SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

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

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

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

Yes [X] 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 [X] No [ ]

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

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

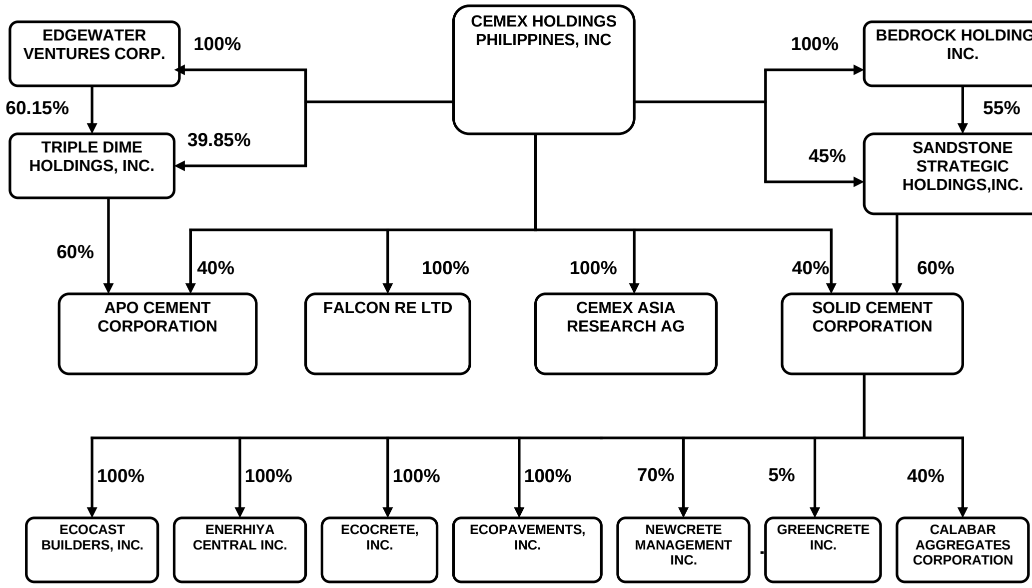
On a consolidated group basis, the Parent Company is an indirect subsidiary of CEMEX, S.A.B. de C.V. (“CEMEX”), a company incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margain Zozaya #325, Colonia Valle del Campestre, Garza Garcia, Nuevo León, Mexico.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

Financial Performance

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

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

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

Amounts in millions

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Financial Position</u>

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

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

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

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

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

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

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

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

Investment in an Associate and Other Investments
Investments in Associates cover minority equity investments in Greencrete Inc. and Calabar Aggregates Corporation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Key Performance Indicators

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

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

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

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

Aging of Accounts Receivables

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

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

PART II - OTHER INFORMATION

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC[1]. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

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

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu[2], against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems". In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

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

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

[1] As at September 30, 2020, local and national authorities have allowed ALQC to resume its mining operations in the affected areas.
[2] The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

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

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

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

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

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

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

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

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

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

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

SIGNATURES

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

CEMEX HOLDINGS PHILIPPINES, INC.

By:

IGNACIO ALEJANDRO MIJARES ELIZONDO
President & Chief Executive Officer
Date: NOV 16 2020

STEVE KUANSHENG WU
Treasurer
Date: NOV 16 2020

Appendix I of Form 17-Q
Item 1. Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

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

Forward

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

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED
INTERIM STATEMENTS OF COMPREHENSIVE INCOME

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

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

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

(Unaudited)

For the Nine Months Ended September 30, 2020

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

For the Nine Months Ended September 30, 2019

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

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(Unaudited)

