103022016000011

SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification	
Company Type	Stock Corporation

Document Information

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SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

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

Shirley S. Go
(Contact Person)

459-3333
(Company Telephone Number)

12 **31**
Month *Day*
(Fiscal Year)

SEC FORM 17-A
For the year ended December 31, 2015
(Form Type)

05 **16**
Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

Domestic | Foreign

5,527
Total No. of Stockholders

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended December 31, 2015

2. SEC 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. Republic of the Philippines
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
Address of principal office Postal Code

8. (632) 459-3333
Issuer's telephone number, including area code

9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P1 par value	6,452,099,144

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

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc. Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

Php13,108,391,031 (920,533,078 common shares @ PhP14.24 per share, the closing price at which stock was sold on December 29, 2015)

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. The following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Audited Consolidated Financial Statements as of December 31, 2015 and 2014 and for the three years in the period ended December 31, 2015 - Exhibit 1
(b) Statement of Management's Responsibility for Consolidated Financial Statements as of December 31, 2015 and 2014 and for the three years in the period ended December 31, 2015 – part of Exhibit 1
(c) Supplementary Schedules to the Audited Consolidated Financial Statements – Exhibit 2
(d) SEC Form 17-Q – Exhibit 3
(e) Legal Proceedings and Pending Legal Cases – Exhibit 4
(f) SEC Form 17-C – Exhibit 5

PART I - BUSINESS AND GENERAL INFORMATION

Item 1 Business

Holcim Philippines, Inc. (HPI or the "Company"), is one of the premier cement manufacturers in the Philippines and is a member of the LafargeHolcim Group, one of the world's leading suppliers of cement, as well as aggregates, concrete and construction-related services. HPI is mainly engaged in the manufacture, sale and distribution of cement and clinker.

The Company and its subsidiaries own four production facilities, one cement grinding mill, five ports, as well as multiple storage and distribution points across the country. HPI has the most extensive sales and distribution network in the Philippine cement industry.

The consolidated operations of the four cement production facilities have fortified HPI's premier position in the Philippine cement industry with a total installed clinker production capacity of 6.2 million metric tons per year (MTPY) and cement production capacity of 10.2 million MTPY.

HPI was the first in the Philippine cement industry to receive ISO 9002 certification (Quality Management System Standards) from the International Organization for Standardization (ISO). Additionally, all four plants are ISO 14001 certified (Environment Management System Standards) and OH&S 18001 (Occupational Health & Safety Management) certified.

"Holcim" is one of the top selling brands and quality leaders in the Philippines.

(1) History and Business Development

HPI was incorporated and registered with the Philippines Securities and Exchange Commission (SEC) on November 12, 1964 under the name Hi-Cement Corporation (HCC).

On February 8, 2000, the SEC approved the merger of HCC, Davao Union Cement Corporation (DUCC), and Bacnotan Cement Corporation (BCC), with HCC as the surviving entity. Simultaneously, the SEC also approved the request for a change of corporate name from HCC to Union Cement Corporation (UCC).

On January 11, 2001, the SEC approved the merger of Atlas Cement Marketing Corporation (ACMC), Davao Union Marketing Corporation (DUMC) and Bacnotan Marketing Corporation (BMC) into UCC.

On July 17, 2002, the Board of Directors of UCC approved the acquisition of 88% of the issued and outstanding common shares of Alsons Cement Corporation (ACC) from Cemco Holdings, Inc. (Cemco). In consideration of such shares, new shares of UCC were issued to Cemco, at the exchange ratio of one (1) UCC share for every 3.7 ACC shares owned by Cemco, thus, making ACC a subsidiary of UCC.

Pursuant to the Securities Regulation Code (SRC) and its implementing rules and regulations, HPI undertook a tender offer in favor of the remaining 12% non-controlling shareholders of ACC to exchange their holdings in ACC for new shares of UCC at the same exchange ratio, with the option to accept cash at a price of Php0.28 per ACC share, in lieu of HPI shares. The foregoing transactions were approved by shareholders of UCC on September 4, 2002. The Company acquired additional ACC shares representing 0.02% equity interest in ACC after the end of the tender offer period.

On September 19, 2002, the Board of Directors of ACC approved a resolution for the delisting of the shares of stocks of the company from the Philippine Stock Exchange (PSE). The PSE approved the resolution for the delisting on December 15, 2002.

On August 17, 2004, the SEC approved ACC's reverse stock split, increasing the par value of ACC's shares to PhP1,000 per share from PhP0.50 per share. As a result of additional purchases from the remaining non-controlling shareholders of ACC in 2004 and the effect of the reverse stock split, UCC equity interest in ACC increased from 98.74% to 99.6%.

On November 30, 2004, the SEC approved the request for change in corporate name from UCC to HPI. On January 19, 2005, the SEC also approved the change in corporate name of ACC to Holcim Philippines Manufacturing Corp. (HPMC).

On June 30, 2006, the SEC likewise approved the merger of HPMC with its wholly-owned subsidiary, Northern Mindanao Transport Co., Inc. (NMTC).

As of December 31, 2015, HPI is 60.55% owned by Union Cement Holdings Corporation (UCHC), 18.11% owned by Holderfin B.V. (Holderfin), and 7.08% owned by Cemco while the remainder of its shares is owned by the public. HPI common shares are listed in the Philippine Stock Exchange (PSE).

<u>The Company's Subsidiaries and Associates</u>

Holcim Philippines Manufacturing Corporation (HPMC)

HPMC was incorporated and registered with the SEC on February 7, 1968 under the name of Victory Cement Corporation.

HPMC has two dry process lines in Northern Mindanao, giving HPMC a combined rated clinker capacity of 1.8 million MTPY. Of these two, the larger 1.2 million MTPY line was successfully commissioned in 1998 and started commercial operation in January 1999. HPMC's terminal located in Calaca, Batangas, which had been idle for several years, was rehabilitated in 2010 and resumed operations beginning January 2011.

In 2004, HPMC stockholders approved the lease contract with HPI covering substantially all of HPMC's cement manufacturing assets. The lease contract was extended up to December 31, 2015 and renewed for another six months until June 2016.

HPMC's subsidiary, Calamba Aggregates Company, Inc. (CACI), was incorporated and registered with the SEC on October 15, 1992, that operated an aggregates plant in Laguna. CACI ceased operations effective December 31, 2013. CACI is in the process of completing regulatory requirements for its eventual dissolution.

NMTC, a then wholly owned subsidiary of HPMC, was incorporated and registered with the SEC on February 4, 1972. In addition to chartering vessels, NMTC owned a fleet of vessels that provided the sea transport requirements of HPI. On June 30, 2006, the SEC approved the merger of NMTC and HPMC, with HPMC as the surviving company.

HPMC's wholly owned subsidiary, Bulkcem Philippines, Inc. (BPI), was incorporated and registered with the SEC on April 5, 1995. Today, BPI has a bulk terminal located in Iloilo.

Alsons Construction Chemicals, Inc. (ALCHEM), another subsidiary, owned a cement and mineral admixture plant in Lugait, Misamis Oriental, was incorporated in the Philippines and was registered with the SEC on December 23, 1996. The operation of ALCHEM was discontinued since July 1999.

Holcim Mining and Development Corporation (HMDC)

Holcim Mining and Development Corporation (formerly Sulu Resources Development Corp.) was incorporated and registered with the SEC on October 5, 1987. Sulu Resources holds a Mineral Production Sharing Agreement covering certain mineral claims in Rizal. On August 21, 2008, HMDC was acquired by the Company.

On March 15, 2010, the SEC approved the request for change in name of Sulu Resources to Holcim Aggregates Corporation (HAC). In 2011, the Company started to engage in the business of trading aggregates. On July 14, 2011, the SEC approved the request for change from HAC to Holcim Mining and Development Corporation (HMDC). On November 13, 2013, the Board of Directors and shareholders of HMDC approved the increase in the authorized capital stock of HMDC to make way for additional subscription by HPI, in consideration of properties such as parcels of land, mining claims and foreshore leases. On March 6, 2014, the SEC approved the increase in authorized capital stock of HMDC from P250,000,000.00 to P1,065,000,000.00.

HMDC's wholly owned subsidiary, Holcim Resources Development Corporation (HRDC) is engaged in mining, processing and sale of quarry resources. HRDC was incorporated in the Philippines and registered with the SEC on May 9, 2005.

In July 2014, HMDC acquired a new subsidiary, Lucky One Realty Ventures, Inc. (LORVI), which owns a port facility and foreshore lease in Mabini, Batangas. LORVI was incorporated and registered with the SEC on June 23, 1998.

On August 2015, HMDC acquired the following new subsidiaries: Lafarge Republic Aggregates, Inc. (LRAI), Quimson Limestones, Inc. ("QLI"), Sigma Cee Mining Corporation (SCMC), and APC Properties, Inc. ("APC"). LRAI was incorporated in the Philippines and registered with the SEC on January 16, 2008 as Batong Angono Aggregates Corp., and operates an aggregates quarry in Rizal. On October 2015, the SEC approved the request for change of name from LRAI to LafargeHolcim Aggregates, Inc. (LHAI). QLI was incorporated in the Philippines and registered with the SEC on January 16, 1992 and is engaged in the business of quarry operations. SCMC was incorporated in the Philippines and registered with the SEC on August 3, 1994 and is engaged in the business of exploration, mining and processing of minerals. APC was incorporated in the Philippines and registered with the SEC on August 22, 1997 and is engaged in the business of purchasing and selling of properties.

In October 2015, HMDC, its shareholders HPI and HPMC, together with the Holcim Philippines, Inc. Retirement Fund (RF), executed a Shareholders Agreement governing HMDC, in relation to the subscription by the RF of shares in HMDC. HPI and HPMC waived their respective pre-emptive rights allowing the RF to subscribe to 60% of the issued and outstanding capital stock of HMDC. HMDC's application for increase in capital stock to cover RF's subscription is pending with the SEC.

Pursuant to the subscription by the RF to 60% of the issued and outstanding capital stock of HMDC, HPI and HPMC appointed and designated RF as their proxy for their respective 60% voting shares in HMDC, which proxy is irrevocable until SEC approves the increase in capital stock, and three nominees of RF were elected to the five-member Board of HMDC. As of December 31, 2015, the RF has effectively taken over the control of HMDC.

Excel Concrete Logistics, Inc. (ECLI)

Excel Concrete Logistics, Inc. was incorporated and registered with the SEC on August 9, 2012. On January 1, 2013, ECLI started its full operation servicing the distribution, transport and placing of concrete, cement and other similar products of the ready-mix sub-segment of HPI.

Holcim Philippines Business Services Center, Inc. (HPBSCI)

Holcim Philippines Business Services Center, Inc. was incorporated and registered with the SEC on February 4, 2014. HPBSCI was set up to engage in the business of providing business process outsourcing and other information technology-enabled services to the Holcim Group. On February 13, 2015, HPBSCI transferred and sold its intellectual property rights and leasehold improvements to Holcim East Asia Business Service Centre B.V. – Philippine ROHQ.

HuBB Stores and Services Inc. (HSSI)

HuBB Stores and Services Inc. was incorporated and registered with the SEC on June 2, 2014. HSSI was set up to engage in the business of buying, selling and distributing construction or building materials, and to operate, maintain and franchise stores for the sale and distribution of said materials.

Mabini Grinding Mill Corporation (MGMC)

Mabini Grinding Mill Corporation was incorporated and registered with the SEC on September 29, 1999. In August 2013, the rehabilitation of the MGMC's grinding station in Mabini, Batangas was completed and commenced operation.

Bankruptcy Proceedings

The Company is not a party to any bankruptcy, receivership or similar proceedings.

Material Reclassification, Merger, Consolidation

Other than the above-mentioned reclassification, merger, acquisition and consolidation, the Company is not a party to any merger or consolidation for the period ending December 31, 2015.

(2) General Business Description

HPI is engaged in the manufacture, sale and distribution of cement, dry mix mortar products, clinker, ready mix concrete and, through HMDC, has an interest in the aggregates business of LHAI. With the Company's production facilities, ports, storage and distribution terminals, sales offices and channel partners, HPI has the most extensive sales and distribution network in the Philippine cement industry. The Company's product quality and operational capability are geared towards meeting the customers' needs here and abroad.

(a) Product Lines

HPI manufactures four main cement product brands namely: Holcim Premium (Type 1 Portland cement), Holcim 4X (Type 1 high performance Portland cement), Holcim Excel (Type 1P Blended cement), and Holcim WallRight (Type S Masonry cement). Its products are sold in bags, tonner bags, jumbo bags and in bulk. HPI also sells to cement producers a semi-finished product called clinker, which is sold only in bulk.

HPI also has a ready-mix concrete business. With HMDC's acquisition of LHAI, the Company gained interest in the aggregates business. HPI also sells dry mix mortar products as follows: Holcim Tile Adhesive, Holcim Skim Coat and Holcim Cementitious Waterproofing.

All HPI products meet Philippine National Standards (PNS) and American Society for Testing and Materials (ASTM) product quality standards.

Below is a brief description of HPI's various products:

Holcim Premium

Holcim Premium is an ASTM Type I Portland Cement. It is used for general concrete construction. To make Portland cement, powdered limestone, silica and iron-rich materials are homogenized and burnt at 1500°C. The resulting material is called clinker. Portland cement is produced by grinding clinker with a small amount of gypsum, a set retarder. When Portland cement is mixed with water and aggregates to make concrete, the mixture is initially flowable and easy to place, mold and finish. Eventually, the concrete sets, hardens and produces a strong and durable construction material.

Holcim 4X

Holcim 4X is an ASTM C150 high performance Portland cement. It is specially formulated for ready mix concrete applications. It has high compressive strength, high workability and is compatible with commonly available admixtures. Supplied in bulk, Holcim 4X is mainly used for high-rise buildings and vertical structures that require high-strength cement. It is ideal for construction that requires optimized concrete mix designs and fast construction cycles. With the high 28-day compressive strength of Holcim 4X, lower cement factor is needed resulting in lower construction costs. Longer setting time results in better slump retention and pumpability of concrete.

Holcim Excel

Holcim Excel Cement is an ASTM Type IP Cement, which is Portland cement combined with advanced mineral additives. It is sold mainly in 40-kg. bags and used for general concrete construction. Advanced mineral additives (including granulated blast furnace slag) are inter-ground with Portland cement clinker and gypsum to improve the workability and early strength. The product is used for the same applications as the Portland cement described above but is preferred by many customers because the additives improve its performance.

Holcim WallRight Cement

Holcim WallRight Cement is an ASTM C91 Type S Masonry Cement designed for block laying, plastering and finishing use. It is made by inter-grinding mineral additives and an air-entraining additive with Portland cement clinker during the finish milling operation. The resulting cement will produce smoother, more cohesive and more cost-effective mortars and plasters which are preferred by masons.

Clinker

Clinker is an intermediate product in cement production. It is produced by grinding and burning a proportioned mixture of limestone, shale and silica. When clinker is further subjected to grinding and added with gypsum, Portland cement is produced.

Ready Mix Concrete

Ready mix concrete (RMX) is an engineered construction material produced by mixing cement, admixtures, water, coarse aggregates and fine aggregates. It is produced in an RMX batching plant under controlled conditions and delivered by transmit mixer to a customer. A producer can make concrete of various strength grades and performance characteristics by adjusting the proportions of the different raw materials. The manner in which ready mix concrete is purchased, produced and delivered is defined by ASTM C94 Standard Specification for Ready-Mix Concrete.

Aggregates

Aggregates are granular materials of mineral compositions used for various construction applications. It is used with a binding medium to form Portland cement concrete, bituminous concrete, precast concrete, mortar, plaster and other concrete and asphalt applications. It can be used alone for road bases, structural beddings, railroad ballast, filter beds, backfills, etc.

The grading and quality conforms to the ASTM C33 Standard Specifications for coarse and fine aggregates.

Holcim Tile Adhesive

Holcim Tile Adhesive is a premium cement-based adhesive for tiles specially formulated for thin-bed vertical and horizontal application. Its unique formulation combined with Holcim cement provides a faster, stronger adhesion, with excellent non-slip properties.

Holcim Skim Coat

Holcim Skim Coat is a cementitious plaster specially designed to smoothen vertical structures suitable for both indoor and outdoor use. Skim Coat is used for rendering and smoothening surfaces prior to application of sealants or decorative paints.

Holcim Concrete Waterproofing

Holcim Waterproofing is a one-component cement-based waterproofing specially formulated using Holcim cement, high-quality polymers and chemical admixtures to provide superior flexible waterproofing of structures.

The following table shows the breakdown of sales revenues by product line of the Company for the periods indicated:

Table 1 – Revenue by Product Line

	Calendar Year	Calendar Year	Calendar Year
	Ended	Ended	Ended
(In Thousand Pesos)	December 31, 2015	December 31, 2014	December 31, 2013
Cement and cementitious materials	₱35,562,583	₱31,774,849	₱28,195,962
Others	1,963,472	873,810	697,407
Total	₱37,526,055	₱32,648,659	₱28,893,369

(b) Contribution of Export Sales

The amounts and percentages of revenue attributable to export sales, including breakdown per region, for the calendar years ended December 31, 2015, 2014 and 2013 are as follows:

Table 2 – Export Revenue

	Calendar Year	Calendar Year	Calendar Year
	Ended	Ended	Ended
(In Thousand Pesos)	December 31, 2015	December 31, 2014	December 31, 2013
Total Export Revenues	NIL	₱25,052	₱45,767
% to Total Revenues	NIL	0.08%	0.16%
Breakdown of Export Revenues per Region (in %)			
Southeast Asia			
Eastern Asia			
Oceania	NIL	0.08%	0.16%
North America			
Western Europe			
Middle East			
Total % to Total Revenues	NIL	0.08%	0.16%

(c) Marketing and Distribution

The Company's major domestic customers are traders, wholesalers, retailers, contractors serving private and public projects, real-estate developers and concrete producers. Notably, HPI has supplied a number of big commercial and government flagship projects in the entire country.

With increasing domestic demand and HPI's customer base, there was no export sale transaction in 2015.

(d) New Product

Other than aggregates produced by LHAI, the Company has not formally launched new products in 2015. The Company, nonetheless, continuously develops and seeks to innovate its product lines.

(e) Competition

There are nine cement manufacturers in the Philippines, including: Holcim, Republic, Cemex, Taiheiyo, Northern, Eagle, Pacific, Goodfound and Mabuhay. According to data from the Cement Manufacturers Association of the Philippines (CeMAP), these manufacturers operate a total of 17 plants all over the country.

Among the local players, HPI has the widest market reach spanning the three main islands of the country with two cement manufacturing plants in Luzon, and two in Mindanao. HPI also operates cement terminals in Manila, Calaca, Batangas, and Iloilo and a grinding plant in Mabini, Batangas, as well as warehouses in the different geographic markets. The Company's principal method to be competitive is to gain an in-depth understanding of customer needs and create value for them through superior product and service offerings.

HPI's products are well regarded in the construction industry. They are used in many of the major national infrastructure projects. The four HPI cement plants are certified to meet the ISO 9002 (Quality Management), ISO 14001 (Environmental Management) and OH&S 18001 (Occupational Health and Safety Management) standards.

(f) Sources and Availability of Raw Materials and Supplies

Below is a summary of the existing Mineral Production Sharing Agreement (MPSA) entered into by HPI and its subsidiaries with the Republic of the Philippines represented by the Department of Environment and Natural Resources (DENR) allowing the quarrying of raw materials required for cement production. All of these MPSAs have been assigned to HMDC and/or its subsidiary, HRDC. As of December 31, 2015, about half of the applications for transfer of said MPSAs have been approved by the DENR.

La Union Plant

The sources of limestone are MPSA-238-2007-I, MPSA 236-2007-I and MPSA 043-1995-I, and silica are MPSAs 042-1995-I and 295-2009-I located in the provinces of La Union and Pangasinan. The plant also sources silica from Ayungon, Negros Oriental.

Bulacan Plant

Bulacan plant's limestone sources are located in Norzagaray and Doña Remedios Trinidad, Bulacan, covered by MPSA 140-1999-III and MPSA 027-1994-III. The silica requirements of the plant are sourced from third-party suppliers.

Davao Plant

Davao Plant's limestone requirement is sourced from MPSAs 080-97-XI, 274-2008-XI and 187-2002-XI. Silica requirement of the plant is sourced from Ayungon, Negros Oriental.

Lugait Plant

The shale and limestone requirement of Lugait Plant are sourced from quarries covered by MPSA 039-96-X located in Barangay Poblacion, Lugait, Misamis Oriental, MPSA No. 047-96-X situated in Barangay Lower Talacogon, Lugait and Dalipuga, Iligan City, and MPSA 281-2009-X located in Barangay Poblacion, Lugait and Barangay Dalipuga, Iligan City. The silica requirement of the plant is also sourced from Ayungon, Negros Oriental.

Others

HMDC is the holder of MPSA 108-98 IV located in Antipolo, Rizal, with known aggregates resources. QLI, a subsidiary of HMDC, is the holder of MPSA No. 137-99-IV.

Energy Requirement

Being an energy-intensive process, cement production requires a reliable and competitively priced power supply for uninterrupted and cost-effective production.

The Bulacan Plant's peak demand is currently at 35 megawatts ("MW") while La Union plant's peak demand is currently at 15 MW. On August 12, 2011, a 15-year Energy Supply Agreement (ESA) was signed with TA Oil on for the supply of both Bulacan Line 2 and La Union Plants commencing in 2014. In the new ESA, electricity supply will be coming from the 135 MW Puting Bato coal-fired power plant in Calaca, Batangas owned by South Luzon Thermal Energy Corporation, a joint venture company of TA Oil and Ayala's AC Energy Holdings. Included in the agreement is the provision of back-up supply from the diesel power plants in Bulacan (TA Power) and in Bacnotan (CIP/TA Oil).

