



SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

- 1. For the quarterly period ended September 30, 2017
- 2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000
- 4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.
- 5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
- 6. Industry Classification Code: (SEC Use Only)
- 7. Address of issuer's principal office Postal Code
7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
- 8. Issuer's telephone number, including area code (632) 459-3333
- 9. Former name, former address and former fiscal year, if changed since last report N. A.
- 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	6,452,099,144

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

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc.

Common Shares

- 12. Indicate by check mark whether the registrant:

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

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

- Exhibit I – Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016
- Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2017 and 2016 and for the nine (9) months ended September 30, 2017 and 2016
- Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2017 and 2016 and for the nine (9) months ended September 30, 2017 and 2016
- Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the nine (9) months ended September 30, 2017 and 2016
- Exhibit V – Consolidated Statements of Cash Flows for the nine (9) months ended September 30, 2017 and 2016
- Exhibit VI – Aging of Trade and Other Receivables as of September 30, 2017

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2017 and December 31, 2016
(In Thousands)

	30 Sep 2017	31 Dec 2016
ASSETS		
Current Assets		
Cash and cash equivalents	P3,057,115	P2,125,116
Trade and other receivables – net	2,744,016	3,297,523
Inventories	4,033,877	3,450,727
Other current assets	899,561	598,896
Total Current Assets	10,734,569	9,472,262
Noncurrent Assets		
Investments and advances	5,309,530	4,392,066
Property, plant and equipment – net	16,629,948	16,457,026
Goodwill	2,635,738	2,635,738
Intangibles – net	31,762	40,806
Deferred income tax assets – net	306,737	350,878
Other noncurrent assets	389,771	416,428
Total Noncurrent Assets	25,303,486	24,292,942
	36,038,055	33,765,204
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loan payable	3,580,359	-
Trade and other payables	6,916,229	6,357,487
Dividends payable	2,458,264	-
Income tax payable	377,865	520,411
Total Current Liabilities	13,332,717	6,877,898
Noncurrent Liabilities		
Retirement benefits liabilities	456,930	501,944
Provisions	9,636	126,654
Deferred tax liabilities	2,355	1,375
Total Noncurrent Liabilities	468,921	629,973
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	(79,978)	(79,978)
Other reserves	(2,687)	(5,832)
Retained earnings	7,385,640	11,409,043
	22,231,076	26,251,334
Noncontrolling Interest	5,341	5,999
Total Stockholders' Equity	22,236,417	26,257,333
	P36,038,055	P33,765,204

HOLCIM PHILIPPINES, INC.
 CONSOLIDATED STATEMENTS OF INCOME
 For the quarters ended September 30, 2017 and 2016
 And for the nine (9) months ended September 30, 2017 and 2016
(In Thousands, Except Per Share Data)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
Net Sales	₱8,264,976	₱10,083,057	₱25,663,801	₱30,977,343
Cost of sales	6,621,988	6,761,629	19,575,177	20,831,521
Gross Profit	1,642,988	3,321,428	6,088,624	10,145,822
Operating expenses	669,863	561,203	1,652,357	1,647,345
Operating EBITDA	973,125	2,760,225	4,436,267	8,498,477
Depreciation and amortization	337,295	332,892	986,244	986,742
Income from Operations	635,830	2,427,333	3,450,023	7,511,735
Other income (expenses)				
Net financial income (expense)	(2,839)	3,800	15,920	(24,423)
Other income (expense)	80,119	57,930	135,906	137,050
Total	77,280	61,730	151,826	112,627
Income before Income Tax	713,110	2,489,063	3,601,849	7,624,362
Provision for income tax				
Current	368,319	724,584	1,255,683	2,194,423
Deferred	7,362	529	45,678	435
	375,681	725,113	1,301,361	2,194,858
Income Before Minority Interest	337,429	1,763,950	2,300,488	5,429,504
Noncontrolling interest	(249)	(179)	(834)	(826)
Net Income	₱337,180	₱1,763,771	₱2,299,654	₱5,428,678
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Net income applicable to common shareholders	₱337,180	₱1,763,771	₱2,299,654	₱5,428,678
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	₱0.052	₱0.273	₱0.356	₱0.841