		For the Nine Months Ended September 30	
	Notes	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		**₱758,132**	₱874,682
Adjustments for:			
Depreciation and amortization of property, machinery, equipment and assets for the right-of-use		**1,788,987**	1,361,556
Financial expenses (income), other financial expenses (income) and unrealized foreign exchange result		**(243,920)**	855,829
Income tax expense		**155,512**	302,811
Retirement benefit expense		**76,105**	79,255
Provisions during the period		**10,265**	22,769
Loss (gain) on disposal of property, machinery, and equipment		**141**	(5,020)
Gain on remeasurement of lease liability and assets for the right-of-use from lease termination		**–**	(289)
Operating profit before working capital changes		**2,545,222**	3,491,593
Changes in working capital:			
Decrease (increase) in:			
Trade receivables		**80,898**	(358,040)
Due from related parties		**339,042**	27,869
Insurance claims and premium receivables		**270,250**	949,465
Other current accounts receivable		**37,596**	2,814
Inventories		**667,414**	585,135
Prepayments and other current assets		**215,319**	403,620
Derivative asset		**–**	2,776
Increase (decrease) in:			
Trade payables		**(673,458)**	(1,182,768)
Due to related parties		**(171,257)**	309,362
Unearned income, other accounts payable and accrued expenses		**(955,806)**	(376,385)
Contract liabilities		**1,910**	(85,913)
Net cash generated from operations		**2,357,130**	3,769,528
Interest received		**39,199**	35,031
Interest paid		**(155,035)**	(857,393)
Income taxes paid		**(202,076)**	(273,645)
Benefits paid to employees		**(63,347)**	(77,657)
Net cash provided by operating activities		**1,975,871**	2,595,864

Forward

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

See Notes to the Condensed Consolidated Interim Financial Statements.

CEMEX HOLDINGS PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Basis of Preparation

Statement of Compliance

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

Basis of Measurement

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

Functional and Presentation Currency

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

Use of Judgments, Estimates and Assumptions

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

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

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

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

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

3. Significant Accounting Policies

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

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

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

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

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

- raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence;
- including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
- clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
- clarifying the explanatory paragraphs accompanying the definition; and
- aligning the wording of the definition of material across PFRS Standards and other publications.

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

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

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

Standards Issued But Not Yet Adopted

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

▪ PFRS 17, *Insurance Contracts*. The replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:

  - combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
  - presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
  - requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

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

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

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

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

4. Revenue

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

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

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

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

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

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

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

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

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

5. Basic/Diluted Earnings Per Share

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

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

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

6. Cash and Cash Equivalents

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

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

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months, depending on the immediate cash requirements of the Company and interest rate range for the nine months ended September 30, 2020 and 2019 are as follow: 0.01% to 1.63% and 1.95% to 2.42%, respectively. For the nine months period ended September 30, 2020 and 2019, the interest income earned on cash and cash equivalents amounted to ₱39,043 and ₱35,031, respectively.

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

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

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

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

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

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Property, machinery and equipment	**₱19,280,218**	₱17,975,945
Assets for the right-of-use	**1,965,940**	1,961,778
	₱21,246,158	₱19,937,723

Property, Machinery and Equipment

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

	Buildings and improvements	**Machinery and equipment**	**Construction In-progress**	**Total**
Gross Carrying Amount				
January 1, 2019	₱4,177,729	₱13,053,684	₱2,031,337	₱19,262,750
Additions	72,659	396,381	3,389,837	3,858,877
Transfers	155,457	455,295	(610,752)	–
Disposals	(2,191)	(110,865)	–	(113,056)
December 31, 2019 (Audited)	4,403,654	13,794,495	4,810,422	23,008,571
Additions	3,729	45,275	2,449,059	2,498,063
Transfers	71,499	39,882	(111,381)	–
Disposals	–	(3,111)	–	(3,111)
September 30, 2020 (Unaudited)	**4,478,882**	**13,876,541**	**7,148,100**	**25,503,523**
Accumulated depreciation				
January 1, 2019	(629,246)	(3,016,139)	–	(3,645,385)
Depreciation for the year	(296,270)	(1,173,901)	–	(1,470,171)
Disposal	1,772	81,158	–	82,930
December 31, 2019 (Audited)	(923,744)	(4,108,882)	–	(5,032,626)
Depreciation for the period	(259,964)	(932,891)	–	(1,192,855)
Disposals	–	2,176	–	2,176
September 30, 2020 (Unaudited)	**(1,183,708)**	**(5,039,597)**	**–**	**(6,223,305)**
Carrying Amounts				
December 31, 2019 (Audited)	₱3,479,910	₱9,685,613	₱4,810,422	₱17,975,945
September 30, 2020 (Unaudited)	**₱3,295,174**	**₱8,836,944**	**₱7,148,100**	**₱19,280,218**

In relation to Solid's expansion plan, the Company capitalized borrowing cost amounting to ₱100,519 and ₱132,129 for the nine months ended September 30, 2020 and 2019, respectively. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the nine months ended September 30, 2020 and 2019 are 9.07% and 10.10%, respectively.

