Performance

For the six months ended June 30, 2019 and 2018:

##### *Revenue*

Revenue for the six-month period ended June 30, 2019 and 2018 amounted to ₱12.4 billion and ₱11.9 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.

The breakdown of revenue after elimination of transactions between consolidated entities for the six months ended June 30, 2019 and 2018 were as follows:

	For the six months ended June 30, 2019		For the six months ended June 30, 2018	
<i>Segment</i>	<i>Amount*</i>	<i>% Sales</i>	<i>Amount*</i>	<i>% Sales</i>
Cement sales	₱12,354	99.9%	₱11,872	99.9%
Other business	2	0.1%	7	0.1%
<b>Total</b>	<b>₱12,356</b>	<b>100%</b>	<b>₱11,879</b>	<b>100%</b>

*\*Amounts in millions*

<sup>1</sup> Beginning January 1, 2019, PFRS 16 introduces a single lessee accounting model under which all leases, allowing exemptions in case of leases with a term of less than 12 months or when the underlying asset is of low value, are recognized on-balance sheet as assets for the right-of-use with 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 amortization of the right-of-use asset and interest on the lease liability. The Company has applied PFRS 16 using the full retrospective approach, under which the impact of the new standard was retrospectively applied by restating each prior period in 2018 presented.



For the six months ended June 30, 2019, domestic gray cement volume decreased by 2% and our average selling price for domestic gray cement increased 6% against same period last year. During the second quarter, our domestic cement sales volumes decreased by 2% and our average selling price for cement increased 5% in each case compared with the same period of the prior year.

#### *Cost of Sales*

Cost of sales for the six-month period ended June 30, 2019 and 2018 amounted to ₱7.3 billion and ₱6.9 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, purchased cement, depreciation and other expenses directly attributable to the manufacturing of finished goods.

As a percentage of revenue, cost of sales increased by 1 percentage point year-on-year, due to the scheduled kiln maintenance in the first quarter of 2019 of the plant of Solid Cement Corporation (“Solid Cement”), one of CHP’s principal operating subsidiaries, and higher raw material costs and purchased cement due to the suspension of mining operations of APO Land & Quarry Corporation (“ALQC”), a major supplier of raw materials of APO Cement Corporation (“APO Cement”), another principal operating subsidiary of CHP.

#### *Gross Profit*

As a result of the above conditions, gross profit for the six months ended June 30, 2019 and 2018 reached ₱5.1 billion and ₱5.0 billion, respectively. Gross profit as a percentage of revenue for the six months ended June 30, 2019 and 2018 were at 41% and 42%, respectively.

#### *Operating Expenses*

Operating expenses amounted to ₱3.6 billion and ₱3.9 billion, respectively, for the six months ended June 30, 2019 and 2018. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to ₱1.5 billion or 13% and 12% of revenue for the first six months of 2019 and 2018, respectively. These include: a) license fees amounting to ₱440.7 million and ₱460.4 million, respectively; b) administrative services amounting to ₱380.9 million and ₱324.5 million, respectively; and c) salaries and wages amounting to ₱385.9 million and ₱344.7 million, respectively. Distribution expenses amounted to ₱2.1 billion and ₱2.4 billion, respectively, for the six months ended June 30, 2019 and 2018, which accounted for 17% and 20%, respectively, of revenue.

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

#### *Operating Income Before Other Income, Net*

For the reasons discussed above, profit from operations amounted to ₱1.5 billion and ₱1.1 billion, respectively, for the six months ended June 30, 2019 and 2018. These comprised 12% and 9% of revenue, respectively.

#### *Other Income, Net*

Net other income for the six-month period ended June 30, 2019 and 2018 was ₱10.5 million and ₱14.3 million, respectively.

#### *Financial Expenses*

Net financial expenses for the six months ended June 30, 2019 and 2018 amounted to ₱714.8 million and ₱527.1 million, respectively. For the second quarter of 2019 and 2018, net financial expenses amounted to ₱359.6 million and ₱278.4 million, respectively. This includes interest expense, interest income, interest cost on pension and bank charges.

#### *Foreign Exchange Gain (Loss), Net*

Net foreign exchange gain (loss) of ₱274.4 million and (₱474.1 million) were reported for the six months ended June 30, 2019 and 2018, respectively.

#### *Income Tax Expense*

As a result of operations, our income tax expense for the six months ended June 30, 2019 and 2018 amounted to ₱224.7 million and ₱691.5 million, respectively. Income tax expense is composed of current income tax expense amounting to ₱259.3 million and ₱362.7 million, and deferred income tax expense (benefit) amounting to (₱34.6 million) and ₱328.8 million for the six months ended June 30, 2019 and 2018, respectively.

#### *Profit (Loss)*

As a result of the abovementioned concepts, profit (loss) for the six months ended June 30, 2019 and 2018 amounted to ₱802.3 million and (₱584.7 million), respectively.

### **Financial Position**

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

#### *Cash and Cash Equivalents*

Cash and cash equivalents amounted to ₱4.3 billion and ₱1.8 billion as at June 30, 2019 and December 31, 2018, respectively. As at June 30, 2019, cash and cash equivalents of ₱4.3 billion include ₱2.6 billion cash on hand and in banks and ₱1.7 billion short-term investments which were readily convertible to cash. As at December 31, 2018, cash and cash equivalents of ₱1.8 billion include ₱1.7 billion cash on hand and in banks and ₱66.2 million short-term investments which were readily convertible to cash.

#### *Trade Receivables - Net*

Accounts receivables amounted to ₱1.1 billion and ₱708.9 million as at June 30, 2019 and December 31, 2018, net of allowance for impairment losses amounting to ₱34.6 million and ₱24.1 million, respectively, which mainly pertained to receivables from customers.

#### *Due from Related Parties*

Related party balances amounted to ₱1.1 million and ₱30.3 million as at June 30, 2019 and December 31, 2018, respectively, resulting primarily from the sale of goods, invoicing of administrative fees, and advances and loans between related parties. Please see Note 10 in the attached unaudited condensed consolidated interim financial statements as at and for the six months ended June 30, 2019 and the audited consolidated financial position as at December 31, 2018 and unaudited statement of profit or loss and other comprehensive income for the six months ended June 30, 2018.

#### *Insurance Claims and Premium Receivables*

Insurance premiums receivable, which amounted to ₱0.5 million and ₱604.9 million as at June 30, 2019 and December 31, 2018, respectively, is related to non-damage business interruption insurance receivable from third party insurance company. Premiums receivable represents premiums on written policies which are collectible within the Company's credit term. Claims from insurance amounted to ₱345.1 million as at December 31, 2018.

#### *Other Current Accounts Receivable*

Other accounts receivables amounted to ₱84.3 million and ₱73.1 million as at June 30, 2019 and December 31, 2018, respectively.

#### *Inventories*

Inventories amounted to ₱3.5 billion as at June 30, 2019 and December 31, 2018. Inventories consisting of raw materials, cement and work in process amounted to ₱2.2 billion and ₱1.9 billion as at June 30, 2019 and December 31, 2018, respectively, and the remaining balance referred to spare parts. Inventories are measured at cost or net realizable value, whichever is lower.

#### *Prepayments and Other Current Assets*

Other current assets amounted to ₱1.4 billion and ₱1.7 billion as at June 30, 2019 and December 31, 2018, respectively which referred primarily to prepayments of insurance, ₱484.4 million and ₱529.8 million, respectively, and prepayment of taxes, ₱584.5 million and ₱525.3 million, respectively and advances to suppliers, ₱172.9 million and ₱444.9 million, respectively.

#### *Investment in an Associate and Other Investments*

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

#### *Other Assets and Noncurrent Accounts Receivable*

Other assets amounting to ₱985.9 million and ₱818.2 million as at June 30, 2019 and December 31, 2018, respectively, primarily consisted of debt reserve account amounting to ₱618.8 million and ₱601.2 million and long-term performance deposits of ₱261.0 million and ₱115.7 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments.

#### *Advances to Contractors*

In November 2018, the Company made a downpayment 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, 2019 and December 31, 2018, the balance of this account amounted to ₱2.0 billion and ₱2.1 billion, respectively.

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

Property, machinery and equipment had a balance of ₱15.7 billion and ₱15.6 billion as at June 30, 2019 and December 31, 2018, respectively. Assets for the right-of-use amounted to ₱1.9 billion and ₱2.2 billion as at June 30, 2019 and December 31, 2018, respectively. As at June 30, 2019 and December 31, 2018, ₱357.8 million and ₱1.1 billion, respectively, were incurred for maintenance capital expenditures and ₱428.5 million and ₱295.3 million, respectively, for strategic capital expenditures. For the six months ended June 30, 2019 and for the year ended December 31, 2018, additions to assets for the right-of-use amounted to nil and ₱422.7 million, respectively.

#### *Deferred Income Tax Assets - Net*

The Company's deferred income tax asset amounted to ₱724.5 million and ₱774.4 million as at June 30, 2019 and December 31, 2018, respectively, which mainly represented pension, unrealized foreign exchange losses in 2018 and future tax benefits from operating losses. Deferred tax liability amounted to ₱14.0 million and ₱147.4 million as at June 30, 2019 and December 31, 2018, respectively. Deferred income tax is mainly related to future tax from operating losses, excess minimum corporate income tax over regular corporate income tax and other temporary tax differences.

#### *Goodwill*

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

#### *Trade Payables*

Trade payables as at June 30, 2019 and December 31, 2018 amounted to ₱3.7 billion and ₱4.9 billion, respectively, which were related to purchases of raw materials and other goods, and services provided by third parties.