HOLCIM PHILIPPINES, INC.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the quarters ended September 30, 2017 and 2016
 And for the nine (9) months ended September 30, 2017 and 2016
(In Thousands)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
Income Before Minority Interest	₱337,429	₱1,763,950	₱2,300,488	₱5,429,504
Other Comprehensive Income	943	-	3,145	-
Total Comprehensive Income	₱338,372	₱1,763,950	₱2,303,633	₱5,429,504
Attributable to:				
Equity holders of Parent Company	₱337,086	₱1,763,771	₱2,294,879	₱5,428,678
Noncontrolling interest	1,286	179	8,754	826
	₱338,372	₱1,763,950	₱2,303,633	₱5,429,504

HOLCIM PHILIPPINES, INC.
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the nine (9) months ended September 30, 2017 and 2016
(In Thousands)

	Jan-Sep 2017	Jan-Sep 2016
Capital Stock		
Common Stock		
Balance at beginning of period	P6,452,099	P6,452,099
Issuances (Retirement)	-	-
Balance at end of period	6,452,099	6,452,099
Additional Paid-in Capital		
Balance at beginning of period	8,476,002	8,476,002
Issuances (Retirement)	-	-
Balance at end of period	8,476,002	8,476,002
Other comprehensive loss	(79,978)	(135,840)
Other reserves	(2,687)	(6,776)
Retained Earnings		
Balance at beginning of period	11,409,043	10,178,725
Cash dividends	(6,323,057)	(5,615,625)
Net income	2,299,654	5,428,678
Balance at end of period	7,385,640	9,991,778
Noncontrolling Interest	5,341	6,741
	P22,236,417	P24,784,004

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine (9) months ended September 30, 2017 and 2016
(In Thousands)

	Jan-Sep 2017	Jan-Sep 2016
Operating Activities		
Income before income tax for the period	₱3,601,849	₱7,624,362
Adjustments to reconcile net income to cash		
Depreciation and amortization	986,244	986,742
Other items (net)	(1,629,663)	(2,235,252)
Changes in current assets and liabilities	(567,310)	473,611
Cash provided by operating activities	2,391,120	6,849,463
Investing Activities		
Additions to plant, property and equipment	(1,112,645)	(860,667)
Decrease in other investing activities	(62,323)	(15,092)
Cash used in investing activities	(1,174,968)	(875,759)
Financing Activities		
Dividends	(3,867,155)	(2,102,110)
Proceeds (payment) from short-term loan/financial liabilities	3,580,456	(999,831)
Cash used in financing activities	(286,699)	(3,101,941)
Net increase in cash and cash equivalents	929,453	2,871,763
Cash and cash equivalents, beginning	2,125,116	2,540,198
Effect of exchange rate changes on cash and cash equivalents	2,546	3,612
Cash and cash equivalents, end	₱3,057,115	₱5,415,573

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of September 30, 2017
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱2,750,198	₱2,616,725	₱24,548	₱38,442	₱70,483
Other Receivables	220,379	36,767	-	8,323	175,289
Total	2,970,577	₱2,653,492	₱24,548	₱46,765	₱245,772
Allowance for Doubtful Accounts	(226,561)				
Net Receivables	₱2,744,016				

Certified correct:


 Jesusa Natividad L. Rojas
 Chief Financial Officer

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

Results of Operations

The Company achieved total net sales of ₱25.7 billion as of September 30, 2017, 17% lower than the ₱31.0 billion reported in the same period last year arising from the combined effect of lower sales volumes and price. Sales performance during this period was adversely affected by soft market demand particularly the first half of the year that impacted our nine-months of operations coupled with challenging price environment and aggressive market competition. Operating EBITDA of ₱4.4 billion for the current period is ₱4.1 billion lower or 48% lower than ₱8.5 billion reported in the same period last year mainly due to lower sales as well as higher costs of goods sold. The Company has implemented various improvement initiatives driving productivity and cost optimization across its operations to mitigate the impact of higher costs. Net income after tax stood at ₱2.3 billion giving earnings per share of ₱0.36.

Financial Position

The Company's financial position has remained healthy with very liquid cash position and strong asset utilization ratio as it continues to generate high revenues. Total assets stood at ₱36.0 billion, 7% higher from end of 2016.

Cash Flow Generation

The Company's cash requirements have been mainly sourced through cash flow from operations. Please refer to the attached statement of cash flow for more details.