In essence, power supply for the Company's Bulacan and La Union Plants is assured over a long-term period notwithstanding the uncertainties of how the Luzon Grid supply situation will move. Electricity fee is structured according to time-of-use (TOU) rate with provisions for rate increases based on fuel purchased for the power plant.

The Davao Plant's total power requirement is 22 MW. The plant primarily sourced its electricity from the National Power Corporation (NPC) through the Mindanao Grid which generates a substantial portion of its power through hydroelectric power plants. Effective September 26, 2013, Davao Plant became a "captive customer" of Davao Light and Power Company, the Distribution Utility (DU) which holds the franchise for power distribution in the area pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010.

The Lugait Plant's total power requirement is 33 MW for both lines or 27 MW with Line 2 only. After the expiration of the Power Supply Agreement with the National Power Corporation (NPC) on December 25, 2012, Misamis I Oriental Electric Cooperative (Moresco I) took over as the power supplier of Lugait Plant pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010. Currently, only Line 2 is operating.

Since grid supply in Mindanao is currently deficient resulting from El Nino, reduced hydro capacities, privatization of NPC assets, new coal-fired power plants coming on line in 2016, back-up power supply from private generators for Davao and Lugait has been put in place to augment power supply during curtailment periods.

Mabini Grinding Plant, being a "Contestable Customer" signed a 10-year Power Supply Agreement with TA Oil which started last June 26, 2014.

Coal and Fuel Requirements

HPI uses coal for heating the Company's kilns in La Union, Bulacan, Lugait and Davao.

HPI's Indonesian coal requirements are currently covered by yearly supply contracts. These contracts form part of the Asia Pacific (APAC) volume pooling strategy of the LafargeHolcim Global/Regional Category Management Team in which HPI is an active member. The said strategy helped APAC operating companies to leverage in both product and freight resulting in more competitive rates. Spot purchases shall remain as an option to have a healthy balance of supply reliability and market competitive prices.

For local coal requirements, the Company's five-year contract with Semirara expired December 31, 2014. Negotiations were concluded for a one-year fixed price contract with

Semirara for 2015. Negotiations are ongoing for the 2016 supply in coordination with LafargeHolcim Energy Solutions.

The Company also has a five-year supply contract with Petron Corporation, effective July 1, 2010 to June 30, 2015, to cover its bunker and diesel fuel requirements. This was extended to October 31, 2015 until the bidding was finalized. Supply of bunker and diesel has been awarded to SL Harbor and Petron, respectively, and is valid from November 1, 2015 to October 31, 2017.

The Company has not experienced any disruption in its solid and liquid fuel supply.

(g) *Dependence on a Single or a Few Customers*

The Company employs a multi-level distribution strategy in serving the market. This covers wholesaler and retailer intermediaries, traders, ready mix companies, concrete products manufacturers, international and local contractors, and real-estate developers. At the same time, HPI supports numerous large- and medium-scale government infrastructure projects. The aim is for the business not to be dependent on a single or a few customers but rather achieve a well-balanced customer portfolio. The loss of one or more customers will have no material adverse effect on the Company and its subsidiaries taken as a whole.

(h) *Related Party Transactions*

Please see Note 25 – Related Party Transactions to the Consolidated Financial Statements for details.

(i) *Trademarks, Licenses, Concessions, Labor Contracts*

As discussed in Item (f) above, HPI and/or HMDC and its relevant subsidiaries hold MPSAs that grant exclusive rights to the exploration, development and commercial use of certain limestone, shale and other mineral deposits existing within contracted areas based on an agreed revenue-sharing arrangement with the government. All MPSAs have been assigned to HMDC and/or its subsidiary, HRDC. As of December 31, 2015, about half of the applications for transfer of said MPSAs have been approved by the DENR.

On labor contracts, please see the discussion on employees under Item m.

The Philippine Intellectual Property Office has issued a Notice of Allowance for the trademark registration of HSSI for its Hubb logo.

(j) *Governmental Approval of Principal Products*

The Bureau of Product Standards (BPS) granted HPI the license to use the Philippine Standard Quality Certification Mark for its principal products. The license took effect from the date of issue and continues to be in full force unless otherwise revoked or cancelled by the BPS.

All other necessary licenses and permits required for the continuous production and sale of HPI products have been secured by the Company, including licenses that have to be renewed periodically.

(k) *Research and Development*

The Company is engaged in research and development for improving the production process used in its plants and for improving the quality and strength of its products. The Company spent a total of ₱80.5 million research and development costs in last three years as follows:

Table 3 – Research and Development Costs

Period Covered	Amount ('000 Pesos)	Percentage to Revenues
CY ended December 31, 2015	₱27,578	0.07%
CY ended December 31, 2014	29,023	0.09%
CY ended December 31, 2013	23,894	0.08%
Total	₱80,495	

(l) Costs and Effects of Compliance with Environmental Laws

In support of LafargeHolcim Group initiatives on Sustainable Environmental Performance, HPI is committed to comply with environmental regulations both locally and internationally.

Cement dust emission is targeted at lower emission levels as compared to the Philippine Clean Air Act dust emission limit of 150 mg/ Nm3. The Company maintains and operates modern electrostatic precipitators, bag houses, multi-cyclone and bag filters to mitigate dust emissions. With these modern dust control systems in place, HPI's cement plants keep dust emission levels below the prescribed government standards.

Installing and operating the Continuous Emission Monitoring System (CEMS) in all four plants ensures real time monitoring of the overall performance of the plants. Information provided by this state-of-the-art system which includes monitoring of NOx and SO2 emissions confirms that all HPI plants are compliant with the existing government standards.

The Company engages a third party service provider, accredited by the Environmental Management Bureau (EMB), to conduct periodic source emission testing for dust, gaseous emissions, heavy metals and Dioxin/Furan (DF). In addition, Relative Accuracy Test Audit (RATA) and Cylinder Gas Audit (CGA) are regularly conducted to ensure data reliability of the installed CEMS.

Quarry areas, now assigned to HMDC and/or HRDC, undergo progressive rehabilitation activities as an integral component of the Annual Environmental Protection and Enhancement Program (AEPEP). As the first Philippine company to have a DENR-approved Final Mine Rehabilitation and Decommissioning Plan, all plants are compliant not only with the local regulations but also with LafargeHolcim Group directives. The progressive rehabilitation plans of HMDC and HRDC are not limited to active quarry areas; the plan also includes degraded areas covered by MPSA.

The Company also complies with DENR regulations on environmental funding. Each plant has established depository accounts called Mine Rehabilitation Funds; maintained in two forms namely Rehabilitation Cash Fund (RCF) and Monitoring Trust Fund (MTF). The RCF is at least ₱5 million earmarked for rehabilitation programs approved by the DENR; while the MTF is at least ₱150,000 to serve as the quarterly operating budget for the multipartite monitoring team.

With HPI's emission monitoring system, HMDC and HRDC's quarry rehabilitation plans, and strict compliance with the reportorial requirement on actual performance validated by regular quarterly monitoring by multi-stakeholders and government audit, the Company is continuously compliant with Philippine regulations.

(m) Employees

As of December 31, 2015, HPI and subsidiaries had a total of 1,662 officers and regular employees broken down as follows:

Table 4 – Officers and Employees

Location	HPI	Subsidiaries	TOTAL
Head Office*	472	195	667
Bulacan Plant	271		271
La Union Plant	226		226
Davao Plant	264		264
Lugait Plant	4	174	178
Calumpit	45		45
Calaca	11		11
Total	1,293	369	1,662

** Includes ECLI, RMX, HSSI and Mabini plants*

The Company does not expect a significant increase in the number of employees in the next 12 months.

HPI cement plant employees are unionized and all labor unions have a Collective Bargaining Agreement (CBA) signed with the Company. The rank and file employees of HPI's bag plant and subsidiary ECLI have also organized their respective unions. The Company maintains a positive relationship with its workers by implementing policies that are fully cognizant of the workers' rights and needs through open communication and adherence to agreed grievance procedures.

The following table shows the respective labor unions of HPI and its subsidiaries and the expiry dates of their CBAs:

Table 5 – Labor Unions

Location of Cement Plant	Labor Union	CBA Expiry Date
Norzagaray, Bulacan	Holcim Philippines Employees Association (HPEA formerly Hi Cement Worker's Union) UCC Bulacan Supervisory Employees Union	December 31, 2015 (negotiation ongoing as of the date of this report) February 28, 2019
Bacnotan, La Union	La Union Cement Workers Union Holcim La Union Supervisory Employees Union	March 31, 2017 March 31, 2019
Davao City	Davao Holcim Employees Workers Union (DAHEWU formerly Southern Phil. Federation of Labor) Holcim Davao Supervisory Independent Union	March 31, 2015 – (negotiation ongoing as of the date of this report) March 31, 2020
Lugait, Misamis Oriental	Holcim Lugait Employees Labor Union (HOLELU, All Workers Trade Union All AWATU) Holcim Lugait Supervisors Independent Union	July 31, 2016 March 31, 2019

Calumpit, Bulacan	Holcim Paper Bag Plant Employees Association – FFW Chapter	December 31, 2018
Quezon City	Excel Concrete Logistics, Incorporated Workers Union – National Union of Building and Construction Workers	March 31, 2018

(n) *Risk Factor*

Political and Economic Factors

The Company and its subsidiaries are primarily engaged in the manufacture of clinker and cement in the Philippines. Generally, cement sales are highly dependent on the economic and political conditions in the country.

One of the principal factors that may materially affect financial performance is the level of construction activity in the public and private sectors. Public sector construction activity has always been a significant part of cement demand. However, government spending on construction-related activities (e.g., infrastructure and housing) is dependent on various factors: budgetary constraints, political considerations and the stage of economic development in the country.

On the other hand, private sector spending is primarily driven by investors' confidence in the country, which in turn, is dependent on the country's economic and political conditions. Any perceived political instability or lower-than-expected economic growth could have an adverse effect on the Company's financial performance.

Availability of Stable Power Supply

Since cement manufacturing is an energy-intensive process, adequate power is vital for HPI's continuous operations. Curtailment of power supply will materially affect the operation of HPI plant operations.

La Union and Bulacan Plants source their total power requirements from the Luzon Grid. An assessment of the Luzon market indicates that there will be adequate supply in the area until 2014 assuming all power plants are operating at their capabilities and committed capacity additions are realized. The Company signed a 15-year Energy Supply Agreement on August 12, 2011 with TA Oil for both plants starting 2014. The newly commissioned CIP Diesel Power Plant owned by TA Oil will provide back-up to La Union Plant in case of grid failures, the arrangement of which was structured after that of Bulacan's.

Davao and Lugait Plants' power requirements are now supplied by the distribution utility of their respective franchise area pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010. Mindanao's supply mostly comes from hydroelectric power plants comprising approximately 40% of the total generation capability. With the increasing demand and dwindling hydropower generation capacity, power curtailment is expected to persist until the completion and operations of various coal-fired power plants starting 2016.

The shift from hydropower to coal-fired power plants to cover baseload requirements is expected to generally result in increased electricity cost. For its current needs, the Company has entered into contingency arrangements with private generators to provide back-up power in case of forced power curtailment.

The Company is currently evaluating all available options for a reliable and sustainable power supply portfolio for its Mindanao plants.

Compliance with Financial Covenants

The Company's long-term loan agreements, if any, provide certain restrictions and requirements with respect to, among others, maintenance of financial ratios, incurrence of new long-term debt, investment in any corporation or person, material changes in character of the Company's business, material change in ownership or control of the Company, disposal of assets and properties, and merger or consolidation with other parties without prior creditors' consent.

HPI complied with all the financial ratios requirement of its loan covenants as of December 31, 2011. As of December 31, 2015 and 2014, the Company has no outstanding long-term loans.

Dependence on Key Facilities

Substantially all of HPI's income has been, and will be derived from the sale of products manufactured at its production facilities in Luzon and Mindanao. Any prolonged breakdown of, or significant damage to, the Company's production facilities or quarries could have an adverse effect on the results of its operations. HPI maintains comprehensive property and casualty insurance policies covering its production facilities and key assets under an Industrial All-Risk policy. However, there can be no assurance that the proceeds from HPI's insurance claims would be sufficient to compensate the Company for all the effects of possible loss and/or damage. Notwithstanding that, the Company has appropriate processes and measures in place to further mitigate the risk of any possible loss or damage.

Impact of the Exchange Rate Fluctuations

The Philippine Peso was generally stable during the year. From the exchange rate of ₱44.72 against the US Dollar as of December 31, 2014, it closed at ₱47.17 as of December 31, 2015. The depreciation of the peso increases cost of production inputs such as imported fuel and supplies but may result in an increase in the peso value of its export revenues. Conversely, a significant appreciation of the peso will reduce production costs but will also reduce revenues from export sales.

Environmental and Regulatory Matters

Cement manufacturing involves heavy use of fossil fuel (coal and bunker fuel) and electric power, and possible emission of dust in the atmosphere, factors that may adversely affect the environment.

HPI conforms with rules and regulations defined under the following: The Philippine EIS System (PD 1586), The Philippine Mining Act of 1995 (RA 7942), The Philippine Clean Air Act 1999 (RA 8749), Philippine Clean Water Act of 2004 (RA 9275), Ecological Solid Waste Management Act of 2000 (RA 9003), and Toxic Substances & Hazardous & Nuclear Waste Control Act of 1990 (RA 6969). Other Applicable Laws & Regulations are also identified in the Company's Integrated Management System Manual.

In a group-wide program, the Company decided to reduce dust emissions below the prescribed 150 mg/ Nm3 level that the government allows cement plants to emit under the Philippine Clean Air Act (RA 8749). The Company maintains and operates modern electrostatic precipitators, bag houses, multi-cyclone and bag filters for mitigating the dust coming from its plants' pre-heater towers, kilns and cement mill grinding systems. With these modern dust control systems in place, HPI's cement plants kept dust emission levels below the prescribed government standard. Moreover in 2003, the Company installed a state-of-the-art Continuous Emission Monitoring System (CEMS) in all its four plants. The system provides all information required to measure the Company's overall environmental performance and has confirmed that HPI's plants are compliant with the existing government standards.

Based on the assessment made on the existing facilities, the Company believes it complies with the provisions of the Clean Air Act and its implementing rules and regulations.

Under the Philippine Environmental Impact Assessment law, quarrying, an activity required for the supply of raw materials for cement production, is classified as an Environmentally Critical Project. As such, it is subject to all applicable local environmental regulations. This includes the environmental impact assessments and the consequent environmental management programs mandated under the Philippine Clean Air Act, the Environmental Compliance Certificate (ECC), and the complementary environmental provisions of the Mining Act's implementing rules and regulations. The status of compliance on the conditions stated in the ECC is regularly reported to DENR through the submission of Self-Monitoring Reports (SMR), Compliance Monitoring Reports (CMR), and Compliance Monitoring and Verification Reports (CMVR).

For 2015, before the approval of the transfers of the MPSAs to HMDC and HRDC, HPI's four plants continued to be recognized by the relevant national government agencies for its environmental programs and natural resource stewardship. The Company's La Union Plant bagged the Platinum award in the Presidential Mineral Industry Environmental Award (PMIEA) for the Quarry Category while the Davao Plant and LHAI's aggregate plant won the Titanium PMIEA.

Lugait Plant was also recognized with the Best Mining Forest Program under Non-Metallic Category and declared as winner with the La Union and Davao Plants adjudged as 2nd and 3rd runner-up, respectively.

LHAI's aggregates plant was also declared runner-up for the Safest Quarry Operations Award for 2015.

<u>Executive Order (EO) 79</u>

On July 6, 2012, the Philippine Government issued EO 79, Institutionalizing and Implementing Reforms in the Philippine Mining Sector. Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources also known as the Revised Mining Act, EO 79 provides for the following, among others:

- restriction of applications of mineral contracts an agreements in critical areas and pending new legislation;
- review of performance of existing mining operation and cleansing of non-moving mining rights holders;
- review of existing mining contracts and agreements for possible renegotiation of terms and conditions;
- establishment of mineral reservations and opening areas of mining through competitive public bidding;
- disposition of abandoned ores and valuable metals in mine wastes and mill tailings; and,
- creation of the Mining Industry Coordinating Council with powers and functions granted by this EO.

On October 8, 2012, the DENR published Administrative Order No. 2012-07-A containing guidance for the implementation of EO 79.

Management continuously monitors the implementation and impact of EO 79 on the industry in general.

Item 2 Properties

The Company's major items of property, plant and equipment are located in Norzagaray, Bulacan; Bacnotan, La Union; Bo. Ilang, Davao City; Lugait, Misamis Oriental; Mabini, Batangas; Calaca, Batangas; and Manila. The table shows the consolidated properties of HPI as of December 31, 2015 compared to December 31, 2014.

Table 6 – Plant, Property and Equipment (Consolidated)

(In Thousand Pesos)	December 31, 2015	December 31, 2014
Land and land improvements	₱469,007	₱1,863,433
Machinery and equipment	22,636,586	21,231,883
Buildings and installations	12,321,982	12,134,485
Furniture, vehicles and tools	1,060,142	1,206,519
Construction in progress	2,499,329	2,674,532
	38,987,046	39,110,852
Less: Accumulated depreciation, depletion		
and allowance for impairment loss	22,968,398	21,506,416
Total	₱16,018,648	₱17,604,436

In connection with the principal properties of the Company, there are no material existing mortgages, liens or encumbrances nor limitations in the usage or ownership.

There are no imminent acquisitions of property of significant amount that cannot be funded by the Company's working capital and debt.

The table below summarizes the significant lease agreements entered into by the Company as a lessee.

Description	**Start Date**	**Expiration Date**	**2015 Lease Payments (in '000)**	**Renewal Options**
HO Office	01.12.2008	30.11.2018	Php38,153	The lease may be renewed upon the written agreement and under such terms and conditions as maybe acceptable to both parties.
Betonval lot	27.08.2008	26.08.2018	6,564	Renewable as may be mutually agreed by the parties
Industrial Warehouse	16.01.2013	15.01.2018	4,167	The contract may be renewed or extended upon the mutual agreement of the Parties.

Item 3 Legal Proceedings

The Company is either a defendant or plaintiff in several civil, criminal and labor cases primarily involving collection and claims for damages. Based on the representation of management and the opinion of the Company's external legal counsels, the resolution of such cases will not result in any significant liability or loss of assets.

Pending material legal proceedings involving the Company are described in Exhibit 4.

Item 4 Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the last annual meeting of the stockholders covered by the Company's SEC Form 20-IS report, no matter was submitted to a vote of security holders through solicitation of proxies or otherwise during the calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5 Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

HPI common shares are listed in the Philippine Stock Exchange (PSE). The high and low market prices of HPI shares for each quarter of calendar year 2015, and that of the past two calendar years, as reported by the PSE, are shown below:

Table 7 – Market Prices of HPI Shares

Quarter Period	CY	2015	CY	2014	CY	2013
	High	Low	High	Low	High	Low
January – March	14.50	14.50	13.24	12.80	13.72	13.70
April – June	13.88	13.02	13.30	13.26	14.00	13.50
July – September	13.74	12.90	14.10	14.00	12.70	12.70
October – December	14.24	14.24	14.98	14.82	15.50	15.20

Source: Philippine Stock Exchange, Inc.

As of February 29, 2016, the closing price of the Company's common shares at the PSE is P14.0 per share.

(2) Stockholders

As of December 31, 2015, HPI has 6,452,099,144 shares outstanding held by 5,527 stockholders. The list of the top twenty stockholders of the Company as recorded by Stock Transfer Service, Inc., the Company's stock transfer agent, is as follows:

Table 8 – Top Twenty (20) Stockholders

Rank	Name	Citizenship	Shares (Sum)	%
1	UNION CEMENT HOLDINGS CORPORATION	FILIPINO	3,906,425,509	60.55%
2	B. V HOLDERFIN	DUTCH	1,168,450,997	18.11%
3	SUMITOMO OSAKA CEMENT CO., LTD.	JAPANESE	594,952,725	9.22%
4	CEMCO HOLDINGS, INC.	FILIPINO	456,689,560	7.08%
5	PCD NOMINEE CORP. (NON-FILIPINO)	FOREIGN	175,713,831	2.72%
6	PCD NOMINEE CORP. (FILIPINO)	FILIPINO	113,295,793	1.76%
7	FEDERAL HOMES, INC.	FILIPINO	4,054,054	0.06%
8	ANTONIO M. DUMALIANG &/OR ROSALINDA S. DUMALIANG	FILIPINO	922,363	0.01%
9	LEONCIO TIU	FILIPINO	705,000	0.01%
10	KAKUGARA AKIHIKO	JAPANESE	559,580	0.01%
11	LUIS CO CHI KIAT	FILIPINO	511,242	0.01%
12	JOAQUIN Q. TAN	FILIPINO	380,000	0.01%
13	LUIS ROLANDO GARCIA FADRIGO	FILIPINO	294,065	0.00%
14	AMERICAN WIRE & CABLE CO., INC.	FILIPINO	290,993	0.00%
15	CIPRIANO VILLANUEVA AMANDO	FILIPINO	282,137	0.00%
16	CORAZON V. DOMINGUEZ	FILIPINO	221,081	0.00%
17	UNIVERSITY OF SANTO TOMAS	FILIPINO	190,750	0.00%
18	RAMON C. CHAN	FILIPINO	189,189	0.00%
19	FRANCIS L. ESCALER	FILIPINO	186,935	0.00%
20	ISABELA CULTURAL CORPORATION	FILIPINO	156,439	0.00%
		Total	**6,424,472,243**	**99.57%**

(3) *Dividends*

The Company is authorized to pay cash or stock dividends, or a combination thereof, subject to approval by the Company's Board of Directors and/or its shareholders. Dividends paid in the form of additional shares are subject to approval by the Company's Board of Directors, the SEC and the stockholders of at least two thirds of the outstanding shares of the Company. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Other than the provisions in the loan covenants agreed to by the Company, there are no other limitations for the Company to declare dividends to its common stock.