Assets for the Right-of-Use

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

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

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

8. Lease liabilities

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

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

9. Equity

Common Stock

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

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

On September 17, 2015, CASEC subscribed to 376,000 shares of stock of the Parent Company at ₱100 par value. Of the agreed subscription price of ₱37,600, only ₱9,400 was paid in 2015, while the remainder of ₱28,200 was paid in 2016. In 2016, the Parent Company's Board of Directors approved the amendment of and increase in the authorized capital stock of the Parent Company from ₱150,400, divided into 1,504,000 common shares with par value of ₱100 per share, to P5,195,395, divided into 5,195,395,454 common shares with par value of ₱1 per share.

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

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

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

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

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

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

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

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

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

10. Related Party Transactions

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

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Short-term investments		
Other related party[19]		
Lomez International B.V. (Note 6)	**₱3,712,196**	₱65,154
Due from related parties		
Ultimate Parent		
CEMEX[1]	**₱–**	₱803
Other Related Parties[19]		
CASEC [6]	**1,589**	626
APO Land & Quarry Corporation (ALQC)[2]	**1,241**	13,048
Beijing CXP Import & Export Co.[4]	**1,215**	1,699
Cemex Central S.A. de C.V.[20]	**807**	–
CEMEX Internacional, S.A. de C.V.[15]	**635**	–
Island Quarry and Aggregates Corporation (IQAC)[3]	**205**	10,210
CEMEX Operaciones México, S.A. de C.V.[5]	**71**	1,363
	₱5,763	₱27,749
Due to related parties		
Ultimate Parent		
CEMEX [1]	**₱12,576**	₱35,474
Other related parties [19]		
CEMEX Operaciones México, S.A. de C.V.[5]	**610,991**	463,948
CRG[7]	**263,509**	397,808
Transenergy, Inc.[9]	**221,869**	621,352
IQAC[11]	**80,150**	43,049
Sunbulk Shipping, N.V.[10]	**40,913**	47,903
CEMEX International Trading LLC[12]	**19,631**	35,229
ALQC[17]	**18,481**	–
Beijing CXP Import & Export Co.[13]	**9,504**	4,370
Torino Re Ltd[14]	**–**	3,783
CAPL-PHQ[16]	**–**	50
CABV[8]	**–**	1,079,560
CEMEX Internacional, S.A. de C.V.[15]	**–**	688
	1,277,624	2,733,214
Long-term payable to related parties		
Ultimate Parent		
CEMEX [1]	**718**	–
Other related party [19]		
CABV[8]	**–**	5,368,838
	718	5,368,838
	₱1,278,342	₱8,102,052

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Lease liabilities on land[18]		
ALQC	**₱785,083**	₱785,865
IQAC	**388,281**	390,946
	₱1,173,364	₱1,176,811

[1]Effective December 1, 2019, CEMEX Mexico, S.A. de C.V has merged with CEMEX. On January 1, 2016, CAR entered into an agreement with CEMEX for the right to use of its "marks" and to further license the "marks" with other CEMEX group companies operating in the Asia territories.
The receivable balance as at September 30, 2020 and December 31, 2019 pertains to the:

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

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

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

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

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

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

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

[4]The due from related party balance pertains to advances which are unimpaired, unsecured, noninterest-bearing and due on demand amounting to ₱1,215 and ₱1,699 as at September 30, 2020 and December 31, 2019, resepectively.
[5]The due from related party balance, amounting to ₱71 and ₱1,363 as at September 30, 2020 and December 31, 2019, respectively; which is unimpaired, unsecured, noninterest-bearing and due on demand, pertains to reimbursement of fringe benefit tax on share-based compensation.

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

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

[6]The due from related party balance pertains to reimbursable fees/expenses, which is unsecured, noninterest-bearing and due on demand.
[7]The due to related party balance, which is unsecured, noninterest-bearing and payable on demand, as at September 30, 2020 and December 31, 2019 includes:

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

[8]The long term related party balance includes:

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

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

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

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

a) unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to ₱80,150 and ₱26,471.respectively; and
b) collections from housing loan owned by IQAC amounting to nil and ₱16,578, respectively, which are unsecured, noninterest-bearing and payable on demand.

Solid purchases the majority of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement.