Key Performance Indicators

The comparative financial KPI's of the Company for the periods ended September 30, 2017 and 2016 were as follows:

Financial KPI	Definition	For the period ended September 30	
		2017	2016
<u>Profitability</u>			
Return on Equity (ROE)	Net Income Ave. Total Shareholders' Equity	9.5%	21.8%
Return on Asset (ROA)	Net Income Average Total Assets	6.6%	15.3%
<u>Efficiency</u>			
EBITDA Margin	Operating EBITDA Net Sales	17.3%	27.7%
<u>Liquidity</u>			
Gearing	Net Financial Debt (Asset) Stockholders' Equity	4.5%	(19.9%)
EBITDA Net Interest Cover	Operating EBITDA Net Interest	(393.8) times	646.8 times

Profitability and Efficiency

While lower compared with the same period last year, the profitability and efficiency indicators remain to be at good levels.

Liquidity

The Company's liquidity position remained strong evidenced by significant cash balance.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2016.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective beginning January 1, 2017:

- PAS 7, "Statement of Cash Flows – Disclosure Initiative" (Amendments)

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted. Application of amendments will result in additional disclosures in the 2017 consolidated financial statements.

- PAS 12, "Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses" (Amendments)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Company.

- PFRS 12, "Disclosure of Interests in Other Entities – Clarification of the Scope of the Disclosure Requirements in PFRS 12" (Part of Annual Improvements on PFRS 2014 – 2016 Cycle)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments will not have any impact on the consolidated financial statements.

Effective in 2018

- PAS 40, "Investment Property – Transfers of Investment Property" (Amendments)

The amendments clarify when an entity should transfer property, including property under construction or development, into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if that is possible without the use of hindsight. The amendments are not expected to have any impact on the Company.

- Philippine IFRIC Interpretation 22, "Foreign Currency Transactions and Advance Consideration"

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the interpretation on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Company does not expect the adoption of this interpretation to have any significant impact on the consolidated financial statements.

- PFRS 2, "Share-based Payments – Classification and Measurement of Share-based Payment Transactions" (Amendments)

The amendments address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application of the amendment is permitted. The Company plans to adopt the new standard on the required effective date.

- Amendments to PFRS 4, "Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4"

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Company since none of the entities within the Company have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 9, "Financial Instruments"

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, "Financial Instruments: Recognition and Measurement", and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. Based on the following preliminary assessment, the Company expects no significant impact to its consolidated balance sheet.

- (a) Classification and Measurement

The Company does not expect a significant impact on its consolidated balance sheet or equity upon application of the classification and measurement requirements of PFRS 9 as its current financial assets carried at fair value are not significant.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Company expects that these will continue to be measured at amortized cost under PFRS 9. However, the Company will analyze the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortized cost measurement under PFRS 9.

- (b) Impairment

PFRS 9 requires the Company to record expected credit losses on all of its loans and trade receivables, either on a 12-month or a lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all receivables. The Company does not expect a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

- (c) Hedge accounting

The Company does not expect any impact as a result of applying this phase of PFRS 9 as it does not apply hedge accounting on any existing hedge relationships.

- PFRS 15, "Revenue from Contracts with Customers"

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Company plans to adopt the new standard on the required effective date.

- (a) Sale of goods

The Company is primarily involved in the delivery at a point in time of cement, aggregates and other construction materials. Contracts with customers in which the sale of these products is generally expected to be the only performance obligations are not expected to

have any impact on the Company's profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Company recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of discounts, returns and allowances. Such provisions give rise to variable consideration under PFRS 15, and will be required to be estimated at contract inception.

(c) Disclosure requirements

PFRS 15 provides presentation and disclosure requirements, which are more detailed than under current PFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the consolidated financial statements. Many of the disclosure requirements in PFRS 15 are completely new. The Company is currently assessing the changes it needs to make in its current systems, internal controls, policies and procedures in order to collect and disclose the required information.

- PAS 28, "Investments in Associates and Joint Ventures – Measurement of Investees at Fair Value through Profit or Loss (FVPL) on an Investment-by-Investment Basis" (Part of *Annual Improvements to PFRSs 2014 – 2016 Cycle*)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted. The amendments are not expected to have any impact on the consolidated financial statements as these are not applicable to the Company.

Effective in 2019

- PFRS 16, "Leases"

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, "Leases". Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Company is currently assessing the impact of adopting PFRS 16.

2. Seasonality Aspects of the Business

Like any other company in the construction industry, the operations of the Company is affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in production.

3. Financial Risk Management Objectives and Policies

General Risk Management Approach

The Company is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential and adverse effects on the financial performance of the Company. The Company does not enter into other derivative or financial transactions which are unrelated to its operating business as a risk-averse approach is pursued.