Cash dividends were declared in for the years ended December 31, 2015, 2014 and 2013 as follows:

	2015	2014	2013
Cash Dividend Per Share (PhP)	₱0.82	₱0.70	₱0.55
Amount Declared (PhP)	₱5.3 billion	₱4.5 billion	₱3.5 billion
Declaration Date	18-May-15	16-May-14	23-May-13
Record Date	15-June-15	13-June-14	21-June-13

(4) *Sales of Unregistered Securities Within the Last Three (3) Years*

There are no other securities sold for cash by the Company within the last three years that were not registered under the Securities Regulation Code (SRC).

Item 6. Management's Discussion and Analysis

Review of CY 2015 Operations vs. CY 2014

In 2015, the Country's Gross Domestic Product (GDP) grew by 5.8%*. While lower compared with the 6.1% growth in 2014, the Philippine economy is still regarded as among the fastest growing economies in Asia. The growth in GDP was primarily driven by the growth in the Service sector despite slower realized growth in the Industry sector, contraction in the Agriculture sector brought about by the onset of El Nino, and adverse weather conditions during the latter part of the year.

Similarly, the cement industry grew by 14.3%** year on year boosted by robust developments in private and public construction, particularly the accelerated government infrastructure spending in H2 2015.

Driven by the strong demand from both public and private sector, the Company's revenue increased to Php37.5 Bio, or 14.9% higher compared to that of last year. As a result of the Company's cost management initiatives, and manufacturing and distribution excellence with a strong sales performance, EBITDA amounted to Php9.5 Bio or 9.6% higher against that of last year. Net income on the other hand, amounted to Php8.1 Bio compared with Php5.1 Bio, or 58.8% higher against that of last year. The increase was mainly due to the Php2.6 Bio one-time gain on re-measurement of retained equity in a subsidiary. Without the one-time gain, net income stood at Php5.5 Bio.

**Source: Philippine Statistics Authority*
***Source: Cement Manufacturer's Association of the Philippines*

Key Performance Indicators ("KPI")

The comparative financial KPI for the years ended December 31, 2015 and 2014 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2015	2014
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	25.1%	17.4%
Return on Equity (ROE)	Net Income / Ave. Total Equity	34.6%	23.6%
Operating EBITDA Margin	Operating EBITDA / Net Sales	25.3%	26.5%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	-4.1%	-0.6%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	161.4	282.1

Profitability

ROA and ROE for CY 2015 grew as a result of higher profitability of the business. This was also impacted by the re-measurement of retained equity in a subsidiary from the deconsolidation of HMDC group in December 2015.

Liquidity

The Company shows a strong liquidity base with a low gearing ratio, much below the 100% target level.

Significant Disclosures

Please refer to Exhibit 5 of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Exhibit 5, the Company is not aware of the following:

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 interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase 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 period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 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 financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

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, net 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 the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated balance sheets as of December 31, 2015 and 2014 and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 2 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

Like any other company in the construction industry, the operations of HPI are affected by seasonality or cyclicality. During the months starting December to May, demand for cement is greater than in the rainy months from June to November.

<u>General Risk Management Approach</u>

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 uses derivative instruments such as cross-currency swaps to hedge the interest and foreign exchange risks from its foreign currency-denominated debt. 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 sales, purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Of the Company's revenues, approximately NIL in 2015 and 0.1% in 2014 and 0.2% 2013 are denominated in currencies other than the Philippine Peso. The Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.

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.

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 December 31, 2015 and 2014, the Company has 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 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.

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 15 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

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 December 31, 2015 and 2014, the Company has unutilized credit facilities of ₱8.1 billion and ₱10.4 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2015 and 2014 are disclosed in Note 15 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

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. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2015	2014
Notes payable	**₱999,831**	₱2,100,105
Customers' deposits	**505,987**	468,823
Financial debt	**1,505,818**	2,568,928
Less cash and cash equivalents	**2,540,198**	2,698,207
Net financial debt (asset)	**(1,034,380)**	(129,279)
Total equity	**24,969,466**	22,095,277
Gearing ratio	**(4.1%)**	(0.6%)

The Company's target is to maintain a gearing in the range of no more than 100 percent.

Total equity grew by 13.0% in 2015 as a result of improving operating results for the year.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease in cash and cash equivalents were mainly due to the acquisition of PPE and higher dividends payment.

Trade and other receivables

Receivables increased as a result of higher sales made in December 2015 as compared to the same month of last year and higher DSO.

Investments

Increase was mainly driven by the re-measurement of retained equity in an associate that was previously 100% owned subsidiary after the deconsolidation in December 2015.

Property, Plant and Equipment

Decrease was mainly driven by disposals, retirement/impairment and result of deconsolidation.

Intangibles assets – net

Decrease was due to the deconsolidation of the carrying values of the foreshore lease agreement in Mabini, Batangas and mining rights of the HMDC group.

Deferred income tax assets – net

Increase was attributable to the additional provisions/ accruals for allowance of doubtful accounts, decline in value of inventories and impairment losses on property, plant and equipment in 2015.

Notes Payable

Decrease was mainly due to the payment of Php 1.0 billion loan from Union Cement Holdings Corporation.

Trade and Other Payables

Trade and other payables increased by Php0.8 million, mainly driven by higher payables related to clinker and fuel importation.

Income Tax Payable

Increase was due to the higher taxable income for the Q4 as compared with that of the same period of 2014.

Retirement Benefit Liabilities

Decrease was mainly due to organizational efficiency and impact of deconsolidation.

Deferred income tax liabilities-net

The increase was mainly attributable to unrealized foreign exchange gain.

Reserves

Decrease is mainly due to payment of share-based remuneration during the year.

Re-measurement loss on retirement benefits – net

The decrease was due to the updated assumptions and adjustments which are considered in the retirement liability calculation.

Retained Earnings

Increase was due to higher realized net income.

Non-controlling interests

Decrease was due to higher share in dividends declared than the share in realized net income during the year.

Material Changes in Income Statement Accounts

Revenues

Increase was mainly driven by higher volume sold brought about by strong demand.

Cost of Sales

The increase was mainly due to higher volume produced and sold as a result of robust demand and higher usage of imported clinker and cement.

General and administrative expenses

The increase was due to higher expenditure on third-party services related to corporate initiative projects and impairment provisions as compared to that of the prior year.

Selling Expenses

The increase was mainly due to higher costs related to third-party services and personnel cost.

Interest and Other Financial Income

The increase was due to higher interest earned on short-term deposits.

Interest and Financing Charges

The increase was due to higher interests realized for loans availed within the year.

Foreign Exchange Gains (Losses) – net

Increase was due to increase in dollar-denominated assets which were revalued at year-end.

Gain on re-measurement of retained equity in a subsidiary

This pertains to the unrealized gain on the retained equity in HMDC.

Others – net

Increase was mainly due to gain on sale of assets during the year.

Provision for Income Tax

The increase was mainly due to the higher realized taxable income in 2015 compared to that of the previous year, and the taxes incurred from the transfer of land assets to HMDC.

Review of CY 2014 Operations vs CY 2013

In 2014, the Country's Gross Domestic Product (GDP) grew by 6.1%*. While lower compared with the 7.2% growth in 2013, this has been the third consecutive year where more than 6% growth was realized. Robust performance in manufacturing and construction and also from the services and agriculture sectors fueled such growth.

Similarly, the cement industry grew by 9.5%** on the back of strong public and private infrastructure spending.

Driven by the strong demand from both public and private sector, the Company's revenue increased to Php32.6 Bio, or 13% higher compared to last year. As a result of the Company's cost management initiatives and manufacturing and distribution excellence with strong sales performance, EBITDA and net income for 2014 amounted to Php8.8 Bio and Php5.2 Bio, respectively. An increase of 15.1% and 12.9% as compared to last year, respectively.

**Source: National Statistical Coordination Board*
***Source: Cement Manufacturer's Association of the Philippine*

Key Performance Indicators ("KPI")

The comparative financial KPI for the years ended December 31, 2014 and 2013 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2014	2013
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	17.4%	16.8%
Return on Equity (ROE)	Net Income / Ave. Total Equity	23.6%	21.7%
Operating EBITDA Margin	Operating EBITDA / Net Sales	26.5%	26.3%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	- 0.6%	- 3.6%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	282.1	Nil

Profitability

ROA, ROE and EBITDA margin for CY 2014 grew as a result of higher profitability of the business.

Liquidity

The Company shows a strong liquidity base with a lower gearing, much below the 100% target level.

Significant Disclosures

Please refer to Exhibit 5 of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Exhibit 5, the Company is not aware of the following:

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 interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase 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 period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 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 financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

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, net 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 the consolidated financial statements.

13. Material changes in the composition of the company, including any business combination, acquisition or disposal of subsidiaries and long-term investments.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated balance sheets as at December 31, 2014 and 2013 and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 2 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

Like any other company in the construction industry, the operations of HPI are affected by seasonality or cyclicality. During the months starting December to May, demand for cement is greater than in the rainy months from June to November.

General Risk Management Approach

The Company is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices and foreign currency exchange 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 uses derivative instruments such as cross-currency swaps to hedge the foreign exchange risks from its foreign currency-denominated debt. 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, notes payable and long-term debt. 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, due from related parties, 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 credit risk and liquidity risk. The 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 and interest rate. 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 sales, purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Of the Company's revenue, approximately 0.1% in 2014 and 0.2% in 2013 and 2012 are denominated in currencies other than the Philippine Peso. The Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.

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.

The Company's exposure to foreign currency risk is disclosed in Note 16 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

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 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 financial assets at fair value through profit and loss (FVPL), available for sale(AFS) financial assets, due from related parties, advances to employees, advances to subsidiaries and guarantee deposit, the Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 15 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

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 Board of Directors (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 December 31, 2014 and 2013, the Company has unused credit facilities of ₱10.4 billion and ₱3.0 billion, respectively.

The Company's financial assets and liabilities as at December 31, 2014 and 2013 are disclosed in Note 15 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

The Company considers total equity in the parent company balance sheet 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 for 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. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2014	2013
Notes payable	**₱2,100,105**	₱893,000
Customers' deposits	**468,823**	480,249
Financial debt	**2,568,928**	1,373,249
Less cash and cash equivalents	**2,698,207**	2,149,104
Net financial debt (asset)	**(129,279)**	(775,855)
Total equity	**22,095,277**	21,476,327
Gearing ratio	**(0.6%)**	(3.6%)

The Company's target is to maintain a gearing in the range of no more than 100 percent.

Total equity grew by 2.9% in 2014 as a result of improvement in operating results for the year.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Increase in cash and cash equivalents were mainly due to the higher cash generated from operations during the year.

Trade and other receivables

Receivables increase due to the higher sales made in December 2014 as compared to that of the same period of last year, DSO remains to be at 21 days.

Inventories

Increase in inventories in preparation for the anticipated higher demand in the first quarter of the succeeding year.

Other Current Assets

Decrease was driven by lower down payment, prepaid expenses and creditable withholding taxes as a result of tax application.

Intangibles assets – net

Increase was mainly driven by the new foreshore lease agreement resulting from the acquisition of the port facility in Mabini, Batangas.

Deferred income tax asset – net

Attributable to the additional provisions/accruals for allowance for doubtful accounts, retirement and other accruals in 2014.

Other non-current Assets

The decrease was mainly due to deposits to vendors amounting to ₱96.7 Mio reclassified to other current assets.

Notes Payable

Increase was due to the availment of a short-term loan for working capital requirements and for the purchase of the port facility in Mabini, Batangas.

Trade and Other Payables

Trade and other payables increased mainly due to higher group payables related to importations.

Income Tax Payable

Increase was due to higher income tax recorded for the period.

Retirement Benefit Liabilities

Increase was mainly due to higher employee pension liability for the Company's defined benefit incentive for its employees.

Deferred income tax liabilities – net

The decrease was mainly attributable to the reduction in depreciation expense, amortization of site restoration costs and unamortized capitalized interests which are nondeductible expense.

Remeasurement loss on retirement benefits – net

The decrease was due to the updating of the assumptions and experience adjustments considered in the retirement liability calculation.

Retained Earnings

Increase was due to higher realized net income.

Non-controlling interests

Decrease due to change in ownership in 2014.

Material Changes in Income Statement Accounts

Revenues

Increase mainly due to 12% higher volume sold for 2014 compared to that of last year.

Cost of Sales

The increase was mainly due to increase in input costs such as raw materials and electricity charges to support the increase in sales volume.

General and administrative expenses

The increase was due to higher personnel costs and expenditure on corporate initiative projects.

Interest and Other Financial Income

The lower realized interest income was due to lower interest rates for short-term deposits.

Interest and Financing Charges

The increase was due to higher loans availed within the year.

Foreign Exchange Gains (Losses) – net

Recognized gain was due to the Peso depreciation in 2014 as compared to 2013 closing rates.

Gain on sale of investment in joint venture

There was no investment sold in 2014.

Others – net

Increase driven by gain on sale of other properties sold during the year.

Provision for Income Tax

The increase was mainly due to the higher realized taxable income in 2014 as compared to previous year.

Item 7. Financial Statements

The consolidated financial statements and supplementary schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this annual report under Item 13.1 and 13.2

Information on Independent Accountant

External Audit Fees

The aggregate fees billed for each of the last two (2) years for professional services rendered by Sycip Gorres Velayo & Co (SGV) was P11.4 million for 2015 and P10.4 million for 2014. These fees, inclusive of out-of-pocket expenses, cover services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for years 2015 and 2014.

Tax Fees & All Other Fees

The Company engaged SGV for tax services, due diligence audit and advisory services amounting to P13.1 million and P0.5 million in 2015 and 2014, respectively.

The Audit Committee's Approval Policies and Procedures for the Above Services

Upon recommendation and approval of the Audit Committee, the appointment of the external auditor is proposed for confirmation by the shareholders at the annual stockholders' meeting. In addition, the consolidated financial statements are approved by the Board of Directors before its release.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There was no event in the past five years where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The audit findings are presented to the Company's Audit Committee, which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee's recommendations.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(1) *The Board of Directors*

The Company's Board of Directors (the Board) is responsible for the overall management and direction of the Company. The Board meets regularly every quarter, or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified. None of the members of the Board of the Company own more than 2% of outstanding common shares of HPI.

As of December 31, 2015, the following are the members of the Board:

Table 9 – The Board of Directors

Office	Name	Nationality
Chairman	Tomas I. Alcantara	Filipino
Vice Chairman	Ian S. Thackwray	British
Director	Daniel N. Bach	Swiss
Director	Eduardo A. Sahagun	Filipino
Independent Director	Simeon V. Marcelo	Filipino
Independent Director	Yasuo Kitamoto	Japanese
Independent Director	David Lucas B. Balangue	Filipino

Set forth below are the business experience of the Board during the last five years:

Tomas I. Alcantara, 68, holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Masters in Business Administration degree from Columbia University, USA and attended the Advance Management Program of the Harvard Business School. He is presently the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group. He is Chairman of the Eagle Ridge Golf & Country Club, Inc. and Philweb Corporation, Mr. Alcantara was Undersecretary for the Industry & Investment Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996. He was elected Director of the Company on July 4, 2003.

Ian S. Thackwray, 57, holds an MA (Hons) in Chemistry from Oxford University and is also a chartered accountant. After his studies, he joined Price Waterhouse and handled major corporate accounts in Europe. In 1985, he started a career with a major multinational in the chemicals industry, serving in various management roles in Europe, North America and particularly in Asia. From 2004 to 2006, he served the Asian/Pacific President based out of Shanghai. In 2006, he joined Holcim and was elected COO and director of the Company. In 2010, the Board of Directors of Holcim Ltd appointed him a member of the Executive Committee with regional responsibility for countries in East Asia, including China, as well as the Philippines, and Oceania. In July 2015, Mr. Thackwray was appointed Regional Head for Asia Pacific.

Daniel N. Bach, 52, was formerly a member of the Board of Directors and the Company's Senior Vice President for Manufacturing in 2007 until his assignment as CEO of Holcim Romania in 2011. In January 2014, he took on a new role as Holcim's Area Manager for South East Asia. He graduated with a Mechanical Engineering degree and a doctoral degree in Technical Sciences, both from the Swiss Federal Institute of Technology in Zurich, Switzerland. In July 2015, Mr. Bach was appointed Area Manager for South East Asia (East).

Eduardo A. Sahagun, 58, is the Company's President and Country Chief Executive Officer. He was the Senior Vice President for Sales, Marketing and Distribution & Technical Services (now called Commercial) from 2007 to 2012. He was the Chief Financial Officer of the

Company until his current appointment. He holds a Bachelor of Science in Commerce degree and is a Certified Public Accountant. He also holds a Masters in Management Science degree from the Arthur D. Little Management Education Institute in Boston, Massachusetts and a Masters in Business Administration degree from Ateneo Graduate School of Business. In November 1989, he was elected as Assistant Vice President – Comptroller of Davao Union Cement Corporation and has since then been appointed to occupy various key executive positions in the PHINMA Cement Group. He was elected as director of the Company in July 2010.

Simeon V. Marcelo, 62, graduated among the top of his class at the University of the Philippines - College of Law and placed 5th in the 1979 bar examination. He served as Solicitor General from February 2001 to October 2003 and was Ombudsman from October 2003 to November 2005. From 2007 to 2010, Mr. Marcelo served as Executive Secretary of the Asian Development Bank Administrative Tribunal and from 2008 to June 2014, was a member of the World Bank's Independent Advisory Board (on good governance and anti-corruption matters). Mr. Marcelo was also elected as the President of the Philippine Bar Association from 2009 to 2010. During its Centennial Year 2013, the University of the Philippines Alumni Association conferred upon him the Distinguished Alumni Award in Public Service. He is the Chief Executive Officer of Cruz Marcelo & Tenefrancia Law Offices. Mr. Marcelo was elected as independent director of the Company in 2014.

Yasuo Kitamoto, 55, holds a Bachelor of Laws degree from the Doshisha University in Kyoto, Japan. He is currently General Manager responsible for International Business of Sumitomo Osaka Cement Co., Ltd. Prior to his current position, he was Deputy General Manager, General Affairs Department in 2005 and General Manager, Corporate Planning Department in 2008 of Sumitomo Osaka Cement Co., Ltd.

David Lucas B. Balangue, 64, is a certified public accountant with a Bachelor's Degree in Commerce in Commerce, major in Accounting, Magna Cum Laude, from Manuel L. Quezon University and a Master of Management degree, with distinction, from the Kellogg Graduate School of Management. He placed second highest in the 1972 Philippine CPA Board Examinations. Mr. Balangue's career in the accounting and auditing professions spanned 38 years at SGV & Co., where he was Chairman from January 2004 to January 2010 and Managing Partner from January 2004 to February 2009, after being admitted to partnership in 1982. He is currently the Chairman of the Philippine Center for Population and Development, the Philippine Financial Reporting Standards Council, the National Citizens Movement for Free Elections (NAMFREL) and Coalition Against Corruption and a non-executive independent director of the following listed companies: Trans-Asia Oil and Energy Development Corp., Roxas Holdings, Inc., Philippine Bank of Communications and Manulife Financial Corp.

The Executive Officers

The officers are likewise elected annually by the Board and serve for one (1) year and until their respective successors have been elected. None of the officers of the Company own more than 2% of the total outstanding shares of the Company.

The Company's executive officers are set out below:

Table 10 – Executive Officers

Office	Name	Nationality
President and Country Chief Executive Officer	Eduardo A. Sahagun	Filipino
Senior Vice President – Manufacturing	Andre Caluori	Swiss
Head – Sales	William C. Sumalinog	Filipino
Head – Human Resources	Araceli E. Gonzales	Filipino
Head –Communication and Corporate Affairs	Nerissa V. Ronquillo	Filipino
Head – Corporate Occupational Health & Safety	Carmela Dolores S. Calimbas	Filipino
Treasurer	Shirley S. Go	Filipino
General Counsel/ Corporate Secretary/ Compliance Officer	Kristine N.L. Evangelista	Filipino

The business experience of Mr. Eduardo A. Sahagun during the last five years is provided above. Set forth below are the business experience of the Company's other executive officers during the last five years:

Andre Caluori, 58, is the Senior Vice President for Manufacturing. Andre holds a degree in Chemical Engineering specializing in process engineering from the University of Applied Sciences, Chur, Switzerland. Starting out as a cement technology trainee in Holcim Spain, he went on to assume key positions in Holcim operating companies around the globe, including QA Manager and deputy Plant Manager in Apasco, Mexico; AFR & Environment Manager in Untervaz, Switzerland; Plant Manager in Eclepens, Switzerland and in Holcim Romania. Prior to his assignment in the Company, he was the General Manager for Manufacturing in Cement Australia for the past five years.

William C. Sumalinog, 46, is the Head of Sales. William holds a Bachelor of Science degree in Computer Engineering from the University of Cebu where he graduated with leadership honors in 1992. He started his career in sales as a sales representative in Market Developers, Inc., where he went on to assume other sales positions. He joined Alsons Cement Corporation in 1998 where he occupied various key positions in sales. Prior to assuming his current position, he was the Company's Regional Operating Head for various areas in Mindanao and Visayas since 2005.

Araceli E. Gonzales, 53, is the Head of Human Resources. She is a graduate of Psychology from Ateneo de Manila University with a Masters degree in Industrial Relations with focus on Human Resources Management from the University of the Philippines. She has more than 25 years of HR experience honed in consumer, manufacturing, pharmaceutical, agro-industrial and telecommunication industries covering both domestic and international HR services. She also has 8 years of consulting work in HR and leadership development. Before joining HPI, she was VP for HR Solutions of Smart Communications.

