COVER SHEET

CS201518815
S.E.C. Registration Number

CEMEX HOLDINGS PHILIPPINES, INC.

34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City

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

JANNETTE VIRATA SEVILLA	**8849-3600**
Contact Person	Company Telephone Number

12	**31**	**SEC Form 17-Q dated 15 November 2021 - 3rd Quarter 2021**	**06**	**02**
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting (First Wednesday of June)	

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

MSR
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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, 2021**
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[1]

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 [ ]

[1] Includes 8,293,831,169 common shares which were the subject of the stock rights offering conducted in January 2020 pursuant to a Notice of Confirmation of Exempt Transaction of the SEC which was issued on December 11, 2019, confirming that the stock rights offering is exempt from the registration requirements of the Securities Regulation Code (SRC) under SRC Section 10.1 (e) and (i).

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated interim financial statements as at September 30, 2021, (with comparative audited consolidated statement of financial position as at December 31, 2020), and for the nine months ended September 30, 2021 and 2020, and the accompanying notes to the unaudited condensed consolidated interim financial statements of CEMEX Holdings Philippines, Inc. and its Subsidiaries are filed as part of this Form 17-Q as Appendix I.

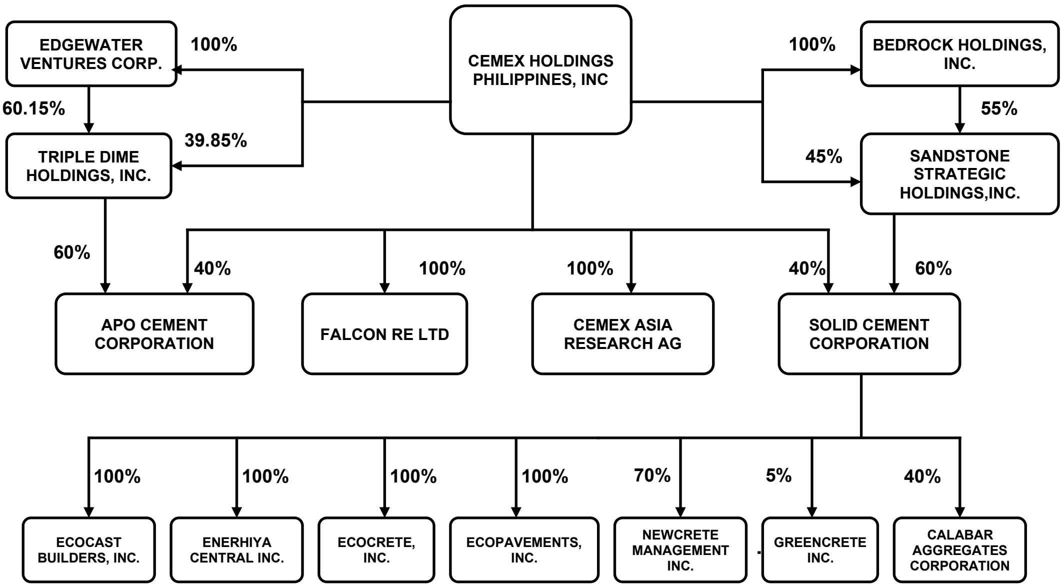
The term “Parent Company” used in this report refers to CEMEX Holdings Philippines, Inc. without its Subsidiaries. The term “Company” refers to the Parent Company together with its consolidated Subsidiaries.

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 Margáin Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León 6625, México.

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, 2021:



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 ("PSE") 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.[2]

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 March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the PSE. 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 at P1 par value per share or total par value of P13,489,227.

As at December 31, 2020, the shareholdings in the Parent Company owned by Cemex Asian South East Corporation ("CASEC") increased to 10,500,624,662 common shares at P1 par value per share. As at September 30, 2021, CASEC owns 10,500,624,662 common shares which correspond to approximately 77.84% of the total issued and outstanding capital stock of the Parent Company

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

The following is a discussion and analysis on the unaudited condensed consolidated interim financial statements as at September 30, 2021 (with comparative audited consolidated statement of financial position as at December 31, 2020) and for the nine months ended September 30, 2021 and 2020, and included herein, and should be read in conjunction with appendix I of this report.

Financial Performance

For the nine months ended September 30, 2021 and 2020:

Revenues

Revenues for the nine months ended September 30, 2021 and 2020 amounted to P16.3 billion and P15.1 billion, respectively. Revenues were generated mainly from sale of cement products as a result of the Company's ordinary activities. Revenues increased by P1.2 billion or 7.7% mainly due to a 11% increase in domestic cement volumes year-over-year, amidst the ongoing COVID-19 pandemic and its impact to economic activity. Furthermore, domestic cement prices decreased by 4% mainly driven by higher proportion of pick-up sales. Net of freight charges, our domestic cement prices decreased by 1% year-over-year due to competitive market dynamics and the impact of COVID-19 on business activity.

[2] Following the completion of the Stock Rights Offering, the outstanding balances under the Solid Expansion Facility Agreement and APO Operational Facility Agreement, which amounted to P6,784 million and P1,090 million, respectively, were fully paid and settled on March 5, 2020.

The breakdown of revenues after elimination of transactions between consolidated entities is as follows:

	For the nine months ended September 30,			
	2021		2020	
Segment	Amount*	% Sales	Amount*	% Sales
Cement sales	**P16,251**	**99.6%**	15,140	100.0%
Other businesses	**57**	**0.4%**	2	0.0%
Total	**P16,308**	**100.0%**	15,142	100.0%

**Amounts in millions*

Cost of Sales
Cost of sales for the nine months ended September 30, 2021 and 2020 amounted to P9.8 billion and P8.8 billion, and accounted for 60.1% and 58.3% of revenues for the relevant periods, respectively. Cost of sales represents the production cost of goods sold. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation, and other expenses directly attributable to the manufacturing of finished goods. The increase of P978.9 million or 11.1% is mainly attributable to the purchase of additional clinker on a one-off basis during the third quarter of 2021 to support production requirements. Additionally, APO Cement executed its scheduled major kiln shutdown towards the end of third quarter 2021.

Gross Profit
As a result of the above conditions, gross profit for the nine months ended September 30, 2021 and 2020 reached P6.5 billion and P6.3 billion, and accounted for 39.9% and 41.7% of revenues for the relevant periods, respectively.

Operating Expenses
Operating expenses for the nine months ended September 30, 2021 and 2020 amounted to P4.7 billion and P4.8 billion, respectively. Operating expenses pertain to administrative, selling, and distribution expenses. Operating expenses decreased by P168.9 million or 3.5% and the movement was due to the following items:

- Administrative and selling expenses for the nine months ended September 30, 2021 and 2020 amounted to P2.2 billion and P2.1 million, and accounted for 13.4% and 14.1% of revenues for the relevant periods, respectively. The increase of P60.2 million or 2.8% was primarily due to the higher central service and license fees due to the increase in revenues.
- Distribution expenses for the nine months ended September 30, 2021 and 2020 amounted to P2.5 billion and P2.7 billion, and accounted for 15.1% and 17.8% of revenues for the relevant periods, respectively. The decrease of P229.1 million or 8.5% was driven by lower delivered volumes and initiatives to increase efficiency.

Operating income before other income (expenses) - net
For the reasons discussed above, operating income before other income (expenses) - net for the nine months ended September 30, 2021 and 2020 amounted to P1.8 billion and P1.5 billion, and accounted for 11.3% and 9.9% of revenues for the relevant periods, respectively.

Other income (expenses) - net
Other income (expenses), net for the nine months ended September 30, 2021 and 2020 amounted to P27.3 million and (P4.3 million), and accounted for 0.2% and as less than 0.0% of the revenues for the relevant periods, respectively. The movement of P31.6 million or more than 100.0% was mainly from the recovery of the previously written-off receivable from a related party in the first quarter of 2021.

Financial and Other Financial Expenses - net

Financial and other financial expenses - net for the nine months ended September 30, 2021 and 2020 amounted to P194.6 million and P707.2 million, and accounted for 1.2% and 4.7% of the revenues for the relevant periods, respectively. This mainly pertains to the costs incurred by the Company from borrowings. The decrease of P512.6 million or 72.5% reflects lower debt balances and declining interest rates.

Foreign Exchange Gain (Loss) - net

Foreign exchange gain (loss) - net for the nine months ended September 30, 2021 and 2020 amounted to (P447.0) million and P133.0 million, and accounted for 2.7% and 0.9% of the revenues for the relevant periods, respectively. The decrease of P580.1 million or more than 100% was the result of declining Philippine Peso to United States Dollar exchange rate.

Provision for Income Tax

The provision for income tax for the nine months ended September 30, 2021 and 2020 amounted to P336.7 million and P155.5 million, and accounted for 2.1% and 1.0% of the revenues for relevant periods, respectively. Income tax expense was higher by of P181.2 million or more than 100%. and was mainly due to the enactment of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act which was approved into law on March 26, 2021. Pursuant to the CREATE Act, the corporate income tax rate was reduced from 30% to 25% effective July 1, 2021 and the minimum corporate income tax was reduced from 2% to 1% from July 1, 2020 until June 30, 2023. The retroactive application of the new income tax rates also resulted in a one-time adjustment to current income tax and to account for the revaluation of the deferred income tax account. The impact of the CREATE Act are disclosed in Note 18 to the condensed consolidated interim financial statements.

Profit

As a result of the abovementioned concepts, profit for the nine months ended September 30, 2021 and 2020 amounted to P897.2 million and P758.1 million, and accounted for 5.5% and 5.0% of the revenues for the relevant periods, respectively.

Financial Position

As at September 30, 2021 and December 31, 2020:

Cash and Cash Equivalents

Cash and cash equivalents as at September 30, 2021 and December 31, 2020, amounted to P6.4 billion and P6.1 billion, and accounted for 9.9% and 9.6% of the total assets for the relevant periods, respectively. The cash and cash equivalents pertain to cash in bank and short-term investments of the Company with banks and related parties. Below is the breakdown of P215.6 million or 3.5% increase in cash and cash equivalents:

	Amount*
Net cash generated from operating activities	P3,627.6
Net cash used in investing activities	(1,171.1)
Net cash used in financing activities	(2,244.0)
Effect of exchange rate changes on cash and cash equivalents	3.1
Total movement	P215.6

**Amounts in millions*

For the nine months ended September 30, 2021, the Company has a profit of P897.2 million. After considering the adjustments to reconcile profit to net cash flows, the operating profit before working capital changes amounted to P3.2 billion. Thereafter considering the working capital changes, interest paid/received, taxes paid, and benefits paid to employees the net cash provided by operating activities amounted to P3.6 billion. The net cash used in investing activities amounted P1.2 billion mainly from the addition to property, machinery, and equipment. The net cash used in financing activities amounted to P2.2 billion mainly for the payment made for bank loans.

Related party balances
Due from related parties as at September 30, 2021 and December 31, 2020 amounted to P14.8 million and P3.8 million, and accounted for as less than 0.1% of the total assets for the relevant periods, respectively. The due to related parties as at September 30, 2021 and December 31, 2020 amounted to P2.3 billion and P1.5 billion, and accounted for 11.7% and 7.3% of the total liabilities for the relevant periods, respectively. The related party balances pertain to service fees, advances between related parties, sale/purchase of goods, central service and license fees, among others.