#### *Due to Related Parties*

Short-term payable to related parties had a balance of ₱3.5 billion and ₱2.7 billion as at June 30, 2019 and December 31, 2018, respectively. Long-term payable to related parties amounted to ₱4.7 billion and ₱2.5 billion as at June 30, 2019 and December 31, 2018, respectively. The increase in long-term payable to related parties was mainly due to additional loans of the Company from CEMEX Asia, B.V.

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

Unearned income, other payables and accruals which amounted to ₱2.1 billion and ₱2.3 billion as at June 30, 2019 and December 31, 2018, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable.

#### *Lease Liabilities*

Current portion of finance lease liabilities amounted to ₱415.4 million and ₱453.7 million as at June 30, 2019 and December 31, 2018, respectively. Noncurrent portion of finance lease liabilities amounted to ₱1.7 billion and ₱1.9 billion as at June 30, 2019 and December 31, 2018, respectively.

#### *Retirement Benefit Liability*

Retirement benefits liability amounting to ₱885.1 million and ₱715.2 million as at June 30, 2019 and December 31, 2018, respectively, pertained to the provision recognized by the Company associated with employees' defined benefit pension plans.

#### *Long-term Bank Loan*

The current balance of CHP's unsecured peso long-term facility with BDO Unibank, Inc.<sup>2</sup> was ₱13.1 billion and ₱13.6 billion as at June 30, 2019 and December 31, 2018, respectively. The debt issuance cost of this long-term bank loan, corresponding to ₱119.0 million and ₱138.2 million on an unamortized basis, was deducted from the total loan liability as at June 30, 2019 and December 31, 2018, respectively. Short-term portion of the bank loan amounted to ₱140.1 million as at June 30, 2019 and December 31, 2018.

#### *Other Noncurrent Liabilities*

Other noncurrent liabilities of ₱20.6 million as at June 30, 2019 and December 31, 2018, referred to provision for asset retirement obligation.

#### *Common Stock*

As at June 30, 2019 and December 31, 2018, the total authorized capital stock of CHP consisted of 5,195,395,454 common shares at a par value of ₱1 per share, and the total issued and outstanding capital stock was 5,195,395,454 common shares at a par value of ₱1 per share.

#### *Other Equity Reserves*

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

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<sup>2</sup> See further discussion on this unsecured peso long-term loan facility with BDO Unibank, Inc. on page 15 of this Information Statement.

### Retained Earnings

Retained earnings of ₱1.8 billion and ₱981.3 million as at June 30, 2019 and December 31, 2018, respectively, included the Company's cumulative net results of operations.

### Company Performance Indicators and Liquidity

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

\*Debt is net of cash and cash equivalents.

Key Financial Indicators	Formula	For the period ended June 30, 2019	For the period ended June 30, 2018 (As restated)
Interest Rate Coverage Ratio	Operating income before other income-net/Interest	2.1 : 1	2.2 : 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, 2019:

As at June 30, 2019	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates .....	0.09%	1.77%	4.22%	71.10%	3.11%
Trade receivables - gross carrying amount** .....	₱ 906,582	120,576	45,929	41,795	1,114,882
Allowance for impairment losses** .....	836	2,131	1,940	29,718	34,625

\*\*Amounts in thousands

#### *No Off-Balance Sheet Arrangements*

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

#### *Liquidity*

The Company's operations are exposed to risks from changes in price, interest rates, inflation, foreign exchange, governmental spending, social instability and other political, economic and/or social developments in Philippines, any one of which may materially impact its net income and cash from operations. Consequently, in order to meet liquidity needs, the Company relies on cost-efficiency, profitability management and operating improvements to optimize capacity utilization and maximize profitability, as well as advances or borrowing under credit facilities, proceeds of debt and proceeds from asset sales. The Company also participates in liquidity management program pursuant to which it invests excess liquidity and has certain flexibility to undertake borrowings (intragroup or with CEMEX) to meet its own liquidity needs. Amounts that are invested or borrowed under this liquidity management program are often denominated in U.S. dollars.

#### *Material Commitments for Capital Expenditures for 2019*

As of June 30, 2019, the Company has an adjusted budget of ₱6,975 million for capital expenditures for calendar year 2019, which substantially consists of the following: ₱975 million - maintenance CAPEX and ₱6,000 million - Solid Cement's new cement production line. Possible sources of funds in 2019 for these expenditures will be revenue or cashflow from operations, debt from any subsidiary of CEMEX, and/or debt from one or more financial institutions.

No assurance can be given that the Company's capital expenditure plans will not change or that the amount of capital expenditures for any project or as a whole will not change in the future from current expectations.

#### *Bank Loan*

On February 1, 2017, CHP signed a senior unsecured peso long-term loan facility with BDO Unibank, Inc. (BDO) for an amount of up to the Philippine Peso equivalent of US\$ 280 million, to refinance a majority of CHP's outstanding long-term loan with New Sunward Holding B.V. (NSH), a subsidiary of CEMEX. During the 1<sup>st</sup> quarter of 2017, this long-term loan with NSH was fully repaid.

On December 8, 2017, the Company entered into a Supplemental Agreement to the foregoing facility agreement with BDO pursuant to which, more notably, it was agreed that (i) the commencement date for compliance with certain financial covenants under the facility agreement would be in June 2020; (ii) debt service reserve accounts were created; and (iii) additional debt incurrence restrictions be put in place. On December 14, 2018, the 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 CEMEX or any affiliate of CEMEX which is not a direct or indirect subsidiary of CHP, to pay all amounts outstanding under the facility agreement before they become due and payable prior to their maturity in certain events. In 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 Cement that have been made or are to be made to the Company by any subsidiary of CEMEX; and (iii) allow for certain loans or advances taken by the Company with any subsidiary of CEMEX to be paid with the proceeds from any equity fundraising activity of CHP without having to pay a prepayment fee to BDO under the Facility Agreement.

As at June 30, 2019, the Company is in compliance with the applicable restrictions and covenants of the facility agreement; however, CHP cannot give assurance that it will be able to comply with the restrictions and covenants contained in the said facility agreement, as supplemented, including if its interest coverage ratio will decline and constrain CHP's ability to incur additional debt for

general corporate purposes. CHP may need to seek waivers, amendments and/or further supplement the facility agreement in the future. Even though CHP has been able to supplement the facility agreement in the past, there is no assurance that that any future waivers, amendments and/or supplements, if requested, will be obtained or entered into.

### **Trend Information**

Other than as disclosed elsewhere in this Management Report, CHP's 2018 Annual Report (SEC Form 17-A), or the CHP's Consolidated Financial Statements as at and for the years ended December 31, 2018 and 2017 filed as part of CHP's 2018 Annual Report (SEC Form 17-A), or SEC Form 17-Q for the 2<sup>nd</sup> Quarter of 2019, CHP is not aware of any trends, uncertainties, demands, commitments or events for the six months ended June 30, 2019 that are reasonably likely to have a material and adverse effect on the Company's net sales, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions, or that would trigger direct or contingent financial obligation, including any default or acceleration of an obligation.

### **Major Risks Affecting the Business**

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

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

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

- decreases in business, industrial, manufacturing or financial activity in the Philippines or globally;
- scarcity of credit or other financing;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- an increase in unemployment levels or decrease in consumer confidence;
- a decrease in remittances from overseas Filipino workers;
- changes in the taxation policies and laws;
- natural disasters, including typhoons, earthquakes, fires, floods, landslides and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- political or economic developments in or affecting the Philippines.

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

***A reduction or delay in public or private construction projects may have a material adverse effect on the Company's business, financial condition and results of operations.***

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



***The Company is dependent on the continuing operation of the Company's two cement plants.***

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

***The Company operates in highly competitive markets***

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

***The construction industry is generally cyclical and variations in supply (including by increase of capacities) and demand (including from a decrease in construction activities) may result in overcapacity and a corresponding reduction in the utilization of the cement plants.***

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

***Higher electricity and fuel costs, or the reduction or interruption in supply thereof, may adversely affect the Company's business, prospects, financial condition and results of operations.***

The Company's operations consume significant amounts of electricity and fuel. The cement plants use electricity from the electricity grid, in addition to electricity produced from in-house generators fired by heavy fuel oil and waste production heat.

***The results of operations could be affected by fluctuations in interest rates***

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

***The Company's operations can be affected by adverse weather conditions.***

Construction activity, and thus demand for the Company's products, decreases substantially when heavy or sustained rainfalls occur. Consequently, demand for the Company's products is significantly lower during the rainy season in the Philippines or during periods of unexpected heavy or sustained rainfalls. Adverse weather conditions can adversely affect the Company's results of operations and profitability especially if they occur with unusual intensity, during unexpected periods or last longer than usual, especially during peak construction periods. This was the case in September 2018 when the operations of the APO Cement plant was affected by the landslide in Naga, Cebu which took place during the rainy season.

***The development or implementation of the Company's various projects may not be completed on schedule or within the allocated budget.***

The time taken and the costs incurred in connection with the development or implementation of the Company's various projects (including Solid Cement's new cement production line) may be affected by many factors which include, among others, problems and circumstances which are generally beyond the control of the Company:

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

***Sources and Availability of Primary Raw Materials from Third Parties***

The primary raw materials used in the Company's cement production are limestone, pozzolan, clay and gypsum. Raw materials costs represented approximately 12% of the Company's consolidated costs of sales for the first six months of 2019, 11% of the Company's consolidated costs of sales and services for fiscal year 2018, and 12% of the Company's consolidated costs of sales and services for fiscal year 2017.