Nerissa V. Ronquillo, APR, 58, is the Head of Communication and Corporate Affairs. She obtained her Bachelor of Arts degree in Broadcast Communication at the University of the Philippines as an entrance scholar of the Kapisanan ng mga Brodkaster ng Pilipinas/Broadcast Media Council. A communications and an accredited public relations professional, she has over 35 years of experience in the profession. She was Head of Publications and Communications, then Advertising and Special Events, and General Public Programs of the Manila Electric Company (Meralco). From 2009 to 2013, she was Regional Director for North Asia of the San Francisco-based International Association of Business Communicators (IABC), President of IABC Philippines in its 30th year, and currently Chairman of its Board of Trutees. In 2013, she became the first Filipina to be named as Director of the International Executive Board of IABC and Trustee of the IABC Foundation.

Carmela Dolores S. Calimbas, 59, is the Head of Corporate Occupational Health and Safety. She holds a Bachelor of Science degree in Chemical Engineering from the University of San Carlos in Cebu. Before joining the Company in May 2008, she was the Manager for Environment, Health and Safety of James Hardie Philippines from November 2004 to May 2008. Prior to this, she had ten years of work experience in the field of safety, health and environment.

Shirley S. Go, 39, is the Treasurer and the Head of Group Tax of the Company. She earned her Bachelor of Science degree in Accountancy from De La Salle University, and is a Certified Public Accountant. Prior to joining the Company in 2010, she worked with Punongbayan and Araullo for 12 years.

Kristine Ninotschka L. Evangelista, 42, is the Corporate Secretary, General Counsel and Compliance Officer of the Company. She holds a Bachelor of Science Major in Legal Management degree from the Ateneo de Manila University and obtained her Juris Doctor degree from Ateneo Law School. In 1999, she joined SyCip Salazar Hernandez & Gatmaitan Law as an associate. She joined the Company in 2008 as Senior Legal Counsel. She was elected as Assistant Corporate Secretary of the Company and its subsidiaries. She assumed her current role and was elected Corporate Secretary in 2014.

(2) Significant Employees

The following managers in the Company's Finance department are responsible for financial planning, control, reporting, as well as accounting and tax.

Position	Name	Age	Nationality
Head, Group Controlling and Planning	Glenn A. Agustin	42	Filipino
Head, Group Tax and Treasury	Shirley S. Go	39	Filipino

Set forth below is the business experience of the above individuals during the last five years:

Glenn A. Agustin, 42, is the Head for Group Controlling and Planning. He graduated from the University of Santo Tomas with a degree of Bachelor of Science in Commerce, major in Accounting. He is a Certified Public Accountant and Certified Internal Auditor. Before joining the Company, he worked with various companies including SGV and Co. and Bacnotan Consolidated Industries Inc. He joined the Company in 2004 as an internal auditor and started to work in Finance as Plant Controller in 2008, and Area Finance Manager in 2009 and Manager of Finance and Reporting in 2011. He assumed his post as Head-Group Controller on December 1, 2013, from his earlier position as Book-to-Report Service Delivery Head.

The business experience of Ms. Shirley S. Go is provided above.

(3) Family Relationships

None of the members of the Board of Directors nor any Executive Officer of the Company is related by affinity or consanguinity.

(4) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, the present members of the Board of Directors or the Executive Officers are not, presently, or during the last five (5) years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings except for the pending legal proceedings involving certain directors and executive officers of the Company and its subsidiaries described in Exhibit 4 hereof.

Item 10. Executive Compensation

The Company has local and expatriate executives. Expatriates are holding positions that are technical and advisory in nature. The compensation of local executives is benchmarked against the established Target Market Group (TMG*). At 100% performance attainment of the Company's financial and business goals, the executive compensation is targeted to be at median (P50) of the TMG and at the 3rd quartile for performance attainment of 110% and above. Expatriates are paid in accordance with the International Assignment compensation guidelines of LafargeHolcim.

The compensation received by the Executive Officers represents salaries, bonuses and benefits.

* The Company's Target Market Group (TMG) is composed of local and multi-national companies with annual gross revenues of PHP 5 - 50 billion and 500 to 5,000 employees.

Table 11 – Executive Compensation (in Php)

Name and Principal Position	Year	Salary	Bonus	Benefits
The CEO and four most highly compensated Executive Officers: ▪ Eduardo A. Sahagun – President & Country CEO ▪ Andre G. Caluori – SVP, Manufacturing ▪ Carmela Calimbas – Head, Corporate Occupational Health & Safety ▪ Araceli Gonzales – Head, HR ▪ William Sumalinog – Head, Sales	2016*	53,266,776	11,910,120	6,136,558
	2015	53,266,776	11,910,120	6,136,558
	2014	52,136,086	16,110,756	1,605,024
All other Executive Officers and Directors as a group unnamed	2016*	45,022,140	8,878,561	9,219,130
	2015	45,022,140	8,878,561	9,219,130
	2014	45,024,811	10,199,264	9,135,874

**Estimated compensation of executive officers for the ensuing year is assumed to approximate the 2015 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*

Other than directors' per diem, the directors of the Company do not receive any other compensation from the Company, including any of the following arrangements:

a. Standard arrangement and any other material arrangements;
b. Employment contract (between the Company and named executive officers);
c. Compensatory plan or arrangement;
d. Outstanding warrants or options; and
e. Adjustments or amendments on the price of stock warrants or options.

Warrants and Options Outstanding

There are no warrants or options granted by the Company to any of its Directors or Executive Officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The table below shows persons or groups known to HPI as of December 31, 2015 to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting securities:

Table 12 – Beneficial Ownership of Voting Securities

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner And Relationship with Record Owner	No of Shares Held	% of Ownership
Common	Union Cement Holdings Corporation 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City (Filipino) Stockholder	Union Cement Holdings Corp. (same as record owner)	3,906,425,509	60.55%
Common	Holderfin B.V. De Lairessestraat 129Hs 1075 HJ Amsterdam, the Netherlands (Dutch) Stockholder	Holderfin B.V. (same as record owner)	1,168,450,997	18.11%
Common	Sumitomo Osaka Cement Co., Ltd. 1, Kanda Mitoshiro-cho Chiyoda-ku, Tokyo, 101-8677, Japan (Japanese) Stockholder	Sumitomo Osaka Cement Co., Ltd. (same as record owner)	594,952,725	9.22%
Common	Cemco Holdings, Inc. 815/816 Tower One & Exchange Plaza Ayala Triangle Ayala Avenue, Makati City (Filipino) Stockholder	Cemco Holdings, Inc. (same as record owner)	456,689,560	7.08%

The respective Board of Directors of each of UCHC, Holderfin, Sumitomo Osaka Cement Co., Ltd. and Cemco has the power to decide how their shares in the Company are to be voted.

(1) Security Ownership of Management

The table below shows the securities beneficially owned by all directors, nominees and executive officers of HPI as of December 31, 2015:

Table 13 – Security Ownership of Management

Title of Class	Name and Address of Beneficial Owner	Amount/Nature of Ownership	Registered (R) or Beneficial (B)	% of Ownership
Common	Tomas I. Alcantara	1(D)	R	0.00%
Common	Ian S. Thackwray	1(D)	R	0.00%
Common	Daniel N. Bach	1(D)	R	0.00%
Common	Eduardo A. Sahagun	1(D)	R	0.00%
Common	Simeon V. Marcelo	1(D) 54,262(I)	R	0.00%
Common	Yasuo Kitamoto	1(D)	R	0.00%
Common	David Lucas B. Balangue	1(D) 94,000 (I)	R	0.00%
	Total	**148,269**		**0.00%**

Directors and officers as a group hold a total of 148,269 common shares, equivalent to approximately 0.00% of the Company's issued and outstanding capital stock.

(2) *Voting Trust Holders of 5% or more*

No person holds five percent (5%) or more of the issued and outstanding shares of stock of the Company under a voting trust or similar agreement.

(3) *Changes in Control*

There were no material changes in the control of the Company since the beginning of the Company's last calendar year. UCHC still holds the controlling interest in the Company.

Item 12. Certain Relationships and Related Transactions

On January 1, 2013, the implementation of Industrial Franchise Fee (IFF) eliminated the practice of separate charge for certain services provided by Holcim Group Support Ltd (HGRS) and Holcim IP Ltd (HIPL) over and above the trademark agreement and technical support agreement, under the previous system. The basis for the fee is different from the previous agreement and a direct comparison is not possible. The new agreement is aligned with Organization for Economic Co-operation and Development (OECD) principles and takes into account arm's length transfer pricing principles.

IFF is an annual charge payable quarterly and is based on fair assessment of economic value of intellectual property and value adding solutions derived by the Company from HIPL and HGRS. The implementation of IFF eliminated the practice of separate charge for services provided by HGRS and HIPL over and above the Trademark Agreement and Technical Support Agreement, under the previous system. The IFF, however, is separate from the existing agreement with HSEA for information technology related service. The IFF provides opportunity for the Company to obtain more value-adding services from Holcim Technology Ltd related to the improvement of many operational aspects of the Company without getting separate charges therefor.

In 2013, HIPL and HGRS were merged to form HTSX. All outstanding balances in the books of HIPL and HGRS as of December 31, 2012 have been reflected in the books of HTSX.

On January 1, 2014, the Company entered into an agreement with Holcim Technology (Singapore) Pte Ltd, the "Service Provider", for support services. This Service Agreement is complimentary to the existing Franchising Agreement and provides additional services outside the scope of the Franchise Agreement. The service shall be based on all costs and expenses incurred by the Service Provider plus mark-up. This agreement will be in effect unless and until superseded.

For a detailed discussion of the material related party transactions, please see Note 25 – Related Party Transactions to the accompanying consolidated financial statements in Item 13.1.

Except for the transactions discussed in Note 25 – Related Party Transactions to the accompanying consolidated financial statements in Item 13.1, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between the Company and any: (i) director, officer, direct or indirect owner of 10% or more of the outstanding shares in the Company; (ii) close family member of such director, officer or owner; (iii) associates of the Company; (iv) enterprises controlling, controlled by or under common control with the Company; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, officer or owner of 10% or more of the outstanding shares in the Company or any close family member of such director, key officer or owner, or collectively, the Related Parties.

There was no outstanding indebtedness at any time during the last three (3) financial years that was owed to the Company and/or its subsidiaries by any Related Party.

PART IV - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports

13.1 Consolidated Financial Statements

The audited consolidated financial statements for the years ended December 31, 2015 and 2014 are attached as Exhibit 1:

- Statement of Management's Responsibility to the Financial Statements
- Independent Auditors' Report
- Consolidated Balance Sheets as at December 31, 2015 and 2014
- Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013
- Consolidated Statements of Comprehensive income for the years ended December 31, 2015, 2014 and 2013
- Consolidated Statements of Changes in Equity for the years ended December 31, 2015, 2014 and 2013
- Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013
- Notes to Consolidated Financial Statements

13.2 Supplementary Schedules

- Supplementary Schedule of Retained Earnings Available for Dividend Declaration
- Illustration of relationships between the Company, its Ultimate Parent Company, Middle Parent, and its Subsidiaries
- Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2015
- Schedule of Financial Soundness Indicators
- The supplementary schedules of the Consolidated Financial Statements for the year ended December 31, 2015 are attached as Exhibit 2.

13.3 SEC Form 17 – Q

During the year 2015, the Company has filed the following SEC quarterly reports pursuant to Section 17 of SRC Rule 17 (2) (b) hereto attached as Exhibit 3.

Date of Filing	Quarter Ending
April 30, 2015	March 31, 2015
August 10, 2015	June 30, 2015
October 29, 2015	September 30, 2015

13.4 Legal Proceedings and Pending Cases (See Exhibit 4)

13.5 Reports on SEC Form 17-C

Reports on SEC Form 17-C filed during the year ended December 31, 2015 are attached together with this report as Exhibit 5:

Date Filed	Description
February 10, 2015	An advisory on the results of BOD Meeting held on February 9, 2015: postponement and setting of annual stockholders meeting date, change of principal office address in the Article of Incorporation, reflecting SEC issuance in the ByLaws, nomination of external auditor, approval of audited financial statements
March 18, 2015	An advisory on the Notice and Agenda of the Annual Stockholders Meeting
May 19, 2015	An advisory on the results of HPI's Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting held on May 18, 2015
July 13, 2015	An advisory on the results of BOD Special Meeting held on July 10, 2015: authority to make an offer for the acquisition of certain Lafarge group assets
August 3, 2015	An advisory on the purchase of the following assets: (a) shares of stock of Lafarge Republic Aggregates, Inc., Quimson Limestones, Inc., Sigma Cee Mining Corporation, and APC Properties, Inc., (b) Star Terminal assets located in Harbour Centre, Manila, and (c) certain parcels of land
October 27, 2015	An advisory on the results of BOD Meeting held on October 22, 2015: execution of a Shareholders Agreement governing Holcim Mining and Development Corporation (HMDC) with HMDC, the Holcim Philippines Inc. Retirement Fund (RF) and Holcim Philippines Manufacturing Corporation in relation to the proposed subscription by the RF of shares in HMDC
December 4, 2015	An advisory on the results of BOD Meeting held on December 4, 2015: appointment of new heads of functions subject to issuance of permits
December 10, 2015	Attendance on Corporate Governance Seminar held on December 4, 2015

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned; thereunto duly authorized, in the City of Taguig on February 23, 2016.

By:

Eduardo A. Sahagun President and Chief Executive Officer	Kristine N.L. Evangelista Corporate Secretary
Glenn A. Agustin Head, Group Controlling and Planning	Shirley S. Go Treasurer

MAR 0 1 2016 TAGUIG CITY

SUBSCRIBED AND SWORN to before me this __day of ____ 2016 affiants exhibiting to me the following documents:

Name	Res. Cert.	Date of Issuance	Place of Issuance
Holcim Philippines, Inc.	00206054	January 8, 2015	Taguig City

Name	Passport No.	Date of Issuance	Place of Issuance
Eduardo A. Sahagun	EC3944235	April 15, 2015	Manila
Kristine N.L. Evangelista	EB8978388	August 24, 2013	Manila
Glenn A. Agustin	EC3551295	February 28, 2015	Manila
Shirley S. Go	EB7455382	February 22, 2013	Manila

Notary Public

JONATHAN O. FERNANDEZ
NOTARY PUBLIC
APPOINTMENT NO. 39 (2015-2016) TAGUIG
UNTIL DECEMBER 31, 2016
PTR NO. 2446258; 01-04-2016; BAGUIO CITY
LIFETIME IBP NO. 08909; Bag-Beng Chapter
ROLL NO. 52589
MCLE COMPLIANCE NO. V-0007481
5/F One Campus Place Building Tower B 1080
Campus Avenue McKinley Town Center, Taguig City

Doc. No. 306;
Page No. 63;
Book No. V;
Series of 2016.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

NDEX TO THE CONSOLIDATED DINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE

FORM 17-A

Consolidated Financial Statements	**Exhibit 1**

Supplementary Schedules	**Exhibit 2**

Exhibit 1

Consolidated Financial Statements

For the years ended

December 31, 2015 and 2014

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 6 1 2 6

COMPANY NAME

H O L C I M   P H I L I P P I N E S   I N C .   A N D   S U
B S I D I A R I E S

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

7 t h   F l o o r ,   T w o   W o r l d   S q u a r e ,
M c K i n l e y   H i l l ,   F o r t   B o n i f a c i o ,
T a g u i g   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
lafargeholcim.com.ph	459-3333	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,527	May 16	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Shirley S. Go	shirley.go@lafargeholcim.com	459-3333	09175337410

CONTACT PERSON's ADDRESS

7F VENICE CORPORATE CENTER, 8 TURIN STREET, MCKINLEY TOWN CENTER, MCKINLEY HILL, FORT BONIFACIO, TAGUIG CITY

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SGVFS015825

Holcim Philippines, Inc.
7th Floor Two World Square
McKinley Hill, Fort Bonifacio
Taguig City 1634
Philippines

Phone +63 2 459 3333
Fax +63 2 459 4444
www.holcim.com

February 23, 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Holcim Philippines, Inc. and Subsidiaries (collectively referred to as "the Company") is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the Stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed, by the Stockholders has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Tomas I. Alcantara
Chairman

Eduardo A. Sahagun
President

Shirley S. Go
Treasurer

SUBSCRIBED AND SWORN to before me this FEB 2 3 2016 TAGUIG CITY with the presentation of the following:

Name	Passport No.	Place Issued	Date Issued
Tomas I. Alcantara	EB8610644	Manila	July 9, 2013
Eduardo A. Sahagun	EC3944235	Manila	April 15, 2015
Shirley S. Go	EB7455382	Manila	February 22,2 013

Doc. No. 215
Page No. 43
Book No. V
Series of 2016.

JONATHAN O. FERNANDEZ
NOTARY PUBLIC
APPOINTMENT NO. 39 (2015-2016) TAGUIG
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LIFETIME IBP NO. 08909; Bag-Beng Chapter
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Campus Avenue McKinley Town Center, Taguig City

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Holcim Philippines, Inc.
7th Floor, Two World Square
McKinley Hill, Fort Bonifacio
Taguig City

We have audited the accompanying consolidated financial statements of Holcim Philippines, Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Building a better
working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Holcim Philippines, Inc. and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Catherine E. Lopez

Catherine E. Lopez
Partner
CPA Certificate No. 86447
SEC Accreditation No. 0468-AR-2 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 102-085-895
BIR Accreditation No. 08-001998-65-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321648, January 4, 2016, Makati City

February 23, 2016

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2015	2014
	(In Thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,540,198**	₱2,698,207
Trade and other receivables - net (Notes 5 and 25)	**3,418,211**	2,259,205
Inventories (Note 6)	**3,942,552**	3,757,521
Other current assets (Note 7)	**644,576**	615,841
Total Current Assets	**10,545,537**	9,330,774
Noncurrent Assets		
Investments (Note 9)	**4,195,154**	4,559
Property, plant and equipment - net (Note 10)	**16,018,648**	17,604,436
Goodwill (Note 11)	**2,635,738**	2,635,738
Intangible assets - net (Note 11)	**55,965**	795,579
Deferred income tax assets - net (Note 26)	**365,113**	271,029
Other noncurrent assets (Notes 12 and 28)	**263,616**	264,571
Total Noncurrent Assets	**23,534,234**	21,575,912
TOTAL ASSETS	**₱34,079,771**	₱30,906,686
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Notes 13 and 25)	**₱999,831**	₱2,100,105
Trade and other payables (Notes 14 and 25)	**6,545,982**	5,603,991
Income tax payable (Note 26)	**824,141**	345,531
Total Current Liabilities	**8,369,954**	8,049,627
Noncurrent Liabilities		
Retirement benefit liability (Note 27)	**553,437**	582,924
Provisions (Note 17)	**183,282**	180,606
Deferred income tax liabilities - net (Note 26)	**3,632**	653
Total Noncurrent Liabilities	**740,351**	764,183
Total Liabilities	**9,110,305**	8,813,810
Equity		
Capital stock (Note 18)	**6,452,099**	6,452,099
Additional paid-in capital	**8,476,002**	8,476,002
Other reserves (Note 18)	**(9,606)**	3,774
Remeasurement loss on retirement benefits - net (Note 27)	**(135,840)**	(174,986)
Retained earnings (Note 18)	**10,178,725**	7,326,592
Equity Attributable to Equity Holders of the Parent Company	**24,961,380**	22,083,481
Noncontrolling Interest	**8,086**	9,395
Total Equity	**24,969,466**	22,092,876
TOTAL LIABILITIES AND EQUITY	**₱34,079,771**	₱30,906,686

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2015	2014	2013
	(In Thousands, Except Per Share Amounts)		
REVENUES (Notes 25 and 28)	**₱37,526,055**	₱32,648,659	₱28,893,369
COST OF SALES (Note 19)	**27,248,041**	23,597,880	21,016,470
GROSS PROFIT	**10,278,014**	9,050,779	7,876,899
General and administrative expenses (Note 20)	**(2,105,567)**	(1,326,503)	(1,245,172)
Selling expenses (Note 21)	**(583,740)**	(501,542)	(502,003)
Interest and financing charges (Notes 13, 24 and 25)	**(78,752)**	(43,670)	(5,099)
Foreign exchange gains (losses) - net (Notes 15 and 16)	**45,333**	1,964	(1,694)
Interest and other financial income (Notes 4 and 12)	**20,013**	13,029	29,474
Gain on remeasurement of retained equity in a former subsidiary (Note 9)	**2,635,755**	–	–
Others - net (Note 24)	**154,629**	105,169	250,459
INCOME BEFORE INCOME TAX	**10,365,685**	7,299,226	6,402,864
PROVISION FOR INCOME TAX (Note 26)			
Current	**3,016,500**	2,163,334	1,858,292
Deferred	**(800,383)**	(10,611)	(14,788)
	2,216,117	2,152,723	1,843,504
NET INCOME	**₱8,149,568**	₱5,146,503	₱4,559,360
Attributable to:			
Equity holders of the Parent Company	**₱8,148,071**	₱5,145,178	₱4,558,592
Noncontrolling interest	**1,497**	1,325	768
	₱8,149,568	₱5,146,503	₱4,559,360
Basic/Diluted Earnings Per Common Share of Net Income Attributable to Equity Holders of the Parent Company (Note 29)	**₱1.26**	₱0.80	₱0.71