The due from related parties increased by P11.1 million or more than 100% and this was mainly because of the gain on settlements on the derivative asset. The due to related parties increased by P834.0 million or 55.2% was due to the increase in trade related transactions and decrease in central service and license fees payable.

Insurance Claims and Premiums Receivable
Insurance premiums receivable as at September 30, 2021 and December 31, 2020 amounted to P183.6 million and P86.4 million, and accounted for 0.3% and 0.1% of the total assets for the relevant periods, respectively. This is mainly related to insurance receivable from a third-party insurance company. The insurance premiums receivable represents premiums on written policies which are collectible within the Company's credit term. Claims from insurance as at September 30, 2021 and December 31, 2020 amounted to nil and P1.1 million, respectively. The increase of P96.0 million or more than 100% was mainly from the renewal of policies last April 2021 less the collections received.

Other Current Accounts Receivable
Other current accounts receivable at September 30, 2021 and December 31, 2020, which pertains to receivable from contractors and employees, short-term deposits, and others, amounted to P46.4 million and P43.7 million, and accounted for as less than 0.1% of the total assets for the relevant periods, respectively. The increase of P2.6 million or 6% was mainly due to net receivable for nontrade transactions.

Inventories
Inventories as at September 30, 2021, and December 31, 2020 amounted to P2.9 billion and P2.3 billion, and accounted for 4.6% and 3.7% of the total assets for the relevant periods, respectively. Inventories consisting of raw materials, cement and work-in-process amounted to P1.9 billion and P1.4 billion as at September 30, 2021, and December 31, 2020, respectively, and the remaining balance pertains to materials and spare parts. The increase of P579.9 million or 24.7% was mainly due to purchases of coal, clinker and spare parts.

Derivative Assets
Derivative assets as at September 30, 2021, and December 31, 2020 amounted to P35.1 million and P24.0 million, and accounted for as less than 0.1% of the total assets for the relevant periods, respectively. The Company has a commodity swap agreement with CEMEX in order to hedge the price of diesel fuel over a certain volume representing a portion of the estimated consumption of diesel fuel by the operations in 2021. The increase of P11.0 million or 45.8% was due to the changes in fair value.

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, 2021 and December 31, 2020, the balance of this account amounted to P0.9 billion and P1.1 billion, and accounted for 1.4% and 1.8% of the total assets for the relevant periods, respectively. The decrease of P234.1 million or 20.5% was due to the depletion of advances in line with the progress of the Solid Expansion Project.

Other assets and noncurrent accounts receivable
Other assets and noncurrent accounts receivable as at September 30, 2021, and December 31, 2020, which pertains mainly to long term deposits, amounted to P444.3 million and P782.4 million, and accounted for 0.7% and 1.2% of the total assets for the relevant periods, respectively. The decrease of P338.1 million or 43.2% was due to the release of long-term time deposits that are considered as restricted cash. The following are the released restricted cash (1) debt service reserve account from the bank loan and (2) cash for related party tax cases.

Property, Machinery, Equipment and Assets for the Right-of-Use - net
Property, machinery and equipment - net as at September 30, 2021 and December 31, 2020 had a balance of P20.7 billion and P19.9 billion, and accounted for 32.2% and 31.2% of the total assets of the relevant periods, respectively. The increase of P820.8 million or 4.1% was due to the additions for construction in progress relating to the Solid Expansion Project and depreciation for the nine months ended September 30, 2021. Furthermore, for the nine months ended September 30, 2021 and for year ended December 31, 2020, P163.6 million and P274.5 million, respectively, were incurred for maintenance capital expenditures, while P1.7 billion and P3.3 billion, respectively, were incurred for strategic capital expenditures.

Assets for the right-of-use, net as at September 30, 2021 and December 31, 2020 amounted to P1.4 billion and P1.8 billion, and accounted for 2.4% and 2.8% of the total assets for the relevant periods, respectively. The decrease of P272.3 million or 15.2% was mainly due to the shortening of the lease term for one of the vessels and depreciation for the nine months ended September 30, 2021.

Deferred Income Taxes
Deferred income tax assets -net (DTA) as at September 30, 2021 and December 31, 2020 amounted to P0.9 billion and P1.1 billion, and accounted for 1.4% and 1.7% of the total assets for the relevant periods, respectively. Deferred income tax liabilities - net (DTL) as at September 30, 2021 and December 31, 2020 amounted to P1.4 million and P0.9 million, and accounted for as less than 0.1% of the total liabilities for the relevant periods, respectively.

The decrease in DTA of P157.5 million or 14.5% was mainly because of the retroactive application of CREATE Act with lower income tax rates resulting to a one-time adjustment in the deferred income tax account. While the increase in DTL of P594.6 thousand pertains to the unrealized foreign exchange gain.

Goodwill
Goodwill as at September 30, 2021 and December 31, 2020 amounted to P27.9 billion, and accounted for 43.3% and 43.7% of the total assets for the relevant periods, respectively. The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries. As of September 30, 2021, no impairment of goodwill is recognized.

Trade Payables
Trade payables amounted as at September 30, 2021 and December 31, 2020 to P4.9 billion and P4.3 billion, and accounted for 24.5% and 20.5% of the total liabilities for the relevant periods, respectively. The increase of P614.7 million or 14.4% was mainly due to the increase in payables related to the purchase of hauling, port charges, power, raw materials and the like.

Unearned Income, Other Accounts Payable, and Accrued Expenses
The unearned income, other accounts payable and accrued expenses as at September 30, 2021 and December 31, 2020 amounted to P1.0 billion and P1.3 billion, and accounted for 5.0% and 6.1% of the total liabilities for the relevant periods, respectively. This account pertains to the unearned income from reinsurance premium, accruals, taxes payable and others. The decrease of P277.8 million or 21.7% was mainly due to the policies issued last April 2021 less the recognition of earned reinsurance premiums for the nine months ended September 30, 2021.

Lease Liabilities
As at September 30, 2021 and December 31, 2020 the current portion of finance lease liabilities amounted to P375.7 million and P628.3 million, respectively, and the noncurrent portion of finance lease liabilities amounted to P1.4 billion for each of the relevant periods. Total lease liabilities as a percentage of total liabilities were at 8.7% and 9.9% as at September 30, 2021 and December 31, 2020, respectively. The decrease of P330.0 million or 16.0% was mainly due to the net movement of payments made for the nine months ended September 30, 2021and new capitalized leases.

Bank Loans
The total outstanding balance of the BDO Refinancing Loan amounted to P9.0 billion and P10.8 billion as at September 30, 2021 and December 31, 2020, respectively. As at September 30, 2021 and December 31, 2020, the current portion of the bank loan amounted to P2.3 billion and P0.1 billion, respectively, and the unamortized debt issuance cost of this bank loan amounting to P60.6 million and P80.1 million for the relevant periods, respectively, was deducted from the total bank loan liability. The outstanding bank loan net of the unamortized debt issuance cost as a percentage of total liabilities were at 44.6% and 51.4%, as at September 30, 2021 and December 31, 2020, respectively. The decrease of P1.8 billion or 16.7% was mainly due to the payments made for the nine months ended September 30, 2021.

Contract Liabilities
Contract liabilities as at September 30, 2021 and December 31, 2020 amounted to P381.7 million and P305.1 million, and accounted for 1.9% and 1.5% of the total liabilities for the relevant periods, respectively. This account pertains to the advances from customers and unredeemed customer loyalty program. The increase of P76.5 million or 25.1% was mainly due to the receipt of advances from customers.

Income Tax Payable
Income tax payable as at September30, 2021 and December 31, 2020 amounted to nil and P21.3 million, and accounted for nil and 0.1% of total liabilities for the relevant periods, respectively. The movement in the account was mainly due to the enactment of the CREATE Act with salient features of lower income tax rates and the Company has enough available tax credits to apply against the computed income tax payable. Hence, resulting in a nil balance as at September 30, 2021.

Retirement Benefits Liability
Retirement benefits liability as at September 30, 2021 and December 31, 2020 amounted to P700.5 million and P653.9 million, and accounted for 3.5% and 3.1% of the total liabilities for the relevant periods, respectively. The Company has a funded, noncontributory, defined benefit retirement plan covering substantially all its regular and permanent employee. The increase of P46.5 million or 7.1% was due to the provision on service cost, the related interest less the benefits paid.

Common Stock
As at September 30, 2021 and December 31, 2020, the total authorized common stock of the Equity Attributable to Equity Holders of the Parent Company consisted of 18,810,395,454 shares at a par value of P1 per share and the total issued and outstanding common stock was 13,489,226,623 shares. This is accounted for as 30.4% and 31.4% of the total equity as at September 30, 2021 and December 31, 2020, respectively.

Additional Paid-in Capital
As at September 30, 2021 and December 31, 2020, the additional paid-in capital amounted to P26.2 billion and accounted for 59.1% and 61.1% of the total equity for the relevant periods, respectively. The considerations received in excess of the par value of shares issued are recognized in this account.

Other Equity Reserves
As at September 30, 2021 and December 31, 2020, the other equity reserves amounted to P486.6 million and (P42.6 million), and accounted for 1.1% and as less than 0.1% of the total equity for the relevant periods, respectively. The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to equity and includes the elements presented in the other comprehensive income (or loss) and certain changes in equity during the period not resulting from the investments by owners and distributions to owners. The increase of P529.2 million or more than a 100% was mainly due to the currency translation of foreign subsidiaries.

Retained Earnings
Retained earnings as at September 30, 2021 and December 31, 2020 amounted to P4.1 billion and P3.2 billion, and accounted for 9.3% and 7.6% of the total equity for the relevant periods, respectively. It is included here the Company's cumulative net results of operations. The increase of P897.2 million or 27.6% pertains to the consolidated profit for the nine months ended September 30, 2021.

Non-controlling interest
As at September 30, 2021 and December 31, 2020, non-controlling interest amounted to P130.8 thousand and P149.7 thousand, and accounted for as less than 0.1% of the total equity for the relevant periods, respectively. The 12.6% decrease was from the portion of loss of the subsidiary not held by the Parent Company.

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 months ended September 30, 2021	For the year ended December 31, 2020
Current Ratio	Current Assets / Current Liabilities	**1.06:1**	1.37:1
Solvency Ratio	Profit (Loss) + Depreciation and Amortization / Total Liabilities	**0.12:1**	0.16:1
Net debt* to Equity Ratio	Net debt* / Total Equity	**0.31:1**	0.34:1
Asset to Equity Ratio	Total Assets / Total Equity	**1.45:1**	1.49:1

**Net debt is computed as total liabilities less cash and cash equivalents.*

Key Financial Indicators	Formula	For the nine months ended September 30, 2021	2020
Interest Rate Coverage Ratio	Operating income before other income (expenses) - net / Interest	**15.07:1**	2.53:1
Profitability Ratio	Operating income before other income (expenses) - net / Revenue	**0.11:1**	0.10:1

Aging of Accounts Receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at September 30, 2021:

		Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average ECL rates		0.1%	2.0%	3.21%	92.0%	3.7%
Trade receivables - gross carrying amount	P	618,395	43,243	28,469	26,540	716,647
Allowance for ECL		646	845	913	24,419	26,823

PART II - OTHER INFORMATION

The values presented in the other information are stated in thousands.

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") 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. Cemex Asian South East Corporation, 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[3]. 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 addition, the Company incurred losses amounting to P83,844 on inventories which were buried during the incident. However, substantial portion of such incremental costs and losses were offset by the insurance claims recognized amounting to P662,210. Other losses as result of the landslide amounting to P71,716 were not covered by the insurance. Such loss was recognized under "Other income (expenses) - net" account in the statements of comprehensive income in 2018. As at June 30, 2021 and December 31, 2020, the outstanding claims amounted to nil and P1,126, respectively.