The raw materials are delivered directly to the Company's production facilities by trucks and conveyor belts. The Company purchases the majority of its limestone, pozzolan and clay requirements from ALQC and IQAC pursuant to long-term supply agreements, each having 20-year terms commencing on January 1, 2016 and automatic renewals for successive periods of two years.

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

***New regulatory developments may increase costs of doing business or restrict operations.***

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

***Currency fluctuations***

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

**Relevant Information Regarding the Impact of the 2018 Landslide in Cebu**

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, a principal raw material supplier of APO Cement. CHP does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC, which is a majority shareholder of CHP, owns a minority 40% stake in Impact Assets Corporation.

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

On November 19, 2018, CHP 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 CHP, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for “Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems”. ALQC received summons concerning the class action during the first quarter of 2019.

In the complaint, among other allegations, plaintiffs (i) claim that the Landslide occurred as a result of the defendants’ gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately P4.3 billion, (b) the establishment of a P500 million 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 CHP are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

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

As at August 31, 2019, among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, CHP, APO Cement and ALQC maintain the position that the landslide occurred due to natural causes and deny liability. In the event a final adverse resolution is issued in this matter, plaintiffs will have the option to proceed against any one of ALQC, APO Cement or CHP 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 CHP’s assets alone could be exposed to execution proceedings.

As at August 31, 2019, because of the current status of the lawsuit and considering all possible defenses available, the Company is not able to 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 its results of operations, liquidity and financial condition.

**CEMEX HOLDINGS PHILIPPINES, INC.  
SEC FORM 20-IS**

**ANNEX A**

**SEC Form 17-Q (Quarter Report)  
for period ended 30 June 2019**



108142019001622



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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### Company Information

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SEC Registration No. CS201518815  
Company Name CEMEX HOLDINGS PHILIPPINES, INC.  
Industry Classification Financial Holding Company Activities  
Company Type Stock Corporation

### Document Information

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Document ID 108142019001622  
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
Document Code 17-Q  
Period Covered June 30, 2019  
No. of Days Late 0  
Department CFD  
Remarks

# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

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

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

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

<b>Form Type</b> SEC Form 17-Q 2 <sup>nd</sup> Quarter 2019	<b>Department requiring the report</b> <div style="border: 1px solid black; width: 100px; height: 30px;"></div>	<b>Secondary License Type, If Applicable</b> Issuer of Securities under SEC MSRD Order No. 9 series of 2016
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**COMPANY INFORMATION**

<b>Company's email Address</b> N/A	<b>Company's Telephone Number/s</b> 849 – 3600	<b>Mobile Number</b> N/A
<b>No. of Stockholders</b> 24 (as of 30 June 2019)	<b>Annual Meeting (Month / Day)</b> June 6, 2019	<b>Fiscal Year (Month / Day)</b> December 31

**CONTACT PERSON INFORMATION**

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

<b>Name of Contact Person</b> Steve Kuansheng Wu	<b>Email Address</b> steve.wu@cemex.com	<b>Telephone Number/s</b> (02) 849 3647	<b>Mobile Number</b> <div style="border: 1px solid black; width: 100px; height: 20px;"></div>
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**CONTACT PERSON'S ADDRESS**

34<sup>th</sup> Floor, Petron Mega Plaza, 358 Sen. Gil J. Puyat Avenue, Makati City

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, 2019**
2. SEC Identification Number. **CS201518815**
3. BIR Tax Identification No. **009-133-917-000**
4. Exact name of registrant as specified in its charter. **CEMEX HOLDINGS PHILIPPINES, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code:                      (SEC Use Only)
7. Address of issuer's principal office and postal code **34<sup>th</sup> Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
8. Issuer's telephone number, including area code **(02) 849-3600**
9. Former name, former address and former fiscal year, if changed since last report – **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes  No

**Stock Exchange:** Philippine Stock Exchange  
**Securities Listed:** Common Shares

12. Indicate by check mark whether the registrant:

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

Yes  No

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



## **PART I – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

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

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

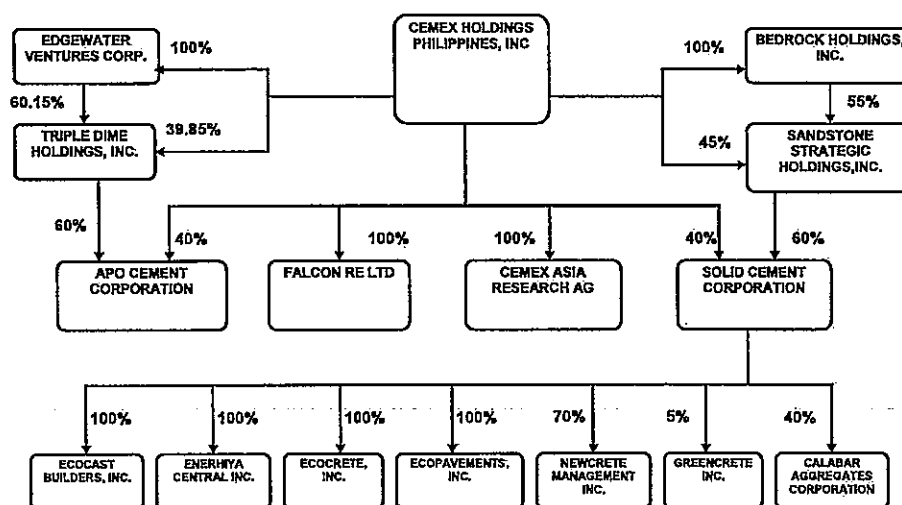
On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (“CEMEX”), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

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

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

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

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



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

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

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

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

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

## Financial Performance

For the six months ended June 30, 2019 and 2018:

### *Revenue*

Revenue for the six-month period ended June 30, 2019 and 2018 amounted to P12.4 billion and P11.9 billion, respectively. The breakdown of revenue after elimination of transactions between consolidated entities for the six months ended June 30, 2019 and 2018 were as follows:

<i>Segment</i>	<u>For the six months ended June 30, 2019</u>		<u>For the six months ended June 30, 2018</u>	
	<i>Amount*</i>	<i>% Sales</i>	<i>Amount*</i>	<i>% Sales</i>
Cement sales	P12,354	99.9%	P11,872	99.9%
Other business	2	0.1%	7	0.1%
<b>Total</b>	<b>P12,356</b>	<b>100%</b>	<b>P11,879</b>	<b>100%</b>

*\*Amounts in millions*

For the six months ended June 30, 2019, domestic gray cement volume decreased by 2% and our average selling price for domestic gray cement increased 6% against same period last year. During the second quarter, our domestic cement sales volumes decreased by 2% and our average selling price for cement increased 5% in each case compared with the same period of the prior year.

### *Cost of Sales*

Cost of sales for the six-month period ended June 30, 2019 and 2018 amounted to P7.3 billion and P6.9 billion, respectively. As a percentage of revenue, cost of sales increased by 1 percentage point year-on-year, due to the scheduled kiln maintenance of our Solid Cement Plant in the first quarter of 2019, and higher raw material costs and purchased cement resulting from the Naga landslide incident (see Part II - Other Information).

### *Gross Profit*

As a result of the above conditions, gross profit for the six months ended June 30, 2019 and 2018 reached P5.1 billion and P5.0 billion, respectively. Gross profit as a percentage of revenue for the six months ended June 30, 2019 and 2018 were at 41% and 42%, respectively.

### *Operating Expenses*

Operating expenses amounted to P3.6 billion and P3.9 billion, respectively, for the six months ended June 30, 2019 and 2018. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to P1.5 billion or 13% and 12% of revenue for the first six months of 2019 and 2018, respectively. These include: a) license fees amounting to P440.7 million and P460.4 million, respectively; b) administrative services amounting to P380.9 million and P324.5 million, respectively; and c) salaries and wages amounting to P385.9 million and P344.7 million, respectively. Distribution expenses amounted to 2.1 billion and P2.4 billion, respectively, for the six months ended June 30, 2019 and 2018, which accounted for 17% and 20%, respectively, of revenue.

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

### *Operating Income Before Other Income, Net*

For the reasons discussed above, profit from operations amounted to P1.5 billion and P1.1 billion, respectively, for the six months ended June 30, 2019 and 2018. These comprised 12% and 9% of revenue, respectively.

*Other Income, Net*

Net other income for the six-month period ended June 30, 2019 and 2018 was P10.5 million and P14.3 million, respectively.

*Financial Expenses*

Net financial expenses for the six months ended June 30, 2019 and 2018 amounted to P714.8 million and P527.1 million, respectively. For the second quarter of 2019 and 2018, net financial expenses amounted to P359.6 million and P278.4 million, respectively. This includes interest expense, interest income, interest cost on pension and bank charges.

*Foreign Exchange Gain (Loss), Net*

Net foreign exchange gain (loss) of P274.4 million and (P474.1 million) were reported for the six months ended June 30, 2019 and 2018, respectively.

*Income Tax Expense*

As a result of operations, our income tax expense for the six months ended June 30, 2019 and 2018 amounted to P224.7 million and P691.5 million, respectively. Income tax expense is composed of current income tax expense amounting to P259.3 million and P362.7 million, and deferred income tax expense (benefit) amounting to (P34.6 million) and P328.8 million for the six months ended June 30, 2019 and 2018, respectively.

*Profit (Loss)*

As a result of the abovementioned concepts, profit (loss) for the six months ended June 30, 2019 and 2018 amounted to P802.3 million and (P584.7 million), respectively.

