

COVER SHEET

CS201518815

S.E.C. Registration Number

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

VINCENT PAUL PIEDAD
Contact Person

849-3600
Company Telephone Number

1	2
Month	Day

3	1
Month	Day

SEC Form 17-Q (Quarter Report)
3rd Quarter of 2017
FORM TYPE

0	6
Month	Day

0	7
Month	Day

First Wednesday of June

Fiscal Year

Annual Meeting

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

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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



1. For the quarterly period ended **September 30, 2017**
2. SEC Identification Number. **CS201518815**
3. BIR Tax Identification No. **009-133-917-000**
4. Exact name of registrant as specified in its charter. **CEMEX HOLDINGS PHILIPPINES, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and postal code **34th Floor, Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
8. Issuer's telephone number, including area code **(02) 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

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FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as at and for the nine-months ended September 30, 2017 and the audited consolidated statement of financial position as at December 31, 2016 and unaudited statement of profit or loss and other comprehensive income for the nine-months ended September 30, 2016, and the related notes to the unaudited condensed consolidated interim financial statements of CEMEX Holdings Philippines, Inc. and its Subsidiaries as at September 30, 2017 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 a subsidiary of CEMEX, S.A.B. de C.V. ("CEMEX"), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

The Company presents comparative unaudited condensed consolidated financial statements for the nine months ended September 30, 2017 and unaudited financial statements for the nine months ended September 30, 2016. 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").

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.

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 of the operating subsidiaries 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 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.

Several important operational arrangements became effective as a result of the consummation of the IPO: (a) The new operational arrangement that recognizes the limitation of 5% of net sales of the Company with respect to corporate service charges and royalties/license fee payable to certain subsidiaries of CEMEX was implemented with retroactive effect as of January 1, 2016. In 2016, recording of accumulated consolidated license fees and corporate service charges was done during the third quarter; and (b) The new reinsurance arrangement affecting 100% of the risks associated with political violence and non-damage business interruption and 10% of the risks associated with property

insurance coverage of the operating subsidiaries of the Company became effective from August 1, 2016.

The impact of these operational arrangements are reflected in the unaudited condensed consolidated interim financial statements of the Company as at and for the nine-months ended September 30, 2017 and 2016 which form part of this Form 17-Q.

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.

Furthermore, 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.

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

The following is a discussion and analysis of our unaudited condensed consolidated interim financial condition and results of operations as at and for the nine months ended September 30, 2017, the audited consolidated financial condition as at December 31, 2016, and unaudited consolidated interim results of operations for the nine-months ended September 30, 2016, and certain trends, risks and uncertainties that may affect our business. The impact of the operational arrangements mentioned in Item 1 were reflected in the unaudited financial statements as at and for the nine months ended September 30, 2016 which resulted in a lower operating expenses in the third quarter of 2016 as compared to the third quarter of 2017.

Financial Performance

For the nine months ended September 30, 2017 and 2016:

Revenue

Revenue for the nine month period ended September 30, 2017 and 2016 amounted to P16.6 billion and P19.0 billion, respectively. The breakdown of revenue after elimination of transactions between consolidated entities for the nine months ended September 30, 2017 and 2016 were as follows:

	For the nine months ended September 30, 2017		For the nine months ended September 30, 2016	
<i>Segment</i>	<i>Amount*</i>	<i>% Sales</i>	<i>Amount*</i>	<i>% Sales</i>
Cement sales	P16,378	99%	P18,672	98%
Other business	183	1%	337	2%
Total	P16,561	100%	P19,009	100%

**Amounts in millions*

For the nine months ended September 30, 2017, domestic gray cement volume decreased 3% and our average selling price for domestic gray cement declined 10% against same period last year. During the third quarter, our domestic cement sales volumes increased by 2% and our average selling price for domestic cement decreased by 13%, in each case compared with the same period of the prior year.

Cost of Sales

Cost of sales for the nine month period ended September 30, 2017 and 2016 amounted to P9.3 billion and P9.5 billion, respectively. As a percentage of revenue, cost of sales increased by 6.6 percentage points year-on-year, mainly due to lower average cement selling price.

During the nine months ended September 30, 2017, power and fuel represented approximately 21.4% and 21.1%, respectively, of cost of sales.

Gross Profit

As a result of the above conditions, gross profit for the nine months ended September 30, 2017 and 2016 reached P7.2 billion and P9.5 billion, respectively. Gross profit as a percentage of revenue for the nine months ended September 30, 2017 and 2016 represented 43.6% and 50.1%, respectively.

Operating Expenses

Operating expenses amounted to P5.5 billion and P5.7 billion, respectively, for the nine months ended September 30, 2017 and 2016. Operating expenses were composed of administrative, selling, and distribution expenses. Administrative and selling expenses amounted to P2.3 billion and P2.7 billion or 13.9% and 14.4% of revenue for the first nine months of 2017 and 2016. This includes royalties, amounting to P612.5 million and P765.8 million, respectively, and insurance, amounting to P119.7 million and P670.6 million, respectively. Distribution expenses amounted to P3.2 billion and P3.0 billion, respectively, for the nine months ended September 30, 2017 and 2016, which accounted for 19.6% and 15.7%, respectively, of revenue.

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

Operating income before other expenses-net

For the reasons discussed above, profit from operations amounted to P1.7 billion and P3.8 billion, respectively, for the nine months ended September 30, 2017 and 2016. These comprised 10.1% and 20.1% of revenue, respectively.

Financial Expenses, Net

Net financial expenses for the nine months ended September 30, 2017 and 2016 amounted to P667.1 million and P929.8 million, respectively. For the third quarter of 2017 and 2016, net financial expenses amounted to P208.5 million and P441.8 million, respectively.

Foreign Exchange Loss, net

Net foreign exchange loss of P157.2 million and P875.0 million were reported for the nine months ended September 30, 2017 and 2016, respectively. Significant reduction of foreign exchange loss reflected two main factors: (a) The full payment of the NSH Long-term Loan by way of refinancing a majority of the balance of this foreign currency denominated loan into the local currency denominated BDO Refinancing Loan and (b) less currency exchange rate fluctuation in 2017 versus last year.