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

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[4], 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 reliefs, (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.

[3] In third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

[4] 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 Cement 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 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. Plaintiffs moved for reconsideration, but the Court also denied plaintiffs' motion in an Order dated September 30, 2019. Plaintiffs did not appeal this ruling, which became final as of December 5, 2020.

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. Meanwhile, during the hearing of plaintiffs' motion for reconsideration on September 11, 2020, the Province of Cebu was officially dropped as a party-defendant in the case.

As at September 30, 2021, at this stage of the overall proceedings and considering all possible defenses that could be available, while the Company cannot assess with certainty the likelihood of an adverse result in the overall proceedings, the Company believes that a final adverse resolution in the overall proceeding is not probable, and, in turn, because the Company is not able to assess the outcome of the reconsiderations filed against the court's order, the Company is 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 Coronavirus Disease 2019 (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 suspension of land, domestic air and domestic sea travel to and from Metro Manila beginning March 16, 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, 2020.

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. Since then, provinces and cities have been placed from time to time under different community quarantine levels with corresponding restrictions, respectively. As of September 30, 2021, Metro Manila and Cebu City were under GCQ, the Provinces of Rizal (including Antipolo City), Laguna and Bulacan were under MECQ, and Province of Cebu (including Naga City) was under GCQ with heightened restrictions.

Considering the implementation of the first ECQ in Luzon, Solid Cement temporarily suspended the production and delivery of cement products in the third week of March 2020 and in May 2020 resumed operations while in compliance with government regulations. APO Cement has remained operational while also complying with all government regulations and the necessary hygiene and safety measures.

The consequences of COVID-19 Pandemic negatively affected the Company's results of operations. During the year ended December 31, 2020, consolidated revenues decreased by 16% against the previous year, caused mainly by the decrease in sales volumes from reduced operations. This decrease in revenues was partially offset by a reduction in cost of sales and operating costs and expenses, which decreased 17% and 14%, respectively, during the same period, because of reduced operations but also considering the strict control of expenditures. For the period ended September 30, 2021 and December 31, 2020, additional expenses were incurred by the Company associated with measures designed to address the adverse impact of COVID-19 pandemic amounting to P32,913 and P49,766, respectively. These additional expenses were presented under the “Cost of sales and Operating expenses” and “Other income (expenses) - net” account in the condensed consolidated interim statements comprehensive income (loss) for period ended September 30, 2021 and December 31, 2020, respectively.

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 has undertaken 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. The Company will continue 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 degree to which the COVID-19 pandemic continues to affect the Company's liquidity, financial condition and results of operations will depend on future developments, some of which are highly uncertain and cannot be predicted, including, but not limited to, the duration and continued spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and to how fast and to which extent the economic and operational conditions can return, within a new normality with limited activities, until medicines, vaccines and other treatments against the virus are authorized, produced, distributed and accessible to the general public in the Philippines, and also to a degree, how much of the population is willing to receive the vaccines.

In addition to risks to the health and safety of the Company’s employees, customers, contractors and suppliers, the impact of pandemics, epidemics or outbreaks of infectious diseases may result in governmental measures to be implemented to attempt to contain and mitigate the effects of the disease. These measures, and the adverse effects of the pandemic, epidemic or outbreaks of infectious diseases may result, in: (i) temporary restrictions on, or suspended access to, or shutdown, or suspension or the halt of, the Company’s manufacturing plants and other facilities; (ii) staffing shortages, production slowdowns or stoppages and disruptions in our delivery systems; (iii) disruptions or delays in our supply chains, including shortages of materials, products and services on which the Company and its businesses depend; (iv) reduced availability of land and sea transport methods to deliver our products, including labor shortages, logistics constraints and increased border controls or closures; (v) increased cost of materials, products and services on which the Company and its businesses depend; (vi) reduced investor confidence and consumer spending where the Company operates; (vii) a general slowdown in economic activity, including construction, and a decrease in demand for the Company’s products and industry demand generally; (viii) constraints on the availability of financing in the financial markets, if available at all, including constraints on access to credit lines and working capital facilities from financial institutions; or (ix) the Company’s inability to, if required, refinance existing indebtedness on desired terms, if at all.

The Company dealt with liquidity risks during the deepest phase of suspension of activities within the COVID-19 pandemic, maintaining sufficient cash and meeting current maturing obligations. Among the initiatives taken by the Company to manage the impact of COVID-19 were: (i) the optimization of plant production and inventory levels, (ii) the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses), and installing other cost control measures to reduce discretionary expenses and capital expenditures, (iii) implementation of changes in work-deployment schedules, (iv) further emphasis on the use of the CEMEX Go platform for a digital and low-touch experience for customers, and (v) enabled additional online channels to promote engagement, manage communications and facilitate transactions with customers.

The Company projects that it will continue to generate sufficient cash flows from operations, which would enable the Company to meet its currently maturing obligations.

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: 15 November 2021

STEVE KUANSHENG WU
Treasurer
Date: 15 November 2021

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	**September 30, 2021** (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 13*	**P6,355,034**	P6,139,411
Trade receivables - net	*4, 13*	**689,824**	700,162
Due from related parties	*10, 13*	**14,848**	3,795
Insurance claims and premiums receivable	*13*	**183,600**	87,569
Other current accounts receivable	*13*	**46,361**	43,717
Inventories		**2,929,904**	2,349,966
Derivative asset	*13,14*	**35,050**	24,039
Prepayments and other current assets		**1,754,148**	1,825,209
Total Current Assets		**12,008,769**	11,173,868
Noncurrent Assets			
Investment in an associate and other investments		**14,097**	14,097
Advances to contractors		**908,543**	1,142,685
Other assets and noncurrent accounts receivable		**444,299**	782,399
Property, machinery and equipment and assets for the right-of-use - net	*7*	**22,178,296**	21,699,377
Deferred income tax assets - net		**930,697**	1,088,227
Goodwill		**27,859,694**	27,859,694
Total Noncurrent Assets		**52,335,626**	52,586,479
		P64,344,395	P63,760,347
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables	*13*	**P4,896,410**	P4,281,750
Due to related parties	*10, 13*	**2,346,049**	1,512,086
Unearned income, other accounts payable and accrued expenses	*13*	**1,003,435**	1,281,211
Current portion of:			
Lease liabilities	*8,13*	**375,701**	628,298
Long-term bank loan	*12,13,14*	**2,297,978**	140,123
Contract liabilities	*4*	**381,680**	305,131
Income tax payable		**–**	21,295
Total Current Liabilities		**11,301,253**	8,169,894

Forward

	Notes	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Noncurrent Liabilities			
Long-term bank loan - net of current portion	*12,13,14*	**P6,623,167**	P10,566,642
Lease liabilities - net of current portion	*8,13*	**1,360,436**	1,437,814
Retirement benefits liability		**700,457**	653,946
Deferred income tax liabilities - net		**1,448**	853
Other noncurrent liabilities		**20,610**	20,610
Total Noncurrent Liabilities		**8,706,118**	12,679,865
Total Liabilities		**20,007,371**	20,849,759
Equity			
Common stock	*9*	**13,489,227**	13,489,227
Additional paid-in capital		**26,217,799**	26,217,799
Other equity reserves	*9*	**486,606**	(42,613)
Retained earnings		**4,143,261**	3,246,025
Equity Attributable to Equity Holders of the Parent Company		**44,336,893**	42,910,438
Non-controlling interest	*2*	**131**	150
Total Equity		**44,337,024**	42,910,588
		P64,344,395	P63,760,347

The accompanying notes are part of these 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	
	Notes	**2021**	2020	**2021**	2020
REVENUES	4	**P16,308,455**	P15,142,304	**P5,414,362**	P5,519,262
COST OF SALES		**(9,808,216)**	(8,829,342)	**(3,335,332)**	(2,990,622)
GROSS PROFIT		**6,500,239**	6,312,962	**2,079,030**	2,528,640
OPERATING EXPENSES					
Distribution expenses		**(2,459,798)**	(2,688,895)	**(787,413)**	(935,069)
Administrative and selling expenses		**(2,192,126)**	(2,131,900)	**(735,712)**	(753,967)
TOTAL OPERATING EXPENSES		**(4,651,924)**	(4,820,795)	**(1,523,125)**	(1,689,036)
OPERATING INCOME BEFORE OTHER INCOME (EXPENSES) - Net		**1,848,315**	1,492,167	**555,905**	839,604
Other income (expenses) - net		**27,282**	(4,309)	**(9,633)**	(2,936)
OPERATING INCOME AFTER OTHER INCOME (EXPENSES) - Net		**1,875,597**	1,487,858	**546,272**	836,668
Foreign exchange gain (loss) - net		**(447,045)**	133,009	**(331,928)**	133,314
Financial and other financial expenses - net		**(194,633)**	(707,223)	**(79,681)**	(173,099)
PROFIT BEFORE INCOME TAX		**1,233,919**	913,644	**134,663**	796,883
PROVISION FOR INCOME TAX	18	**(336,702)**	(155,512)	**(41,117)**	(173,768)
PROFIT		**897,217**	758,132	**93,546**	623,115
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Gain (Loss) on remeasurement on retirement benefits liability		**(3,805)**	(8,896)	**7,723**	1,853
Tax effect		**951**	2,669	**(1,931)**	(556)
Tax effect due to enactment of Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)		**(6,040)**	–	**–**	–
		(8,894)	(6,227)	**5,792**	1,297
Items that will be reclassified subsequently to profit or loss					
Currency translation gain (loss) of foreign subsidiaries		**524,112**	(310,045)	**384,414**	(197,010)
Cash flow hedges - effective portion of changes in fair value		**10,871**	(8,170)	**(16,017)**	(6,375)
		534,983	(318,215)	**368,397**	(203,385)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**526,089**	(324,442)	**374,189**	(202,088)
TOTAL COMPREHENSIVE INCOME, NET OF TAX		**1,423,306**	433,690	**467,735**	421,027
Non-controlling interest comprehensive loss		**19**	16	**5**	4
CONTROLLING INTEREST IN CONSOLIDATED COMPREHENSIVE INCOME		**P1,423,325**	P433,706	**P467,740**	P412,031
Basic / Diluted Earnings Per Share	5	**P0.07**	P0.06	**P0.03**	P0.05

The accompanying notes are part of these 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, 2021

	Common Stock *(See Note 9)*	**Additional Paid-in Capital**	**Other Equity Reserves**	**Retained Earnings**	**Total Controlling Interest**	**Non-controlling Interest**	**Total Equity**
As at January 1, 2021	**P13,489,227**	**P26,217,799**	**(P42,613)**	**P3,246,025**	**P42,910,438**	**P150**	**P42,910,588**
Transactions with the owners of the Company							
Share-based compensation	**–**	**–**	**3,130**	**–**	**3,130**	**–**	**3,130**
Total comprehensive income:							
Profit for the period	**–**	**–**	**–**	**897,236**	**897,236**	**(19)**	**897,217**
Other comprehensive income for the period	**–**	**–**	**526,089**	**–**	**526,089**	**–**	**526,089**
As at September 30, 2021	**P13,489,227**	**P26,217,799**	**P486,606**	**P4,143,261**	**P44,336,893**	**P131**	**P44,337,024**

For the Nine Months Ended September 30, 2020

	Common Stock	Additional Paid-in Capital	Other Equity Reserves	Retained Earnings	Total Controlling Interest	Non-controlling Interest	Total Equity
As at January 1, 2020	P5,195,395	P21,959,159	P249,852	P2,260,911	P29,665,317	P170	P29,665,487
Issuance of common stock	8,293,831	4,245,220	–	–	12,539,051	–	12,539,051
Transactions 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	P13,489,226	P26,204,379	(P72,502)	P3,019,059	P42,640,162	P154	P42,640,316

The accompanying notes are part of these condensed consolidated interim financial statements.