Financial Position

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

*Cash and Cash Equivalents*

Cash and cash equivalents amounted to P4.3 billion and P1.8 billion as at June 30, 2019 and December 31, 2018, respectively. As at June 30, 2019, cash and cash equivalents of P4.3 billion include P2.6 billion cash on hand and in banks and P1.7 billion short-term investments which were readily convertible to cash. As at December 31, 2018, cash and cash equivalents of P1.8 billion include P1.7 billion cash on hand and in banks and P66.2 million short-term investments which were readily convertible to cash.

*Trade Receivables - Net*

Accounts receivables amounted to P1.1 billion and P708.9 million as at June 30, 2019 and December 31, 2018, net of allowance for impairment losses amounting to P34.6 million and P24.1 million, respectively, which mainly pertained to receivables from customers.

*Due from Related Parties*

Related party balances amounted to P1.1 million and P30.3 million as at June 30, 2019 and December 31, 2018, respectively, resulting primarily from the sale of goods, invoicing of administrative fees, and advances and loans between related parties. Please see Note 10 in the attached unaudited condensed consolidated interim financial statements as at and for the six months ended June 30, 2019 and the audited consolidated financial position as at December 31, 2018 and unaudited statement of profit or loss and other comprehensive income for the six months ended June 30, 2018.

*Insurance Claims and Premium Receivables*

Insurance premiums receivable, which amounted to P0.5 million and P604.9 million as at June 30, 2019 and December 31, 2018, respectively is related to non-damage business interruption insurance receivable from third party insurance company. Premiums receivable represents premiums on written

policies which are collectible within the Company's credit term. Claims from insurance amounted to P345.1 million as at December 31, 2018 (See Part II - Other Information).

*Other Current Accounts Receivable*

Other accounts receivables amounted to P84.3 million and P73.1 million as at June 30, 2019 and December 31, 2018, respectively.

*Inventories*

Inventories amounted to P3.5 billion as at June 30, 2019 and December 31, 2018. Inventories consisting of raw materials, cement and work in process amounted to P2.2 billion and P1.9 billion as at June 30, 2019 and December 31, 2018, respectively, and the remaining balance referred to spare parts. Inventories are measured at cost or net realizable value, whichever is lower.

*Prepayments and Other Current Assets*

Other current assets amounted to P1.4 billion and P1.7 million as at June 30, 2019 and December 31, 2018, respectively which referred primarily to prepayments of insurance, P484.4 million and P529.8 million, respectively, and prepayment of taxes, P584.5 million and P525.3 million, respectively and advances to suppliers, P172.9 million and P444.9 million, respectively.

*Investment in an Associate and Other Investments*

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

*Other Assets and Noncurrent Accounts Receivable*

Other assets amounting to P985.9 million and P818.2 million as at June 30, 2019 and December 31, 2018, respectively, primarily consisted of debt reserve account amounting to P618.8 million and P601.2 million and long-term performance deposits of P261.0 million and P115.7 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments.

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

Property, machinery and equipment had a balance of P15.7 billion and P15.6 billion as at June 30, 2019 and December 31, 2018, respectively. Assets for the right-of-use amounted to P1.9 billion and P2.2 billion as at June 30, 2019 and December 31, 2018, respectively. As at June 30, 2019 and December 31, 2018, P357.8 million and P1.1 billion, respectively, were incurred for maintenance capital expenditures and P428.5 million and P295.3 million, respectively, for strategic capital expenditures. For the six months ended June 30, 2019 and for the year ended December 31, 2018, additions to assets for the right-of-use amounted to nil and P422.7 million, respectively.

*Advances to Contractors*

In November 2018, the Company made a downpayment to a third party for the construction and installation of Solid's new production line and is presented under noncurrent assets in the consolidated statements of financial position. As at June 30, 2019 and December 31, 2018, the balance of this account amounted to P2.0 billion and P2.1 billion, respectively.

*Deferred Income Tax Assets - Net*

The Company's deferred income tax asset amounted to P724.5 million and P774.4 million as at June 30, 2019 and December 31, 2018, respectively, which mainly represented pension, unrealized foreign exchange losses in 2018 and future tax benefits from operating losses. Deferred tax liability amounted to P14.0 million and P147.4 million as at June 30, 2019 and December 31, 2018, respectively.

*Goodwill*

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

#### *Trade Payables*

Trade payables as at June 30, 2019 and December 31, 2018 amounted to P3.7 billion and P4.9 billion, respectively, which were related to purchases of raw materials and other goods, and services provided by third parties.

#### *Due to Related Parties*

Short-term payable to related parties had a balance of P3.5 billion and P2.7 billion as at June 30, 2019 and December 31, 2018, respectively. Long-term payable to related parties amounted to P4.7 billion and P2.5 billion as at June 30, 2019 and December 31, 2018, respectively.

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

Unearned income, other payables and accruals which amounted to P2.1 billion and P2.3 billion as at June 30, 2019 and December 31, 2018, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable.

#### *Lease Liabilities*

Current portion of finance lease liabilities amounted to P415.4 million and P453.7 million as at June 30, 2019 and December 31, 2018, respectively. Noncurrent portion of finance lease liabilities amounted to P1.7 billion and P1.9 billion as at June 30, 2019 and December 31, 2018, respectively.

#### *Retirement Benefit Liability*

Retirement benefits liability amounting to P885.1 million and P715.2 million as at June 30, 2019 and December 31, 2018, respectively, pertained to the provision recognized by the Company associated with employees' defined benefit pension plans.

#### *Long-term Bank Loan*

The current balance of the BDO Refinancing Loan was P13.1 billion and P13.6 billion as at June 30, 2019 and December 31, 2018, respectively. The debt issuance cost of this long-term bank loan, corresponding to P119.0 million and P138.2 million on an unamortized basis, was deducted from the total loan liability as at June 30, 2019 and December 31, 2018, respectively. Short-term portion of the bank loan amounted to P140.1 million as at June 30, 2019 and December 31, 2018.

#### *Other Noncurrent Liabilities*

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

#### *Common Stock*

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

#### *Other Equity Reserves*

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

#### *Retained Earnings*

Retained earnings of P1.8 billion and P981.3 million as at June 30, 2019 and December 31, 2018, respectively, included the Company's cumulative net results of operations.

*Jr*

### 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, 2019	For the year ended December 31, 2018 (As restated)
Current Ratio	Current Assets/Current Liabilities	1.0 : 1	0.8 : 1
Solvency Ratio	Profit (Loss) + Depreciation and Amortization/Total Liabilities	0.1 : 1	0.0 : 1
Net debt to Equity Ratio	Debt*/Total Equity	0.9 : 1	1.0 : 1
Asset to Equity Ratio	Total Assets/Total Equity	2.0 : 1	2.0 : 1

\*Debt is net of cash and cash equivalents.

Key Financial Indicators	Formula	For the period ended June 30, 2019	For the period ended June 30, 2018 (As restated)
Interest Rate Coverage Ratio	Operating income before other income-net/Interest	2.1 : 1	2.2 : 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, 2019:

As at June 30, 2019	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates .....	0.09%	1.77%	4.22%	71.10%	3.11%
Trade receivables - gross carrying amount** .....	P 906,582	120,576	45,929	41,795	1,114,882
Allowance for impairment losses** .....	836	2,131	1,940	29,718	34,625

\*\*Amounts in thousands



## PART II - OTHER INFORMATION

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

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

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

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

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

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

As at June 30, 2019, because of the current status of the lawsuit and considering all possible defenses available, the Company is not able to 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 its results of operations, liquidity and financial condition. ✓

#### SIGNATURES

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

**CEMEX HOLDINGS PHILIPPINES, INC.**

By:



IGNACIO ALEJANDRO MIJARES ELIZONDO  
President & Chief Executive Officer

Date: 14 AUG 2019



STEVE KUANSHENG WU  
Treasurer

Date: 14 AUG 2019

## Item 1. Financial Statements.

## CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM  
STATEMENTS OF FINANCIAL POSITION  
(Amounts in Thousands)

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (As restated - see Note 3)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6, 13	P4,275,083	P1,813,665
Trade receivables - net	4, 13	1,080,257	708,906
Due from related parties	10, 13	1,068	30,326
Insurance claims and premium receivables		512	949,983
Other current accounts receivable	13	84,262	73,070
Inventories		3,452,902	3,488,178
Derivative asset		10,946	12,875
Prepayments and other current assets		1,353,796	1,677,671
<b>Total Current Assets</b>		<b>10,258,826</b>	<b>8,754,674</b>
<b>Noncurrent Assets</b>			
Investments in an associate and other investments		14,097	14,097
Advances to contractors		1,988,045	2,069,601
Other assets and noncurrent accounts receivable	13	985,872	818,247
Property, machinery, equipment and assets for the right-of-use - net	7	17,615,197	17,768,023
Deferred income tax assets - net		724,473	774,434
Goodwill		27,859,694	27,859,694
<b>Total Noncurrent Assets</b>		<b>49,187,378</b>	<b>49,304,096</b>
		<b>P59,446,204</b>	<b>P58,058,770</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables		P3,741,252	P4,934,535
Due to related parties	10	3,536,986	2,683,051
Current portion of lease liabilities	8	415,424	453,661
Contract liabilities	4	254,735	375,224
Current portion of long-term bank loan	12	140,123	140,123
Unearned income, other accounts payable and accrued expenses		1,744,887	1,882,169
Income tax payable		54,137	65,283
<b>Total Current Liabilities</b>		<b>9,887,544</b>	<b>10,534,046</b>