[12]The due to related party balance as at September 30, 2020 and December 31, 2019, pertains to purchase of raw materials with a 30-day term which is unsecured and noninterest-bearing.

[13]The due to related party balance payable as at September 30, 2020 and December 31, 2019, pertains to the outstanding liability for the purchases of materials, supplies and spare parts, which is unsecured, noninterest-bearing and payable on demand.

[14]The due to related party balance as at December 31, 2019, which is unsecured, noninterest-bearing and due on demand pertains to insurance premiums.

[15]The due from related party balance of ₱635 and nil as at September 30, 2020 and December 31, 2019, respectively pertains to reimbursable expenses which is unimpaired, unsecured, noninterest-bearing and due on demand.

The due to related party balance of nil and ₱688 as at September 30, 2020 and December 31, 2019, respectively pertains to purchase of other production supplies including additives, fuel and others with a 30-day term which is unsecured and noninterest-bearing.

[16]The due to related party balance, which is unsecured, noninterest-bearing and payable on demand, pertains to the overpayment on transferred pension liabilities amounting to nil and ₱50 as at September 30, 2020 and December 31, 2019,respectively.

[17]The due to related party balance pertains to purchase of raw materials which is payable upon demand amounting to ₱18,481 and nil, as at September 30, 2020, and December 31, 2019, respectively;

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

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

[20]The due from related party balance of ₱807 and nil as at September 30, 2020 and December 31, 2019, respectively pertains to reimbursable expenses which is unimpaired, unsecured, noninterest-bearing and due on demand.

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

	September 30, 2020 (Unaudited)	December31, 2019 (Audited)
Beginning balance	**₱6,448,398**	₱3,594,997
Proceeds from drawdowns (net of issuance cost)	**1,221,051**	2,611,429
Interest expense (including amortization of debt issue cost)	**149,110**	574,947
Payments of interest	**(155,035)**	(170,433)
Payments of loan	**(7,693,933)**	–
Effect of exchange rate changes	**–**	(162,542)
Others	**30,409**	–
Ending balance	**₱–**	₱6,448,398

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

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Purchases of raw materials, supplies and spareparts		
Transenergy, Inc.	**₱1,156,933**	₱1,288,717
IQAC	**218,914**	229,316
ALQC	**103,120**	285,107
Beijing CXP Import & Export Co.	**34,022**	14,260
CEMEX International Trading LLC	**33,734**	71,934
CEMEX Internacional, S.A. de C.V.	**3,019**	–
	₱1,549,742	₱1,889,334
Loan drawdown		
CABV	**₱1,221,051**	₱2,157,017
Royalties and trademarks		
CRG	**₱570,344**	₱642,191
CEMEX	**16,847**	22,574
	₱587,191	₱664,765
Interest expense		
CABV	**₱149,110**	₱414,122
Corporate services and administrative services		
Cemex Operaciones Mexico, S.A. de C.V	**₱169,924**	₱57,167
Cemex Central, S.A. de C.V.	**–**	189,159
	₱169,924	₱246,326
Purchase of Equipment		
Cemex Mexico, S. A. de C.V.	**₱–**	₱416,727
Insurance		
Torino Re Ltd	**₱103,896**	₱–

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Freight services		
Sunbulk Shipping, N.V.	**₱41,208**	₱111,803
Land rentals		
ALQC	**₱43,656**	₱43,657
IQAC	**21,592**	21,592
	₱65,248	₱65,249
Corporate services and administrative income		
ALQC	**₱7,266**	₱4,110
IQAC	**3,060**	425
	₱10,326	₱4,535
Interest income		
Lomez International B.V.	**₱23,816**	₱1,132

11. Segment Information

The Company applies PFRS 8, *Operating Segments* for the disclosure of its operating segments, which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's results and performance is evaluated for decision-making purposes and allocation of resources is made on a per country basis. Hence, the Company represents a single geographical operating segment. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, and other construction-related products and services. For the nine months period September 30, 2020 and 2019, the cement sector represented approximately 89.86% and 89.31%, respecitively of total net revenues before eliminations resulting from consolidation, and 129.72% and 131.73%, respectively, of Operating Earnings before interest, taxes, depreciation, and amortization (EBITDA).