Other Income (Expenses), Net

Net other income (expenses) for the nine month period ended September 30, 2017 and 2016 was P31.1 million and (P309.5) million, respectively. Significant reduction in other expense pertains to initial public offering costs incurred by the Company in 2016.

Income Tax

As a result of operations, our income tax expense for the nine months ended September 30, 2017 and 2016 amounted to P189.9 million and P294.8 million, respectively.

Profit

As a result of the abovementioned concepts, profit for the nine months ended September 30, 2017 and 2016 amounted to P688.0 million and P1.4 billion, respectively.

Financial Position

As at September 30, 2017 and December 31, 2016:

Cash and Cash Equivalents

Cash and cash equivalents amounted to P1,586.3 million and P1,337.1 million as at September 30, 2017 and December 31, 2016, respectively. As at September 30, 2017, cash and cash equivalents of P1,586.3 million include P646.4 million cash on hand and in banks and P940.0 million short-term investments which are readily convertible to cash. As at December 31, 2016, cash and cash equivalents of P1,337.1 million include P579.6 million cash on hand and in banks and P757.5 million short-term investments which are readily convertible to cash.

Trade Receivables - Net

Accounts receivables amounted to P999.7 million and P909.7 million as at September 30, 2017 and December 31, 2016, net of allowance for impairment losses amounting to P23.7 million and P10.6 million, respectively, which mainly pertained to receivables from customers.

Due from Related Parties

Related party balances amounted to P12.0 million and P215.2 million as at September 30, 2017 and December 31, 2016, respectively, resulting primarily from the sale of goods, invoicing of administrative services, and advances and loans between related parties. Please see details in Note 9 in attached unaudited condensed consolidated financial statements.

Other Current Accounts Receivable

Other accounts receivables amounted to P64.5 million and P127.3 million as at September 30, 2017 and December 31, 2016, respectively.

Inventories

Inventories amounted to P3.0 billion and P2.6 billion as at September 30, 2017 and December 31, 2016, respectively. Inventories consisting of cement, clinker and work in process amounted to P1.8 billion and P1.4 billion for the year 2017 and 2016, 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 P756.1 million and P1.4 billion as at September 30, 2017 and December 31, 2016, respectively which referred primarily to prepayments of insurance, P127.3 million and P900.5 million, respectively, and prepayment of taxes, P346.0 million and P310.7 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 P376.9 million and P320.5 million as at September 30, 2017 and December 31, 2016, respectively, primarily consisted of long term performance deposits of P124.0 million and P112.2 million and guarantee bonds used in operations amounting to P144.1 million and P92.3

million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments.

Property, Machinery and Equipment -net

Property, machinery and equipment had a balance of P15.7 billion and P15.8 billion as at September 30, 2017 and December 31, 2016, respectively. As at September 30, 2017 and December 31, 2016, P413.3 million and P534.1 million, respectively, were incurred for maintenance capital expenditures and P441.2 million and P796.3 million, respectively, for strategic capital expenditures.

Deferred Income Tax Assets -Net

The Company's deferred income tax asset amounted to P754.2 million and P444.6 million as at September 30, 2017 and December 31, 2016, respectively which represented future tax benefit from operating losses.

Goodwill

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

Trade Payables

Trade payables as at September 30, 2017 and December 31, 2016 amounted to P2.4 billion and P2.2 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 P1.9 billion and P1.5 billion as at September 30, 2017 and December 31, 2016, respectively. Long-term payable to related parties amounted to P1.1 billion and P15.9 billion as at September 30, 2017 and December 31, 2016, respectively. The significant decrease of long-term loan was due to the complete repayment of the NSH Long-term Loan following the availment of the BDO Refinancing Loan.

Income Tax Payable, Other Accounts Payable and Accrued Expenses, Unearned Revenue, and Provisions

Other payables and accruals which amounted to P1.7 billion and P2.0 billion as at September 30, 2017 and December 31, 2016, respectively, pertained mainly to advances from customers, provisions, and tax payables.

Retirement Benefits Liability

Retirement Benefits Liability amounting to P828.7 million and P769.3 million as at September 30, 2017 and December 31, 2016, 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 P13.9 billion as at September 30, 2017. The debt issuance cost of this long-term bank loan, corresponding to P173.7 million on unamortized basis, was deducted from the total loan liability as at September 30, 2017.

Other Noncurrent Liabilities

Other noncurrent liabilities of P20.6 million and P14.8 million as at September 30, 2017 and December 31, 2016, respectively, referred to provision for asset retirement obligation.

Common Stock

As at September 30, 2017, 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 a foreign subsidiary and unrealized gains and losses arising from coal hedge contract accounted for as cash flow hedge.

Retained Earnings

Retained earnings of P2.1 billion and P1.4 billion as at September 30, 2017 and December 31, 2016, respectively, included the Company's cumulative net results of operations.

Key Performance Indicators

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

Key Financial Indicators	Formula	For the period ended September 30, 2017	For the year ended December 31, 2016
Current Ratio	Current Assets/Current Liabilities	1.1 : 1	1.2 : 1
Solvency Ratio	Profit + Depreciation /Total Liabilities	0.08 : 1	0.12 : 1
Net debt to Equity Ratio	Total liabilities less cash and cash equivalents/Total Equity	0.7 : 1	0.7 : 1
Asset to Equity Ratio	Total Assets/Total Equity	1.7 : 1	1.8 : 1

Key Financial Indicators	Formula	For the period ended September 30, 2017	For the period ended September 30, 2016
Interest Rate Coverage Ratio	Operating income before other expenses-net/financial expenses	2.5 : 1	4.1 : 1
Profitability Ratio	Operating income before other expenses-net/Revenue	0.1 : 1	0.2 : 1

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Aging of Accounts Receivables

As at September 30, 2017 the aging analysis of various accounts receivable are as follows:

	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		1 to 30 days	31 to 60 days	More than 60 days		
Trade receivables	P777,315	P52,015	P42,349	P127,996	P23,655	P1,023,330
Receivables from related parties	12,047	–	–	–	–	12,047
Other current accounts receivables	64,509	–	–	–	–	64,509
	853,871	52,015	42,349	127,996	23,655	1,099,886
Allowance for impairment losses	–	–	–	–	(23,655)	(23,655)
	P853,871	P52,015	P42,349	P127,996	P–	P1,076,231