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		June 30, 2019 (Unaudited)	December 31, 2018 (As restated - see Note 3)
	<i>Note</i>		
<b>Noncurrent Liabilities</b>			
Long-term bank loan - net of current portion	<i>12, 13</i>	P12,937,881	P13,488,728
Long-term payable to a related party	<i>10, 13</i>	4,747,088	2,520,914
Lease liabilities - net of current portion	<i>8, 13</i>	1,696,548	1,905,935
Retirement benefit liability		885,145	715,184
Deferred income tax liabilities - net		13,954	147,387
Other noncurrent liabilities		20,610	20,610
<b>Total Noncurrent Liabilities</b>		<b>20,301,226</b>	<b>18,798,758</b>
<b>Total Liabilities</b>		<b>30,188,770</b>	<b>29,332,804</b>
<b>Stockholders' Equity</b>			
<b>Controlling interest:</b>			
Common stock	<i>9</i>	5,195,395	5,195,395
Additional paid-in capital	<i>9</i>	21,959,159	21,959,159
Other equity reserves		319,064	589,907
Retained earnings		1,783,635	981,312
Total controlling interest		29,257,253	28,725,773
Non-controlling interest		181	193
<b>Total Equity</b>		<b>29,257,434</b>	<b>28,725,966</b>
<b>Total Liabilities and Equity</b>		<b>P59,446,204</b>	<b>P58,058,770</b>

*See Notes to the Condensed Consolidated Interim Financial Statements.*

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**CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED  
INTERIM STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

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

		For the Six Months Ended June 30		For the Three Months Ended June 30	
		2018 (As restated - see Note 3)		2018 (As restated - see Note 3)	
	<i>Note</i>	2019	2018	2019	2018
REVENUE	4	P12,355,927	P11,879,333	P6,118,500	P5,988,074
COSTS OF SALES		(7,274,695)	(6,882,862)	(3,350,450)	(3,457,227)
<b>GROSS PROFIT</b>		<b>5,081,232</b>	<b>4,996,471</b>	<b>2,768,050</b>	<b>2,530,847</b>
<b>OPERATING EXPENSES</b>					
Distribution expenses		(2,078,096)	(2,423,879)	(1,125,146)	(1,295,773)
Administrative and selling expenses		(1,546,207)	(1,478,898)	(810,611)	(733,917)
<b>TOTAL OPERATING EXPENSES</b>		<b>(3,624,303)</b>	<b>(3,902,777)</b>	<b>(1,935,757)</b>	<b>(2,029,690)</b>
<b>OPERATING INCOME BEFORE OTHER INCOME - Net</b>		<b>1,456,929</b>	<b>1,093,694</b>	<b>832,293</b>	<b>501,157</b>
<b>OTHER INCOME - Net</b>		<b>10,478</b>	<b>14,321</b>	<b>4,086</b>	<b>12,045</b>
<b>OPERATING INCOME AFTER OTHER INCOME - Net</b>		<b>1,467,407</b>	<b>1,108,015</b>	<b>836,379</b>	<b>513,202</b>
FINANCIAL EXPENSES		(714,803)	(527,107)	(359,567)	(278,408)
FOREIGN EXCHANGE GAIN (LOSS) - Net		274,401	(474,134)	291,678	(186,694)
<b>EARNINGS BEFORE INCOME TAX</b>		<b>1,027,005</b>	<b>106,774</b>	<b>768,490</b>	<b>48,100</b>
INCOME TAX EXPENSE		(224,694)	(691,502)	(134,818)	(701,762)
<b>PROFIT (LOSS)</b>		<b>802,311</b>	<b>(584,728)</b>	<b>633,672</b>	<b>(653,662)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Loss on remeasurement of employee benefit liability		(162,769)	(2,174)	(165,255)	(1,867)
Income tax recognized directly in other comprehensive income		48,831	652	49,576	560
		(113,938)	(1,522)	(115,679)	(1,307)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Currency translation gain (loss) of foreign subsidiaries		(156,934)	318,137	(156,418)	101,575
Cash flow hedges - effective portion of changes in fair value		29	-	(8,905)	-
		(156,905)	318,137	(165,323)	101,575
		(270,843)	316,615	(281,002)	100,268
<b>COMPREHENSIVE INCOME (LOSS)</b>		<b>531,468</b>	<b>(268,113)</b>	<b>352,670</b>	<b>(553,394)</b>
Non-controlling interest comprehensive loss		12	16	6	6
<b>CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME (LOSS)</b>		<b>P531,480</b>	<b>(P268,097)</b>	<b>P352,676</b>	<b>(P553,388)</b>
Basic / Diluted Earnings (Loss) Per Share	5	P0.15	(P0.11)	P0.12	(P0.13)

*See Notes to the Condensed Consolidated Interim Financial Statements.*

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

	For The Six Months Ended June 30, 2019						
	Common Stock (see Note 9)	Additional Paid-in Capital (see Note 9)	Other Equity Reserves	Retained Earnings	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	-	-	(270,843)	802,323	531,480	(12)	531,468
As at June 30, 2019	P5,195,395	P21,959,159	P319,064	P1,783,635	P29,257,253	P181	P29,257,434

	For The Six Months Ended June 30, 2018						
	Common Stock (see Note 9)	Additional Paid-in Capital (see Note 9)	Other Equity Reserves	Retained Earnings	Controlling Interest	Non- controlling Interest	Total Stockholders' Equity
As at January 1, 2018, after adjustment on initial application of PFRS 9	P5,195,395	P21,959,159	P199,929	P2,057,604	P29,412,087	P221	P29,412,308
Adjustment on initial application of PFRS 16	-	-	-	(105,785)	(105,785)	-	(105,785)
As at January 1, 2018, as restated	5,195,395	21,959,159	199,929	1,951,819	29,306,302	221	29,306,523
Total comprehensive income for the period	-	-	316,615	(584,712)	(268,097)	(16)	(268,113)
Other adjustment	-	-	-	151	151	-	151
As at June 30, 2018	P5,195,395	P21,959,159	P516,544	P1,367,258	P29,038,356	P205	P29,038,561

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**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>	2019	2018 (As restated - see Note 3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss)	P802,311	(P584,728)
Adjustments for:		
Depreciation and amortization of property, machinery, equipment and assets for the right-of-use	7 914,773	916,660
Financial expenses and unrealized foreign exchange result	394,832	853,036
Income tax expense	224,694	691,502
Provisions during the period	<del>56,445</del>	<del>4,349</del>
Retirement benefit expense	51,862	56,462
Gain on disposal of assets	(4,311)	(1,542)
Operating profit before working capital changes	2,440,606	1,935,739
Changes in working capital:		
Decrease (increase) in:		
Trade receivables	(381,322)	(93,129)
Due from related parties	29,258	(50,491)
Insurance claims and premium receivables	949,471	-
Other current accounts receivables	(10,760)	6,307
Inventories	45,951	534,470
Derivative asset	1,958	-
Prepayments and other current assets	233,570	(185,981)
Increase (decrease) in:		
Trade payables	(924,193)	963,364
Due to related parties	921,377	(318,301)
Contract liabilities	(120,489)	(95,456)
Unearned income, other accounts payable and accrued expenses	(185,512)	10,990
Cash generated from operations	2,999,915	2,707,512
Interest received	21,155	7,805
Interest paid	(587,125)	(464,731)
Income taxes paid	(180,204)	(243,459)
Benefits paid to employees	(28,201)	(8,758)
Retirement payment received from transferred benefit liability		104,031
Net cash provided by operating activities	2,225,540	2,102,400

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For The Six Months Ended June 30

	<i>Note</i>	2019	2018 (As restated - see Note 3)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Property, machinery and equipment	7	(P907,328)	(P641,284)
Investment in shares of stock		-	(790)
Increase in other assets and noncurrent accounts receivable		(167,625)	(50,564)
Collection from sale of:			
Property, machinery and equipment		8,926	-
Assets held for sale		-	73,059
<b>Net cash used in investing activities</b>		<b>(1,066,027)</b>	<b>(619,579)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loan from related parties	10	2,157,017	152,115
Payment of bank loan	12	(570,061)	(70,062)
Payment of lease liabilities		(230,603)	(198,059)
<b>Net cash provided by (used in) financing activities</b>		<b>1,356,353</b>	<b>(116,006)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,515,866</b>	<b>1,366,815</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(54,448)</b>	<b>38,516</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>1,813,665</b>	<b>1,058,267</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>P4,275,083</b>	<b>P2,463,598</b>

*See Notes to the Condensed Consolidated Interim Financial Statements.*

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**CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS**  
(Amounts in Thousands, Except per Share Data, Number of Shares and When Otherwise Stated)

**I. 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.

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 García, Nuevo León, Mexico.

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

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

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

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.

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

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## 2. Basis of Preparation

### Statement of Compliance

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

The accompanying condensed consolidated interim financial statements were authorized for issue by the Board of Directors (the "Board") on July 24, 2019.

### Basis of Measurement

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

### Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Philippine peso, 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 Critical Assumptions

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

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

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

The Company has applied judgment to determine the lease term of some lease contracts in which it is a lessee that include renewal options. The 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 six months ended June 30, 2019, management reassessed its estimates in respect of the allowance for impairment losses on receivables under the new impairment model based on the expected credit loss (ECL) resulting either from (1) possible default events within the twelve (12) months after the reporting date; or (2) all possible default events over the expected life of financial assets. As at June 30, 2019 and December 31, 2018, allowance for impairment losses on receivables amounted to P34,625 and P24,148, respectively (see Note 13).