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

12. Long-term Bank Loan

On February 1, 2017, the Parent Company signed a Senior Unsecured Peso Term Loan Facility Agreement (Facility Agreement) with BDO Unibank, Inc. (BDO) for an amount of up to the Philippine Peso equivalent of US$280million to refinance a majority of the Parent Company's outstanding long-term loan with New Sunward Holding B.V. The term loan provided by BDO has a tenor of seven (7) years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread. Short-term portion of the bank loan amounted to ₱140,123 as at September 30, 2020 and December 31, 2019.

The debt issuance cost of this bank loan, corresponding to ₱86,546 and ₱106,019 on unamortized basis, was deducted from the total loan liability as at September 30, 2020 and December 31, 2019, respectively. The interest expense for the nine months ended September 30, 2020 and 2019, excluding amortized direct cost, amounted to ₱424,430 and ₱618,224, respectively, which is recognized under "Financial and other financial expenses, net" account in the condensed consolidated interim statements of comprehensive income.

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

	Bank Loan	Accrued Interest	Total
Balance as at January 1, 2019	₱13,628,851	₱132,907	₱13,761,758
Interest expense	25,964	774,869	800,833
Payment of:			
Principal	(2,340,123)	–	(2,340,123)
Interest	–	(812,776)	(812,776)
Others	6,233	–	6,233
Balance as at December 31, 2019 (Audited)	11,320,925	95,000	11,415,925
Interest expense	**19,472**	**424,430**	**443,902**
Payment of:			
Principal	**(105,092)**	**–**	**(105,092)**
Interest	**–**	**(445,711)**	**(445,711)**
Balance as at September 30, 2020 (Unaudited)	**₱11,235,305**	**₱73,719**	**₱11,309,024**

Accrued interest from this bank loan amounting to ₱73,719 and ₱95,000 as at September 30, 2020 and December 31, 2019 are recognized under "Unearned income, other accounts payable and accrued expenses" account in the condensed consolidated interim statements of financial position.

The Facility Agreement also provides certain covenants. Compliance with these covenants shall be tested semi-annually. On December 8, 2017, the Parent Company entered into a Supplemental Agreement to the Facility Agreement with BDO pursuant to which, more notably, it was agreed that: (i) the commencement date for compliance with the aforementioned financial covenants under the Facility Agreement would be in June 2020; (ii) debt service reserve accounts were created and (iii) additional debt incurrence restrictions be put in place. One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Parent Company's ability to cover its interest expense using its Operating EBITDA (interest coverage ratio) and is measured by dividing Operating EBITDA by the financial expense for the last twelve months as of the calculation date. Operating EBITDA equals operating income before other income, net plus depreciation and amortization. On December 14, 2018, the Parent Company entered into another Supplemental

Agreement to the Facility Agreement that provides an option, only for certain potential events of default under the Facility Agreement, for the Parent Company's ultimate parent company, CEMEX, or any affiliate of CEMEX which is not a direct or indirect subsidiary of the Parent Company, to pay all amounts outstanding under the Facility Agreement before they become due and payable prior to their maturity in certain events.

Debt service reserve account related to the Company's bank loan amounted to ₱320,309 and ₱375,470 as at September 30, 2020 and December 31, 2019, respectively, and is recognized in "Other assets and noncurrent accounts receivable" in the condensed consolidated interim statements of financial position.

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

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

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

13. Financial Instruments and Financial Risk Management

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

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

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

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or a counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade receivables. As at September 30, 2020 and December 31, 2019 the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires guarantees from its customers and financial counterparties with regard to financial assets, which can be called upon if the counterparty is in default under the terms of the agreement. Cash bonds received from credit customers as at September 30, 2020 and December 31, 2019 amounted to ₱32,624.

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

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

As at September 30, 2020 (Unaudited)	**Gross Carrying Amount**	**Net carrying amount**
Financial assets at amortized cost		
Cash and cash equivalents (Notes 6 and 9)	**₱6,667,022**	**₱6,667,022**
Trade receivables (Note 4)	**832,575**	**807,720**
Due from related parties (Note 10)	**5,763**	**5,763**
Insurance claims and premiums receivable	**175,285**	**175,285**
Other current accounts receivable	**35,314**	**35,314**
Long-term time and rental guaranty deposits (Note 14;under other assets and noncurrent accounts receivable)	**549,467**	**549,467**
	₱8,265,426	**₱8,240,571**