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
		(In Thousands)	
NET INCOME	**₱8,149,568**	₱5,146,503	₱4,559,360
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Amounts transferred to profit or loss upon sale of investment in joint venture (Note 24)	–	–	(13,481)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 27)	**56,300**	(19,396)	(113,744)
Income tax effect	**(16,890)**	5,819	34,124
	39,410	(13,577)	(79,620)
Other reserves	**(13,380)**	3,774	–
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	**26,030**	(9,803)	(79,620)
	26,030	(9,803)	(93,101)
TOTAL COMPREHENSIVE INCOME	**₱8,175,598**	₱5,136,700	₱4,466,259
Attributable to:			
Equity holders of the Parent Company	**₱8,173,837**	₱5,135,317	₱4,465,684
Noncontrolling interest	**1,761**	1,383	575
	₱8,175,598	₱5,136,700	₱4,466,259

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 18)	Additional Paid-In Capital	Share In Available-for-sale Financial Assets Reserve of a Joint Venture (Note 24)	Other Reserves (Note 18)	Remeasurement Gain (Loss) on Retirement Benefits - net (Note 27)	Retained Earnings (Note 18)	Total	Noncontrolling Interest	Total Equity
					(In Thousands)				
BALANCES AT DECEMBER 31, 2012	**₱6,452,099**	**₱8,476,002**	**₱13,481**	**₱–**	**(₱81,924)**	**₱5,687,947**	**₱20,547,605**	**₱11,118**	**₱20,558,723**
Net income for the year	–	–	–	–	–	4,558,592	4,558,592	768	4,559,360
Other comprehensive loss for the year	–	–	(13,481)	–	(79,427)	–	(92,908)	(193)	(93,101)
Total comprehensive income (loss) for the year	–	–	(13,481)	–	(79,427)	4,558,592	4,465,684	575	4,466,259
Cash dividends - ₱0.55 per share (Note 18)	–	–	–	–	–	(3,548,655)	(3,548,655)	–	(3,548,655)
BALANCES AT DECEMBER 31, 2013	**6,452,099**	**8,476,002**	**–**	**–**	**(161,351)**	**6,697,884**	**21,464,634**	**11,693**	**21,476,327**
Net income for the year	–	–	–	–	–	5,145,178	5,145,178	1,325	5,146,503
Other comprehensive income (loss) for the year	–	–	–	3,774	(13,635)	–	(9,861)	58	(9,803)
Total comprehensive income (loss) for the year	–	–	–	3,774	(13,635)	5,145,178	5,135,317	1,383	5,136,700
Cash dividends - ₱0.70 per share (Note 18)	–	–	–	–	–	(4,516,470)	(4,516,470)	(3,681)	(4,520,151)
BALANCES AT DECEMBER 31, 2014	**6,452,099**	**8,476,002**	**–**	**3,774**	**(174,986)**	**7,326,592**	**22,083,481**	**9,395**	**22,092,876**
Net income for the year	–	–	–	–	–	8,148,071	8,148,071	1,497	8,149,568
Other comprehensive income (loss) for the year	–	–	–	(13,380)	39,146	–	25,766	264	26,030
Total comprehensive income (loss) for the year	–	–	–	(13,380)	39,146	8,148,071	8,173,837	1,761	8,175,598
Cash dividends - ₱0.82 per share (Note 18)	–	–	–	–	–	(5,295,938)	(5,295,938)	(3,070)	(5,299,008)
BALANCES AT DECEMBER 31, 2015	**₱6,452,099**	**₱8,476,002**	**₱–**	**(₱9,606)**	**(₱135,840)**	**₱10,178,725**	**₱24,961,380**	**₱8,086**	**₱24,969,466**

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
		(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱10,365,685**	₱7,299,226	₱6,402,864
Adjustments for:			
Gain on remeasurement of retained equity in a former subsidiary (Note 9)	**(2,635,755)**	–	–
Depreciation, amortization, depletion and impairment (Notes 10, 11 and 23)	**1,890,611**	1,422,604	1,475,647
Loss (gain) on sale of property, plant and equipment (Note 24)	**(107,810)**	(12,305)	31,386
Interest and financing charges (Note 24)	**78,752**	43,670	5,099
Provision for probable losses (Note 17)	**73,386**	43,632	–
Unrealized foreign exchange losses (gains) - net	**(32,735)**	(5,260)	9,048
Increase in retirement benefit liability	**40,877**	66,155	21,330
Interest and other financial income (Notes 4 and 12)	**(20,013)**	(13,029)	(29,474)
Provisions for (reversal of) site restoration costs (Note 17)	**11,607**	11,754	(7,355)
Gain on sale of investment in joint venture (Note 24)	**–**	–	(150,297)
Income before working capital changes	**9,664,605**	8,856,447	7,758,248
Decrease (increase) in:			
Trade and other receivables	**(1,045,915)**	(479,938)	187,939
Inventories	**(193,163)**	(770,302)	(737,370)
Other current assets	**270,374**	120,274	(184,746)
Increase (decrease) in:			
Trade and other payables	**1,516,225**	653,613	595,102
Other provisions (Note 17)	**–**	(49,172)	–
Net cash generated from operations	**10,212,126**	8,330,922	7,619,173
Cash generated from operations of a former subsidiary (Note 9)	**143,929**	–	–
Income taxes paid, including creditable withholding taxes	**(2,531,374)**	(2,036,896)	(2,092,316)
Net cash provided by operating activities	**7,824,681**	6,294,026	5,526,857
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment (Note 10)	**(2,440,515)**	(1,894,139)	(2,564,689)
Proceeds from sale of property, plant and equipment	**81,359**	22,435	38,066
Additions to intangible assets (Note 11)	**(11,329)**	(544,902)	(58,459)
Additional investments (Note 8)	**(242,931)**	–	–
Proceeds from sale of investment in joint venture	**–**	–	475,500
Interest received	**20,013**	13,029	29,474
Decrease (increase) in other noncurrent assets	**(4,205)**	15,793	(14,380)
Cash used in investing activities of a former subsidiary (Note 9)	**(3,612,264)**	–	–
Net cash used in investing activities	**(6,209,872)**	(2,387,784)	(2,094,488)

(Forward)

	Years Ended December 31		
	2015	2014	2013
		(In Thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Note 18)	**(₱5,299,008)**	(₱4,520,151)	(₱3,548,655)
Notes payable (Notes 13 and 25)	**(1,490,473)**	(3,992,895)	(1,450,000)
Interest and financing charges	**(78,752)**	(43,670)	(8,869)
Proceeds from availment of loans (Notes 13 and 24)	**1,625,000**	5,200,000	2,343,000
Cash generated from financing activities of a former subsidiary (Note 9)	**3,471,125**	–	–
Net cash used in financing activities	**(1,772,108)**	(3,356,716)	(2,664,524)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(710)**	(423)	2,877
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(158,009)**	549,103	770,722
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,698,207**	2,149,104	1,378,382
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱2,540,198**	₱2,698,207	₱2,149,104

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Holcim Philippines, Inc. (HPI or the "Parent Company") and all of its subsidiaries (collectively referred to as the "Company"), except Wellborne International Group Limited (WEB), were incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company is primarily engaged in the manufacture and distribution of cement products domestically and also for export. Following are the subsidiaries and the respective percentages of ownership as of December 31, 2015 and 2014:

	Principal Activities	Effective Percentage of Ownership 2015	2014
Held by HPI			
WEB [a]	Holding company	**100.00**	100.00
Excel Concrete Logistics, Inc. (ECLI)	Distribution of concrete and cement products	**100.00**	100.00
Holcim Philippines Business Services Center, Inc. (HPBSCI) [b]	Business process outsourcing and other information technology enabled services	**100.00**	100.00
Hubb Stores and Services, Inc. (HSSI) [c]	Retail of construction or building materials	**100.00**	100.00
Holcim Philippines Manufacturing Corporation (HPMC)	Manufacture and distribution of cement products domestically and also for export	**99.62**	99.62
Holcim Mining and Development Corporation (HMDC) [g]	Mining, processing and sale of quarry resources	–	100.00
Held by WEB			
Mabini Grinding Mill Corporation (Mabini)	Manufacture and distribution of cement products domestically and also for export	**100.00**	100.00
Held by HPMC			
Alsons Construction Chemicals, Inc. (Alchem) [d]	Manufacture, use and sale of all kinds of admixtures	**99.62**	99.62
Bulkcem Philippines, Inc. (Bulkcem)	Purchase, lease and sale of real properties	**99.62**	99.62
Calamba Aggregates Co., Inc. (CACI) [e]	Mining, processing and sale of quarry resources	**99.62**	99.62
Held by HMDC [g]			
Holcim Resources and Development Corporation (HRDC) [g]	Mining, processing and sale of quarry resources	–	100.00
Lucky One Realty Ventures, Inc. (LORVI) [f] [g]	Purchase, lease and sale of real properties	–	100.00

(a) A company incorporated in British Virgin Islands
(b) Incorporated on February 4, 2014
(c) Incorporated on June 2, 2014
(d) Ceased commercial operations since 2004
(e) In the process of liquidation
(f) Acquired by HMDC as assets on July 28, 2014
(g) Deconsolidated as of December 31, 2015 (see Note 9)

The plant sites of the Parent Company are in Davao City and in the provinces of La Union and Bulacan while the plant sites of Mabini and HPMC are in the provinces of Batangas and Misamis Oriental, respectively. The registered office address of the Parent Company is 7th Floor, Two World Square, Mckinley Hill, Fort Bonifacio, Taguig City.

The Parent Company is majority-owned by Union Cement Holdings Corporation (UCHC), a company incorporated in the Philippines. The Philippine-domiciled ultimate parent company of HPI is Clinco Corporation (Clinco).

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on February 22, 2016. The same were approved for issuance by the Board of Directors (BOD) on February 23, 2016.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments and available-for-sale (AFS) financial assets that are measured at fair value.

The consolidated financial statements are presented in Philippine peso (Peso), the Parent Company's functional currency. All values are rounded to the nearest thousand, unless otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Company are prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries) as at December 31 of each year. Control is achieved when the 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. Specifically, the Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

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

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

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date the Company obtains control, and continue to be consolidated until the date when such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Company loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Recognizes the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company has directly disposed of the related assets or liabilities.

<u>Changes in Accounting Policies</u>

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, 2015:

- Amendments to PAS 19, "Employee Benefits - Defined Benefit Plans: Employee Contributions"

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The adoption of these amendments did not have any impact on the Company's consolidated financial statements since the Company's retirement plans are noncontributory.

- Annual Improvements to PFRS (2010 to 2012 cycle)

  The Annual Improvements to PFRSs (2010 to 2012 cycle) contain non-urgent but necessary amendments to the following standards. Except as otherwise stated, the adoption of these amendments did not have a significant impact on the consolidated financial statements.

- PFRS 2, "Share-based Payment - Definition of Vesting Condition"

  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, "Business Combinations - Accounting for Contingent Consideration in a Business Combination"

  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39.

- PFRS 8, "Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"

  The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, "Property, Plant and Equipment: Revaluation Method - Proportionate Restatement of Accumulated Depreciation", and PAS 38, "Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, "Related Party Disclosures - Key Management Personnel"

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- Annual Improvements to PFRS (2011 to 2013 cycle)

  The Annual Improvements to PFRSs (2011 to 2013 cycle) contain non-urgent but necessary amendments to the following standards. Except as otherwise stated, the adoption of these amendments did not have a significant impact on the consolidated financial statements.

  - PFRS 3, "Business Combinations - Scope Exceptions for Joint Arrangements"

    The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

    - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - PFRS 13, "Fair Value Measurement - Portfolio Exception"

    The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

  - PAS 40, "Investment Property"

    The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

New Accounting Standards, Amendments to Existing Standards
<u>and Interpretations Effective Subsequent to December 31, 2015</u>
The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2015 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the financial position or performance.

Deferred

- Philippine Interpretation IFRIC 15, "Agreements for the Construction of Real Estate"

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Company.

- PFRS 10, "Consolidated Financial Statements" and PAS 28, "Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those 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. In December 2015, the IASB deferred indefinitely the effective date of these amendments pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the consolidated financial statements.

Effective in 2016

- PAS 16, "Property, Plant and Equipment", and PAS 38, "Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization" (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company is not using a revenue-based method to depreciate its noncurrent assets.

- PAS 16, "Property, Plant and Equipment", and PAS 41, "Agriculture - Bearer Plants" (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

- PAS 27, "Separate Financial Statements - Equity Method in Separate Financial Statements" (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

- PFRS 11, "Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations" (Amendments)

  The amendments to PFRS 11 require that a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, "Regulatory Deferral Accounts"

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

- PAS 1, "Presentation of Financial Statements – Disclosure Initiative" (Amendments)

  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:
  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
  - That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. Adoption of these amendments will not have a significant impact on the consolidated financial statements.

- PFRS 10, "Consolidated Financial Statements", PFRS 12, "Disclosure of Interests in Other Entities", and PAS 28, "Investments in Associates and Joint Ventures" – "Investment Entities: Applying the Consolidation Exception" (Amendments)

  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Company since the Company is not an investment entity nor does it have investment entity associates.

- Annual Improvements to PFRSs (2012-2014 cycle)

  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Company. They include:

  - PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal"

    The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, "Financial Instruments: Disclosures - Servicing Contracts"

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  - PFRS 7, "Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements" (Amendments)

    This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

  - PAS 19, "Employee Benefits - Regional Market Issue Regarding Discount Rate"

    This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, "Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report"

  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- PFRS 9, "Financial Instruments"

  In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 (2014 version) will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption of the other phases of the project is not expected to have any significant impact on the Company's consolidated financial statements. The Company is currently assessing the impact of adopting this standard.

The following new standard and amendments issued by the IASB has not yet been adopted locally.

- International Financial Reporting Standards (IFRS) 15, "Revenue from Contracts with Customers"

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

- IFRS 16, "Leases"

  IFRS 16 was issued in January 2016. Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, leases will apply the single-asset model, wherein lessees will recognize the assets and the related liabilities for most leases in their balance sheets and, subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

The Company is currently assessing the impact of IFRS 15 and IFRS 16 and plans to adopt the new and amended standards on their required effective dates once adopted locally.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

Financial Assets and Liabilities
Date of Recognition. Financial assets and liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Derivatives are also recognized on a trade date basis.

Initial Recognition of Financial Instruments. Financial assets and liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at FVPL.

Financial assets are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities at amortized cost. The classification depends on the purpose for which the instruments were acquired or liabilities incurred and whether they are quoted in an active market. The Company determines the classification of financial instruments at initial recognition and where appropriate and applicable, reevaluates this designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value ("Day 1" difference) in the consolidated statement of income under "Interest and other financial income" or "Interest and financing charges" account unless it qualifies for recognition as some other type of asset. In cases where data used are not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Financial Assets and Financial Liabilities at FVPL. Financial assets and financial liabilities at FVPL include financial assets and liabilities held for trading purposes and financial assets and liabilities designated upon initial recognition as at FVPL.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Derivatives (including separated embedded derivatives) are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets and financial liabilities may be designated as at FVPL by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded as part of "Foreign exchange gains (losses) - net" in the consolidated statement of income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded separately in the consolidated statement of income when the right of the payment has been established.

Included under this classification are the Company's bifurcated embedded currency forward derivatives.

Derivative Financial Instruments and Hedge Accounting
The Company uses derivative financial instruments such as cross-currency swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments (including bifurcated embedded derivatives) are initially recognized at fair value at the date when they are entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are recognized directly in the consolidated statement of income.

For purposes of hedge accounting, derivatives can be designated either as cash flow hedges or fair value hedges depending on the type of risk exposure it hedges.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine whether they have been actually highly effective prospectively and retrospectively throughout the financial reporting periods for which they were designated.

Cash Flow Hedges. Cash flow hedges are hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset, liability or a highly probable forecast transaction and could affect profit or loss. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized as OCI, while any hedge ineffectiveness is immediately recognized in the consolidated statement of income under "Others - net" account.

Amounts taken to OCI are transferred to the consolidated statement of income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale or purchase occurs. Where the hedged item is the cost of a nonfinancial asset or liability, the amounts taken to OCI are transferred to the initial carrying amount of the nonfinancial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognized in OCI are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in other comprehensive income shall remain in OCI until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Embedded Derivatives. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and c) the hybrid or combined instrument is not recognized at FVPL. The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company first becomes a party to the contract. Reassessment of embedded derivatives is only performed when there are changes in the contract that significantly modifies the cash flows that otherwise would be required under the contract.

The Company's embedded derivatives comprise of bifurcated embedded currency forwards from purchase orders.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as at FVPL nor designated as AFS financial assets or HTM investments.

After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the effective interest rate. The amortization is included in the "Interest and other financial income" account in the consolidated statement of income. The losses arising from impairment are recognized as provision for doubtful accounts in the consolidated statement of income. Loans and receivables are classified as current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Included under this category are the Company's cash and cash equivalents, trade and other receivables, advances to employees included under "Other current assets" and guarantee deposits and restricted cash included under "Other noncurrent assets".

HTM Investments. Quoted nonderivative financial assets with fixed or determinable payments and fixed maturity are classified as HTM investments when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. HTM investments are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount less allowance for impairment. For investments carried at amortized cost, gains and losses are recognized in the consolidated statement of income when the investment are derecognized or impaired, as well as through the amortization process. Where the Company sells other than an insignificant amount of HTM investments, the entire category will be tainted and reclassified as AFS financial assets. Assets under this category are classified as current assets if maturity is within 12 months from balance sheet date and as noncurrent if maturity is more than a year from balance sheet date.

The Company has no investments classified as HTM investments as at December 31, 2015 and 2014.

AFS Financial Assets. AFS financial assets are nonderivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial recognition, AFS financial assets that are quoted in an active market are carried at fair value. The unrealized gains and losses arising from the change in fair value of AFS financial assets are recognized in OCI and credited in the AFS reserve unless the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the consolidated statement of income in finance costs. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from balance sheet date.

The Company classified its investments in quoted and unquoted ordinary shares of stocks of various companies and club shares as AFS financial assets.

Other Financial Liabilities. Financial liabilities are classified in this category if they are not held for trading or not designated as at FVPL upon the inception of the liability. Other financial liabilities which include notes payable and trade and other payables are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized, as well as through the amortization process.

Financial liabilities are classified as current liabilities if these are expected to be paid or settled within 12 months after the balance sheet date. Otherwise, these are classified as noncurrent liabilities.

Impairment of Financial Assets
The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (as incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with default.

Assets Carried at Amortized Cost. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of loss is recognized in the consolidated statement of income. The assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets. The Company assesses at each reporting date whether there is objective evidence that an AFS financial asset or a group of AFS financial assets is impaired. For equity investments classified as AFS financial assets, objective evidence of impairment would include a significant or prolonged decline in fair value of the investments below its cost. Significant decline in fair value is evaluated against the original cost of investment, while prolonged decline is assessed against the periods in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income, is removed from OCI and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed in the consolidated statement of income. Increases in fair value after impairment are recognized in OCI.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In this case, the Company also recognizes an associated liability. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, is cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value. Cash and cash equivalents excludes any restricted cash (presented as part of "Other noncurrent assets") that is not available for use by the Company and therefore is not considered highly liquid, such as cash set aside to cover rehabilitation obligations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories
Inventories are valued at the lower of cost or net realizable value (NRV). Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Finished goods and goods in process	-	determined using the moving average method; cost includes direct materials, direct labor and a proportion of manufacturing overhead costs.
Raw materials, fuel, spare parts and others	-	determined using the moving average method; cost includes purchase price and other costs incurred in bringing these inventories to their present location or condition.

The NRV of finished goods and goods in process inventories is the selling price in the ordinary course of business, less estimated costs to complete the product and make the sale. The NRV of raw materials, fuel and spare parts and other inventories is the current replacement cost.

Other Current Assets
Other current assets mainly include advances to suppliers and prepaid expenses. These are amounts paid in advance for goods or services that are yet to be delivered and from which future economic benefits are expected to flow to the Company within the normal operating cycle or within 12 months from the balance sheet date. They are initially measured at the amount paid in advance by the Company for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Investments in Associates
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company's investments in its associates are accounted for using the equity method. Under the equity method, the investments in associates are initially recognized at cost. The carrying amount of the investments is adjusted to recognize changes in the Company's share of net assets of the associates since the acquisition date. Any goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the Company's share of the results of operations of the associates. Any change in OCI of the associate is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Company's share of profit or loss of the associates is shown on the face of the consolidated statement of income and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associates.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investments in the associates. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss as part of the "Equity in net earnings or losses" in the consolidated statement of income.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and depletion and any impairment in value. Land is carried at cost less any impairment in value. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred. Spare parts are classified as property, plant and equipment if the expected time of use is more than twelve months and provided that the capitalization thresholds are met.

Mineral and quarry rights included in "Land and land improvements" are recognized at cost less accumulated depletion and any impairment. Cost incurred in the acquisition of mineral and quarry rights including directly related project development costs are initially recognized as intangible assets. Such amount is reclassified to property, plant and equipment when the Company starts its quarry operations.

Depreciation is computed using the straight-line method, less any residual value, over the following estimated useful lives of the assets:

	Estimated Useful Lives in Years
Land improvements	20 to 50
Buildings and installations	20 to 40
Machinery and equipment	10 to 30
Furniture, vehicles and tools	3 to 10

Depletion of land with mineral reserves and quarry rights is computed using the unit-of-production method.

The useful lives, residual values, depreciation and depletion methods are reviewed at each financial year-end and adjusted if appropriate, to ensure that the periods and method of depreciation and the estimated units to be extracted used as basis for the depletion rate are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Construction in-progress represents plant and properties under construction or development and is stated at cost. This includes costs of construction, plant and equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the Company elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized in profit or. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing performed annually, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Intangible Assets

Software Costs. Costs of acquisition of new software and its customization are capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software costs are amortized on a straight-line basis over three years.