*Estimating Provision for Tax Liabilities*

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

*Estimating Realizability of Deferred Income Tax Assets*

During the six months ended June 30, 2019, the management reassessed the realizability of its deferred income tax assets based on the updated forecast of its taxable income. As at June 30, 2019 and December 31, 2018, net deferred income tax assets amounted to P724,473 and P774,434, respectively. The Company has unrecognized deferred income tax assets in respect of its net operating loss carryover (NOLCO), excess minimum corporate income tax (MCIT) over regular income tax (RCIT) and other deductible temporary differences amounting to P4,770,181 and P4,383,832 as at June 30, 2019 and December 31, 2018, respectively. In 2019, the Company has P94.1 million income tax benefit resulting from the net of recognition of previously unrecognized and write-down of previously recognized deferred income tax assets.

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### 3. Significant Accounting Policies

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

#### Changes in Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

*Impact of Transition*

*As at June 30, 2019*

Condensed Consolidated Interim Statement of Financial Position	Adjustments due to adoption of PFRS 16
<i>Increase (decrease) in:</i>	
Property, machinery, equipment and assets for the right-of-use	P 1,931,500
Current portion of lease liabilities	415,424
Lease liabilities - net of current portion	1,696,548
Deferred income tax assets - net	44,256
Deferred income tax liabilities - net	(9,886)
Retained earnings	(126,330)

For the six months ended June 30, 2019

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income		Adjustments due to adoption of PFRS 16
<i>Increase (decrease) in:</i>		
Costs of sales	P	(46,107)
Operating expenses		(38,264)
Financial expense		70,517
Foreign exchange gain - net		14,611
Income tax expense		8,482
Decrease in Basic/Dilutive EPS (in absolute amount)	P	-

Condensed Consolidated Interim Statement of Cash Flows		Adjustments due to adoption of PFRS 16
<i>Increase (decrease) in:</i>		
Net cash provided by operating activities	P	230,603
Net cash provided by financing activities		(230,603)

As at December 31, 2018

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

*Qlu*

For the six months ended June 30, 2018

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	As reported for the six months ended June 30, 2018	Adjustments due to adoption of PFRS 16	As adjusted for the six months ended June 30, 2018
Costs of sales	P 6,922,603	(39,741)	6,882,862
Operating expenses	3,937,242	(34,465)	3,902,777
Financial expense	444,663	82,444	527,107
Foreign exchange loss - net	411,142	62,992	474,134
Income tax expense	712,842	(21,340)	691,502
Basic/Diluted loss per share (in absolute amount)	P (0.10)	(0.01)	(0.11)

Condensed Consolidated Interim Statement of Cash Flows	As reported for the six months ended June 30, 2018	Adjustments due to adoption of PFRS 16	As adjusted for the six months ended June 30, 2018
Net cash provided by operating activities	P 1,904,341	198,059	2,102,400
Net cash provided by financing activities	82,053	(198,059)	(116,006)

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

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

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

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

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

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

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

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



### Standards Issued But Not Yet Adopted

The amendments to standards discussed below is effective for annual periods beginning after January 1, 2019, and have not been applied in preparing these condensed consolidated interim financial statements.

*Effective January 1, 2020*

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

Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (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.

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

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

- aligning the wording of the definition of material across PFRS Standards and other publications.

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

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

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

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

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

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

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

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

#### 4. Revenue

##### *Disaggregation of Revenue from Contracts with Customers*

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

	Timing of revenue recognition		2019	2018
Sale of goods				
Cement.....	At a point in time	P	12,353,965	11,871,873
Admixtures .....	At a point in time		1,962	3,671
Ready-mix concrete.....	At a point in time		-	3,789
		P	<u>12,355,927</u>	<u>11,879,333</u>

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

			2019	2018
Retailers .....		P	9,867,294	9,606,546
Institutional .....			2,359,931	2,206,374
Others.....			126,740	58,953
Total.....		P	<u>12,353,965</u>	<u>11,871,873</u>

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

##### *Contract Balances*

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

			June 30, 2019	December 31, 2018
Trade receivables .....		P	1,080,257	708,906
Contract liabilities.....			254,735	375,224

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

##### *Seasonality of Operations*

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

## 5. Basic/Diluted Loss Per Share

Basic and diluted loss per share is computed as follows:

		For the Six Months Ended June 30 2019 (Unaudited)	For the Six Months Ended June 30 2018 (As restated*)
Profit	P	802,311	(584,728)
Add: non-controlling interest net loss		12	16
Controlling interest in net income (a)	P	802,323	(584,712)
Weighted average number of shares outstanding - Basic/Diluted (b)		5,195,395,454	5,195,395,454
Basic/Diluted Earnings (Loss) per Share (a/b)	P	0.15	(0.11)

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

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

## 6. Cash and Cash Equivalents

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

		2019 (Unaudited)	2018
Cash on hand and cash in banks	P	2,593,672	1,747,453
Short-term investments		1,681,411	66,212
	P	4,275,083	1,813,665

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest ranging from 2.24% to 2.39% for the six months ended June 30, 2019 and interest ranging from 1.46% to 1.91% for the six months ended June 30, 2018. For the six months ended June 30, 2019 and 2018, interest income on cash and cash equivalents amounted to P21,155 and P7,805, respectively.

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

		2019 (Unaudited)	2018
Local banks	P	1,616,120	-
Lomez International B.V. (Lomez) <sup>1</sup>		65,291	66,212
	P	1,681,411	66,212

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

*RL*

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

		2019 (Unaudited)	2018 (As restated*)
Property, Machinery and Equipment	P	15,683,697	15,617,365
Assets for the right-of-use		1,931,500	2,150,658
	P	17,615,197	17,768,023

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

### Property, Machinery and Equipment

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

		Buildings	Machinery and equipment	Construction In-progress	Total
<b>Gross Carrying Amount</b>					
January 1, 2018	P	4,072,230	12,191,818	1,580,790	17,844,838
Additions		87,992	364,666	965,069	1,417,727
Disposals		(14,826)	(7,642)	-	(22,468)
Transfers		32,333	482,189	(514,522)	-
Reclassification from asset held for sale		-	22,653	-	22,653
December 31, 2018		4,177,729	13,053,684	2,031,337	19,262,750
Additions		31,536	107,213	647,550	786,299
Disposals		-	(20,053)	-	(20,053)
Transfers		121,285	346,525	(467,810)	-
<b>June 30, 2019 (Unaudited)</b>		<b>4,330,550</b>	<b>13,487,369</b>	<b>2,211,077</b>	<b>20,028,996</b>
<b>Accumulated depreciation</b>					
January 1, 2018		(337,100)	(1,925,006)	-	(2,262,106)
Depreciation for the year		(306,302)	(1,092,785)	-	(1,399,087)
Impairment		-	(3,670)	-	(3,670)
Disposal		14,156	5,322	-	19,478
December 31, 2018		(629,246)	(3,016,139)	-	(3,645,385)
Depreciation for the period		(141,876)	(573,477)	-	(715,353)
Disposals		-	15,439	-	15,439
<b>June 30, 2019 (Unaudited)</b>		<b>(771,122)</b>	<b>(3,574,177)</b>	<b>-</b>	<b>(4,345,299)</b>
<b>Carrying Amounts</b>					
December 31, 2018	P	3,548,483	10,037,545	2,031,337	15,617,365
<b>June 30, 2019 (Unaudited)</b>	P	<b>3,559,428</b>	<b>9,913,192</b>	<b>2,211,077</b>	<b>15,683,697</b>

In relation to Solid's plant expansion, the Company capitalized borrowing cost amounting to P69,452 for the six months ended June 30, 2019. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the six months ended June 30, 2019 is 8.99%.

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
<b>Gross Carrying Amount</b>				
January 1, 2018	P	1,777,940	985,791	2,763,731
Additions		37,680	385,053	422,733
December 31, 2018		1,815,620	1,370,844	3,186,464
Additions		-	-	-
<b>June 30, 2019 (Unaudited)</b>		<b>1,815,620</b>	<b>1,370,844</b>	<b>3,186,464</b>
<b>Accumulated amortization</b>				
January 1, 2018		(214,022)	(382,532)	(596,554)
Amortization for the year		(136,777)	(302,475)	(439,252)
December 31, 2018		(350,799)	(685,007)	(1,035,806)
Amortization for the period		(60,430)	(158,728)	(219,158)
<b>June 30, 2019 (Unaudited)</b>		<b>(411,229)</b>	<b>(843,735)</b>	<b>(1,254,964)</b>
<b>Carrying Amounts</b>				
December 31, 2018	P	1,464,821	685,837	2,150,658
<b>June 30, 2019 (Unaudited)</b>	P	<b>1,404,391</b>	<b>527,109</b>	<b>1,931,500</b>

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

**8. Lease liabilities**

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

		June 30, 2019	December 31, 2018
Balance at beginning of period	P	2,359,596	2,318,299
Accretion of interest		70,516	161,566
Payments		(303,529)	(593,435)
Effect of changes in exchange rates		(14,611)	50,433
Additions		-	422,733
Balance at end of period	P	<b>2,111,972</b>	2,359,596

**9. Equity**

Common Stock

This account consists of:

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

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

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

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

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

As of June 30, 2019, CASEC's shareholdings in the Parent Company increased to 3,299,538,498 at P1 par value per share or P3,299,538.