As at December 31, 2020 (Audited)	Gross Carrying Amount	Net carrying amount
Financial assets at amortized cost		
Cash and cash equivalents (Notes 6 and 9)	₱1,399,180	₱1,399,180
Trade receivables (Note 4)	916,708	892,951
Due from related parties (Note 10)	27,749	27,749
Insurance claims and premiums receivable	445,535	445,535
Other current accounts receivable	65,244	65,244
Long-term time and rental guaranty deposits (Note 14;under other assets and noncurrent accounts receivable)	597,995	597,995
	₱3,452,411	₱3,428,654

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

Trade receivables

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

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

As at September 30, 2020 (Unaudited)	**Current**	**1 to 30 days**	**31 to 60 days**	**More than 60 days**	**Total**
Trade receivables – gross carrying amount	**₱719,698**	**₱62,614**	**₱27,690**	**₱22,573**	**₱832,575**
Allowance for ECL	**1,149**	**448**	**685**	**22,573**	**24,855**
Average ECL rates	**0.16%**	**0.72%**	**2.47%**	**100.00%**	**2.99%**

As at December 31, 2019 (Audited)	Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Trade receivables – gross carrying amount	₱831,695	₱50,910	₱4,538	₱29,565	₱916,708
Allowance for ECL	1,670	1,934	3,097	17,056	23,757
Average ECL rates	0.2%	3.8%	68.2%	57.7%	2.6%

Other Financial Assets (excluding Equity Instruments)

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

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

Movements in the Allowance for ECL in Trade receivables
Changes in the allowance for ECL for the nine months ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	**₱23,757**	₱24,148
Provision	**4,333**	334
Write-off of trade receivables	**(3,235)**	(725)
Ending balance	**₱24,855**	₱23,757

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

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

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

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

As at September 30, 2020 (Unaudited)	**U.S. dollar**	**Euro**
Cash and cash equivalents	**US$5,710**	**€–**
Receivable from related parties*	**89**	**–**
Trade payables	**(9,895)**	**(1,268)**
Payable to related parties*	**(18,893)**	**–**
Lease liabilities	**(13,132)**	**–**
Net assets denominated in foreign currency	**(US$36,121)**	**(€1,268)**

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

As at December 31, 2019 (Audited)	U.S. dollar	Euro
Cash and cash equivalents	US$5,474	€–
Due from related parties*	76	–
Due to related parties*	(130,090)	–
Trade payables	(29,558)	(1,510)
Lease liabilities	(14,051)	–
Net liabilities denominated in foreign currency	(US$168,149)	(€1,510)

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

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

Amount owed by	Amount owed to	**September 30, 2020 (Unaudited)**	December 31, 2019 (Audited)
Parent Company	CAR	**($61,963)**	($88,490)
APO	CAR	**(3,427)**	(4,653)
Parent Company	Falcon	**(3,003)**	(31,225)
Solid	CAR	**(1,140)**	(4,535)
		($69,533)	($128,903)

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

	September 30, 2020		December 31, 2019	
Currency	**Closing**	**Average**	Closing	Average
U.S. dollar	**₱48.50**	**₱49.94**	₱50.64	₱51.57
Euro	**56.85**	**56.40**	56.78	57.68

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

US$	**Strengthening (Weakening) of Philippine Peso**	**Effect on Profit before Income Tax**	**Effect on Equity**
2020	**+4.23%**	**(₱74,096)**	**(₱51,867)**
	-4.23%	**74,096**	**51,867**
2019	+3.7%	₱315,057	₱220,540
	-3.7%	(315,057)	(220,540)

EUR	**Strengthening (Weakening) of Philippine Peso**	**Effect on Profit before Income Tax**	**Effect on Equity**
2020	**+0.12%**	**(₱87)**	**(₱61)**
	-0.12%	**87**	**61**
2019	+5.8%	₱4,973	₱3,481
	-5.8%	(4,973)	(3,481)

Sensitivity Analysis pertaining to Eliminated Intragroup Balances

US$	Strengthening (Weakening) of Philippine Peso	Effect on Profit before Income Tax	Effect on Equity
	+4.23%	**(₱142,636)**	**(₱99,845)**
2020	**-4.23%**	**142,636**	**99,845**
	+3.7%	₱241,523	₱169,067
2019	-3.7%	(241,523)	(169,067)

Interest rate risk
Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As at September 30, 2020 and December 31, 2019, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to ₱5,901,059 and ₱5,964,021, respectively, of the long-term bank loan with BDO and short-term investments in Lomez International B.V. amounting to ₱3,712,196 and ₱65,154 as at September 30, 2020 and December 31, 2019, respectively (see Note 6). The short term investments with Lomez International B.V. bears interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest for Solid, APO and Edgewater Ventures Corporation and WAILRF rate plus 30 basis points for CAR and Falcon.