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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: 09 NOV 2017



VINCENT PAUL PIEDAD
Treasurer

Date: 09 NOV 2017

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

	<i>Note</i>	September 30 2017 (Unaudited)	December 31 2016 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	6, 12	P1,586,345	P1,337,155
Trade receivables - net	12	999,675	909,667
Due from related parties	9, 12	12,047	215,215
Other current accounts receivables	12	64,509	127,346
Inventories		3,046,854	2,577,577
Prepayments and other current assets		756,107	1,420,056
Total Current Assets		6,465,537	6,587,016
Noncurrent Assets			
Investments in an associate and other investments		— 15,273	15,273
Other assets and noncurrent accounts receivables	12	376,922	320,489
Property, machinery and equipment - net	7	15,690,808	15,814,811
Deferred income taxes - net		754,195	444,601
Goodwill		27,859,694	27,859,694
Total Noncurrent Assets		44,696,892	44,454,868
		P51,162,429	P51,041,884
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables		P2,415,407	P2,170,646
Due to related parties	9	1,907,605	1,482,096
Unearned revenue, other accounts payable and accrued expenses		1,591,535	1,958,973
Income tax payable		115,902	42,490
Total Current Liabilities		6,030,449	5,654,205
Noncurrent Liabilities			
Long-term bank loan	11	13,768,534	—
Long-term payable to related parties	9	1,073,635	15,919,322
Retirement benefits liability		828,689	769,340
Other noncurrent liabilities		20,610	14,805
Total Noncurrent Liabilities		15,691,468	16,703,467
Total Liabilities		21,721,917	22,357,672

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		September 30 2017	December 31 2016
	<i>Note</i>	(Unaudited)	(Audited)
Equity			
Controlling interest:			
Common stock	8	₱5,195,395	₱5,195,395
Additional paid-in capital		21,959,159	21,959,159
Other equity reserves		188,895	120,556
Retained earnings		2,096,838	1,408,856
Total controlling interest		29,440,287	28,683,966
Non-controlling interest		225	246
Total Equity		29,440,512	28,684,212
Total Liabilities and Equity		₱51,162,429	₱51,041,884

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 Nine Months Ended September 30		For the Three Months Ended September 30	
	<i>Note</i>	2017	2016	2017	2016
REVENUE		₱16,561,253	₱ 19,008,531	₱ 5,571,912	₱ 6,290,282
COST OF SALES		(9,346,142)	(9,477,536)	(3,249,257)	(2,836,843)
GROSS PROFIT		7,215,111	9,530,995	2,322,655	3,453,439
OPERATING EXPENSES					
Administrative and selling expenses		(2,301,036)	(2,731,299)	(729,060)	437,581
Distribution expenses		(3,242,962)	(2,987,081)	(1,125,219)	(1,015,474)
TOTAL OPERATING EXPENSES		(5,543,998)	(5,718,380)	(1,854,279)	(577,893)
OPERATING INCOME BEFORE OTHER EXPENSES - Net		1,671,113	3,812,615	468,376	2,875,546
FINANCIAL EXPENSES - Net		(667,103)	(929,798)	(208,491)	(441,802)
FOREIGN EXCHANGE LOSS - Net		(157,208)	(875,039)	(27,881)	(539,650)
OTHER INCOME (EXPENSES) - Net		31,100	(309,544)	9,320	(241,020)
EARNINGS BEFORE INCOME TAX		877,902	1,698,234	241,324	1,653,074
INCOME TAX EXPENSE		(189,941)	(294,777)	(39,416)	(293,264)
PROFIT		687,961	1,403,457	201,908	1,359,810
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of employee benefits liability		2,873	(1,419)	224	24
Income tax recognized directly in other comprehensive income		(862)	426	(67)	(7)
		2,011	(993)	157	17
Items that will be reclassified subsequently to profit or loss					
Currency translation of a foreign subsidiary		73,133	43,896	26,704	43,900
Cash flow hedge		(6,805)	5,401	-	(3,625)
		66,328	49,297	26,704	40,275
		68,339	48,304	26,861	40,292
COMPREHENSIVE INCOME		756,300	1,451,761	228,769	1,400,102
Non-controlling interest comprehensive loss		21	19	6	5
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME (LOSS)		₱756,321	₱1,451,780	₱228,775	1,400,107
Basic / Diluted Earnings Per Share	5	₱0.13	₱0.69	₱0.04	₱0.29

See Notes to the Condensed Consolidated Interim Financial Statements.

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

(Amounts in Thousands)
(Unaudited)

	For The Nine Months Ended September 30, 2017						
	Common Stock (see Note 8)	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings (Deficit)	Total Controlling Interest	Non- controlling Interest	Total Stockholders' Equity
As at January 1, 2017	₱5,195,395	₱21,959,159	₱120,556	₱1,408,856	₱28,683,966	₱246	₱28,684,212
Profit for the period	-	-	-	687,982	687,982	(21)	687,961
Total comprehensive income for the period	-	-	68,339	-	68,339	-	68,339
As at September 30, 2017	₱5,195,395	₱21,959,159	₱188,895	₱2,096,838	₱29,440,287	₱225	₱29,440,512

	For The Nine Months Ended September 30, 2016						
	Common Stock	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings (Deficit)	Total Controlling Interest	Non- controlling Interest	Total Stockholders' Equity
As at January 1, 2016	₱9,400	₱-	(₱34)	(₱4,634)	₱4,732	₱-	₱4,732
Issuance of capital stock	5,185,995	22,794,798	-	-	27,980,793	-	27,980,793
Share issuance cost	-	(684,412)	-	-	(684,412)	-	(684,412)
Profit for the period	-	-	-	1,403,476	1,403,476	(19)	1,403,457
Changes in non-controlling interest	-	-	-	-	-	270	270
Total comprehensive income for the period	-	-	48,304	-	48,304	-	48,304
Share-based compensation	-	-	3,403	-	3,403	-	3,403
As at September 30, 2016	₱5,195,395	₱22,110,386	₱51,673	₱1,398,842	₱28,756,296	₱251	₱28,756,547