Mineral and Quarry Rights and Project Development Costs. Mining rights are stated at cost. The cost includes the purchase price, fees and licenses directly related to the quarry. Project development costs are costs directly associated with the development of land covered by mineral and quarry rights. When these projects are considered operational, such amounts are reclassified to the "Property, plant and equipment - Land and land improvements" account in the consolidated balance sheet and subjected to depletion as resources are extracted. These are charged to current operations in the year these are determined to be worthless.

Foreshore Lease. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The Company's foreshore lease qualifies as intangible with finite life and is amortized over its lease term of 25 years using the straight-line method.

Impairment of Nonfinancial Assets

At each reporting period, the carrying values of property, plant and equipment, investments in associates, creditable withholding taxes, input value-added tax (VAT), prepaid expenses, other current assets, software costs and other nonfinancial assets, except goodwill, are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and when the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of the asset is the greater of fair value less costs to sell or value-in-use. The fair value is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Provision for impairment losses is recognized in the consolidated statement of income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recognized in the consolidated statement of income. However, the increased carrying amount of the asset due to reversal of an impairment loss is recognized only to the extent that it does not exceed the carrying amount (net of accumulated depreciation, amortization and depletion) that would have been determined had impairment loss not been recognized for that asset in the prior years.

Goodwill
Goodwill is tested annually for impairment at the end of each reporting period and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of CGU (or group of CGUs) is less than their carrying amount, an impairment loss is recognized immediately in profit or loss of the CGU (or group of CGUs) to which goodwill has been allocated. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the Company expects a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognized as a separate asset but only when reimbursement is virtually certain. The expense related to a provision is presented in the consolidated statement of income, net of any reimbursement.

Provision for Site Restoration Costs. A provision for site restoration costs is recognized when the Company starts the extraction activity in the land with mineral reserves in which it operates. The initial provision for site restoration costs, which represents the present value of estimated cash flows expected to be incurred to settle the obligation, is capitalized as land with mineral reserves and included in "Property, plant and equipment - Land and land improvements" account in the consolidated balance sheet. The cash flows are discounted at a current pre-tax discount rate that reflects the risks specific in restoring the site. The unwinding of the discount is recognized in the consolidated statement of income as it occurs. The estimated future costs of restoring the site are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset in the current period.

Equity
Preferred and common stocks are measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. Proceeds and/or fair value considerations received in excess of par value are recognized as additional paid-in capital.

The Company's own equity instruments which are reacquired are deducted from equity and presented as "Cost of treasury shares held" in the consolidated balance sheet. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration received, if any, upon reissuance or cancellation of shares is recognized as additional paid-in capital.

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and other capital adjustments.

Cash Dividend to Equity Holders of the Parent Company
The Parent Company recognizes a liability to make cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Parent Company. A corresponding amount is recognized directly in equity.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably, regardless when the amount is received. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, returns, rebates and value-added taxes (VAT). The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on the delivery of the goods to and acceptance by the buyer.

Interest. Revenue is recognized as the interest accrues taking into account the effective interest yield on the asset.

Dividend. Revenue is recognized when the Company's right to receive dividends has been established.

Costs and Expenses
Costs and expenses are recognized when incurred. These are measured based on the fair value of consideration paid or payable.

VAT
Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade and other payables" in the consolidated balance sheet.

Retirement Benefit Costs
Retirement benefits liability, as presented in the consolidated balance sheet, is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. The retirement benefit costs comprise of the service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

HPBSCI has a defined contribution plan covering all regular employees. As HPBSCI operates in the Philippines, it is subject to Republic Act (RA) No. 7641, which requires a minimum benefit equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year. HPBSCI accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

HPI also has a defined contribution plan, which covers all permanent employees. The cost of providing benefits under defined contribution plan is determined by the contributions due for the services rendered by employees during the year. The obligation is measured on an undiscounted basis, except when they do not fall due wholly within 12 months after the end of the period in which the employees render the related service.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Operating Leases as Lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the term of the lease.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects, to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized as expense when incurred.

Functional Currency and Foreign Currency Translation

The consolidated financial statements are presented in Peso, which is also the functional currency of the Parent Company. The functional currency of the Parent Company's subsidiaries is also the Peso. The Peso is the currency of the primary economic environment in which the Parent Company and its subsidiaries operate. This is also the currency that mainly influences the revenue from and cost of rendering products and services. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the consolidated statement of income except for foreign exchange differences that qualify as capitalizable borrowing costs for qualifying assets. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Income Tax

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at balance sheet date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO) can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted as at balance sheet date.

Income tax relating to items recognized directly in equity is recognized in OCI and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

<u>Contingencies</u>
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events after Balance Sheet Date
Post year-end events that provide additional information about the Company's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with PFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these judgments and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Judgments
In the process of applying the Company's accounting policies, management has made the following significant judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Control. The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Company has all of the following:

a. Power over the entity;
b. Exposure, or rights, to variable returns from its involvement with the entity; and,
c. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

The Parent Company regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Parent Company determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

Assessment of Loss of Control on HMDC. The Company assesses the consequences of changes in its ownership interest in a subsidiary that may result in a loss of control as well as the consequences of losing control of a subsidiary during the reporting period.

In December 2015, the Company appointed and designated a third party subscriber of the shares of stock of HMDC as its proxy, authorized to vote for and on its behalf 60% of all of its shares in HMDC at any and all meetings of the stockholders of HMDC. Subsequently, the nominees of such third party subscriber were elected as majority members of the BOD of HMDC. Consequently, as of December 31, 2015, the Company lost its control on HMDC and accounted for its remaining interest as investment in an associate (see Note 9).

Assessment for the Acquisition of Certain Lafarge Entities and Properties. On August 3, 2015, the Company and HMDC purchased shares of stock of certain Lafarge entities, parcels of land and a terminal facility. Management assessed that the acquired entities and properties, except for the quarry land in Pinagtulayan, qualify as business because of the integrated set of assets and activities present in the acquired entities that is sufficient for the Company to generate output. The quarry land in Pinagtulayan did not qualify as business because of the missing element of inputs (i.e., mining/quarry rights) necessary to produce or extract raw materials from the site.

Additional discussions regarding the acquisition can be found in Note 8 to the consolidated financial statements.

Assessment for the Acquisition of LORVI. Taking into consideration the relevant provisions of PFRS 3, the Company assessed that the acquisition of LORVI in 2014 is a purchase of group of assets due to the absence of critical elements of inputs and processes to sufficiently generate output. Also, there is no compelling evidence that the missing element could easily be replicated by the Company in a relatively short period of time.

Operating Lease Commitments - Company as Lessee. The Company has various lease agreements as a lessee. The Company has determined, based on evaluation of the terms and condition of the lease agreements, that the significant risks and rewards of ownership of the leased properties were retained by the lessor (e.g., no transfer of ownership at the end of the lease term). Accordingly, the Company accounts for these leases as operating leases (see Note 28).

Estimates

The key estimates concerning the future and other key sources of estimation uncertainty as at balance sheet date that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Useful Lives of Property, Plant and Equipment. The useful lives of property, plant and equipment are estimated based on the period over which the property, plant and equipment are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment are reviewed at each financial year-end, and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property, plant and equipment. However, it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances. There were no changes in the estimated useful lives of property, plant and equipment in 2015 and 2014. The carrying value of depreciable property, plant and equipment amounted to ₱13.6 billion and ₱ 13.8 billion as at December 31, 2015 and 2014, respectively (see Note 10).

Depletion of Mineral and Quarry Rights. Mineral and quarry rights reserves estimates are, to a large extent, based on interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based on anticipated tonnage and grades of minerals to be mined and processed, the configuration of the mineral body, expected recovery rates of minerals, estimated operating costs, estimated climatic conditions and other factors. Proven reserves estimates are attributed to future quarry sites projects only where there is a significant commitment to project funding and extraction and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and extraction activities or from changes in economic factors including product prices or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. The estimated recoverable reserves are used in the calculation of depletion and testing for impairment, the assessment of life of quarry sites, and forecasting the timing of the payment of provision for site restoration. The carrying value of mineral and quarry rights amounted to ₱197.7 million and ₱ 283.2 million as at December 31, 2015 and 2014, respectively, included in "Property, plant and equipment - Land and land improvements" (see Note 10).

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indicators exist, the Company estimates the recoverable amount of the relevant asset.

Determining the recoverable amount of property, plant and equipment, investments in associates, intangible assets and other nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposal of such assets. Future events could cause management to conclude that assets associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of estimated future cash flows involves significant estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the Company's assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

No reversal or additional impairment was recognized in 2014 and 2013. In 2015, the Company recognized impairment loss on certain idle plant facility and cancelled projects (see Note 10).

The allowance for impairment losses on nonfinancial assets totaled ₱376.7 million and ₱55.7 million as at December 31, 2015 and 2014, respectively. The carrying values of investments in associates, property, plant and equipment, and intangible assets are disclosed in Notes 9, 10 and 11, respectively.

Impairment of Goodwill. The Company performs impairment testing of its goodwill on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Value-in-use is estimated by making an estimate of the expected future cash flows from the cash-generating unit and to apply a suitable discount rate in order to calculate the present value of those cash flows. In 2013 and prior years, goodwill arising from the Company's acquisition of WEB and Mabini on August 14, 2003 has been attributed to the entire cement operation, which is considered as one cash-generating unit. Starting January 1, 2014, due to the rehabilitation and return to full operations of Mabini plant, the entire goodwill was attributed to Mabini plant's cement operations. The recoverable amount of the goodwill has been determined based on a value-in-use calculation using cash flow projections based on the three-year financial plan approved by the senior management. The Company has determined that the goodwill is not impaired. The carrying amount of goodwill amounted to ₱2.6 billion as at December 31, 2015 and 2014 (see Note 11).

Allowance for Doubtful Accounts. The Company reviews its trade and other receivables at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors such as receivables' credit risk characteristics, customers' ability to pay amounts due and customers' historical experience with the Company. Actual results may differ resulting in future changes in the allowance.

In addition to specific allowance against individually significant loans and receivables, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This level of allowance is based on the status of the accounts receivable, past collection experience and other factors that may affect collectability.

The allowance for doubtful accounts amounted to ₱201.5 million and ₱151.3 million as at December 31, 2015 and 2014, respectively. Trade and other receivables, net of allowance for doubtful accounts, amounted to ₱3.4 billion and ₱2.3 billion as at December 31, 2015 and 2014, respectively (see Note 5).

Retirement Benefit Costs. The costs of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 27.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on historical actual salary increases of the Company.

Total retirement benefits liability amounted to ₱553.4 million and ₱582.9 million as at December 31, 2015 and 2014, respectively (see Note 27).

Deferred Income Tax Assets. The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on the past results and future expectations of revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient future taxable income to allow all or part of deferred income tax assets to be utilized. Management also reviews the level of projected gross margin for the use of Optional Standard Deduction (OSD) and assesses the future tax consequences for the recognition of deferred income tax assets and deferred income tax liabilities. Based on the Company's projected margin, management expects to use the itemized deduction method for the Parent Company and most of the subsidiaries. HPMC and Mabini, expect to use the OSD for the next three years and Bulkcem and HPBSCI for the next four years.

Total deferred income tax assets recognized in the Company's consolidated balance sheets amounted to ₱595.7 million and ₱544.2 million as at December 31, 2015 and 2014, respectively. The amounts of temporary differences and carryforward benefits of unused tax credits and unused tax losses, for which no deferred income tax assets as at December 31, 2015 and 2014 are disclosed in Note 26.

Provision for Site Restoration Costs. The Company recognizes a provision for the cost of restoring a mineral and quarry site where a legal or constructive obligation exists. This requires an estimation of the cost to restore the quarry on a per hectare basis, depending on the location and is based on the best estimate of the expenditure required to settle the obligation as at balance sheet date, discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the liability. The provision for site restoration amounted to ₱66.3 million and ₱137.0 million as at December 31, 2015 and 2014, respectively (see Note 17).

Net Realizable Value of Inventories. The Company writes down the cost of inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete and unusable are written-off and charged as expense in the consolidated statement of income. The carrying values of inventories amounted to ₱3.9 billion and ₱3.8 billion as at December 31, 2015 and 2014, respectively (see Note 6).

Provisions for Claims, Litigations and Assessments. The Company is currently involved in various legal proceedings and tax assessments. Management's estimate of the probable costs for the resolution of these claims has been developed based upon an analysis of potential results. The Company currently believes that these proceedings will not have a material adverse effect on the consolidated financial statements. It is possible however, that future financial performance could be materially affected by changes in the estimates or effectiveness of the strategies relating to these proceedings and assessments. As at December 31, 2015 and 2014, the Company's provisions for claims and litigations amounted to ₱117.0 million and ₱43.6 million, respectively (see Note 17).

4. Cash and Cash Equivalents

	2015	2014
	(In Thousands)	
Cash on hand and in banks	**₱1,850,752**	₱2,090,237
Short-term deposits	**689,446**	607,970
	₱2,540,198	₱2,698,207

Cash in banks earn interest at prevailing bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the cash requirements of the Company, and earn interest at the prevailing short-term deposit rates.

Interest income earned from cash in banks and short-term deposits amounted to ₱18.9 million, ₱10.7 million and ₱27.5 million in 2015, 2014 and 2013, respectively.

5. Trade and Other Receivables - net

	2015	2014
	(In Thousands)	
Trade		
Dealers	**₱1,296,171**	₱1,034,594
Retailers	**65,893**	85,269
Institutional	**882,509**	795,215
Alternative fuel and raw materials (AFR)/ready mix (RMX)/others	**479,806**	358,780
Due from related parties (Note 25)	**831,488**	75,739
Others	**63,838**	60,885
	3,619,705	2,410,482
Less allowance for doubtful accounts	**201,494**	151,277
	₱3,418,211	₱2,259,205

Trade receivables are noninterest-bearing and generally have credit terms of 30 to 60 days. Due from related parties and other receivables are collectible within the next financial year.

Total amount of intercompany receivables eliminated as of December 31, 2015 and 2014 amounted to ₱1.3 billion.

Movements in the allowance for doubtful accounts which pertain to trade and other receivables are as follows:

	2015					
	Dealers	**Retailers**	**Institutional**	**AFR/RMX/ Others**	**Others**	**Total**
	(In Thousands)					
Beginning of year	**₱32,067**	**₱5,876**	**₱74,768**	**₱34,942**	**₱3,624**	**₱151,277**
Provisions (reversals) (Note 21)	**(714)**	**25,150**	**(3,064)**	**28,845**	**–**	**50,217**
End of year	**₱31,353**	**₱31,026**	**₱71,704**	**₱63,787**	**₱3,624**	**₱201,494**
Individually impaired	**₱20,540**	**₱28,966**	**₱4,944**	**₱20,833**	**₱3,624**	**₱78,907**
Collectively impaired	**₱10,813**	**₱2,060**	**₱66,760**	**₱42,954**	**₱–**	**₱122,587**

	2014					
	Dealers	Retailers	Institutional	AFR/RMX/ Others	Others	Total
	(In Thousands)					
Beginning of year	₱20,246	₱4,901	₱65,681	₱32,956	₱3,624	₱127,408
Provisions (Note 21)	12,018	991	9,238	4,116	–	26,363
Write-off	(197)	(16)	(151)	(2,130)	–	(2,494)
End of year	₱32,067	₱5,876	₱74,768	₱34,942	₱3,624	₱151,277
Individually impaired	₱20,540	₱3,593	₱5,155	₱29,285	₱3,624	₱62,197
Collectively impaired	₱11,527	₱2,283	₱69,613	₱5,657	₱–	₱89,080

6. Inventories

	2015	2014
	(In Thousands)	
At cost:		
Finished goods	**₱801,454**	₱738,847
Goods in process	**1,089,133**	1,081,558
Raw materials	**621,945**	692,847
Fuel	**385,421**	409,805
Spare parts and others	**918,864**	723,898
At net realizable value:		
Finished goods, spare parts and others	**125,735**	110,566
	₱3,942,552	₱3,757,521

The costs of spare parts and other inventories at net realizable value amounted to ₱325.4 million and ₱307.0 million as at December 31, 2015 and 2014, respectively. Finished goods inventories with total cost of ₱114.9 million were fully provided for with allowance for inventory obsolescence in 2015.

The following table shows the movement of allowance for inventory obsolescence as of December 31, 2015 and 2014:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱196,403**	₱183,279
Provisions (Note 19)	**118,192**	13,124
Balance at end of year	**₱314,595**	₱196,403

Total inventories charged to cost of sales amounted to ₱11.9 billion, ₱11.5 billion and ₱10.0 billion in 2015, 2014 and 2013, respectively (see Note 19).

7. Other Current Assets

	2015	2014
	(In Thousands)	
Advances to suppliers (Note 28)	**₱302,160**	₱242,840
Prepaid expenses	**250,643**	187,892
Advances to employees	**41,129**	67,777
Input value-added taxes	**37,898**	87,093
Creditable withholding taxes	**5,148**	11,664
Others	**7,598**	18,575
	₱644,576	₱615,841

Advances to suppliers represent advances that are applied against subsequent purchases and are outstanding for less than one year from initial recognition. Prepaid expenses include rent and insurance paid in advance that are amortized over the year.

8. **Acquisition of Business**

On August 3, 2015, the Company, through HMDC, acquired the shares of stock of the following entities (the 'Lafarge entities'), which were all incorporated in the Philippines:

Entity	Principal Activities
LafargeHolcim Aggregates, Inc. (LHAI, formerly Lafarge Republic Aggregates, Inc.)	Aggregates and quarry operations
Quimson Limestones, Inc. (QLI)	Quarry operations
APC Properties, Inc. (APC)	Purchasing and selling of properties
Sigma Cee Mining Corporation (SCMC)	Exploration, mining and processing of minerals

On the same date, the Company also entered into Deeds of Absolute Sale for the purchase of parcels of land in Pinagtulayan, Norzagaray, Bulacan and a terminal facility, including the land where the facility is situated, in Manila.

The acquisition of these Lafarge entities and properties were based on management's study on potential synergies in terms of strategic fit of the assets acquired with the current operations and the results of the financial, tax, technical and legal due diligence undertaken on these assets.

The total consideration for the aforementioned acquisitions amounted to ₱3.1 billion, of which ₱23.1 million pertains to purchase of the quarry land in Pinagtulayan, Norzagaray, Bulacan accounted for as purchase of assets (see Note 3).

The recognized fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition follow (amounts in thousands):

Assets	
Cash and cash equivalents	₱35,465
Trade and other receivables	509,375
Inventories	27,330
Other current assets	68,977
Property, plant and equipment	1,167,850
Deferred income tax assets	5,078
Other noncurrent assets	19,070
	1,833,145
Liabilities	
Notes payable	46,360
Trade and other payables	431,880
Income tax payable	28,517
Deferred income tax liabilities	50,654
Provisions	2,879
	560,290
Total identifiable net assets at fair value	1,272,855
Goodwill arising on acquisition	1,799,040
Purchase consideration	₱3,071,895

The net assets recognized were based on their fair value as of acquisition date. The fair values of the parcels of land, land improvements, building and machinery and equipment acquired from the Lafarge entities were determined by a third party independent appraiser. Valuation technique used was market data approach. The deferred income tax liabilities comprise the tax effect of the fair value adjustments on properties that were subjected to appraisal.

From the date of the acquisition, the acquired business contributed ₱202.6 million of income before income tax and ₱136.7 million of net income to the Company. If the acquisition had taken place at the beginning of 2015, the Company's income before income tax and net income would have been ₱11.4 billion and ₱8.9 billion, respectively.

The Lafarge entities acquired in 2015 were deemed disposed in 2015, when the Company lost control of HMDC (see Note 9). In accordance with the provisions of PFRS 5, *Noncurrent Assets Held for Sale*, the assets and liabilities acquired were considered as noncurrent assets and noncurrent liabilities held for disposal, at acquisition date. Accordingly, the effect of this acquisition on the consolidated property, plant and equipment, goodwill and intangible assets were not presented as additions in the movement of these accounts as disclosed in Notes 10 and 11.

Also, while PFRS 5 requires that the net income of these entities from date of acquisition to date of deconsolidation be shown separately as discontinued operations in the 2015 consolidated statement of income, the net income of these entities were deemed to be insignificant to the Company's entire operations, and thus were not presented separately.

9. Investments

Investments as of December 31, 2015 and 2014 consist of the following:

	2015	2014
	(In Thousands)	
Investments in associates	**₱4,191,214**	₱619
AFS financial assets (Notes 15 and 16)	**3,940**	3,940
	₱4,195,154	₱4,559

The details of investment in associates as of December 31, 2015 and 2014 are as follows:

	2015	2014
	(In Thousands)	
HMDC	**₱4,190,595**	₱–
Asia Coal		
Acquisition cost	**29,162**	29,162
Accumulated equity in net losses	**(28,543)**	(28,543)
	619	619
	₱4,191,214	₱619

HMDC

In October 2015, HMDC, its shareholders HPI and HPMC, together with the Holcim Philippines, Inc. Retirement Fund (RF), executed a Shareholders Agreement governing HMDC, in relation to the subscription by the RF of shares in HMDC. HPI and HPMC waived their respective pre-emptive rights allowing the RF to subscribe to 60% of the issued and outstanding capital stock of HMDC.

In November 2015, RF paid its subscription (25% of the subscribed shares) to the voting preferred shares of HMDC. The latter applied for the increase in capital stock with the SEC to cover RF's subscription. As of February 23, 2016, HMDC's application for increase in capital stock is pending with the SEC.