#### Capital Management

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

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

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

		June 30 2019 (Unaudited)	December 31 2018 (As restated*)
Total liabilities	P	30,188,770	29,332,804
Less cash and cash equivalents		4,275,083	1,813,665
Net debt	P	25,913,687	27,519,139
Total equity	P	29,257,434	28,725,966
Net debt to equity ratio		0.89:1	0.96:1

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

## 10. Related Party Transactions

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

		2019 (Unaudited)	2018
<b>Short-term investments</b>			
<i>Other related party</i> <sup>20</sup>			
Lomez.....	P	65,291	66,212
<b>Receivables - current</b>			
<i>Other Related Parties</i> <sup>20</sup>			
APO Land & Quarry Corporation (ALQC) <sup>1</sup> .....	P	817	886
Island Quarry and Aggregates Corporation (IQAC) <sup>2</sup> .....		117	203
Sunbulk Shipping Limited (Sunbulk) <sup>18</sup> .....		78	-
CSPI <sup>3</sup> .....		27	-
Beijing CXP Import & Export Co. <sup>4</sup> .....		12	7,277
CEMEX International Trading LLC <sup>5</sup> .....		-	1,126
Topmix LLC <sup>6</sup> .....		-	14,738
CEMEX Central, S.A. de C.V. (CEMEX Central) <sup>7</sup> .....		-	3,424
CRG <sup>8</sup> .....		-	2,593
Others.....		17	79
Total amount receivable from related parties.....	P	1,068	30,326

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		2019 (Unaudited)	2018
<b>Payables - current</b>			
<i>Ultimate Parent</i>			
CEMEX <sup>9</sup> .....	P	29,510	26,290
<i>Other related parties<sup>20</sup></i>			
CEMEX Asia B.V. (CABV) <sup>10</sup> .....		1,089,919	1,074,083
Transenergy, Inc. <sup>11</sup> .....		1,043,208	674,721
CEMEX Construction Materials South, LLC (CCM) <sup>12</sup> .....		582,734	599,881
ALQC <sup>13</sup> .....		218,594	25,553
CEMEX Central <sup>7</sup> .....		327,223	198,108
CRG <sup>8</sup> .....		171,595	42
IQAC <sup>15</sup> .....		43,170	17,443
CEMEX Asia Pte., Ltd. - Philippine Headquarters (CAPL-PHQ) <sup>16</sup> ..		15,506	15,506
CEMEX Mexico, S.A. de C.V. <sup>14</sup> .....		9,524	9,772
Torino Re. <sup>17</sup> .....		3,828	-
Sunbulk <sup>18</sup> .....		1,311	37,810
Beijing CXP Import & Export Co. <sup>4</sup> .....		864	2,837
CEMEX Internacional, S.A. de C.V. <sup>19</sup> .....		-	715
Others.....		-	290
	P	<u>3,536,986</u>	<u>2,683,051</u>
<b>Payable - non current</b>			
<i>Other related party<sup>20</sup></i>			
CABV <sup>10</sup> .....		4,747,088	2,520,914
Total amounts payable to related parties.....	P	<u>8,284,074</u>	<u>5,203,965</u>

<sup>1</sup> The balance, which is unimpaired, unsecured, noninterest-bearing and due on demand includes a) receivables from service agreement amounting to P763 and P713 as at June 30, 2019 and December 31, 2018, respectively; and b) others amounting to P54 and P173 as at June 30, 2019 and December 31, 2018, respectively. In 2016, each of Solid and APO entered into an agreement with ALQC wherein Solid and APO shall provide back-office and other support services to the latter. Fees are calculated at cost incurred plus fixed mark-up.

<sup>2</sup> The receivable balance amounting to P117 and P203 as at June 30, 2019 and December 31, 2018, respectively, pertains to an agreement entered by Solid with IQAC in 2016 wherein the former shall provide back office and other support services to the latter. The balance is unimpaired, unsecured, noninterest bearing and due on demand. Fees are calculated at cost incurred plus fixed mark-up.

<sup>3</sup> The balance pertains to reimbursable expenses, which is unsecured, noninterest-bearing and due on demand.

<sup>4</sup> The receivable balance pertains to advances which are unsecured, noninterest-bearing and due on demand; while the balance payable pertains to the outstanding liability for the purchases of materials and spare parts, which is unsecured, noninterest-bearing and due on demand.

<sup>5</sup> The receivable balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services; while the payable balance pertains to purchase of raw materials.

<sup>6</sup> The balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term, includes sale of concrete equipment of the Company and shipping costs on transportation equipment sold.

<sup>7</sup> The receivable balance, amounting to nil and P3,424 as at June 30, 2019 and December 31, 2018, respectively, 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 due on demand, pertains to business support services received by the Company. In 2009, Solid and APO entered into separate service agreements with CAPL-PHQ, whereby the latter through CAPL-PHQ shall provide to Solid and APO services relating to, among others, general administration and planning; business planning and coordination; marketing control and; sales promotion and business development. In the implementation of these service agreements, CAPL-PHQ also arranged for certain services to be performed by CEMEX Central and, accordingly, CAPL-PHQ collected from each of Solid and APO as reimbursement of the fees billed by CEMEX Central for services rendered. In 2017, the arrangement between CAPL-PHQ and CEMEX Central was changed resulting in Solid and APO entering into separate service agreements directly with CEMEX Central wherein the latter shall provide to the companies those particular services previously performed by CEMEX Central through the service agreements with CAPL-PHQ. In that regard, the payable balance amounted to P327,223 and P198,108 as at June 30, 2019 and December 31, 2018, respectively.

<sup>8</sup> The 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 due on demand.

<sup>9</sup> The payable balance amounting to P29,510 and P26,290 as at June 30, 2019 and December 31, 2018, respectively, is for the use of CEMEX "marks" which is payable in 30 days after receipt of invoice and is unsecured and noninterest-bearing. On January 1, 2016, CAR entered into an agreement with CEMEX for the right to use of its "marks" and to further license the "marks" with other CEMEX group companies operating in the Asia territory.

<sup>10</sup> The balance includes a) interest on the loan with APO (short-term loan) and the loan with Solid (long-term loan) amounting to a total of P2,636 and P448 as at June 30, 2019 and December 31, 2018, respectively; b) principal on said short-term loan amounting to P1,073,635 as at June 30, 2019 and December 31, 2018, respectively; and c) others amounting to P13,648 as at June 30, 2019. The long-term loan pertains to the revolving facility agreement dated November 21, 2018 between Solid and CABV, allowing Solid to withdraw in one or several installments a sum of up to U.S.\$75,000, which was amended on February 2019, increasing the facility to U.S.\$100,000. The foregoing loans are unsecured and are due to be paid in 2024 and 2019 by Solid and APO, respectively.

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

<sup>12</sup> The balance, which is unsecured, noninterest-bearing and due on demand, pertains to the purchase of equipment for the expansion of Solid plant.

<sup>13</sup> The balance includes a) purchase of raw materials which is payable upon delivery amounting to P218,594 and P25,510 as at June 30, 2019 and December 31, 2018, respectively; b) reimbursable expenses amounting to P43 as at December 31, 2018, 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.

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

<sup>15</sup> The balance includes a) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P43,165 and P14,967 as at June 30, 2019 and December 31, 2018, respectively; b) reimbursable expenses amounting to P5 and P38 as at June 30, 2019 and December 31, 2018, respectively; and c) collections from housing loan owned by IQAC amounting to P2,438 in 2018, which is unsecured, noninterest-bearing and due on demand. Solid purchases the majority of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement.

<sup>16</sup>The balance, which is unimpaired, unsecured, noninterest-bearing and due on demand includes overpayment on transferred pension liabilities amounting to P15,506 as at March 31, 2019 and December 31, 2018. The service agreement was terminated in December 2017.  
<sup>17</sup>The payable balance, which is unimpaired, unsecured, noninterest-bearing pertains to insurance premiums.  
<sup>18</sup>The balance, which is unimpaired, unsecured, noninterest-bearing and has 30-days term pertains to international freight services.  
<sup>19</sup>The balance pertains to purchase of fuel with a 30-day term as at December 31, 2018 which is unsecured and noninterest-bearing.  
<sup>20</sup>Other related parties pertain to entities under common control of CEMEX, except for IQAC and ALQC.

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

	<u>Amount</u>
Balance as at January 1, 2018 .....	P 1,288,859
Proceeds from drawdowns .....	2,279,121
Interest expense (including amortization of debt issue costs) .....	145,786
Payments of interest .....	(113,024)
Effect of exchange rate changes .....	(5,745)
Balance as at December 31, 2018 .....	3,594,997
Proceeds from drawdowns .....	2,157,017
Interest expense (including amortization of debt issue costs) .....	254,364
Effect of exchange rate changes .....	(103,837)
Payment of interest .....	(79,182)
Balance as at June 30, 2019 .....	P 5,823,359

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

	<u>2019</u>	<u>2018</u>
<b>Purchases of raw materials</b>		
Transenergy, Inc. .... P	1,129,074	677,988
ALQC .....	234,092	119,990
IQAC .....	142,190	164,177
CEMEX International Trading LLC .....	36,527	-
Beijing CXP Import & Export Co. ....	11,264	26,340
P	1,553,147	988,495
<b>Royalties and trademarks</b>		
CRG .....	425,558	444,391
CEMEX .....	15,106	15,968
P	440,664	460,359
<b>Land Rental</b>		
ALQC .....	29,105	29,105
IQAC .....	14,395	14,395
P	43,500	43,500
<b>Corporate services and administrative services</b>		
Cemex Central .....	176,758	133,607
ALQC .....	3,008	3,822
IQAC .....	425	6,210
P	180,191	143,369

*Qlu*

		2019	2018
<b>Freight services</b>			
Sunbulk .....	P	67,832	48,289
<b>Sale of equipment</b>			
Topmix LLC .....	P	-	28,275
<b>Loan drawdown</b>			
CABV .....	P	2,157,017	152,115
<b>Interest expense</b>			
CABV .....	P	254,364	60,796
<b>Interest income</b>			
Lomez .....	P	775	2,619

## 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 six months ended June 30, 2019 and 2018 the cement sector represented approximately 89.37% and 85.86%, respectively, of total net revenues before eliminations resulting from consolidation, and 130.09% and 137.06%, respectively, of Operating EBITDA.