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

For The Nine Months Ended September 30

	<i>Note</i>	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		₱687,961	₱1,403,457
Allocation for non-controlling interest		-	251
Adjustments for:			
Depreciation and impairment of property, machinery and equipment	7	977,891	937,587
Financial expenses, other financial expenses and unrealized foreign exchange result		750,587	1,622,382
Income tax expense		189,941	294,777
Retirement benefit expense		73,538	65,300
Provisions during the period		55,531	4,191
Impairment loss on receivables		31,511	6,779
Results from the sale of assets		(165)	(744)
Stock-based compensation expense		-	3,403
Operating profit before working capital changes		2,766,795	4,337,383
Changes in working capital, excluding income taxes:			
Decrease (increase) in:			
Trade receivables - net		(121,519)	(223,018)
Due from related parties		196,949	695,840
Other current accounts receivables		63,543	(142,716)
Inventories		(516,464)	(111,730)
Prepayments and other current assets		690,615	(333,412)
Increase (decrease) in:			
Trade payables		93,899	(458,301)
Due to related parties		371,056	(296,182)
Income tax payable		(2,790)	-
Unearned revenue, other accounts payable and accrued expenses		(664,497)	829,167
Cash generated from operations		2,877,587	4,297,031
Financial expenses paid		(607,726)	(17,937)
Financial income received in cash		2,341	-
Benefits paid to employees		(11,315)	-
Income taxes paid		(424,195)	(630,897)
Net cash provided by operating activities		1,836,691	3,648,197

Forward

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For The Nine Months Ended September 30

	<i>Note</i>	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Collection from sale of property, plant and equipment		P728	P218,932
Additions to property, machinery and equipment	7	(698,003)	(269,690)
Cash and cash equivalents acquired through business combination		-	3,687,632
Collection from sale of investments in shares of stock		-	1,476,056
Decrease in other noncurrent assets		-	25,488
Payment of investments in shares of stocks acquired		-	(47,825,147)
Net cash used in investing activities		(697,275)	(42,686,729)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loan	11	14,012,281	-
Proceeds on loan from related parties	9	520,870	40,347,805
Payment of loan to related parties		(15,350,037)	(26,875,458)
Payment of bank loan		(70,061)	-
Proceeds from issuance of common stock		-	27,296,381
Net cash used in (provided by) financing activities		(886,947)	40,768,728
NET INCREASE IN CASH AND CASH EQUIVALENTS		252,469	1,730,196
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(3,279)	(137,417)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,337,155	4,922
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P1,586,345	P1,597,701

See Notes to the Condensed Consolidated Interim Financial Statements.

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CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Reporting Entity

CEMEX Holdings Philippines, Inc. (the "Parent Company"), a subsidiary of CEMEX Asian South East Corporation ("CASEC"), was incorporated as a stock corporation on September 17, 2015 under Philippine laws with a corporate life of fifty (50) years, primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that the Parent Company shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act 2629, Investment Company Act.

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

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

The term "Parent Company" used in these accompanying notes to the 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.

In May 2016, the Parent Company incorporated a wholly-owned subsidiary named Falcon Rê 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 of the operating subsidiaries of the Parent Company.

On June 30, 2016, the Philippine Securities and Exchange Commission (“SEC”) resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the Parent Company’s initial public offering (“IPO”) of 2,337,927,954 common shares at ₱10.75 per share culminated with the listing and trading of shares of stocks under the Main Board of the Philippine Stock Exchange, resulting in an increase in capital stock of ₱2,337,927 and additional paid-in capital of ₱21,959,159, net of ₱835,639 transaction costs that is accounted for as a reduction in equity.

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

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2016.

Basis of Measurement

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

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

The significant judgments and estimates made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual consolidated financial statements.

During the nine months ended September 30, 2017, management reassessed its estimates in respect of the allowance for impairment losses on receivables. As at September 30, 2017 and December 31, 2016, allowance for impairment losses on receivables amounted to ₱23.7 million and ₱10.6 million, respectively (see Note 12).

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements.

Changes in Accounting Policies

The following amendments to standards are effective for the nine months ended September 30, 2017, and have been applied in preparing these condensed consolidated interim financial statements. The adoption of these amendments to standards did not have any significant impact on the Company's condensed consolidated interim financial statements:

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

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

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12, Income Taxes)*. The amendments clarify that:
 - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;
 - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;
 - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
 - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

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

New Standards and Amendments to Standards Not Yet Adopted

The new standards and amendments to standards discussed below is effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these condensed interim financial statements.

Effective January 1, 2018

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

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

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

- *Classification and Measurement of Share-based Payment Transactions (Amendments to PFRS 2)*. The amendments cover the following areas:
 - *Measurement of cash-settled awards*. The amendments clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments –i.e. the modified grant date method.
 - *Classification of awards settled net of tax withholdings*. The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if:
 - the terms of the arrangement permit or require a company to settle the transaction net by withholding a specified portion of the equity instruments to meet the statutory tax withholding requirement (the net settlement feature); and
 - the entire share-based payment transaction would otherwise be classified as equity-settled if there were no net settlement feature.

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

- *Modification of awards from cash-settled to equity settled*. The amendments clarify that when a share-based payment is modified from cash-settled to equity-settled, at modification date, the liability for the original cash-settled share-based payment is derecognized and the equity-settled share-based payment is measured

at its fair value, recognized to the extent that the goods or services have been received up to that date. The difference between the carrying amount of the liability derecognized, and the amount recognized in equity, is recognized in profit or loss immediately.

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

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

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

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

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

- *Annual Improvements to PFRSs 2014 - 2016 Cycle*. This cycle of improvements contains amendments to three standards. The following is the said improvements or amendments to PFRSs effective for annual periods beginning on or after January 1, 2018, which is applicable to the Company. Such improvements or amendments has no significant effect on the condensed consolidated interim financial statements of the Company:
 - *Measuring an associate or joint venture at fair value (Amendments to PAS 28, Investments in Associates and Joint Ventures)*. The amendments provide that a venture capital organization, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis. The amendments also provide that a non-investment entity investor may elect to retain the fair value

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accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture. The amendments are applied retrospectively, with early application permitted.