Sensitivity Analysis
As at September 30, 2020 and December 31, 2019, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the nine months ended September 30, 2020 and 2019 would have decreased by approximately ₱15,322 and ₱78,722 net of tax, respectively. Conversely, a hypothetical 1% decrease in interest rate would have the opposite effect.

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

For the nine months ended September 30, 2020 and 2019, changes in fair value of these contracts recognized in OCI amounted to ₱8,170 and ₱7,322, respectively.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has fulfilled its operational liquidity needs primarily through its own operations and expects to continue to do so for both the short and long-term liabilities. Although cash flow from the Company's operations has historically covered its overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the consolidated entities are exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and/or social developments in the countries in

which they operate, any one of which may materially decrease the Company's net income and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by and used in operating activities, as presented in its unaudited condensed consolidated interim statement of cash flows, was ₱1,975,871 and ₱2,595,864 for the nine months ended September 30, 2020 and 2019, respectively. The Company's trade payables, due to related parties, taxes payable and other accounts payable and accrued expenses are expected to be settled within one year. Trade payables are noninterest-bearing and are normally settled on a 30-days term. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

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

	As at September 30, 2020 (Unaudited)				
	Carrying Amount	**Contractual Cash Flow**	**12 Months or Less**	**1 - 5 Years**	**More than 5 Years**
Trade payables	**₱4,111,424**	**₱4,111,424**	**₱4,111,424**	**₱–**	**₱–**
Other accounts payable and accrued expenses*	**682,605**	**682,605**	**682,605**	**–**	**–**
Due to related parties	**1,277,624**	**1,277,624**	**1,277,624**	**–**	**–**
Long-term bank loan	**11,235,305**	**12,497,051**	**618,820**	**11,878,231**	**–**
Lease liabilities	**2,188,325**	**4,947,816**	**679,584**	**700,359**	**3,567,873**
Total	**₱19,495,283**	**₱23,516,520**	**₱7,370,057**	**₱12,578,590**	**₱3,567,873**

**Excluding government-related payables, and other non-financial liabilities amounting to ₱682.61 million.*

	As at December 31, 2019 (Audited)				
	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years	More than 5 Years
Trade payables	₱4,795,817	₱4,795,817	₱4,795,817	₱–	₱–
Other accounts payable and accrued expenses*	942,855	942,855	942,855	–	–
Due to related parties	8,102,052	10,714,797	3,289,975	7,424,822	–
Long-term bank loan	11,320,925	13,305,483	736,880	12,568,603	–
Lease liabilities	2,163,251	5,094,230	646,741	787,474	3,660,015
Total	₱27,324,900	₱34,853,182	₱10,412,268	₱20,780,899	₱3,660,015

**Excluding government-related payables, and other non-financial liabilities amounting to ₱714.9 million.*

Insurance Risk management

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

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

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

14. Fair Values of Financial Assets and Financial Liabilities

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

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

	September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Carrying amount	**Fair value**	**Fair value hierarchy level**	Carrying amount	Fair value	Fair value hierarchy level
Financial assets						
Long-term time and guaranty deposits (Note 13)	**₱549,467**	**₱549,467**	**Level 2**	₱597,995	₱597,995	Level 2
Financial liabilities						
Bank loan	**₱11,235,305**	**₱11,392,252**	**Level 2**	₱11,320,925	₱12,888,099	Level 2
Payable to a related party	**–**	**–**	**Level 2**	6,448,398	7,952,786	Level 2
	₱11,235,305	**₱11,235,305**		P17,769,323	₱20,840,885	

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

15. Contingencies

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

16. Relevant Information Regarding the Impact of the Landslide

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

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC[1]. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses.

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

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu[2], against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems". In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of approximately 4.3 billion Philippine Pesos, (b) the establishment of a 500 million Philippine Pesos rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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