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

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit	**P897,217**	P758,132
Adjustments for:		
Depreciation and impairment of property, machinery and equipment and amortization of assets for the right-of-use	**1,494,579**	1,788,987
Financial expenses, other financial expenses (income) and unrealized foreign exchange results	**502,073**	(243,920)
Income tax expense	**336,702**	155,512
Retirement benefit expense	**63,324**	76,105
Loss (gain) on disposal of property, machinery and equipment	**4,023**	141
Share-based compensation expense	**3,130**	–
Impairment loss on trade receivables and inventory (reversal of) provisions during the period, net	**(53,279)**	10,265
Gain on remeasurement of lease liability and assets for the right-of-use from lease termination	**(28,567)**	–
Operating profit before working capital changes	**3,219,202**	2,545,222
Changes in working capital:		
Decrease (increase) in:		
Trade receivables	**10,155**	80,898
Due from related parties	**541,007**	339,042
Insurance claims and premiums receivable	**(96,031)**	270,250
Other current accounts receivable	**8,072**	37,596
Inventories	**(565,157)**	667,414
Prepayments and other current assets	**58,255**	215,319
Increase (decrease) in:		
Trade payables	**810,223**	(673,458)
Due to related parties	**436,432**	(171,257)
Unearned income, other accounts payable and accrued expenses	**(286,012)**	(955,806)
Contract liabilities	**76,549**	1,910
Net cash generated from operations	**4,212,695**	2,357,130
Interest received	**2,858**	39,199
Interest paid	**(408,008)**	(155,035)
Income taxes paid	**(159,306)**	(202,076)
Benefits paid to employees	**(20,618)**	(63,347)
Net cash provided by operating activities	**3,627,621**	1,975,871

	Note	For the Nine Months Ended September 30 **2021**	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, machinery and equipment		**(P1,515,844)**	(P2,077,839)
Increase in other assets and noncurrent accounts receivable		**338,100**	37,945
Proceeds from sale of property, machinery and equipment		**6,613**	811
Net cash used in investing activities		**(1,171,131)**	(2,039,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Bank loan	*13*	**(1,805,093)**	(105,092)
Lease liabilities - net of interest		**(438,900)**	(606,035)
Long-term payable to a related party		**–**	(7,693,933)
Proceeds from:			
Issuance of common stock		**–**	12,539,051
Long-term loan from related parties, net of issuance cost		**–**	1,221,051
Net cash provided by (used in) financing activities		**(2,243,993)**	5,355,042
NET INCREASE IN CASH AND CASH EQUIVALENTS		**212,497**	5,291,830
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**3,126**	(23,988)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**6,139,411**	1,399,180
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P6,355,034**	P6,667,022

The accompanying notes are part of these condensed consolidated interim financial statements.

NOTE 1 - DESCRIPTION OF BUSINESS

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 CRG and CEMEX. CAR is engaged primarily in the development, maintenance and customization of these intangible assets for the Asia Region and it in turn provides non-exclusive licenses to Solid and APO to use the CEMEX trademark and other trademarks and intangible assets of CEMEX. CRG, an entity under common control of CEMEX, was organized under the laws of Switzerland. CRG develops and manages CEMEX's research and development initiatives.

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

On June 30, 2016, the Philippine Securities and Exchange Commission (SEC) resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the Parent Company's initial public offering (IPO) of 2,337,927,954 common shares at P10.75 per share culminated with the listing and trading of shares of stocks under the Main Board of the Philippine Stock Exchange (PSE), resulting in an increase in capital stock of P2,337,928 and additional paid-in capital of P21,959,159, net of P835,639 transaction cost that is accounted for as a reduction in equity.

On April 2, 2019 and October 16, 2019, the Board of Directors (BOD) and stockholders of the Parent Company, respectively, approved the amendment of the Seventh Article of the Amended Articles of Incorporation of the Parent Company to reflect an increase in the Parent Company's authorized capital stock (ACS) from P5,195,395, consisting of 5,195,395,454 common shares with a par value of P1 per share, to P18,310,395, consisting of 18,310,395,454 common shares with a par value of P1 per share. In connection with the proposed capital increase, a stock rights offering (SRO) was pursued by the Parent Company. On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the SRO 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 SRO, 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 its ACS.

On January 6, 2020, the Parent Company defined the final terms of the SRO which involved 8,293,831,169 common shares which was sourced from the increase in the Parent Company's ACS, with an offer price of P1.54 per share during an offer period from January 20 to 24, 2020. On February 27, 2020, the SEC approved the increase in ACS of the Parent Company from 5,195,395,454 at P1 par value to 18,310,395,454 at P1 par value. The SRO offer period was concluded resulting in the full subscription of 8,293,831,169 common shares. After the SRO and the approval from the SEC of the Parent Company's application for increase in ACS, the total number of issued and outstanding shares of the Parent Company is 13,489,226,623 common shares. On March 4, 2020, the 8, 293,831,169 common shares comprising the rights shares were listed under the Main Board of the PSE.

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

NOTE 2 - BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements of the company as at and for the year ended December 31, 2020.

B) BASIS OF MEASUREMENT

The condensed consolidated interim financial statements have been prepared on the historical cost 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 other investments, under "Investment in an associate and other investments", that are measured at fair value.

C) PRINCIPLES OF CONSOLIDATION

The condensed consolidated interim financial statements, includes those of the Parent Company and those of the subsidiaries in which the Parent Company exercises control by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Among other factors, control is evidenced when the Parent Company: a) holds directly or through subsidiaries, more than 50% of an entity's common stock; or b) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Company obtains control and continue to be consolidated until the date that such control ceases.

The condensed consolidated interim financial statements of the Company are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. It is measured at its proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Parent Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company.

If the Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss.

The Company has P131 and P150 non-controlling interest as at September 30, 2021 and December 31, 2020, respectively.

All intragroup transactions, balances and income and expenses are eliminated in consolidation. Each subsidiary is a legally responsible separate entity and maintains custody of its own financial resources.

D) DEFINITION OF TERMS

When reference is made to "P", it means Philippine Peso. Unless otherwise indicated, the Philippine Peso amounts in the condensed consolidated interim financial statements and the accompanying notes are stated in thousands. When reference is made to "US$" or dollar, "€" or euro, "Mex$" or MXN and "AU$" or AUD, it means thousands of:

- Dollars of United States of America (the "United States" or "U.S."),
- Euros of the European Union,
- Mexican Peso which is the official currency of Mexico, and
- Australian dollars of Australia, respectively.

E) FUNCTIONAL AND PRESENTATION CURRENCY

These condensed consolidated interim financial statements of the Company are presented in Philippine Peso, the functional currency of the Parent Company and each of its subsidiaries, except for Falcon and CAR whose functional currencies are both in U.S. dollar. All values are rounded to the nearest thousands, except when otherwise stated.

F) 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. These assumptions are reviewed on an ongoing basis using available information. 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.

Determining Functional Currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires the management to use its judgment to determine an entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, each of the consolidated entities in the Company considers the following:

a) The currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled);
b) The currency in which funds from financing activities are generated; and
c) The currency in which receipts from operating activities are usually retained.

In case of a subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the Parent Company - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

Judgment on the lease term to be considered in computing for lease liabilities

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Company has contracts that include extension option to lease parcels of land. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Company included the complete renewal period as part of the lease term for such leases of parcels of land as this is reasonably certain to be exercised considering the costs and business disruption required to replace the leased asset. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

Estimating allowance for impairment losses on trade receivables

During the nine months ended September 30, 2021, management reassessed its estimates in respect of the allowance for impairment losses on receivables. As at September 30, 2021 and December 31, 2020, allowance for impairment losses on receivables amounted to P26,823 and P26,728, respectively (see Note 13).

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

A) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the audited annual consolidated financial statements as of and for the year ended December 31, 2020. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's consolidated financial statements.

1. Adoption of Amendments to Standards

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

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

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

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

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

- clarifying the explanatory paragraphs accompanying the definition; and
- aligning the wording of the definition of material across PFRS Standards and other publications.

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

1.3 COVID-19 - Related Rent Concessions (Amendment to PFRS 16, Leases). The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before September 30, 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

2. Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Company has not early adopted the following new or amended standards in preparing these condensed consolidated interim financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's condensed consolidated interim financial statements. The Company will adopt the following new and amendments to standards in their respective effective dates.

2.1 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

2.2 Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract – i.e. it comprise both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

2.3 Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to the following relevant standards:

- *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

2.4 Classification of Liabilities as Current or Non-current (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

- removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

2.5 PFRS 17, Insurance Contracts, 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, 2025. 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 on or before the date of initial application of PFRS 17.

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

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

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

NOTE 4 - REVENUES

Disaggregation of Revenues from Contracts with Customers
Revenues for the nine months ended September 30, 2021 and 2020 are detailed by major product lines and timing of revenue recognition as follows:

	Timing of revenue recognition		**September 30, 2021**	September 30, 2020
Revenue from sale of goods				
Cement	At a point in time	P	**16,250,856**	15,139,766
Gypsum, admixtures and others….	At a point in time		**36,740**	–
			16,287,596	15,142,304
Revenue from services				
Co-processing of alternative fuel resources	Over time		**20,859**	–
		P	**16,308,455**	15,142,304

Breakdown of cement sales per customer for the nine-month period ended September 30, 2021 and 2020 is as follows:

		September 30, 2021	September 30, 2020
Retailers……………..……………………….………………	P	**12,912,451**	12,244,064
Institutional…………………………………………………..		**3,155,190**	2,823,614
Others………………………………………………........		**183,215**	72,088
Total……………………..………………………..………………	P	**16,250,856**	15,139,766

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 the opening and closing balances of trade receivables - net and contract liabilities from contracts with customers:

		September 30, 2021	December 31, 2020
Trade receivables - net..	P	**689,824**	700,162
Contract liabilities			
Advances from customers	P	**366,435**	280,249
Customer loyalty program...		**15,245**	24,882
	P	**381,680**	305,131

The contract liabilities comprised of 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. Contract liabilities as at September 30, 2021 are expected to be recognized as revenue within 12 months. The amount recognized in contract liabilities as at December 31, 2020 is expected to be recognized as revenue within 12 months from the reporting date. There is 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.

NOTE 5 – BASIC/ DILUTED EARNINGS PER SHARE

For the nine months ended September 30, 2021 and 2020, basic and diluted earnings per share is computed as follows:

		September 30, 2021	September 30, 2020
Profit	P	**897,217**	758,132
Add: non-controlling interest loss		**19**	16
Controlling interest in profit (a)		**897,236**	758,148
Weighted average number of shares outstanding - Basic/Diluted		**13,489,226,623**	11,763,867,584
Bonus element of SRO[1]		**–**	542,786,584
Weighted average number of shares outstanding adjusted for the effect of bonus factor - issuance from SRO[1] (b)		**13,489,226,623**	12,306,654,168
Basic/Diluted EPS (a/b)	P	**0.07**	0.06

[1] The weighted average number of shares takes into account the effect of the bonus element related to the issuance of stock rights.