Effective January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17, *Leases*, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

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

- *Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

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

- *Deferral of the local implementation of Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*

Philippine Interpretation IFRIC 15 applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. It provides guidance on the recognition of revenue among real estate developers for sales of units, such as apartments or houses, 'off plan'; i.e.,

before construction is completed. It also provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11 or PAS 18 and the timing of revenue recognition.

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

4. Seasonality of Operations

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

5. Basic/Diluted Earnings Per Share

Basic and diluted earnings per share is computed as follows:

	For the Nine Months Ended September 30 2017 (Unaudited)	For the Nine Months Ended September 30 2016 (Unaudited)
Net profit	₱687,961	₱1,403,457
Add: non-controlling interest net loss	21	19
Controlling interest in net income (a)	₱687,982	₱1,403,476
Weighted average number of shares outstanding - Basic/Diluted (b)	5,195,395,454	2,046,311,584
Basic/Diluted EPS (a/b)	₱0.13	₱0.69

As at September 30, 2017 and 2016, the Company has no dilutive equity instruments.

6. Cash and Cash Equivalents

Consolidated cash and cash equivalents as at September 30, 2017 and December 31, 2016, consisted of:

	2017 (Unaudited)	2016 (Audited)
Cash and cash in banks	P646,366	P579,622
Short-term investments	939,979	757,533
	P1,586,345	P1,337,155

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest ranging from 0.6% to 0.7% in 2017. For the nine months ended September 30, 2017 interest income amounted to P2,640.

As of September 30, 2017 and as of December 31, 2016, Short-term investments include deposits of the Company with related parties which are considered highly liquid investments readily convertible to cash, as follows:

	2017 (Unaudited)	2016 (Audited)
New Sunward Holding B.V. ¹	P939,979	P52,543
Citibank, N.A	-	24,990
BDO Unibank, Inc.	-	680,000
	P939,979	P757,533

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

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

7. Property, Machinery and Equipment

The movements in this account are as follows:

	Building	Machinery and equipment	Construction In-progress	Total
Gross Carrying Amount				
January 1, 2017	P3,982,565	P11,915,071	P1,025,207	P16,922,843
Additions	19,599	138,300	696,552	854,451
Disposal	-	(1,769)	-	(1,769)
Reclassifications and transfers	15,926	134,476	(150,402)	-
September 30, 2017 (Unaudited)	4,018,090	12,186,078	1,571,357	17,775,525
Accumulated depreciation				
January 1, 2017	153,493	954,539	-	1,108,032
Depreciation and impairment	135,325	842,566	-	977,891
Disposals	-	(1,206)	-	(1,206)
September 30, 2017 (Unaudited)	288,818	1,795,899	-	2,084,717
Carrying Amounts				
January 1, 2017	P3,829,072	P10,960,532	P1,025,207	P15,814,811
September 30, 2017 (Unaudited)	P3,729,272	P10,390,179	P1,571,357	P15,690,808

8. Equity

Common Stock

This account consists of:

	September 30, 2017		December 31, 2016	
	(Unaudited)		(Audited)	
	Shares	Amount	Shares	Amount
Authorized - ₱1.00 par value per share	5,195,395,454	₱5,195,395	5,195,395,454	₱5,195,395
Issued, fully paid and outstanding balance at beginning/end of period	5,195,395,454	₱5,195,395	5,195,395,454	₱5,195,395

On September 17, 2015, CASEC subscribed to 376,000 shares of stock of the Parent Company at ₱100 par value. Of the agreed subscription price of ₱37,600, only ₱9,400 was paid in 2015, while the remainder of ₱28,200 was paid in 2016. In 2016, the Parent Company's Board of Directors approved the amendment of and increase in the authorized capital stock of the Parent Company from ₱150,400, divided into 1,504,000 common shares with par value of ₱100 per share, to ₱5,195,395, divided into 5,195,395,454 common shares with par value of ₱1 per share.

On May 20, 2016, the SEC approved the Parent Company's application for the amendment of and increase in its authorized capital stock. Accordingly, the original subscription of CASEC changed from 376,000 common shares with par value of ₱100 per share to 37,600,000 common shares with par value of ₱1 per share. Furthermore, in connection with the increase in authorized capital stock, CASEC subscribed to an additional 2,819,867,500 shares at ₱1 par value per share or a total par value of ₱2,819,868 which was fully paid. During the IPO which culminated in the listing of all of the outstanding shares of stock of the Parent Company on July 18, 2016, the Parent Company issued additional 2,337,927,954 shares at ₱1 par value per share or a total par value of ₱2,337,928 at the offer price of ₱10.75 per share (see Note 1).

Capital Management

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

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

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

	September 30 2017 (Unaudited)	December 31 2016 (Audited)
Total liabilities	P21,721,917	P22,357,672
Less cash and cash equivalents	(1,586,345)	(1,337,155)
Net debt	P20,135,572	P21,020,517
Total equity	P29,440,512	P28,684,212
Net debt to equity ratio	P0.68:1	P0.73:1

9. Related Party Transactions

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

Related party transactions are shown under the appropriate accounts in the condensed consolidated interim financial statements as at and for the period ended September 30, 2017 and December 31, 2016 as follows:

	2017 (Unaudited)	2016 (Audited)
Receivables – current		
<i>Ultimate Parent</i>		
CEMEX, S.A.B de CV ¹	P-	P10,326
<i>Other related parties</i>		
Island Quarry and Aggregates Corporation (“IQAC”) ²	9,360	197,904
APO Land & Quarry Corporation (“ALQC”) ³	2,440	3,513
CEMEX Asia Pte. Ltd. -Philippine headquarter (“CAPL - PHQ”) ⁴	229	-
CEMEX Strategic Philippines, Inc. ⁴	18	-
CEMEX Research Group AG ⁵	-	2,306
CEMEX Concrete (Malaysia) Sdn Bhd ⁶	-	1,084
Others	-	82
Total due from related parties.....	P12,047	P215,215