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

## 12. Bank Loan

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

The unamortized debt issuance cost of this bank loan amounting to P119,001 and P138,215 as at June 30, 2019 and December 31, 2018, respectively, was deducted from the total loan liability. Interest expense incurred for the six months ended June 30, 2019 and 2018, excluding amortization of debt issuance cost, amounted to P430,985 and P334,638, respectively, which is recognized under "Financial expenses" account in the condensed consolidated interim statements of profit or loss and OCI.

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

		Bank Loan	Accrued Interest	Total
Balance as at January 1, 2018 .....	P	13,740,598	98,079	13,838,677
Proceeds .....				
Interest expense .....		28,376	719,174	747,550
Payment of:				
Principal .....		(140,123)	-	(140,123)
Interest .....		-	(684,346)	(684,346)
Balance as at December 31, 2018 .....		13,628,851	132,907	13,761,758
Interest expense .....		12,982	434,021	447,003
Payment of:				
Principal .....		(570,061)	-	(570,061)
Interest .....		-	(432,697)	(432,697)
Others .....		6,232	-	6,232
Balance as at June 30, 2019 .....	P	13,078,004	134,231	13,212,235

Accrued interest from this bank loan amounting to P134,231 and P132,907 as at June 30, 2019 and December 31, 2018, respectively, are recognized under "Unearned income, other accounts payable and accrued expenses" account in the condensed consolidated interim statements of financial position.

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

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

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

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### 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, 2019 and December 31, 2018, 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.

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, 2019 and December 31, 2018 is as follows:

		2019 (Unaudited)	2018
Cash and cash equivalents (excluding cash on hand)	P	4,275,033	1,813,595
Trade receivables - net		1,080,257	708,906
Due from related parties		1,068	30,326
Insurance claims and premium receivables		512	949,983
Other current accounts receivables		84,262	73,070
Derivative asset		10,946	12,875
Long-term time deposits and rental guaranty deposits (under other assets and noncurrent receivable)		879,818	716,905
	P	6,331,896	4,305,660

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

*Trade receivables*

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

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

As at June 30, 2019	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates.....	0.09%	1.77%	4.22%	71.10%	3.11%
Trade receivables - gross carrying amount .....	P 906,582	120,576	45,929	41,795	1,114,882
Allowance for impairment losses .....	836	2,131	1,940	29,718	34,625

As at December 31, 2018	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average expected credit loss rates.....	0.19%	6.45%	58.28%	26.23%	3.29%
Trade receivables - gross carrying amount.....	P 630,107	25,670	3,249	74,028	733,054
Allowance for impairment losses .....	1,179	1,657	1,893	19,419	24,148

*Other Financial Assets (excluding Equity Instruments)*

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

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

*Movements in the Allowance for Impairment Losses in Trade receivables*

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

	2019	2018
Balance at beginning of period under PFRS 9 .....	P 24,148	50,510
Charged to selling expenses .....	10,477	10,526
Write-off of trade receivables.....	-	(36,888)
Allowance for impairment losses at end of period.....	P 34,625	24,148

*Foreign currency risk*

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates mainly to its operational and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company's revenues and costs are generated and settled mainly in Philippine peso. For the six months ended June 30, 2019 and for the year ended December 31, 2018, 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, 2019 and December 31, 2018, the Company does not have any derivative financing hedge for foreign currency denominated financial obligation to address this foreign currency risk.

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

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

Amounts in thousands of dollars	As at June 30, 2019	
	(in U.S. dollar)	(in EUR)
Cash and cash equivalents.....	\$24,937	€ -
Due from related parties* .....	2	-
Trade payables.....	(8,287)	(1,417)
Due to related parties* .....	(132,505)	-
Lease liabilities.....	(12,703)	-
Net liabilities denominated in foreign currency .....	(\$128,556)	(€1,417)

\*Pertains to related party transactions with entities outside the Company

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

\*Pertains to related party transactions with entities outside the Company

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

Amount owed by	Amount owed to	June 30, 2019	December 31, 2018
		(in U.S. dollar)	
Parent Company	CAR	(\$82,700)	(\$71,158)
Parent Company	Falcon	(16,415)	(16,222)
APO	CAR	(5,102)	(6,230)
Solid	CAR	(2,478)	(3,657)
		(\$106,695)	(\$97,267)

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

Currency	June 30, 2019		December 31, 2018	
	Closing	Average	Closing	Average
U.S. dollar .....	51.24	51.97	52.58	52.69
Euro.....	58.25	58.68	60.25	62.15



### *Sensitivity Analysis*

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

USD	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2019	+2.5%	P164,680	P115,276
	-2.5%	(164,680)	(115,276)
2018	+5.3%	315,869	221,108
	-5.3%	(315,869)	(221,108)

EUR	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2019	+3.3%	P2,724	P1,907
	-3.3%	(2,724)	(1,907)
2018	+0.5%	505	354
	-0.5%	(505)	(354)

### *Sensitivity Analysis pertaining to Eliminated Intragroup Balances*

USD	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
2019	+2.5%	P136,676	P95,673
	-2.5%	(136,676)	(95,673)
2018	+5.3%	271,058	189,740
	-5.3%	(271,058)	(189,740)

### *Interest rate risk*

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As at June 30, 2019 and December 31, 2018, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P7.6 billion and P8.4 billion, respectively, of the long-term bank loan with BDO, short-term investments in Lomez amounting to P65.3 million and P66.2 million as at June 30, 2019 and December 31, 2018, respectively, and long-term loan payable to CABV amounting to P4.8 billion and P2.5 billion as at June 30, 2019 and December 31, 2018, respectively. The short-term investments in Lomez bear interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest. The long-term loan from CABV bears interest at a fixed rate to be revalued semiannually based on the Company's financial ratios.

### *Sensitivity Analysis*

As at June 30, 2019 and December 31, 2018, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the six months ended June 30, 2019 and for the year ended December 31, 2018 would have decreased by approximately P86,242 and P75,029, net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

Commodity Price Risk

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

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

	June 30, 2019		December 31, 2018	
	Notional amount	Carrying amount	Notional amount	Carrying amount
Purchase option contract - Inventory purchases	187,981	10,946	P385,795	P12,875

For the six months ended June 30, 2019 and 2018, changes in fair value of these contracts recognized in OCI amounted to P29 and nil, respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in which they operate, any one of which may materially decrease the Company's net income and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by operating activities, as presented in its unaudited condensed consolidated interim statement of cash flows, amounted to P2,225,540 and P2,102,400 for the six months ended June 30, 2019 and 2018, respectively. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

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

	As at June 30, 2019			
	Carrying Amount	Contractual Cash Flows	12 Months or Less	1 - 5 Years
	<i>(In Thousands of Peso)</i>			
Trade payables	P3,741,252	P3,741,252	P3,741,252	P-
Unearned income, other accounts payable and accrued expenses*	1,101,099	1,101,099	1,101,099	-
Due to related parties	8,284,074	10,833,491	4,030,800	6,802,691
Long-term bank loan	13,078,004	16,979,990	1,079,678	15,900,312
Lease liabilities	2,111,972	4,971,504	559,449	4,412,055
<b>Total</b>	<b>P28,316,401</b>	<b>P37,627,336</b>	<b>P10,512,278</b>	<b>P27,115,058</b>

\*Excluding government-related payables, unearned income from insurance premiums and other non-financial liabilities amounting to P643.8 million.

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

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

#### Insurance Risk management

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

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

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

	June 30, 2019			December 31, 2018		
	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
<b>Financial assets</b>						
Long-term time and guaranty deposits	P 879,818	879,818	Level 2	P 716,905	716,905	Level 2
Derivative asset	10,946	10,946	Level 2	12,875	12,875	Level 2
	<u>P 890,674</u>	<u>890,674</u>		<u>P 729,780</u>	<u>729,780</u>	
<b>Financial liabilities</b>						
Bank loan	P 13,078,004	13,370,114	Level 2	P 13,628,851	14,089,868	Level 2
Payable to a related party	4,747,088	4,747,088	Level 2	2,520,914	2,520,914	Level 2
Lease liabilities	2,111,972	2,196,288	Level 2	2,359,596	2,503,049	Level 2
	<u>P 19,937,064</u>	<u>20,313,490</u>		<u>P 18,509,361</u>	<u>19,113,831</u>	

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

#### 15. Contingencies

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

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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.

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#### **16. Relevant Information Regarding the Impact of the Landslide**

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

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

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

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

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

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

As at June 30, 2019, because of the current status of the lawsuit and considering all possible defenses available, the Company still cannot assess with certainty the likelihood of an adverse result in this lawsuit, and in turn, the Company is not able to assess if a final adverse resolution, if any, would have a material adverse impact on its results of operations, liquidity and financial condition.

A handwritten signature in black ink, appearing to be the initials 'R. Lee' or similar, located in the bottom right corner of the page.