NOTE 6 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents as at September 30, 2021 and December 31, 2020 consisted of:

		September 30, 2021	December 31, 2020
Cash in banks	P	**2,877,613**	1,875,326
Short-term investments		**3,477,421**	4,264,085
	P	**6,355,034**	6,139,411

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest ranging from less than 0.01 % to 1.25% and 0.01% to 1.63% for the nine months ended September 30, 2021 and 2020, respectively.

For the nine months ended September 30, 2021 and 2020, interest income earned on cash and cash equivalents amounted to P22,224 and P39,043, respectively. As at September 30, 2021 and December 31, 2020, short-term investments include deposits of the Company with local banks and related parties, which are considered highly liquid investments readily convertible to cash as follows:

		September 30, 2021	December 31, 2020
Cemex Innovation Holding Ltd. (Note 13)…………………………	P	**3,127,421**	–
Local banks		**350,000**	50,000
Lomez International B.V. (Lomez) (Note 13)...............................		**–**	4,214,085
	P	**3,477,421**	4,264,085

Effective January 1, 2021, the short-term investments with Lomez were transferred to Cemex Innovation Holding Ltd. which also 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.

The Company´s exposures 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.

NOTE 7 – PROPERTY, MACHINERY, EQUIPMENT AND ASSETS FOR THE RIGHT-OF-USE - NET

The consolidated balance of this item is broken down as follows:

		September 30, 2021	December 31, 2020
Property, machinery and equipment……………………………	P	**20,729,329**	19,908,567
Assets for the right-of-use……………………………………………		**1,448,967**	1,790,810
	P	**22,178,296**	21,699,377

Property, Machinery and Equipment
The movements for each class of property, machinery and equipment are as follows:

		Buildings and improvements	Machinery and equipment	Construction In-progress	Total
Gross Carrying Amount					
January 1, 2020	P	4,403,654	13,794,495	4,810,422	23,008,571
Additions…………………………….		54,797	153,729	3,316,777	3,525,303
Disposals…………………………….		94,680	163,938	(258,618)	–
Transfers……………………………..		(7)	(18,221)	–	(18,228)
December 31, 2020		4,553,124	14,093,941	7,868,581	26,515,646
Additions…………………………….		2,901	21,198	1,833,948	1,858,047
Disposals…………………………….		(1,900)	(26,774)	–	(28,674)
Transfers…………………………….		22,346	(10,797)	(16,643)	(5,094)
September 30, 2021		**4,576,471**	**14,077,568**	**9,685,886**	**28,339,925**
Accumulated depreciation and impairment					
January 1, 2020		(923,744)	(4,108,882)	–	(5,032,626)
Depreciation for the year……….…..		(347,693)	(1,244,003)	–	(1,591,696)
Disposals……………………………..		7	17,236	–	17,243
December 31, 2020		(1,271,430)	(5,335,649)	–	(6,607,079)
Depreciation for the period………….		(151,190)	(873,493)	–	(1,024,683)
Impairment ……………………………		–	3,128	–	3,128
Disposals…………………………….		665	17,373	–	18,038
September 30, 2021		**(1,421,955)**	**(6,188,641)**	–	**(7,610,596)**
Carrying Amounts					
December 31, 2020	P	3,281,694	8,758,292	7,868,581	19,908,567
September 30, 2021	**P**	**3,154,516**	**7,888,927**	**9,685,886**	**20,729,329**

In relation to Solid's construction of new production line, the Company capitalized borrowing cost amounting to P303,636 and P100,519 for the nine months ended September 30, 2021 and 2020, respectively. The average capitalization rate used to determine the amount of borrowing cost eligible for capitalization during the nine months ended September 30, 2021 and 2020 is 4.74%. and 9.07%, respectively.

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

		Land and Buildings	Machinery and Equipment	Total
Gross Carrying Amount				
January 1, 2020	P	1,835,709	1,556,379	3,392,088
Additions………………………………………………………...		131,459	426,759	558,218
Reclassifications…………………………………………….		(7)	7	–
Cancellation and remeasurement…………………………		(72,089)	(379,603)	(451,692)
December 31, 2020		1,895,072	1,603,542	3,498,614
Additions………………………………………………………...		64,643	58,172	122,815
Lease termination……………………………………………		(22,631)	(306,070)	(328,701)
Remeasurement…………………………………………….		(1,746)	(26,821)	(28,567)
September 30, 2021		**1,935,338**	**1,328,823**	**3,264,161**
Accumulated amortization				
January 1, 2020		(451,281)	(979,029)	(1,430,310)
Amortization for the year……………………………………		(179,156)	(536,821)	(715,977)
Lease termination……………………………………………		68,369	370,114	438,483
December 31, 2020		(562,068)	(1,145,736)	(1,707,804)
Amortization for the period…………………………………		(133,941)	(294,146)	(428,087)
Lease termination……………………………………..........		14,627	306,070	320,697
September 30, 2021		**(681,382)**	**(1,133,812)**	**(1,815,194)**
Carrying Amounts				
December 31, 2020	P	1,333,004	457,806	1,790,810
September 30, 2021	P	**1,253,956**	**195,011**	**1,448,967**

NOTE 8 – LEASE LIABILITIES

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

		September 30, 2021	December 31, 2020
Beginning balance	P	**2,066,112**	2,163,251
Additions..		**120,395**	558,218
Accretion of interest		**86,578**	135,249
Effect of changes in exchange rates....................................		**17,097**	(11,979)
Payments...		**(525,478)**	(760,670)
Remeasurement due to lease termination		**(28,567)**	(13,418)
Effect of rent concession		**–**	(4,539)
Ending balance..	P	**1,736,137**	2,066,112

NOTE 9 – EQUITY

Common Stock

As at September 30, 2021 and December 31, 2020 the account consists of:

	Number of Shares	Amount
Authorized - P1.00 par value per share	18,310,395,454	P18,310,395
Paid, Issued and Outstanding shares	13,489,226,623	P13,489,227
Total Common Stock	13,489,226,623	P13,489,227

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

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

The BOD and stockholders of the Parent Company approved on April 2, 2019 and October 16, 2019, respectively, the amendment of the Seventh Article of the Amended Articles of Incorporation of the Company, to reflect an increase in the Parent Company's ACS from P5,195,395, consisting of 5,195,395,454 common shares with a par value of P1 per share, to P18,310,395, consisting of 18,310,395,454 common shares with a par value of P1 per share.

In connection with the proposed ACS increase, the Company's BOD on September 3, 2019 approved the conduct of SRO. The shares subject of the SRO will come from an increase in Parent Company's ACS.

On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the SRO 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 SRO, 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.

As at December 31, 2019, the shareholdings in the Parent Company owned by CASEC increased to 3,469,412,498 common shares at P1 par value per share or P3,469,412. As at December 31, 2019, deferred share issuance costs relating to the stock rights offering amounted to P95,105, which is presented as "Deferred share issuance cost" under "Prepayments and other current assets" account in the condensed consolidated interim financial statements.

On January 6, 2020, the Parent Company defined the final terms of the SRO which involved 8,293,831,169 common shares which was sourced from the increase in the Parent Company's ACS, offered at an offer price of P1.54 per share during an offer period from January 20 to 24, 2020. The SRO offer period was concluded resulting in the full subscription of 8,293,831,169 common shares.

On February 27, 2020, the SEC approved the Parent Company's application for increase in ACS and on March 4, 2020, 8,293,831,169 common shares, comprising the Rights Shares, were listed under the Main Board of the Exchange. After the SRO and the approval by the SEC of the Parent Company's application for increase in ACS, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares at P1 par value per share or a total par value of P13,489,227.

As at December 31, 2020, the shareholdings in the Parent Company owned by CASEC increased to 10,500,624,662 common shares at P1 par value per share. As at September 30, 2021, CASEC owns 10,500,624,662 common shares which correspond to approximately 77.84% of the total issued and outstanding capital stock of the Parent Company.

Other Equity Reserves

The movements on components of other equity reserves as at September 30, 2021 and December 31, 2020 follow:

	Cumulative translation of foreign subsidiaries	Remeasurements on retirement benefits liability	Share-based compensation reserve	Hedge reserve	Total
Balance at January 1, 2020	P73,306	P106,894	P69,652	P–	P249,852
Currency translation loss of foreign subsidiaries	(381,924)	–	–	–	(381,924)
Gain on remeasurement on retirement benefits liability	–	63,192	–	–	63,192
Share-based compensation	–	–	2,088	–	2,088
Cash flow hedges - effective portion of changes in fair value	–	–	–	24,179	24,179
Balance at December 31, 2020	(308,618)	170,086	71,740	24,179	(42,613)
Currency translation gain of foreign subsidiaries	**524,112**	**–**	**–**	**–**	**524,112**
Loss on remeasurement on retirement benefits liability	**–**	**(2,854)**	**–**	**–**	**(2,854)**
Tax effect due to enactment of CREATE	**–**	**(6,040)**	**–**	**–**	**(6,040)**
Share-based compensation	**–**	**–**	**3,130**	**–**	**3,130**
Cash flow hedges - effective portion of changes in fair value	**–**	**–**	**–**	**10,871**	**10,871**
Balance at September 30, 2021	**P215,494**	**P161,192**	**P74,870**	**P35,050**	**P486,606**

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 for the Company 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 "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, 2021	December 31, 2020
Total liabilities	P	**20,007,371**	20,849,759
Less: cash and cash equivalents		**6,355,034**	6,139,411
Net debt		**13,652,337**	14,710,348
Total equity		**44,337,024**	42,910,588
Net debt to equity ratio	P	**0.31:1**	0.34:1

NOTE 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).

The Company has an approval requirement and limits on the amount and extent of related party transactions in compliance with the Revised Securities Regulation Code Rule 68 and the SEC Memorandum Circular 10-2019 - *Rules on Material Related Party Transactions for Publicly-Listed Companies*. Transactions entered into with a related party amounting to 10% or more of the total consolidated assets based on the latest audited consolidated financial statements are considered material. All individually material related party transactions shall be reviewed and evaluated by the Audit Committee and endorsed to the BOD for approval. The material related party transaction shall require the approval of at least two-thirds (2/3) votes of the members of the BOD, with at least the majority of the independent directors voting to approve the material related party transaction. For aggregate related party transactions within 12-month period with the same related party that breaches the materiality threshold, the same review and approval procedures mentioned above is required.