	2017 (Unaudited)	2016 (Audited)
Payables – current		
<i>Ultimate Parent</i>		
CEMEX, S.A.B de CV ¹	P23,640	P–
<i>Other related parties</i>		
Transenergy, Inc. ⁷	998,331	533,517
CEMEX Construction Materials South, LLC ⁸	546,416	573,836
CEMEX Research Group AG ⁵	173,472	6,940
Cemex Central, S.A. de C.V. (“CEMEX Central”) ⁹	72,926	–
Island Quarry and Aggregates Corporation ¹⁰	31,188	221,396
APO Land & Quarry Corporation ¹¹	29,358	28,723
CEMEX Asia, B.V. ¹²	16,821	426
CEMEX Asia Pte. Ltd. -Philippine headquarter (“CAPL - PHQ”) ⁹	8,349	105,381
Cemex México, S.A. de C.V. ¹³	4,420	–
CEMEX Strategic Philippines, Inc. ¹⁴	1,074	10,950
Others ¹⁵	1,610	927
	1,907,605	1,482,096
Payable - non current		
CEMEX Asia, B.V. ¹²	1,073,635	1,361,862
New Sunward Holding B.V. ¹⁶	–	14,557,460
	1,073,635	15,919,322
Total due to related parties	P2,981,240	P17,401,418

¹ The balance in receivables, which is unsecured, with no impairment, noninterest-bearing and due on demand, pertains to diesel hedge; while the payable balances pertains to royalties of the Company, which is unsecured, noninterest-bearing and due on demand;

² The balance, which is unsecured, with no impairment, noninterest-bearing and due on demand includes a) advances related to purchase of raw materials amounting to P180,723 for 2016; b) receivables arising from the sale of goods with a 30-day term and without interest amounting to for 2017 and 2016 are P5,203 and P9,821, respectively; c) receivables from service agreements amounting to P2,083 and P4,174 for 2017 and 2016, respectively; d) project income P298 and P1,989 for 2017 and 2016, respectively; and e) others amounting to P1,776 and P1,197, for 2017 and 2016, respectively. In 2016, Solid entered into an agreement with IQAC wherein the former shall provide back-office and other support services to the latter. Fees are calculated at cost incurred plus mark-up;

³ In 2016, Solid and APO entered into separate agreements with ALQC wherein each of Solid and APO shall provide back-office and other support services to the latter. Fees are calculated at cost incurred plus mark-up. The balance, which is unsecured, with no impairment, noninterest-bearing and due on demand includes a) receivables from service agreement amounting to for 2017 and 2016 are P1,207 and P3,492, respectively; b) receivables from lease agreement amounting to P1,164 for 2017 and c) others amounting to P69 and P21, respectively;

⁴ The balance is generated from reimbursable expenses, which is unsecured, noninterest-bearing and due on demand;

⁵ The balance is generated from royalties/license fees of the Company, which is unsecured, noninterest-bearing and due on demand;

⁶ The balance, which is unsecured, with no impairment, noninterest-bearing and due on demand, pertains to receivables arising from billed expenses. On June 21, 2017, CEMEX Asia, B.V. divested and sold its shareholdings in CEMEX Concrete (Malaysia) Sdn Bhd to a third party, Strategic Salute Sdn Bhd. Following the divestment, CEMEX Concrete (Malaysia) Sdn Bhd is no longer considered a "related party".

⁷ The balance pertains to purchase of coal with a term of 30 days after consumption, no interest and unsecured;

⁸ The balance, which is unsecured, noninterest-bearing and due on demand, is generated for the purchase of equipment for the expansion of Solid plant;

⁹ The balance includes corporate services and administrative services received by the Company which has a term of 30 days, noninterest-bearing and is unsecured. In 2009, Solid and APO entered into separate service agreements with CAPL - PHQ wherein the latter shall provide 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, 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;

¹⁰ The balance includes a) fees related to purchases of raw materials amounting for 2017 and 2016 are P29,746 and P218,350, respectively, which is unsecured, noninterest-bearing and due on demand; b) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P3,023 for 2016; c) unsecured payable arising from land rental with a 30-day term and noninterest-bearing amounting to P4 for 2016; and d) other non-trade payables amounting to P1,442 and P19 for 2017 and 2016, respectively, which are unsecured, noninterest-bearing and due on demand;

¹¹ The balance includes a) purchase of raw materials with a 30-day term amounting to P29,358 for 2017 and P27,716 for 2016; and b) advances amounting P1,007 for 2016. These transactions are unsecured and are noninterest-bearing;

¹² The balance pertains to the Company's loan to CEMEX Asia, B.V. The loan bears interest at 7.68% for the period ended September 30, 2017. The loan is unsecured. Solid paid its loan as at June 30, 2017. For APO, its loan is due to be paid in 2019. Effective from September 1, 2017, the currency of the loan with APO was changed from \$21.0 million to P1.1 billion. Accrued interest under the APO loan amounted to P16.8 million as at September 30, 2017;

¹³ The balance, which is unsecured, with no impairment, noninterest-bearing and due on demand; pertains to the Company's purchase of spare parts from Cemex México, S.A. de C.V.;

¹⁴ The balance is generated from corporate services and administrative services rendered to the Company which has a term of 30 days, noninterest-bearing and is unsecured;

¹⁵ The balance, which are unsecured, noninterest-bearing and are due on demand includes a) purchases of materials and spare parts from Beijing CXP Import & Export Co., Ltd. amounting to P1,610 and 662 as at September 30, 2017 and December 31, 2016, respectively; and b) purchase of materials from CEMEX Admixtures GmbH amounting to P265 as at December 31, 2016;

¹⁶ The balance pertains to interest-bearing long term loan payable. The loan bears interest of 7.535% per annum and payable in four annual installments starting March 2020 until March 2023. The Company paid the loan as at March 31, 2017.