Pursuant to the subscription by the RF to 60% of the issued and outstanding capital stock of HMDC, HPI and HPMC appointed and designated RF as their proxy for their respective 60% voting shares in HMDC, which proxy is irrevocable until SEC approves the increase in capital stock. Thereafter, three nominees of RF were elected to the five-member Board of HMDC. As a result, RF has effectively taken over the control of HMDC. Consequently, the Company accounted for its remaining 40% interest in HMDC as investment in an associate. At the date of the loss of control, the Company's investment in HMDC was remeasured at ₱4.2 billion based on the fair value of its retained equity in HMDC.

Related gain on remeasurement of retained equity in HMDC recognized in profit or loss amounted to ₱2.6 billion, arising mainly from the fair value adjustments on land owned by HMDC and its subsidiaries. In accordance with the Shareholders Agreement, the Company recognized full equity in the land owned by HMDC and the liabilities attached thereto, since RF will participate only in the operating profit of HMDC generated from raw materials supply, land and foreshore leasing, tolling arrangements, and earth-moving activities.

Following are the summarized consolidated balance sheet financial information of HMDC as of December 31, 2015 (in thousands):

Current assets	₱1,476,682
Noncurrent assets	
Land and related assets	2,235,133
Other noncurrent assets	3,871,230
Current liabilities	
Attributable to land	(14,499)
Other current liabilities	(1,154,313)
Noncurrent liabilities	
Attributable to land	(50,654)
Other noncurrent liabilities	(4,842,730)
Equity	₱1,520,849

Share in net assets of HMDC and subsidiaries	
Attributable to land	₱2,169,980
Attributable to other net assets	37,288
Gain on remeasurement of retained equity at deconsolidation	2,635,755
Receivable from HMDC and its subsidiaries (Note 25)	(652,428)
Company's carrying amount of the investment	₱4,190,595

Notes payable and long-term debt of HMDC and its subsidiaries amounted to ₱0.2 billion and ₱4.8 billion, respectively, as of December 31, 2015.

The consolidated profit or loss and other comprehensive income of HMDC and its subsidiaries for the entire 2015 formed part of the consolidated statement of income of the Company as the loss of control occurred only on December 23, 2015. The Company has determined that transactions that occurred and were recognized by HMDC and its subsidiaries from the date of the loss of control until December 31, 2015 are not material.

As presented in the 2015 statement of cash flows, HMDC and its subsidiaries generated cash from operations amounting to ₱0.1 billion and from financing activities amounting to ₱3.5 billion. Net cash used in their investing activities amounted to ₱3.7 billion, which include, among others, acquisition of Lafarge entities and properties amounting to ₱2.8 billion, net of cash acquired (see Note 8), purchases of property and equipment amounting to ₱0.1 billion (see Note 10) and total cash of HMDC and its subsidiaries as of deconsolidation date amounting to ₱0.8 billion.

Asia Coal Corporation (Asia Coal)
The Company has a 28% interest in Asia Coal, which was incorporated in the Philippines. Asia Coal ceased operations on November 1, 2014. On March 19, 2009, the directors and stockholders of Asia Coal approved the shortening of the corporate life of Asia Coal to October 31, 2009. Asia Coal shall be dissolved and liquidated, the date of which is subject to the approval of the SEC. The reporting date of Asia Coal is October 31. The effect of the difference in the reporting date of the Parent Company and Asia Coal is immaterial.

10. Property, Plant and Equipment

	December 31, 2014	Additions/ Depreciation/ Impairment[a]	Disposals/ Retirements	Transfers/ Reclassification[a]	Effect of deconsolidation[a] (Note 9)	December 31, 2015
			(In Thousands)			
Cost:						
Land and land improvements	₱1,863,433	₱444,265	(₱76,156)	₱37,543	(₱1,800,078)	₱469,007
Buildings and installations	12,134,485	109,060	(124,112)	467,808	(265,259)	12,321,982
Machinery and equipment	21,231,854	142,522	(21,669)	1,285,200	(1,321)	22,636,586
Furniture, vehicles and tools	1,206,519	1,044	(174,019)	76,947	(50,349)	1,060,142
Construction in-progress	2,674,532	1,743,624	–	(1,859,366)	(59,461)	2,499,329
	39,110,823	2,440,515	(395,956)	8,132	(2,176,468)	38,987,046
Less accumulated depreciation and depletion:						
Land improvements	298,149	47,896	(76,156)	–	(15,254)	254,635
Buildings and installations	6,497,146	375,574	(44,899)	–	(15,459)	6,812,362
Machinery and equipment	13,852,550	987,395	(9,508)	–	(28,414)	14,802,023
Furniture, vehicles and tools	802,842	103,394	(154,747)	–	(28,833)	722,656
	21,450,687	1,514,259	(285,310)	–	(87,960)	22,591,676
Less accumulated impairment losses:						
Buildings and installations	3,092	276,614	–	–	–	279,706
Machinery and equipment	18,513	44,408	–	–	–	62,921
Furniture, vehicles and tools	34,095	–	–	–	–	34,095
	55,700	321,022	–	–	–	376,722
Net book value	₱17,604,436	₱605,234	(₱110,646)	₱8,132	(₱2,088,508)	₱16,018,648

(a) *Additions and effect of deconsolidation do not include the property, plant and equipment of the Lafarge entities amounting to ₱1.2 billion, as discussed in Note 8.*

	December 31, 2013	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassifications	December 31, 2014
			(In Thousands)		
Cost:					
Land and land improvements	₱1,690,780	₱152,801	₱–	₱19,852	₱1,863,433
Buildings and installations	11,566,093	290,282	–	278,110	12,134,485
Machinery and equipment	21,385,149	1,370	(425,865)	271,200	21,231,854
Furniture, vehicles and tools	1,149,799	–	(32,450)	89,170	1,206,519
Construction in-progress	1,851,804	1,449,686	–	(626,958)	2,674,532
	37,643,625	1,894,139	(458,315)	31,374	39,110,823
Less accumulated depreciation, depletion					
Land improvements	261,420	36,729	–	–	298,149
Buildings and installations	6,121,350	375,796	–	–	6,497,146
Machinery and equipment	13,421,904	856,513	(425,867)	–	13,852,550
Furniture, vehicles and tools	689,797	135,363	(22,318)	–	802,842
	20,494,471	1,404,401	(448,185)	–	21,450,687

(Forward)

	December 31, 2013	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassi-fications	December 31, 2014
			(In Thousands)		
Less accumulated impairment losses:					
Buildings and installations	₱3,092	₱–	₱–	₱–	₱3,092
Machinery and equipment	18,513	–	–	–	18,513
Furniture, vehicles and tools	34,095	–	–	–	34,095
	55,700	–	–	–	55,700
Net book value	₱17,093,454	₱489,738	(₱10,130)	₱31,374	₱17,604,436

In July 2014, the Company acquired a group of assets from Calumboyan Holdings, Inc. at a purchase price of ₱918.0 million representing port facility and foreshore lease in Mabini, Batangas (see Note 11). This group of assets was part of the deconsolidated assets in December 2015 (see Note 9).

Construction in progress includes on-going item replacements and expansion projects for the Company's operations.

In 2015, the Company recognized impairment loss on certain idle plant facility and cancelled projects. The Company will rely on other strategic initiatives to increase capacity and sufficiently supply the market. Impairment loss is presented under "General and administrative expenses - Depreciation and impairment" account in the 2015 statement of income (see Note 20).

11. Goodwill and Intangible Assets

The movements of goodwill and intangible assets are as follows:

	December 31, 2014	**Additions/ Amortization/ Transfers[a]**	**Effect of de-consolidation[a]** (Note 9)	**December 31, 2015**
Goodwill	**₱2,635,738**	**₱–**	**₱–**	**₱2,635,738**
Intangible assets:				
Cost:				
Mining rights	**179,544**	**–**	**(179,544)**	**–**
Foreshore lease	**544,902**	**–**	**(544,902)**	**–**
Software costs	**122,384**	**–**	**–**	**122,384**
Project development costs and others	**38,256**	**11,329**	**(11,329)**	**38,256**
	885,086	**11,329**	**(735,775)**	**160,640**
Less accumulated amortization:				
Foreshore lease	**–**	**40,066**	**(40,066)**	**–**
Software costs	**78,087**	**14,766**	**–**	**92,853**
Project development costs and others	**11,420**	**498**	**(96)**	**11,822**
	89,507	**55,330**	**(40,162)**	**104,675**
	795,579	**(44,001)**	**(695,613)**	**55,965**
Balance	**₱3,431,317**	**(₱44,001)**	**(₱695,613)**	**₱2,691,703**

(a) Additions and effect of deconsolidation do not include the goodwill arising on acquisition of the Lafarge entities amounting to ₱1.8 billion, as discussed in Note 8.

	December 31, 2013	Additions/ Amortization	December 31, 2014
		(In Thousands)	
Goodwill	₱2,635,738	₱–	₱2,635,738
Intangible assets:			
Cost:			
Mining rights	179,544	–	179,544
Foreshore lease	–	544,902	544,902
Software costs	122,384	–	122,384
Project development costs and others	38,256	–	38,256
	340,184	544,902	885,086
Less accumulated amortization:			
Software costs	63,321	14,766	78,087
Project development costs and others	7,983	3,437	11,420
	71,304	18,203	89,507
	268,880	526,699	795,579
Balance	₱2,904,618	₱526,699	₱3,431,317

Goodwill

Goodwill amounting to ₱2.6 billion relates to the Company's acquisition of WEB and Mabini on August 14, 2003.

The Company performs its annual impairment test every last quarter of the year. The recoverable amount of the CGU determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the CGU exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC) adjusted for country-specific inflation risks.

The cash flow projections are based on a three-year financial planning period approved by senior management. Cash flows beyond the three-year budget period are extrapolated based on cash flows at zero growth. As a result of this analysis, management has determined that there was no impairment loss in 2015, 2014 and 2013 since the value-in-use exceeds the carrying value of Mabini plant's cement operations.

Sensitivity to Changes in Assumptions

With regard to the assessment of value-in-use of the CGU, management believes that a change in the discount rate of 1% point would not cause the carrying value of goodwill to exceed its recoverable amount.

Key Assumptions

	Discount Rate	Long-term GDP Growth Rate
2015	**8.3%**	**5.0%**
2014	7.9%	5.0%
2013	8.2%	5.5%

Mining Rights

Mining rights pertain to HMDC's Mineral Production Sharing Agreement (MPSA) No. 108-98 IV for an aggregate quarry. In 2008, one of the surface owners of a portion of the area covered by the MPSA filed a petition with the Department of Environmental and Natural Resources (DENR) for the cancellation of HMDC's MPSA. The owner claimed that HMDC had failed to complete its exploration activities, to commence commercial production within the prescribed period and to comply with the applicable reportorial requirements. In an order dated February 12, 2009, the panel of arbitrators allowed the petitioner to withdraw the petition for cancellation, which was subsequently re-filed with the Mines and Geosciences Bureau. In an order dated September 18, 2009, the DENR cancelled HMDC's MPSA. In a second order dated November 20, 2009, the DENR denied HMDC's Motion for Reconsideration. These orders were upheld by the Office of the President in a decision dated March 5, 2010 and resolution dated May 29, 2010. HMDC thereafter filed with the Court of Appeals a Petition seeking the reversal and/or annulment of the decision and resolution issued by the Office of the President for being completely erroneous and based on a misapprehension of the facts and the law.

On August 16, 2011, the Seventeenth Division of the Court of Appeals granted the petition of HMDC and nullified the decision dated March 5, 2010 and the resolution dated May 29, 2010 issued by the Office of the President. Accordingly, the Orders dated September 18, 2009 and November 2009, issued by the DENR were reversed and set aside, thus, declaring that the MPSA is in full force and effect.

A motion for reconsideration and a supplemental motion for reconsideration were filed by the petitioner for the reversal of the said decision by the Court of Appeals. On February 2, 2012, both motion and supplemental motion for reconsideration were denied by the Court of Appeals.

Following the Court of Appeals' denial of the motion for reconsideration, the petitioner filed a Petition for Review on Certiorari dated March 7, 2012 to the Supreme Court. Subsequently on June 25, 2012, HMDC filed its comment on the petition with the Supreme Court. The petitioner filed his reply to the Supreme Court on May 3, 2013 where the case is still pending.

This MPSA was part of the deconsolidated net assets of HMDC and its subsidiaries before yearend (see Note 9).

Foreshore Lease
Foreshore lease amounting to ₱544.9 million relates to LORVI's foreshore lease in Mabini, Batangas. The foreshore lease contract was executed on October 1, 1997 with the Regional Office IV of DENR, covering a parcel of land under plan FLC-041016-23-D with an area of 84,185 square meters located at Brgy. Balibaguhan, Mabini, Batangas. The existing foreshore lease contract has a remaining term of 16 years as of December 31, 2015, renewable for another 25 years thereafter.

This foreshore lease was part of the deconsolidated net assets of HMDC and its subsidiaries before yearend (see Note 9).

12. Other Noncurrent Assets

	2015	2014
	(In Thousands)	
Restricted cash	**₱86,185**	₱81,019
Guarantee deposits (Note 28)	**62,788**	42,693
Deferred input value-added taxes	**57,054**	76,269
Refundable deposit	**48,466**	48,466
Long-term financial receivable	**8,566**	15,832
Others	**557**	292
	₱263,616	₱264,571

Restricted cash represents minimum mine rehabilitation fund required by the DENR for site restoration cost.

Refundable deposit represents cash bond deposited by Mabini with the Bureau of Customs (BOC) for importations made in 2001. On March 7, 2007, Mabini filed a case against the BOC for the release of the cash bond. On October 12, 2012, the Officer-in-Charge of the Law Division of the Collection District of Batangas submitted a memorandum for the release of the cash bond. Subsequently on October 22, 2012, a Letter of First Indorsement was submitted by the District Collector to the BOC Commissioner recommending favorable consideration to Mabini's appeal, subject to compliance with pertinent customs laws, rules and regulations. On December 18, 2014, Mabini received a letter from the BOC requesting for the submission of documents in order to proceed with the resolution of the cash bonds. On October 21, 2015, the Company submitted to BOC a letter of application for the release of the cash bonds. On October 26, 2015, the Commissioner of Customs endorsed the application to the Legal Services Division and Revenue Collection Monitoring Group and Deputy Commissioner for appropriate action. As of December 31, 2015, the decision on the Company's application is currently being drafted.

Guarantee deposits represent cash deposits made to suppliers for raw material supply agreement and various security deposits for rentals (see Note 28).

Long-term financial receivable is due from the Company's third party service provider for sale of certain heavy equipment in 2012 and 2008, which will be settled on or before 2017 and 2019, respectively. Interest income earned from long-term financial receivable at an annual interest rate of 4.5% to 7.0% amounted to ₱1.1 million, ₱2.3 million and ₱2.0 million in 2015, 2014 and 2013, respectively.

13. Notes Payable

During 2014, the Company availed of a short-term loan from UCHC totaling ₱0.5 billion bearing interest equal to the prevailing interest rate using PDST-F rate for one month plus 1%. The loan was fully paid in the same year (see Note 25).

In 2014, HMDC availed of additional loans from UCHC amounting to ₱1.0 billion, which remained outstanding as of the end of 2014. The loan which bears interest equal to the prevailing interest rate using PDST-F rate for one month plus 1% was fully paid in 2015 (see Note 25).

The Company also availed of various short-term loans from various banks in 2015 and 2014 totaling ₱1.0 billion and ₱3.7 billion, respectively, bearing interest ranging from 1.5% to 3.0%. The outstanding balance of these loans as of December 31, 2015 and 2014 totaled ₱1.0 billion and ₱1.1 billion, respectively. The loans are not subject to any debt covenants.

Total interest expense from notes payable charged to profit or loss amounted to ₱34.1 million, ₱41.9 million and ₱3.5 million in 2015, 2014 and 2013, respectively (see Notes 24 and 25).

14. Trade and Other Payables

	2015	2014
	(In Thousands)	
Trade	**₱2,668,662**	₱2,490,492
Accrued expenses:		
Power	**387,602**	305,449
Outside services	**280,387**	219,108
Employee related	**115,767**	71,045

(Forward)

	2015	2014
	(In Thousands)	
Maintenance	**₱272,224**	₱262,695
Project expenses	**96,840**	107,246
Others	**52,370**	142,801
Advances and deposits from customers	**867,910**	724,056
Due to related parties (Note 25)	**867,108**	646,676
Output VAT	**216,854**	–
Other taxes payable	**211,035**	219,367
Nontrade	**193,510**	240,822
Other payables	**315,713**	174,234
	₱6,545,982	₱5,603,991

Trade payables are noninterest-bearing and normally have payment terms of 30 to 60 days.

Nontrade payables represent accounts with suppliers other than production-related expenses. These are noninterest-bearing and have an average term of three months or less.
Advances and deposits from customers represent the following:

- Advances and deposits that are applied against subsequent shipments thus, are generally outstanding for less than 30 days from initial recognition; and,

- Interest-bearing cash bonds that are refundable anytime upon demand by the customers.

Total amount of intercompany payables eliminated as of December 31, 2015 and 2014 amounted to ₱1.3 billion.

15. Financial Risk Management Objectives and Policies

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 uses derivative instruments such as cross-currency swaps to hedge the interest and foreign exchange risks from its foreign currency-denominated debt. 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 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 and interest rate 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 sales, purchases of goods and services and debt servicing requirements in currencies other than the Peso that leads to currency translation effects. Of the Company's revenues, approximately 0.1% in 2014 (nil in 2015) are denominated in currencies other than the Peso. The Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.

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.

The table below summarizes the Company's exposure to foreign currency risk before considering the effect of hedging transactions. Included in the table are the Company's foreign currency-denominated assets and liabilities at carrying amounts:

	December 31			
	2015		2014	
	In USD	**In PHP**	In USD	In PHP
		(In Thousands)		
Assets:				
Cash and cash equivalents	**$3,079**	**₱145,237**	$1,840	₱82,285
Trade and other receivables	**4,918**	**231,982**	160	7,155
	7,997	**377,219**	2,000	89,440
Liabilities:				
Trade and other payables	**6,058**	**285,756**	11,813	528,277
Net exposure	**$1,939**	**₱91,463**	($9,813)	(₱438,837)

Converted to Philippine peso at US$1.00:₱47.17 as of December 31, 2015 and US$1.00:₱44.72 as of December 31, 2014.

The following table demonstrates the sensitivity of the Company's income before income tax (due to changes in fair value of monetary assets and liabilities after considering the impact of hedging transactions) to a reasonably possible change in U.S. dollar exchange rate, with all other variables held constant:

	US Dollar Appreciates (Depreciates) by	Effect on Income Before Income Tax
		(In Thousands)
December 31, 2015		
Sensitivity 1	**10%**	**₱9,146**
Sensitivity 2	**(5%)**	**(4,573)**
December 31, 2014		
Sensitivity 1	10%	(₱43,884)
Sensitivity 2	(5%)	21,942

* *The effect on equity pertains to the amount that directly impact equity only.*

The impact of any change in foreign exchange rate on the embedded currency forwards of the Company is immaterial.

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 December 31, 2015 and 2014, the Company has 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, except for the following financial assets:

	Gross Maximum Exposure[a]		**Net Maximum Exposure[b]**	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
		(In Thousands)		
Loans and receivables:				
Cash and cash equivalents*	**₱2,539,624**	₱2,694,118	**₱2,516,602**	₱2,673,070

(Forward)

	Gross Maximum Exposure[a]		Net Maximum Exposure[b]	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
		(In Thousands)		
Trade and other receivables:				
Trade:				
Dealers	**₱1,264,818**	₱1,002,527	**₱838,233**	₱632,047
Retailers	**34,867**	79,393	**15,549**	57,932
Institutional	**810,805**	720,447	**750,721**	635,762
Restricted cash**	**86,185**	81,019	**85,685**	80,519
Total	**₱4,736,299**	₱4,577,504	**₱4,206,790**	₱4,079,330

[a] *Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.*
[b] *Gross financial assets after taking into account any collateral or other credit enhancements or offsetting arrangements or deposit insurance.*
* *Excluding cash on hand.*
** *Included under "Other noncurrent assets" account in the consolidated balance sheets.*

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, 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.

The following tables present the credit quality of the financial assets as at December 31, 2015 and 2014:

	December 31, 2015					
	Neither Past due nor Impaired			Past Due but not Impaired	Past Due and Impaired	Total
	Class A	Class B	Class C			
			(In Thousands)			
AFS financial assets						
Quoted shares	₱176	₱–	₱–	₱–	₱–	₱176
Unquoted shares	3,764	–	–	–	–	3,764
Loans and receivables						
Cash and cash equivalents						
Cash in banks	1,850,178	–	–	–	–	1,850,178
Short-term deposits	689,446	–	–	–	–	689,446
Trade and other receivables						
Trade						
Dealers	15,380	914,833	111,377	223,228	31,353	1,296,171
Retailers	–	26,301	1,764	6,802	31,026	65,893
Institutional	15	701,167	4,861	104,762	71,704	882,509
AFR/RMX/others	267	177,884	–	237,868	63,787	479,806
Due from related parties	831,488	–	–	–	–	831,488
Other receivables	–	–	60,214	–	3,624	63,838
Advances to employees*	–	–	41,129	–	–	41,129
Restricted cash**	86,185	–	–	–	–	86,185
Guarantee deposits**	–	–	62,788	–	–	62,788
Total	₱3,476,899	₱1,820,185	₱282,133	₱572,660	₱201,494	₱6,353,371

**Included under "Other current assets" in the consolidated balance sheet.*
***Included under "Other noncurrent assets" in the consolidated balance sheet.*

	December 31, 2014					
	Neither Past due nor Impaired			Past Due but not Impaired	Past Due and Impaired	
	Class A	Class B	Class C			Total
	(In Thousands)					
AFS financial assets						
Quoted shares	₱176	₱–	₱–	₱–	₱–	₱176
Unquoted shares	3,764	–	–	–	–	3,764
Loans and receivables						
Cash and cash equivalents						
Cash in banks	2,086,148	–	–	–	–	2,086,148
Short-term deposits	607,970	–	–	–	–	607,970
Trade and other receivables						
Trade						
Dealers	21,781	755,526	117,332	107,888	32,067	1,034,594
Retailers	-	44,618	1,707	33,068	5,876	85,269
Institutional	3,278	577,234	2,606	137,329	74,768	795,215
AFR/RMX/others	940	53,402	978	268,518	34,942	358,780
Due from related parties	75,739	–	–	–	–	75,739
Other receivables	–	–	57,261	–	3,624	60,885
Advances to employees*	–	–	67,777	–	–	67,777
Restricted cash**	81,019	–	–	–	–	81,019
Guarantee deposits**	–	–	42,693	–	–	42,693
Total	₱2,880,815	₱1,430,780	₱290,354	₱546,803	₱151,277	₱5,300,029

**Included under "Other current assets" in the consolidated balance sheet.*
***Included under "Other noncurrent assets" in the consolidated balance sheet.*

The Company uses the following criteria to rate credit risk on accounts receivable as to class:

Class	Description
Class A	Collateralized accounts from counterparties with excellent paying habits or accounts from counterparties with no history of default payment
Class B	Secured accounts from counterparties with good paying habits but with history of default payment
Class C	Unsecured accounts

With respect to derivatives, AFS financial assets and cash and cash equivalents, the Company evaluates the counterparty's external credit risk rating in establishing credit quality.