Set out below are the Company’s balances of related party short-term investments, due from related patties, due to related parties, and lease liabilities as at September 30, 2021 and December 31, 2020:

		September 30, 2021	December 31, 2020
Short-term investments			
Other related party [20]			
Cemex Innovation Holding Ltd. (Note 6)	P	**3,127,421**	–
Lomez (Note 6)		**–**	4,214,085
	P	**3,127,421**	4,214,085

		September 30, 2021	December 31, 2020
Due from related parties			
Ultimate Parent			
CEMEX [1]	P	**10,355**	–
Other related parties [20]			
Cemex Research Group AG. [16]		**1,875**	–
CEMEX Operaciones México, S.A. de C.V. [5]		**1,828**	71
APO Land & Quarry Corporation (ALQC) [2]		**615**	1,051
Island Quarry and Aggregates Corporation (IQAC) [3]		**175**	9
Beijing CXP Import & Export Co. [4]		**–**	1,215
CASEC [6]		**–**	6
CEMEX International Trading LLC [12]		**–**	1,443
	P	**14,848**	3,795

		September 30, 2021	December 31, 2020
Due to related parties			
Ultimate Parent			
CEMEX [1]	P	**7,083**	10,952
Other related parties [20]			
CEMEX Operaciones México, S.A. de C.V.[5]		**848,122**	661,804
Transenergy Grinding, Inc. [9]		**842,777**	264,067
Cemex Innovation Holding Ltd.[14]		**206,004**	–
Sunbulk Shipping Limited [10]		**202,375**	349
CEMEX International Trading LLC[12]		**191,268**	1
IQAC [3]		**33,028**	113,202
ALQC [2]		**11,534**	15,911
Torino Re Ltd[19]		**3,037**	–
Beijing CXP Import & Export Co.[4]		**778**	5,243
Cemex Research Group AG.[16]		**43**	–
CEMEX Central, S.A. de C.V. [18]		**–**	1,748
CEMEX Colombia S.A. Cons [11]		**–**	11,027
CEMEX Internacional, S.A. de C.V. [15]		**–**	629
Neoris Czech Republic S.R.O. [13]		**–**	2,128
CRG [7]		**–**	415,238
CEMEX Asia B.V. (CABV) [8]		**–**	6,429
CASEC [6]		**–**	3,100
Assiut Cement Company, S.A.E [20]		**–**	258
	P	**2,346,049**	1,512,086
Lease liabilities on land [17]			
ALQC	P	**782,375**	784,507
IQAC		**386,941**	390,563
	P	**1,169,316**	1,175,070

[1]The due from related party balance as at September 30,2021 and December 31, 2020 pertains to the hedge settlement received by CEMEX on behalf of the Company which is due on demand and unimpaired, which amounted to the receivable of P10,355 and nil, respectively.

The due to related party balance as at September 30, 2021 and December 31. 2020 pertains to the use of CEMEX "marks" which is payable in 30 days after receipt of invoice and is unsecured and noninterest bearing which amounted to P7,083 and P10,952, respectively. 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.

[2]The due from related party balance, which is unimpaired, unsecured, noninterest-bearing and due on demand as at September 30, 2021 and December 31. 2020 includes:

a) The service agreements were entered by Solid and APO with ALQC wherein Solid and APO provides back-office and other support services to ALQC. Fees are calculated at cost incurred plus fixed mark-up. Outstanding receivable amounted to P524 and nil, respectively; and
b) Others pertaining to reimbursements and/or advances amounting to P91 and P1,051, respectively.

The due to related party balance that is unsecured, noninterest-bearing and payable upon demand as at September 30, 2021 and December 31, 2020 pertains to the purchase of raw materials which amounting to P11,534 and P15,911, respectively.

[3]The due from related party balance as at September 30, 2021 and December 31, 2020, which is unimpaired, unsecured, noninterest-bearing and due on demand pertains to the following:

a) reimbursable expenses amounting to P24 and P9, respectively; and
b) service fee amounting to P151 and nil, respectively.

In 2020, the Company paid its liability to IQAC by assigning its loan receivable from CEMEX Philippines Foundation, Inc. amounting to P39,244.

The due to related party balance as at September 30, 2021 and December 31, 2020, includes unsecured payable arising from purchase of raw materials with a 30-day term and noninterest-bearing amounting to P33,028 and P113,202, respectively. Solid purchases most of its limestone, pozzolan and clay requirements from IQAC pursuant to a long-term supply agreement.

[4]The due from related party balance as at September 30,2021 and December 31, 2020 pertains to advances which are unimpaired, unsecured, noninterest-bearing and due on demand amounting to nil and P1,215, respectively.

The due to related party balance as at September 30, 2021 and December 31, 2020, pertains to the outstanding liability for the purchases of materials, supplies and spare parts amounting to P778 and P5,243, respectively, which is unsecured, noninterest-bearing and payable on demand.

[5]The due from related party balance as at September 30,2021 and December 31, 2020, which is unimpaired, unsecured, noninterest-bearing and due on demand, pertains to reimbursement of fringe benefit tax on share-based compensation amounting to P1,828 and P71, respectively.

The due to related party balances as at September 30, 2021 and December 31, 2020, are as follow:

a) The business support services received by the Company which is unsecured, noninterest-bearing and payable on demand. In 2017, Solid and APO entered into separate service agreements with CEMEX Central, S.A. de C.V. ("CEMEX Central"), a CEMEX subsidiary organized and existing under the laws of Mexico, , whereby CEMEX Central 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 2019, CEMEX Operaciones, S.A. de C.V. 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 P844,859 and P656,715, respectively;
b) unsecured payable arising from reimbursement of cost incurred for Solid's new line with a 30-day term and noninterest-bearing amounting to nil and P5,089, respectively; and
c) purchase of materials and supplies with a 30-day term and noninterest-bearing amounting to P3,263 and nil, respectively.

[6]The due from related party balance pertains to reimbursable expenses, which is unsecured, noninterest-bearing and due on demand. The due to related party balance pertains to non-trade advances, which is unsecured, noninterest-bearing and due on demand.

[7]The due to related party balance as at September 30, 2021 and December 31, 2020, which is unsecured, noninterest-bearing and payable on demand, includes:

a) the unpaid royalties amounted to nil and P415,196, respectively; and
b) reimbursable fees which amounted to nil and P42, respectively.

[8]The due to related party balance amounted to nil and P6,429 as at September 30, 2021 and December 31, 2020 pertains to reimbursable expenses related to Solid's new line expansion project, which is unsecured, noninterest-bearing and due on demand.

[9]The due to related party balance as at September 30, 2021 and December 31, 2020, pertains to the purchase of coal with a term of 90 days, noninterest-bearing and unsecured amounting to P842,777 and P264,067, respectively.

[10]The due to related party balance amounted to P202,375 and P349 as at September 30, 2021 and December 31, 2020, 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, 2021 and December 31, 2020, which is unsecured, noninterest-bearing and due on demand pertains to services acquired related to the Solid's new line expansion project, amounting to nil and P11,027, respectively.

[12]The due from related party balance amounting to nil and P1,443, which is unimpaired, unsecured, noninterest-bearing as at September 30, 2021 and December 31, 2020, pertains to the purchase of materials and has 30-days term.

The due to related party balance amounting to P191,268 and P1 as at September 30, 2021 and December 31, 2020, pertains to the purchase of raw materials with a 30-day term which is unsecured and noninterest-bearing.

[13]The due to related party balance as at September 30, 2021 and December 31, 2020, pertains to the purchase of paperless solutions which is unsecured, noninterest-bearing and due on demand, amounting to nil and P2,128, respectively.

[14]The due to related party balance which is unsecured, non-interest bearing and payable on demand as at September 30, 2021 and December 31, 2020 includes:

a.) unpaid royalties amounted to P205,236 and nil, respectively; and
b.) provision for rent of building amounting to P768 and nil, respectively.

[15]The due to related party balance as at September 30, 2021 and December 31, 2020 pertains to the purchase of raw materials, supplies and/or spare parts with a 30-day term which is unsecured and noninterest-bearing, which amounted to nil and P629, respectively.

[16]The due from related party balance as at September 30, 2021 and December 31, 2020, which is unsecured, noninterest-bearing and with a 30-day term, pertains to reimbursable expenses amounting to P1,875 and nil, respectively.

The due to related party balance as at September 30, 2021 and December 31, 2020, which is unsecured, noninterest-bearing and payable on demand, pertains to reimbursable expenses amounting to P43 and nil, respectively.

[17]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, respectively, under long-term lease agreements.

[18]The due to related party balance as at September 30, 2021 and December 31, 2020, pertains to reimbursable expenses which is unimpaired, unsecured, noninterest-bearing and due on demand amounting to nil and P1,748.

[19] Torino Re Limited entered into an agreement with Falcon, effective from April 1, 2021 to March 31, 2022, in connection with the reinsurance of risks associated with the property insurance coverage for the operating subsidiaries of the Company. Pursuant to this agreement, Torino Re Limited shall pay Falcon the insurance premium in the amount of US$ 1,488,725.00, while Falcon shall pay Torino Re Limited deferred acquisition cost of US$59,548.98.

The due to related party balance as at September 30, 2021 and December 31, 2020, pertains to deferred acquisition costs which is unimpaired, unsecured, noninterest-bearing and due on demand amounting to P3,037 and nil.

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

The main transactions entered by the Company with related parties for the nine months ended September 30,2021 and 2020 are shown below:

		September 30, 2021	September 30, 2020
Royalties and trademarks			
Transactions with ultimate parent			
CEMEX[1]	P	**21,844**	16,847
Transactions with other related parties [4]			
Cemex Innovation Holding, Ltd.[1]	P	**452,436**	–
CRG[1]		**195,239**	570,344
		647,675	587,191
Transactions with other related parties [4]			
Purchases of raw materials, supplies and/or spare parts			
Transenergy Grinding, Inc.[1]	P	**1,142,778**	1,156,933
Cemex International Trading, LLC[1]		**437,163**	33,734
IQAC[1]		**206,957**	218,914
ALQC[1]		**133,821**	103,120
Beijing CXP Import & Export Co.[1]		**35,718**	34,022
CEMEX Internacional, S.A. de C.V.[1]		**11,077**	3,019
	P	**1,967,514**	1,549,742
Loan drawdown			
CABV[1]	P	**–**	1,221,051
Central fees			
CEMEX Operaciones Mexico, S.A. de C.V[1].	P	**143,146**	169,924
Interest expense			
CABV[1]			
Short-term	P	**–**	149,110
Gross premiums written			
Torino Re Ltd [3]	P	**71,608**	103,896
Freight services			
Sunbulk Shipping Limited [1]	P	**431,591**	41,208
Interest income			
Cemex Innovation Holding, Ltd. [2]	P	**19,366**	–
LOMEZ[2]		**–**	23,816
	P	**19,366**	23,816
Corporate services and administrative income			
ALQC[1]	P	**5,621**	7,266
IQAC[1]		**1,630**	3,066
	P	**7,251**	10,326

[1] Please refer to the footnotes provided on the outstanding balances of related party receivables and payables.
[2] The amount pertains to the interest income on short-term investments (see Note 6).
[3] The amount refers to gross premiums written on property insurance.
[4] Other related parties pertain to entities under common control to CEMEX, except IQAC and ALQC.

NOTE 11 – SEGMENT INFORMATION

The Company applies PFRS 8, *Operating Segment,* which are defined as the components of an entity that engage in business activities from which they may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance; and for which discrete financial information is available. The Company's results and performance is evaluated for decision-making purposes and allocation of resources is made on a per country basis. Hence, the Company represents a single geographical operating segment. The Company's main activity is oriented to the construction industry through the production, distribution, marketing and sale of cement, ready-mix concrete and other construction materials. For the nine-months period ended September 30,2021 and 2020, the cement sector represented approximately 90.27% and 89.86% respectively, of total net revenues before eliminations resulting from consolidation, and 129.00% and 129.72%, of Operating EBITDA.

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

NOTE 12 – 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$280,000 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 P2,297,978 and P140,123 as at September 30,2021 and December 31,2020.