The main transactions entered by the Company with related parties for the nine months ended September 30, 2017 and 2016 are shown below:

	2017	2016
Purchases of raw materials		
Transenergy, Inc. P	1,992,954	1,367,443
Island Quarry and Aggregates Corporation.....	235,463	77,908
APO Land & Quarry Corporation.....	189,267	208,237
	P 2,417,684	1,653,588
Land Rental		
APO Land & Quarry Corporation..... P	43,657	43,657
Island Quarry and Aggregates Corporation.	17,456	24,697
	P 61,113	68,354
Purchase of equipment		
CEMEX Construction Materials South, LLC P	27,420	-
Cemex México, S.A. de C.V.	4,420	-
	P 31,840	-
Royalties and trademarks		
CEMEX Research Group AG. P	588,697	765,797
CEMEX S.A.B de C.V.....	23,769	-
	612,466	765,797
Corporate services and administrative services		
Cemex Central, S.A. de C.V. P	217,121	-
CEMEX Asia Pte. Ltd. - Philippine Headquarters.....	116,970	323,262
CEMEX Strategic Philippines, Inc.....	55,450	66,032
Island Quarry and Aggregates Corporation	4,423	-
APO Land & Quarry Corporation.....	4,379	-
	P 398,343	389,294
Sales of goods		
Island Quarry and Aggregates Corporation..... P	55,779	80,707
APO Land & Quarry Corporation.....	91	-
CEMEX Cement (Bangladesh) Ltd.....	-	4,411
	P 55,870	85,118
Interest income		
New Sunward Holding B.V P	2,093	-
APO Land & Quarry Corporation.....	-	435
	P 2,093	435
Interest expense		
New Sunward Holding B.V.		
Long-term..... P	144,327	817,497
CEMEX Asia, B.V.....	72,995	47,387
	P 217,322	864,884
Service fees and reimbursements		
CEMEX Concrete (Malaysia) Sdn Bhd *..... P	136,647	-

*On June 21, 2017, CEMEX Asia, B.V. divested and sold its shareholdings in CEMEX Concrete (Malaysia) Sdn Bhd to a third party, Strategic Salute Sdn Bhd. Following the divestment, CEMEX Concrete (Malaysia) Sdn Bhd is no longer considered a "related party".

10. Segment Information

The Company applies PFRS 8 for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, ready-mix concrete and other construction materials. For the nine months ended September 30, 2017 and December 31, 2016 the cement sector represented approximately 84.4% and 85.9% of total net revenues before elimination of transactions between consolidated entities.

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

11. Long-term bank loan

On February 1, 2017, the Parent Company signed a senior unsecured peso term loan facility agreement with BDO Unibank, Inc. ("BDO") for an amount of up to the Philippine Peso equivalent of U.S. dollar 280 million, to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO 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. The current balance of this long-term bank loan was ₱13.9 billion as at September 30, 2017.

The debt issuance cost of this long-term bank loan, corresponding to ₱173.7 million on unamortized basis, was deducted from the total loan liability as at September 30, 2017. The long-term bank loan interest expense incurred for the nine month period ended September 30, 2017 is ₱410.0 million.

12. Financial Instruments and Financial Risk Management

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

Risk management framework

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

The Company's risk management policies are intended to: a) identify and analyze the risks faced by the Company; b) implement appropriate risk limits and controls; and c) monitor the risks and the compliance with the limits. Policies and risk management systems are

regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or a counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As at September 30, 2017 and December 31, 2016 the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires guarantees from its customers and financial counterparties with regard to financial assets.

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at September 30, 2017 and December 31, 2016 is as follows:

	2017 (Unaudited)	2016 (Audited)
Cash and cash equivalents (excluding cash on hand)	P1,586,213	P1,337,023
Trade receivables - net	999,675	909,667
Receivables from related parties	12,047	215,215
Other current accounts receivables	64,509	127,346
Long-term guarantee deposits (under other assets and noncurrent receivables)	268,027	204,463
	P2,930,471	P2,793,714

As at September 30, 2017 and December 31, 2016, respectively, the aging analyses per class of financial assets are as follows:

As at September 30, 2017 (Unaudited)	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		1 to 30 Days	31 to 60 days	More than 60 days		
Cash and cash equivalents (excluding cash on hand)	P1,586,213	P-	P-	P-	P-	P1,586,213
Trade receivables	777,315	52,015	42,349	127,996	23,655	1,023,330
Due from related parties	12,047	-	-	-	-	12,047
Other current accounts receivables	64,509	-	-	-	-	64,509
Long-term deposits (under other noncurrent accounts receivables)	268,027	-	-	-	-	268,027

As at September 30, 2017 (Unaudited)	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		1 to 30 Days	31 to 60 days	More than 60 days		
	2,708,111	52,015	42,349	127,996	23,655	2,954,126
Less: allowance for impairment losses	—	—	—	—	(23,655)	(23,655)
	₱2,708,111	₱52,015	₱42,349	₱127,996	₱—	₱2,930,471

As at December 31, 2016 (Audited)	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		1 to 30 days	31 to 60 days	More than 60 days		
Cash and cash equivalents (excluding cash on hand)	₱1,337,023	₱—	₱—	₱—	₱—	₱1,337,023
Trade receivables	774,265	66,386	13,994	55,022	10,615	920,282
Due from related parties	215,215	—	—	—	—	215,215
Other current accounts receivables	127,346	—	—	—	—	127,346
Long-term deposits (under other noncurrent accounts receivables)	204,463	—	—	—	—	204,463
	2,658,312	66,386	13,994	55,022	10,615	2,804,329
Allowance for impairment losses	—	—	—	—	(10,615)	(10,615)
	₱2,658,312	₱66,386	₱13,994	₱55,022	₱—	₱2,793,714

As at September 30, 2017 and December 31, 2016 the amount of allowance for impairment losses of the Company's subsidiaries amounted to ₱23,655 and ₱10,615 considering the Company's best estimates of potential losses based on an analysis of aging and considering management's recovery efforts.

Cash in banks, short-term investments and long-term and guarantee deposits are of high grade quality as these are deposited in reputable financial entities. Of the total trade receivables, due from related parties and other current accounts receivable, 78% and 88% are neither past due nor impaired, and are considered of high grade quality as of September 30, 2017 and December 31, 2016, respectively. Other financial assets that are not considered of high grade quality are considered standard grade quality financial assets. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

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

- Cash in banks, short-term investments and long-term guarantee time deposits are based on the credit standing or rating of the counterparty.
- Trade receivables, amounts due from related parties and other current accounts receivable are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate in relation to changes in exchange rates. The Company's exposure

to the risk of changes in foreign exchange rates relates mainly to its operational and financing activities. The objective of foreign currency risk management is to manage and control exposures within acceptable parameters while optimizing the return. The Company's revenues and costs are generated and settled mainly in Philippine peso. For the nine months ended September 30, 2017 and as at December 31, 2016 approximately less than 5% of the Company's net sales, before eliminations, were generated in dollars.