Financial risk management of the Company is governed by policies approved by management. It provides principles for overall risk management, as well as policies covering specific risk areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing assets in excess of liquidity requirements.

The Company's principal financial instruments, other than derivatives, consist of cash and cash equivalents and notes payable. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has various other financial assets and liabilities such as trade and other receivables, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors (BOD) reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 2 to the consolidated financial statements.

Market Risks

The Company is exposed to market risks, such as foreign currency, interest rate and equity price risks. To manage volatility relating to these exposures, the Company enters into derivative financial instruments, when necessary. The Company's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency, interest rate and equity price.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Approximately 0.1% of the Company's revenues were denominated in currencies other than the Philippine Peso in 2017.

Due to the local nature of the cement business, transaction risk is limited. However, income may primarily be in local currency whereas debt servicing and significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Company may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of September 30, 2017, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at September 30, 2017 and 2016, the Company had minimal exposure to interest rate risk.

Credit Risk

Credit risk is the risk that counterparties may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses the financial reliability of customers.

The Company constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Company does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset.

The Company trades only with recognized, credit-worthy third parties. It is the Company's policy that all third-party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Company, which consist of due from related parties, advances to employees, available for sale (AFS) financial assets, and guarantee and refundable deposits, the Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Company to shortage of funds during slack season and may result in payment defaults of financial commitments. The Company monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities, finance leases and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and in certain cases at the BOD level.

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at September 30, 2017, the Company has unutilized credit facilities of ₱6.5 billion.

Capital Management Policy

The Company considers equity attributable to the equity holders of the Parent Company as its capital. The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern as well as to cater to its growth targets to provide returns to

shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Company manages the capital structure and makes adjustments to it in light of the changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital, among others, on the basis of gearing ratio.

4. Financial Assets and Liabilities

Fair Value of Financial Instruments

The estimated fair value of each class of the Company's financial instruments is equal to their carrying amount as at September 30, 2017 and December 31, 2016. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade and Other Receivables, Advances to Employees, Loan Payable and Trade and Other Payables: Due to the short-term nature of the transactions, the fair values of these instruments approximate the corresponding carrying values as of end of each reporting period.

AFS Financial Assets: The fair values of publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period. Investments in unquoted equity securities for which no reliable basis for fair value measurement is available are carried at cost, net of any impairment in value.

Restricted Cash, Long-term Financial Receivable and Guarantee Deposits. These are carried at cost, less any impairment in value, which approximate their fair values calculated using the discounted cash flows method.

Fair Value Hierarchy

Below are the list of financial assets and liabilities carried at fair value that are classified using a fair value hierarchy as at September 30, 2017 and December 31, 2016:

	September 30, 2017			December 31, 2016		
	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Total	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Total
AFS financial assets -						
Quoted equity securities	P176	-	P176	P176	-	P176

⁽¹⁾ Fair value is determined using observable market inputs that reflect quoted prices in active markets for identical assets or liabilities.

⁽²⁾ Fair value is determined using inputs other than quoted prices that are either directly or indirectly observable for the assets or liabilities.

5. Segment Reporting

Operating segments are components of the Company that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), which operating results are regularly reviewed by the chief operating decision maker* to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management reassesses on an annual basis whether there have been any change in the operating segments or in the reportable operating segments in accordance with PFRS 8, "Operating Segments".

* Chief operating decision maker is composed of the Company's Executive Committee

For management purposes, the Company is organized into activities based on their products and has three segments, as follows:

- Clinker and Cement segment, which manufactures and sells clinker and cement for both domestic and export customers; and
- Other Construction Materials and Services segment, which includes operations from the RMX business, Helps-U-Build, Specialty Products and Aggregates trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statements of income. However, the Company's finance income and charges and income taxes are managed on a group basis, and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

Segment revenues, EBITDA, assets and liabilities as at September 30, 2017 and 2016 are presented below:

	2017				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	P24,108,920	P1,473,686	P25,582,606	P81,195	P25,663,801
Inter-segment	568,881	-	568,881	(568,881)	-
	P24,677,801	P1,473,686	P26,151,487	(P487,686)	P25,663,801
Operating EBITDA	P5,582,391	P219,834	P5,802,225	(P1,365,958)	P4,436,267
Segment assets	26,549,167	623,277	27,172,444	8,865,611	36,038,055
Segment liabilities	6,009,959	541,960	6,551,919	7,252,392	13,804,311
	2016				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	<i>(In Thousands)</i>				
Revenue:					
External customers	P29,198,689	P1,616,030	P30,814,719	P162,624	P30,977,343
Inter-segment	780,689	-	780,689	(780,689)	-
	P29,979,378	P1,616,030	P31,595,408	(P618,065)	P30,977,343
Operating EBITDA	P9,669,354	P197,820	P9,867,174	(P1,368,697)	P8,498,477
Segment assets	25,639,712	921,870	26,561,582	10,553,335	37,114,917
Segment liabilities	7,149,772	434,177	7,583,949	4,746,964	12,330,913

6. Retained Earnings

On May 26, 2017, the BOD declared cash dividends amounting P0.98 per share to all stockholders of record as of June 15, 2017.

Interim Disclosures

The Company is not aware of the following or is not applicable to the Company's interim operations:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.
2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.
3. Issuances and repurchases of equity securities.
4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.
5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.
6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Company does not anticipate having within the next twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.
7. Events that will trigger direct or contingent material financial obligations to the Company.
8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.
9. Material commitments for capital expenditures.
10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.
11. Significant elements of income or loss that did not arise from the Company's continuing operations.
12. Material events subsequent to end of the reporting period that have not been reflected in this report.
13. Material changes in the composition of the Company, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
14. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

44% increase in Cash and cash equivalents

Mainly due to lower capital expenditure spending and proceeds from short-term loan from third parties.

17% decrease in Trade and other receivables - net

Primarily due to lower sales and re-classification of non-trade receivables from an associate to Investment and Advances.

17% increase in Inventories

Driven by higher inventory levels of raw materials and fuels as of end of period.

50% increase in Other current assets

Mainly due to increase in advances to suppliers and prepayments.

21% increase in Investments and advances

Net increase was mainly due to the reclassification of non-trade receivables from associate to Investment and Advances.

13% decrease in Deferred tax assets

Attributable to pension contributions and settlement of prior years' tax assessment.

22% decrease in Intangibles - net

Due to amortization recognized for the period.

100% increase in Loan payable

Attributable to short-term loan availed from third parties.

9% increase in Trade and other payables

Due to higher group payables and accruals for rebates.

100% increase in Dividends payable

Pertains to remaining cash dividends payable declared during the year.

27% decrease in Income tax payable

Mainly attributable to lower taxable income for the period

71% increase in Deferred tax liabilities

Mainly attributable to unrealized forex gains

9% decrease in Retirement benefit liabilities

Attributable to contributions to retirement fund for the period

92% decrease in Provisions

Decrease pertains to reversal of prior period's provisions after settlement of tax assessments

54% increase in Other reserves

Due to accrual of share-based remuneration for the period

35% decrease in Retained earnings

Due to lower net income recognized for the period and declaration of dividends

Material Changes in Income Statement Accounts

17% decrease in Net sales

Mainly driven by lower volume and price from soft demand on the back of delayed public spending. Strong competition and influx of imports also contributed to this.

6% decrease in Cost of sales

Largely due to lower volume sold and lower imported materials, offset by higher energy cost as a result of spikes in fuel and electricity prices, coupled with higher distribution costs spread over lower volume sold.

165% increase in Net financial income

Mainly due to higher net foreign exchange gains and higher interest income recognized for the period.

41% decrease in Total provision for income tax

Due to lower taxable income for the period and increase in deferred tax liabilities

Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the nine (9) Months Ended September 30	
		2017	2016
<u>Current/Liquidity ratio</u> Current Ratio	Current Assets Current Liabilities	80.5%	117.5%
<u>Solvency ratio/Debt-to-equity ratio</u> Gearing	Net Financial Debt (Asset) Stockholder's Equity	4.5%	(19.9%)
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets Stockholder's Equity	162.1%	149.8%
<u>Interest Rate Coverage Ratio</u> Interest Rate Coverage	Income before Tax Net Interest	(319.7) times	578.1 times
<u>Profitability Ratios</u> Return on Assets	Net Income Average Total Assets	6.6%	15.3%
Return on Equity	Net Income Average Total Equity	9.5%	21.8%

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.

HOLCIM PHILIPPINES, INC.


 Jesusa Natividad L. Rojas
 Chief Financial Officer