The unamortized debt issuance cost of this bank loan amounting to P60,583 and P80,055 as at September 30, 2021 and December 31, 2020, respectively, was deducted from the total loan liability. Interest expense incurred for the nine-month ended September 30, 2021 and 2020, excluding amortization of debt issuance cost, amounted to P320,250 and P424,430, respectively, which is recognized under "Financial expenses" account in the condensed consolidated interim statements comprehensive income.

The reconciliation of opening and closing balances of bank loan and the related accrued interest are as follow:

		Bank Loan	Accrued Interest	Total
Balance as at January 1, 2020………………..	P	11,320,925	95,000	11,415,925
Interest expense …………………..................		25,964	541,139	567,103
Payment of:				
Principal………………………………………		(640,124)	–	(640,124)
Interest………………………………………..		–	(567,031)	(567,031)
Balance as at December 31, 2020 …………		**10,706,765**	**69,108**	**10,775,873**
Interest expense……………………………….		**19,473**	**320,250**	**339,723**
Payment of:				
Principal………………………………………		**(1,805,093)**	**–**	**(1,805,093)**
Interest………………………………………..		**–**	**(321,430)**	**(321,430)**
Others………………………………………...		**–**	**(6,405)**	**(6,405)**
Balance as at September 30, 2021……......	P	**8,921,145**	**61,523**	**8,982,668**

Accrued interest from this bank loan amounting to P61,523 and P69,108 as at September 30, 2021 and December 31, 2020, respectively, 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 (the 2017 Supplemental 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.

On May 15, 2019, the Company signed an Amendment to the Facility and Supplemental Agreements with BDO mainly to:

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

On June 30, 2020, the Parent Company entered into an agreement with BDO to further amend the Facility Agreement, which provides compliance with certain financial covenants to commence at the later date of June 30, 2021.

In accordance with the terms of the 2017 Supplemental Agreement, on August 25, 2021, BDO and the Company terminated this supplemental agreement and BDO released the debt service reserve accounts created thereunder.

The balances of the debt service reserve accounts created under the 2017 Supplemental Agreement amounted to nil and P302,462 as at September 30, 2021 and December 31, 2020, respectively.

NOTE 13 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

This note presents information on the financial risk exposure of the Company relating to credit risk, foreign currency risk, interest rate risk, commodity price risk and liquidity risk; goals, policies and procedures of the Company to measure and manage such risks and the administration of the Company's resources.

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 counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade receivables. As at September 30, 2021 and December 31, 2020, the maximum exposure to credit risk is represented by the balance of financial assets (excluding equity investments). 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 cash bonds 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, 2021 and December 31, 2020 amounted to P32,624.

The Company's management has established a policy which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, and 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 without taking into account the effect of collateral and any credit enhancements. The maximum exposure to credit risk as at September 30, 2021 and December 31, 2020 is as follows:

		Gross Carrying Amount		Net Carrying Amount	
		September 30, 2021	December 31, 2020	**September 30, 2021**	December 31, 2020
Financial assets at amortized cost					
Cash and cash equivalents	P	**6,355,034**	6,139,411	**6,355,034**	6,139,411
Trade receivables		**716,647**	726,890	**689,824**	700,162
Due from related parties		**14,848**	3,795	**14,848**	3,795
Insurance claims and premiums receivable		**183,600**	87,569	**183,600**	87,569
Other current accounts receivable		**46,361**	43,717	**46,361**	43,717
Long-term time and rental guaranty deposits		**196,695**	531,555	**196,695**	531,555
		7,513,185	7,532,937	**7,486,362**	7,506,209
Financial assets at fair value (hedging instrument)					
Derivative asset		**35,050**	24,039	**35,050**	24,039
	P	**7,548,235**	7,556,976	**7,521,412**	7,530,248

Trade Receivables

The Company applied the simplified approach in measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped by shared credit risk characteristics based on customer type and determines for each group an average ECL, considering actual credit loss experience over the last 12 months and the Company's view of economic conditions over the expected lives of the trade receivables. The ECL rate that is used to arrive at the ECL arising from the current year credit sales is computed as the percentage of prior year's credit sales that eventually became more than 365 days overdue. The ECL rate is 100% for the trade receivables that are 365 and more days past due. The Company has identified the GDP growth rate to be the most relevant macroeconomic factor that affects the ability of the customers to settle the receivables. However, it was assessed that the adjustment for forward-looking information is not material. The Company does not have trade receivable for which no allowance is recognized because of collateral.

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

As at September 30, 2021		**Current**	**1 to 30 days**	**31 to 60 days**	**More than 60 days**	**Total**
Average ECL rates		**0.1%**	**2.0%**	**3.2%**	**92.0%**	**3.7%**
Trade receivables - gross carrying amount	P	**618,395**	**43,243**	**28,469**	**26,540**	**716,647**
Allowance for impairment losses		**646**	**845**	**913**	**24,419**	**26,823**

As at December 31, 2020		Current	1 to 30 days	31 to 60 days	More than 60 days	Total
Average ECL rates		0.5%	0.6%	1.7%	54.6%	3.7%
Trade receivables - gross carrying amount	P	594,333	66,601	24,256	41,700	726,890
Allowance for impairment losses		3,177	388	415	22,748	26,728

Other Financial Assets (excluding Equity Instruments)
Impairment on cash and cash equivalents, long-term time deposits (recognized under "Other assets and noncurrent accounts receivable" account in the condensed consolidated interim statements of financial position) has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that these financial assets, as well as derivative asset, 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 premiums 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, 2021 and December 31, 2020, no single customer individually accounted for a significant amount of the reported amounts of sales or the balances of trade receivables.

Movements in the Allowance for Impairment Losses on Trade Receivables
Changes in the allowance for impairment losses for the nine-month period ended September 30, 2021 and for the year ended December 31, 2020 are as follows:

		2021	2020
Beginning balance of allowance for impairment losses	P	**26,728**	23,757
Charged to selling expenses		**183**	6,206
Write-off of trade receivables		**(88)**	(3,235)
Ending balance of allowance for impairment losses	P	**26,823**	26,728

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 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 revenue and costs are generated and settled mainly in Philippine Peso. For the nine-month period ended September 30, 2021 and for the year ended December 31, 2020 approximately less than 5% of the Company's net sales, were generated in U.S. dollars.

The Company had an exposure arising from the dollar-denominated financial obligations as compared to the currency in which majority of the Company's revenues are generated. The Company's only revenue denominated in U.S. dollars to cover such dollar-denominated obligations are those generated by exports. As at September 30, 2021 and December 31, 2020, the Company has not implemented any derivative financing hedging strategy 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, 2021 and December 31, 2020, a summary of the quantitative information of the exposure of the Company due to foreign currencies is provided to the top management on the basis of its risk management policy as follows:

	As at September 30, 2021			
	(in U.S. dollar)	***(in Euro)***	***(in MXN)***	***(in AUD)***
Cash and cash equivalents	**US$6,621**	**€–**	**Mex$–**	**AU$–**
Due from related parties*	**239**	**–**	**–**	**–**
Trade payables	**(8,890)**	**(210)**	**(140)**	**(3)**
Due to related parties*	**(40,889)**	**–**	**–**	**–**
Lease liabilities	**(3,575)**	**–**	**–**	**–**
Net liabilities denominated in foreign currency	**(US$46,494)**	**(€210)**	**(Mex$140)**	**(AU$3)**

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

	As at December 31, 2020			
	(in U.S. dollar)	*(in Euro)*	*(in MXN)*	*(in AUD)*
Cash and cash equivalents	US$4,505	€–	Mex$–	AU$–
Due from related parties*	558	–	–	–
Trade payables	(16,715)	–	–	–
Due to related parties*	(19,821)	(142)	–	–
Lease liabilities	(10,809)	–	–	–
Net liabilities denominated in foreign currency	(US$42,282)	(€142)	Mex$–	AU$–

**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 (in U.S. dollar):

Amounts owed by	**Amounts owed to**	**September 30, 2021**	December 31, 2020
Parent Company	CAR	**(US$78,128)**	(US$65,873)
Parent Company	Falcon	**(33,803)**	(13,003)
APO	CAR	**(4,035)**	(4,595)
Solid	CAR	**(1,589)**	(1,772)
		(US$117,555)	(US$85,243)

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

	September 30,2021		December 31, 2020	
Currency	**Closing**	**Average**	Closing	Average
U.S. dollar	**P51.00**	**P48.95**	P48.02	P49.94
Euro	**P59.05**	**P58.43**	P58.69	P56.40

Sensitivity Analysis on Foreign Currency Risk

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 profit (loss) before income tax and equity for the nine-month period ended September 30, 2021 and for the year ended December 31, 2020:

U.S. Dollar	Strengthening (Weakening) of Philippine Peso	Effect on Earnings before Income Tax	Effect on Equity
2021	**+6.20%**	**P147,014**	**P110,261**
	-6.20%	**(147,014)**	**(110,261)**
2020	+5.20%	P104,774	P73,342
	-5.20%	(104,774)	(73,342)

EUR	Strengthening (Weakening) of Philippine Peso	Effect on Earnings before Income Tax	Effect on Equity
2021	**+0.62%**	**P77**	**P58**
	-0.62%	**(77)**	**(58)**
2020	**+3.40%**	P279	P195
	-3.40%	(279)	(195)

Sensitivity Analysis Pertaining to Eliminated Intragroup Balances

U.S. Dollar	Strengthening (Weakening) of Philippine Peso	Effect on Earnings before Income Tax	Effect on Equity
2021	**+6.20%**	**P371,709**	**P278,782**
	-6.20%	**(371,709)**	**(278,782)**
2020	+5.20%	P211,231	P147,862
	-5.20%	(211,231)	(147,862)

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, 2021 and December 31, 2020, the Company is exposed to interest rate risk primarily on the floating interest rate tranche corresponding to P3,617,111 and P5,380,072, respectively, of the long-term bank loan with BDO and short-term investments in Cemex Innovation Holding Ltd. and Lomez amounting to P3,127,421 and P4,214,085, respectively. The short-term investments in Lomez were transferred to Cemex Innovation Holding Ltd. which bear interest at a rate equivalent to the higher of WAILRF rate minus 10 basis points and zero interest.

Sensitivity analysis on Interest Rate Risk

As at September 30, 2021 and December 31, 2020, a hypothetical 1% increase in interest rate, with all other variables held constant, the Company's profit for the nine months ended September 30, 2021 and 2020, would have decreased by approximately P3,673 and P15,322, 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. To hedge the price of diesel fuel, the Company has entered into a derivative commodity swap agreement in 2020. Through this contract, the Company fixed the price of diesel over a certain volume representing a portion of the estimated consumption of diesel fuel in the operations. The contract has been designated as cash flow hedges of diesel fuel consumption, and as such, changes in fair value are recognized temporarily through OCI and are recycled to profit or loss as the related diesel volumes are consumed.