The Company had an exposure arising from the foreign currency denominated financial obligations as compared to the currency in which the majority of the Company's revenues are generated. The Company's only revenues denominated in dollars to cover such dollar-denominated obligations are those generated by exports. As at September 30, 2017 and December 31, 2016 the Company does not have any derivative financing hedge for foreign currency denominated financial obligation to address this foreign currency risk.

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

As at September 30, 2017 and December 31, 2016, a summary of the quantitative information of the exposure of the Company due to foreign currencies is provided to the administration on the basis of its risk management policy as follows:

Amounts in thousands of dollars	As at September 30, 2017	
	<i>(in USD)</i>	<i>(in EUR)</i>
Cash and cash equivalents.....	\$20,892	€-
Receivable from related parties.....	-	-
Trade payables.....	(1,292)	(205)
Payable to related parties.....	(36,132)	-
Net assets denominated in foreign currency..	(\$16,532)	(€205)

Amounts in thousands of dollars	As at December 31, 2016	
	<i>(in USD)</i>	<i>(in EUR)</i>
Cash and cash equivalents.....	\$2,307	€-
Receivable from related parties.....	254	-
Trade payables.....	(19,022)	(8,477)
Payable to related parties.....	(342,591)	-
Net assets denominated in foreign currency..	(\$359,052)	(€8,477)

Sensitivity Analysis

As at September 30, 2017 and December 31, 2016, a hypothetical 5% appreciation of the Philippine Peso against the U.S. Dollar and Euro, with all other variables held constant, the Company's net income for nine months ended September 30, 2017 and for the year ended December 31, 2016 would have increased by approximately ₱29,833 and ₱640,339, net of tax, due to lower foreign exchange losses on the Company's dollar-denominated net monetary assets held by consolidated entities with other functional currencies. Conversely, a hypothetical 5% instant depreciation of the dollar against the Philippine peso would have the opposite effect.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As of September 30, 2017 the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P8.4 billion of the long-term bank loan with BDO.

Sensitivity Analysis

As at September 30, 2017 and December 31, 2016, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the nine-months ended September 30, 2017 and for the year ended December 31, 2016 would have decreased by approximately P51,890 and P9,165 net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, 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, was P1,836,691 and P3,648,197 as at September 30, 2017 and 2016, respectively. The Company's trade payables, due to related parties, taxes payable and other accounts payable and accrued expenses are expected to be settled within one year. Trade payables are noninterest-bearing and are normally settled on a 30-days term. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

The table below summarizes the maturity profile of the Company's long-term loans with bank and related parties as at September 30, 2017 and December 31, 2016.

	September 30, 2017				
	Carrying Amount	Contractual Cash Flow	One year or less	More than one year but less than five years	More than five years
Long-term loans (unaudited)	P14,842,169	P18,300,216	P871,963	P8,906,647	P8,521,606

	December 31, 2016				
	Carrying Amount	Contractual Cash Flow	One year or less	More than one year but less than five years	More than five years
Long-term loans (audited)	P15,919,322	P23,959,826	P1,219,843	P17,995,563	P4,744,420

Insurance Risk management

As mentioned in Note 1, the Parent Company incorporated Falcon to create its own reserves and reinsure in respect of the Company's property, non-damage business interruption and political risks insurance. Falcon is expected to retain 10% of the risk in connection with property insurance and 100% of the risk in connection with earthquake and wind stop loss, non-damage business interruption and political risks insurance of the Parent Company's operating subsidiaries. As a result of these arrangements, the Company will effectively self-insure these risks to the extent of Falcon's retained liability. There can be no assurance that the reserves established by Falcon will exceed any losses in connection with the Company's self-insured risks. In addition, the Company's insurance coverage is subject to periodic renewal. If the availability of insurance coverage is reduced significantly for any reason, the Company may become exposed to certain risks for which it is not and, in some cases could not be, insured. Moreover, if the Company's losses exceed its insurance coverage, or if the Company's losses are not covered by the insurance policies it has taken up, or if Falcon is required to pay claims to its insurer pursuant to the reinsurance arrangements, the Company may be liable to cover any shortfall or losses. The Company's insurance premiums may also increase substantially because of such claim from the Company's insurers. The foregoing risk exposure is mitigated, through making reasonable approximation after an evaluation of reported claims in the past of the Parent Company's operating subsidiaries, by retaining only insurance risk from insurance policies in which the operating subsidiaries have low probability of incurring losses.

13. 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, accounts payable and accrued expenses reasonably approximate their carrying amounts considering the short-term maturities of these financial instruments. The fair value of the long-term payable to CEMEX Asia B.V., which is based on the present value of future cash flows discounted at market rate of interest at the reporting date (discounted cash flows under level 2 of the fair value hierarchy), approximates its carrying amount as at September 30, 2017 as the said financial instruments bear interest approximately similar to the market interest rate. The fair values of the long-term loan from BDO, which is also based on the present value of future cash flows discounted at market rate of interest at the reporting date (discounted cash flows under level 2 of the fair value hierarchy), approximate its carrying amounts as at September 30, 2017 as the financial instruments bear interest at rates which is approximately similar to market interest rates. The fair value of the rental guarantee deposits approximate its carrying amount since the Company does not anticipate its carrying amount to be significantly different from the actual amount that the rental guarantee deposits would eventually be collected.

14. Contingencies

As at September 30, 2017 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, condensed consolidated interim financial position or condensed consolidated interim financial performance. In addition, in relation to ongoing legal proceedings, the Company is sometimes able to make a reasonable estimate of the expected loss or range of possible

loss, as well as disclose any provision accrued for such loss. However, for a limited number of ongoing proceedings the Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believes that disclosure of such information on a case-by case basis would seriously prejudice Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed qualitative information in its annual financial statements with respect to the nature and characteristics of the contingency, but has not disclosed the estimate of the range of potential loss.

15. Reclassification

The insurance revenue previously reported as part of "Revenue" in the statements of comprehensive income in 2016 have been reclassified as a reduction in "Insurance expense" under "Administrative and Selling Expenses" account in the statements of comprehensive income to conform to the current presentation.

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