The following amounts relating to items designated as hedging instruments as at September 30, 2021 and December 31, 2020 were as follows:

	September 30, 2021		December 31, 2020	
	Notional amount	**Carrying amount**	Notional amount	Carrying amount
Price swap transaction	**P48,731**	**P35,050**	P183,544	P24,179

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 profit and reduce cash flows from operations. Accordingly, in order to meet its liquidity needs, the Company also relies on cost-control and operating improvements to optimize capacity utilization and maximize profitability. The Company's consolidated net cash flows provided by operating activities, as presented in its unaudited condensed consolidated interim statements of cash flows, amounted to P3,627,621 and P1,975,871 for the nine months period ended September 30, 2021 and 2020, respectively. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

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

	As at September 30, 2021				
	Carrying Amount	**Contractual Cash Flows**	**12 Months or Less**	**1 to 5 Years**	**More than 5 Years**
Trade payables……………	**P4,896,410**	**P4,896,410**	**P4,896,410**	**P–**	**P–**
Due to related parties……….………………	**2,346,049**	**2,346,049**	**2,346,049**	**–**	**–**
Unearned income, other accounts payable and accrued expenses*……….…………	**574,578**	**574,578**	**574,578**	**–**	**–**
Lease liabilities………………	**1,736,137**	**4,463,061**	**470,589**	**536,994**	**3,455,478**
Bank loan………………………..	**8,921,145**	**9,539,331**	**2,666,505**	**6,872,826**	**–**
Total	**P18,474,319**	**P21,819,429**	**P10,954,131**	**P7,409,820**	**P3,455,478**

**Excluding government-related payables, unearned income from insurance premiums and other non-financial liabilities amounting to P428.86 million.*

	As at December 31, 2020				
	Carrying Amount	Contractual Cash Flows	12 Months or Less	1 to 5 Years	More than 5 Years
Trade payables……………	P4,281,750	P4,281,750	P4,281,750	P–	P–
Due to related parties……….………………	1,512,086	1,512,086	1,512,086	–	–
Unearned income, other accounts payable and accrued expenses*……….…………	516,341	516,341	516,341	–	–
Lease liabilities………………	2,066,112	4,354,433	295,405	523,463	3,535,565
Bank loan………………………..	10,706,765	11,777,572	588,796	11,188,776	–
Total	P19,083,054	P22,442,182	P7,194,378	P11,712,239	P3,535,565

**Excluding government-related payables, unearned income from insurance premiums and other non-financial liabilities amounting to P764.9 million.*

The interest payments on floating rate bank loans reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for this financial liability, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Insurance Risk Management

As mentioned in Note 1, the Parent Company incorporated Falcon to create its own reserves and reinsure in respect of the Company's property, non-damage business interruption and political risks insurance. Falcon is expected to retain 10% of the risk in connection with property insurance and 100% of the risk in connection with earthquake and wind stop loss, non-damage business interruption and political risks insurance of the Parent Company's operating subsidiaries. As a result of these arrangements, the Company self-insures 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.

NOTE 14 – FAIR VALUE OF FINANCIAL ASSET AND FINANCIAL LIABILITIES

The fair values of cash and cash equivalents, trade receivables, insurance claims and premiums receivable, amounts due from related parties, other current accounts receivable (under financial assets measured at amortized cost), trade payables, amounts due to related parties, unearned income, other accounts payable and accrued expenses (under financial liabilities measured at amortized cost) reasonably approximate their carrying amounts considering the short-term maturities of these financial instruments.

As at September 30, 2021 and December 31, 2020, the carrying amounts and fair values of financial assets and liabilities are as follow:

		September 30, 2021			December 31, 2020	
		Carrying amount	**Fair value**		Carrying amount	Fair value
Financial assets measured at amortized cost						
Long-term time and rental guaranty deposits	P	**196,695**	**196,695**	P	531,555	531,555
Financial assets at fair value (hedging instrument)						
Derivative asset		**35,050**	**35,050**		24,039	24,039
	P	**231,745**	**231,745**	P	555,594	555,594
Financial liabilities measured at amortized cost						
Bank loan	P	**8,921,145**	**9,184,426**	P	10,706,765	11,411,683

The fair values disclosed for the financial assets and financial liabilities above are categorized under level 2 of fair value hierarchy.

The estimated fair value of the Company's long-term time and rental guaranty deposits, bank loan and long-term payable to a related party 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 in the market as at the reporting date.

NOTE 15 – CONTINGENCIES FROM LEGAL PROCEEDINGS

As at September 30, 2021, 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.

NOTE 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. The Parent Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC, an indirect subsidiary of CEMEX, S.A.B. de C.V. which is a majority shareholder of the Parent Company, owns a minority 40% stake in Impact Assets Corporation.

The Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO and implemented to address the disruption in the supply arrangement with ALQC. As a result, the Company incurred incremental costs of raw materials in production and other expenses. In addition, the Company incurred losses amounting to P83,844 on inventories which were buried during the incident. However, substantial portion of such incremental costs and losses were offset by the insurance claims recognized amounting to P662,210. Other losses as result of the landslide amounting to P71,716 were not covered by the insurance. Such loss was recognized under "Other income (expenses) - net" account in the statements of comprehensive income in 2018. As at September 30, 2021 and December 31, 2020, the outstanding claims amounted to nil and P1,126, respectively.

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

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems". In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other reliefs, (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 and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund. 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. Plaintiffs moved for reconsideration, but the Court also denied plaintiffs' motion in an Order dated September 30, 2019. Plaintiffs did not appeal this ruling, which became final as of December 5, 2020.

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 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. Meanwhile, during the hearing of plaintiffs' motion for reconsideration on September 11, 2020, the Province of Cebu was officially dropped as a party-defendant in the case.

In the third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

As at September 30, 2021, at this stage of the overall proceedings and considering all possible defenses that could be available, while the Company cannot assess with certainty the likelihood of an adverse result in the overall proceedings, the Company believes that a final adverse resolution in the overall proceeding is not probable, and, in turn, because the Company is not able to assess the outcome of the reconsiderations filed against the court's order, the Company is 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.

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NOTE 17 – IMPACTS OF COVID-19

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of the Coronavirus Disease 2019 (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 suspension of land, domestic air and domestic sea travel to and from Metro Manila beginning March 16, 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, 2020.

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. Since then, provinces and cities have been placed from time to time under different community quarantine levels with corresponding restrictions, respectively. As of September 30, 2021, Metro Manila and Cebu City were under GCQ, the Provinces of Rizal (including Antipolo City), Laguna and Bulacan were under MECQ, and Province of Cebu (including Naga City) was under GCQ with heightened restrictions.

Considering the implementation of the first ECQ in Luzon, Solid temporarily suspended the production and delivery of cement products in the third week of March 2020 and in May 2020 resumed operations while in compliance with government regulations. APO has remained operational while also complying with all government regulations and the necessary hygiene and safety measures.

The consequences of COVID-19 Pandemic negatively affected the Company's results of operations. During the year ended December 31, 2020, consolidated revenues decreased by 16% against the previous year, caused mainly by the decrease in sales volumes from reduced operations. This decrease in revenues was partially offset by a reduction in cost of sales and operating costs and expenses, which decreased 17% and 14%, respectively, during the same period, because of reduced operations but also considering the strict control of expenditures. For the period ended September 30, 2021 and December 31, 2020, additional expenses were incurred by the Company associated with measures designed to address the adverse impact of COVID-19 pandemic amounting to P32,913 and P49,766, respectively. These additional expenses were presented under “Operating expenses and cost of sales” and “Other income (expenses) - net” account in the condensed consolidated interim statements of profit or loss and other comprehensive income for period ended September 30, 2021 and December 31, 2020, respectively.

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 has undertaken 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. The Company will continue 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 degree to which the COVID-19 pandemic continues to affect the Company's liquidity, financial condition and results of operations will depend on future developments, some of which are highly uncertain and cannot be predicted, including, but not limited to, the duration and continued spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and to how fast and to which extent the economic and operational conditions can return, within a new normality with limited activities, until medicines, vaccines and other treatments against the virus are authorized, produced, distributed and accessible to the general public in the Philippines, and also to a degree, how much of the population is willing to receive the vaccines.

In addition to risks to the health and safety of the Company’s employees, customers, contractors and suppliers, the impact of pandemics, epidemics or outbreaks of infectious diseases may result in governmental measures to be implemented to attempt to contain and mitigate the effects of the disease. These measures, and the adverse effects of the pandemic, epidemic or outbreaks of infectious diseases may result, in: (i) temporary restrictions on, or suspended access to, or shutdown, or suspension or the halt of, the Company’s manufacturing plants and other facilities; (ii) staffing shortages, production slowdowns or stoppages and disruptions in delivery systems; (iii) disruptions or delays in supply chains, including shortages of materials, products and services on which the Company and its businesses depend; (iv) reduced availability of land and sea transport methods to deliver products, including labor shortages, logistics constraints and increased border controls or closures; (v) increased cost of materials, products and services on which the Company and its businesses depend; (vi) reduced investor confidence and consumer spending where the Company operates; (vii) a general slowdown in economic activity, including construction, and a decrease in demand for the Company’s products and industry demand generally; (viii) constraints on the availability of financing in the financial markets, if available at all, including constraints on access to credit lines and working capital facilities from financial institutions; or (ix) the Company’s inability to, if required, refinance existing indebtedness on desired terms, if at all.

The Company dealt with liquidity risks during the deepest phase of suspension of activities within the COVID-19 pandemic, maintaining sufficient cash and meeting current maturing obligations. Among the initiatives taken by the Company to manage the impact of COVID-19 were: (i) the optimization of plant production and inventory levels, (ii) the suspension, deferment or reduction in capital expenditures and budgeted operating expenses (including sales and administration expenses), and installing other cost control measures to reduce discretionary expenses and capital expenditures, (iii) implementation of changes in work-deployment schedules, (iv) further emphasis on the use of the CEMEX Go platform for a digital and low-touch experience for customers, and (v) enabled additional online channels to promote engagement, manage communications and facilitate transactions with customers.

The Company projects that it will continue to generate sufficient cash flows from operations, which would enable the Company to meet its currently maturing obligations.

NOTE 18 – INCOME TAXES

The components of income tax expense for the nine months ended September 30, 2021 and 2020 are as follow:

	September 30, 2021	September 30, 2020
Current income tax:		
Current income tax expense…………………………	**P230,167**	P305,000
Adjustments recognized in the period for current tax of prior periods[1]…………………………………	**(46,501)**	–
Deferred income tax:		
Write-down of previously recognized deferred income tax (reversal of previously unrecognized deferred income tax assets) …………………………	**101,353**	(177,145)
Deferred income tax benefit arising from origination and reversal of temporary differences………………	**(111,455)**	27,657
Adjustments recognized for current tax of prior period[1]…………………………………………………	**163,138**	–
	P336,702	P155,512

[1]These adjustments to the current income tax and deferred income tax considers the effect of the CREATE Act.

CREATE

On March 26, 2021, the President of the Philippines has approved the CREATE Act or Republic Act No. 11534 which took effect on April 11, 2021. Below are the salient features of the Act that are relevant to the Company:

a) Regular corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000 and with total assets not exceeding P100,000. All other domestic corporations and resident foreign corporations will be subject to 25% regular corporate income tax. Said reductions are effective July 1, 2020.
b) Minimum corporate income tax rate is reduced from 2% to 1% effective from July 1, 2020 to June 30, 2023.
c) The imposition of improperly accumulated earnings tax has been repealed.
d) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior BIR ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.
e) VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a registered business enterprise (RBE).
f) For investments prior to effectivity of CREATE Act: RBEs granted only an ITH - continue with the availment of the ITH for the remaining period of the ITH. RBEs granted an ITH + 5% Gross Income Tax (GIT) or currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

The regular corporate income tax rate of the Parent Company and its subsidiaries domiciled in the Philippines will be lowered from 30% to 25% for large corporations, and from 30% to 20% for small and medium corporations, effective July 1, 2020.