The tables below show the aging analysis of the Company's financial assets as at December 31, 2015 and 2014:

	December 31, 2015						
		Neither Past Due nor Impaired	Past Due but not Impaired				Past Due and Impaired
	Total		<30 Days	30–60 Days	61–90 Days	91–120 Days	
	(In Thousands)						
AFS financial assets:							
Quoted shares	₱176	₱176	₱–	₱–	₱–	₱–	₱–
Unquoted shares	3,764	3,764	–	–	–	–	–
Cash and cash equivalents:							
Cash in banks	1,850,178	1,850,178	–	–	–	–	–
Short-term deposits	689,446	689,446	–	–	–	–	–
Trade and other receivables:							
Trade receivables from:							
Dealers	1,296,171	1,041,590	123,323	19,975	4,581	75,349	31,353
Retailers	65,893	28,065	730	199	–	5,873	31,026
Institutional	882,509	706,043	39,034	7,186	7,612	50,930	71,704
AFR/RMX/others	479,806	178,151	33,961	48,917	35,279	119,711	63,787
Due from related parties	831,488	831,488	–	–	–	–	–
Others	63,838	60,214	–	–	–	–	3,624

(Forward)

	December 31, 2015						
		Neither Past Due nor Impaired	Past Due but not Impaired				Past Due and Impaired
	Total		<30 Days	30–60 Days	61–90 Days	91–120 Days	
				(In Thousands)			
Advances to employees*	₱41,129	₱41,129	₱–	₱–	₱–	₱–	₱–
Restricted cash**	86,185	86,185	–	–	–	–	–
Guarantee deposits**	62,788	62,788	–	–	–	–	–
Total	₱6,353,371	₱5,579,217	₱197,048	₱76,277	₱47,472	₱251,863	₱201,494

* *Included under "Other current assets" account in the consolidated balance sheet.*
** *Included under "Other noncurrent assets" account in the consolidated balance sheet.*

	December 31, 2014						
		Neither Past Due nor Impaired	Past Due but not Impaired				Past Due and Impaired
	Total		<30 Days	30–60 Days	61–90 Days	91–120 Days	
				(In Thousands)			
AFS financial assets:							
Quoted shares	₱176	₱176	₱–	₱–	₱–	₱–	₱–
Unquoted shares	3,764	3,764	–	–	–	–	–
Cash and cash equivalents:							
Cash in banks	2,086,148	2,086,148	–	–	–	–	–
Short-term deposits	607,970	607,970	–	–	–	–	–
Trade and other receivables:							
Trade receivables from:							
Dealers	1,034,594	894,639	98,303	4,883	2,467	2,235	32,067
Retailers	85,269	46,325	30,952	900	223	993	5,876
Institutional	795,215	583,118	63,933	49,596	17,399	6,401	74,768
AFR/RMX/others	358,780	55,320	151,168	59,888	38,996	18,466	34,942
Due from related parties	75,739	75,739	–	–	–	–	–
Others	60,885	57,261	–	–	–	–	3,624
Advances to employees*	67,777	67,777	–	–	–	–	–
Restricted cash**	81,019	81,019	–	–	–	–	–
Guarantee deposits**	42,693	42,693	–	–	–	–	–
Total	₱5,300,029	₱4,601,949	₱344,356	₱115,267	₱59,085	₱28,095	₱151,277

* *Included under "Other current assets" account in the consolidated balance sheet.*
** *Included under "Other noncurrent assets" account in the consolidated balance sheet.*

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 December 31, 2015 and 2014, the Company has unutilized credit facilities of ₱8.1 billion and ₱10.4 billion, respectively.

The tables below summarize the maturity profile of the Company's financial assets used for liquidity management as at December 31, 2015 and 2014:

	December 31, 2015				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**>1 to 5 Years**	**Total**
			(In Thousands)		
AFS financial assets:					
Quoted shares	**₱–**	**₱–**	**₱176**	**₱–**	**₱176**
Unquoted shares	–	–	**3,764**	–	**3,764**
Loans and receivables:					
Cash and cash equivalents:					
Cash in banks	**1,850,178**	–	–	–	**1,850,178**
Short-term deposits	–	**689,446**	–	–	**689,446**
Trade and other receivables:					
Trade receivables from:					
Dealers	**31,353**	**223,228**	**1,041,590**	–	**1,296,171**
Retailers	**31,026**	**6,802**	**28,065**	–	**65,893**
Institutional	**71,704**	**104,762**	**706,043**	–	**882,509**
AFR/RMX/others	**63,787**	**237,868**	**178,151**	–	**479,806**
Due from related parties	–	–	**831,488**	–	**831,488**
Other receivables	**3,624**	–	**60,214**	–	**63,838**
Advances to employees*	–	–	**41,129**	–	**41,129**
Restricted cash**	–	–	–	**86,185**	**86,185**
Guarantee deposits**	–	–	–	**62,788**	**62,788**
Total	**₱2,051,672**	**₱1,262,106**	**₱2,890,620**	**₱148,973**	**₱6,353,371**

* *Included under "Other current assets" account in the consolidated balance sheet.*
** *Included under "Other noncurrent assets" account in the consolidated balance sheet.*

	December 31, 2014				
	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
			(In Thousands)		
AFS financial assets:					
Quoted shares	₱–	₱–	₱176	₱–	₱176
Unquoted shares	–	–	3,764	–	3,764
Loans and receivables:					
Cash and cash equivalents:					
Cash in banks	2,086,148	–	–	–	2,086,148
Short-term deposits	–	607,970	–	–	607,970
Trade and other receivables:					
Trade receivables from:					
Dealers	32,067	107,888	894,639	–	1,034,594
Retailers	5,876	33,068	46,325	–	85,269
Institutional	74,768	137,329	583,118	–	795,215
AFR/RMX/others	34,942	268,518	55,320	–	358,780
Due from related parties	–	–	75,739	–	75,739
Other receivables	3,624	–	57,261	–	60,885
Advances to employees*	–	–	67,777	–	67,777
Restricted cash**	–	–	–	81,019	81,019
Guarantee deposits**	–	–	–	42,693	42,693
Total	₱2,237,425	₱1,154,773	₱1,784,119	₱123,712	₱5,300,029

* *Included under "Other current assets" account in the consolidated balance sheet.*
** *Included under "Other noncurrent assets" account in the consolidated balance sheet.*

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2015 and 2014 based on contractual undiscounted payments:

	December 31, 2015				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**>1 to 5 Years**	**Total**
			(In Thousands)		
Financial liability at FVPL:					
Derivative liability*	**₱–**	**₱–**	**₱882**	**₱–**	**₱882**
Other financial liabilities:					
Notes payable	**–**	**999,831**	**–**	**–**	**999,831**
Trade and other payables:					
Trade	**2,668,662**	**–**	**–**	**–**	**2,668,662**
Accrued expenses and nontrade payables	**1,398,700**	**–**	**–**	**–**	**1,398,700**
Due to related parties	**867,108**	**–**	**–**	**–**	**867,108**
Advances from customers	**361,923**	**–**	**–**	**–**	**361,923**
Other payables	**314,831**	**–**	**–**	**–**	**314,831**
Total	**₱5,611,224**	**₱999,831**	**₱882**	**₱–**	**₱6,611,937**

**Included under "Trade and other payables" account in the consolidated balance sheet.*

	December 31, 2014				
	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
			(In Thousands)		
Other financial liabilities:					
Notes payable	₱–	₱2,100,105	₱–	₱–	₱2,100,105
Trade and other payables:					
Trade	2,490,492	–	–	–	2,490,492
Accrued expenses and nontrade payables	1,349,166	–	–	–	1,349,166
Due to related parties	646,676	–	–	–	646,676
Advances from customers	255,232	–	–	–	255,232
Other payables	174,234	–	–	–	174,234
Total	₱4,915,800	₱2,100,105	₱–	₱–	₱7,015,905

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 for its growth targets in order 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. In order 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. Gearing ratio is calculated as net financial debt divided by total equity in the consolidated balance sheets as shown in the table below:

	2015	2014
	(In Thousands)	
Notes payable	**₱999,831**	₱2,100,105
Customers' deposits*	**505,987**	468,824
Financial debt	**1,505,818**	2,568,929
Less cash and cash equivalents	**2,540,198**	2,698,207
Net financial asset	**(1,034,380)**	(129,278)
Total equity	**24,969,466**	22,092,876
Gearing ratio	**(4.1%)**	(0.6%)

* *Included as part of "Trade and other payables"*

The Company's target is to maintain a gearing ratio in the range of no more than 100 percent.

Total equity increased by 13.0% in 2015 and 2.9% in 2014 as a result of improvement in operating results for these years.

16. 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 December 31, 2015 and 2014. 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, Restricted Cash, Long-term Financial Receivable, Notes 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.

Derivative Liabilities. The fair values of the embedded currency forwards with notional amount of US$810,475 are calculated by reference to current forward exchange.

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 are carried at cost, net of any impairment in value.

Guarantee Deposits. These are carried at cost, less any impairment in value, which approximates their fair values calculated using the discounted cash flows method.

Fair Value Hierarchy
As of December 31, 2015 and 2014, the Company's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at December 31, 2015 and 2014, the Company does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2015 and 2014.

17. Provisions

	2015	2014
	(In Thousands)	
Provision for site restoration costs	**₱66,264**	₱136,974
Other provisions	**117,018**	43,632
	₱183,282	₱180,606

Provision for Site Restoration Costs

The Company is required either expressly under mineral production sharing agreements or through customary business practice to restore the surface and underground of a quarry/pit after exploration. A provision for site restoration cost is recognized based on estimated environmental obligation.

The movements in the provision for site restoration cost as at December 31, 2015 and 2014 are as follows:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱136,974**	₱127,778
Additions (Note 20)	**11,607**	11,754
Accretion and other adjustments	**2,570**	(2,558)
Transfer of obligation to HMDC	**(84,887)**	–
Balance at end of year	**₱66,264**	₱136,974

Additions represent new provisions for site restoration costs for the year.

Transfer of provision for site restoration costs to HMDC was incidental to the Company's transfer of mining rights to HMDC in 2015 (see Note 25).

The accretion is presented as part of "Interest and financing charges" in the consolidated statements of income (see Note 24).

Other Provisions

Other provisions pertain to provisions for probable claims, tax assessments and other litigations involving the Company. The timing of the cash outflows of these provisions is uncertain as it depends upon the outcome of the Company's negotiations and/or legal proceedings, which are currently ongoing with the parties involved. In 2014, all provisions related to claims and other litigations as of December 31, 2013 were settled as a result of the final decisions of the Company's negotiations and/or legal proceedings. The Company recognized provision for tax assessment amounting to ₱73.4 million and ₱43.6 million in 2015 and 2014, presented under "General and administrative expenses – Others" in the consolidated statement of income (see Note 20).

18. Equity

a. Capital Stock

The composition of the Parent Company's capital stock is as follows:

	Number of Shares
Authorized - ₱1 par value	
Preferred shares	20,000,000
Common shares	9,980,000,000
Issued - Common shares	6,452,099,144

The preferred shares are cumulative and nonparticipating and entitled to preferential dividend rate when declared by the BOD of the Parent Company. There were no preferred shares issued and outstanding as at December 31, 2015 and 2014.

The Parent Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2015 and 2014 is 6.5 billion. These shares are held by 5,527 and 5,606 stockholders as at December 31, 2015 and 2014, respectively. There have been no recent changes in the number of shares registered and outstanding.

b. Other reserves represent the Company's share in the performance compensation scheme of the Holcim Group.

c. Retained Earnings

The Parent Company's retained earnings available for dividend declaration as at December 31, 2015 amounted to ₱5.6 billion based on the guidelines set in the Securities Regulation Code Rule 68, As Amended (2011).

Cash dividends declared are as follows:

	2015	2014	2013
Cash dividend per share	**₱0.82**	₱0.70	₱0.55
Amount declared	**₱5.3 billion**	₱4.5 billion	₱3.5 billion
Declaration date	**May 18, 2015**	May 16, 2014	May 23, 2013
Record date	**June 15, 2015**	June 13, 2014	June 21, 2013

On May 18, 2015, the BOD of HPMC declared cash dividends totaling ₱808.1 million (₱350.0 per share) for stockholders on record as of June 24, 2015.

On May 11, 2014, HPMC declared cash dividends totaling ₱570.1 million (₱247 per share) for stockholders on record as of May 30, 2014.

19. Cost of Sales

	2015	2014	2013
		(In Thousands)	
Raw, packaging and production materials (Notes 6, 25 and 28)	**₱10,252,616**	₱7,432,111	₱5,686,523
Power and fuel (Notes 6 and 28)	**6,878,557**	6,774,355	6,244,485
Outside services (Notes 25 and 28)	**2,467,342**	1,946,516	1,902,303
Transportation and communications	**2,316,751**	2,376,697	1,950,102
Personnel (Notes 22 and 27)	**1,632,931**	1,473,826	1,581,121
Depreciation, amortization and depletion (Note 23)	**1,483,290**	1,351,723	1,397,982
Repairs and maintenance	**1,327,844**	1,424,525	1,609,592
Taxes and licenses	**279,221**	255,958	248,754
Insurance	**137,682**	154,844	168,609
Rent (Note 28)	**78,890**	49,998	46,318
Others (Note 6)	**392,917**	357,327	180,681
	₱27,248,041	₱23,597,880	₱21,016,470

20. General and Administrative Expenses

	2015	2014	2013
		(In Thousands)	
Outside services (Note 25)	**₱724,312**	₱207,178	₱262,447
Personnel (Notes 22 and 27)	**460,662**	517,866	453,875
Depreciation and impairment (Notes 10 and 23)	**396,653**	59,336	66,346
Software implementation costs (Note 25)	**151,320**	204,475	91,311
Office expenses	**98,874**	155,308	125,909
Transportation and communications	**44,999**	23,292	30,202
Taxes and licenses	**32,639**	61,707	31,928
Directors' fees	**19,100**	19,100	18,428
Entertainment, amusement and recreation	**1,745**	1,227	909
Others (Notes 17, 25 and 28)	**175,265**	77,014	163,817
	₱2,105,567	₱1,326,503	₱1,245,172

Others include training expenses, community services and expenses related to the Company's ongoing internal projects.

21. Selling Expenses

	2015	2014	2013
		(In Thousands)	
Personnel (Notes 22 and 27)	**₱239,016**	₱184,944	₱194,727
Advertising	**123,891**	116,117	86,699
Outside services	**68,294**	47,685	58,048
Provision for doubtful accounts (Note 5)	**50,217**	26,363	11,834
Office expenses	**38,954**	35,773	30,393
Transportation and communication	**28,998**	43,385	27,166
Depreciation (Note 23)	**10,668**	11,545	11,319
Taxes and licenses	**10,260**	9,185	5,629
Others (Notes 28)	**13,442**	26,545	76,188
	₱583,740	₱501,542	₱502,003

Others include insurance, utilities and expenses related to the Company's ongoing internal projects.

22. Personnel Expenses

	2015	2014	2013
		(In Thousands)	
Salaries, wages and employee benefits	**₱1,550,380**	₱1,493,290	₱1,690,849
Retirement benefit costs (Note 27)	**156,321**	182,212	154,263
Training	**69,914**	56,701	67,301
Others	**555,994**	444,433	317,310
	₱2,332,609	₱2,176,636	₱2,229,723

23. Depreciation, Amortization, Depletion and Impairment

	2015	2014	2013
		(In Thousands)	
Property, plant and equipment (Note 10):			
Cost of sales (Note 19)	**₱1,427,960**	₱1,333,520	₱1,379,779
General and administrative expenses (Note 20)	**396,653**	59,336	66,346
Selling expenses (Note 21)	**10,668**	11,545	11,319
	1,835,281	1,404,401	1,457,444
Intangible assets (Note 11):			
Cost of sales (Note 19)	**55,330**	18,203	18,203
	₱1,890,611	₱1,422,604	₱1,475,647

24. Interest and Financing Charges and Others - Net

Details of interest and financing charges are as follows:

	2015	2014	2013
		(In Thousands)	
Interest and amortization of debt issue costs on:			
Notes payable (Notes 13 and 25)	**₱34,092**	₱41,929	₱3,484
Long-term debt	**42,092**	–	–
Accretion of provision for site restoration cost and others (Note 17)	**2,568**	1,741	1,615
	₱78,752	₱43,670	₱5,099

In 2015, HMDC obtained a five-year unsecured Philippine peso-denominated term loan from various local banks totaling ₱4.8 billion, exclusive of debt issuance costs. The loan is equally divided into two, having fixed and variable interest rates. This loan was part of the deconsolidated net assets of HMDC and its subsidiaries before yearend (see Note 9).

Details of Others - net are as follows:

	2015	2014	2013
		(In Thousands)	
Gain (loss) on sale of properties - net	**₱107,810**	₱12,305	(₱31,386)
By products and other revenue (Note 25)	**57,778**	89,378	142,594
Gain on sale of investment in joint venture	**–**	–	150,297
Others	**(10,959)**	3,486	(11,046)
	₱154,629	₱105,169	₱250,459

Gain on Sale of a Joint Venture
In 2012, the Company had a 50% interest in Trans-Asia Power Generation Corporation (TA Power) under a joint venture agreement with Trans-Asia Oil and Energy Development Corporation (TA Oil). TA Power operates and maintains a 52-megawatt power generation plant, including related facilities, machinery and equipment in Norzagaray, Bulacan.

On January 1, 2013, the Company and TA Oil entered into a Share Purchase Agreement for the sale of the Company's interest in TA Power for ₱475.5 million. Proceeds from the sale were collected on January 3, 2013. Total gain on sale amounted to ₱150.3 million.

Gain on Sale of Intellectual Property Rights
In January 2015, HPBSCI sold all of its intellectual property and property and equipment to HEAB, a related party, for a total consideration of ₱171.6 million (see Note 25). Gain on such sale amounted to ₱137.1 million, presented as part of "Gain (loss) on sale of properties - net".

25. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form. The Company has transactions with the following related parties:

Parent:
- Clinco
- Cemco Holdings, Inc. (Cemco), a subsidiary of Clinco
- Union Cement Holdings Corporation (UCHC), a subsidiary of Cemco

Subsidiaries of Holcim Ltd. (through Holderfin B.V.), a stockholder of HPI:
- Holcim Trading Pte. Ltd., Singapore (Holcim Trading)
- Holcim Services (Asia) Ltd., Thailand (HSEA)
- Holcim Technology and Services (HTSX)
- Holcim Technology (Singapore) Pte. Ltd. (HTPL)
- Holcim East Asia Business Service Centre B.V (HEAB)
- Other Holcim Group affiliates

Associate of HPI, and its subsidiaries as of December 31, 2015:

- HMDC
- HRDC
- LHAI
- SCMC
- APC
- QLI
- LORVI

The following table summarizes the related party transactions and outstanding balances as of and for the years ended December 31, 2015 and 2014:

		2015		2014		
Related Parties	Nature	Transactions during the Year	Outstanding Receivable (Payable)	Transactions during the Year	Outstanding Receivable (Payable)	Terms and Conditions
			(In Thousands)			
Parent						
UCHC	Short-term loans	₱–	₱–	₱1,500,000	(₱1,000,000)	Interest- bearing, unsecured
	Interest expense	40,288	–	17,759	–	Unsecured
	Payment of expenses	–	(5,413)	5,497	(5,413)	Noninterest- bearing, unsecured,
Cemco	Payment of expenses	254	(5,392)	5,156	(5,138)	Noninterest- bearing, unsecured
	Advances	–	–	3,775	–	Unsecured, not impaired
Clinco	Payment of expenses	1	28	25	27	Noninterest- bearing, unsecured, not impaired
Under common shareholder						
HSEA	Purchases and/or expense	98	–	241,909	(123,316)	Noninterest- bearing, unsecured
	Revenue	–	–	12,196	–	Noninterest- bearing, unsecured
HTSX	Purchases and/or expense	2,047,621	(425,242)	1,437,128	(274,094)	Noninterest- bearing, unsecured
	Advances	–	–	9,492	–	Noninterest- bearing, unsecured
Holcim Trading	Purchases and/or expense	458,612	(328,324)	300,421	(230,490)	Noninterest- bearing, unsecured
HTPL	Purchases and/or expense	36,376	(8,271)	62,760	(62,760)	Noninterest- bearing, unsecured
HEAB	Service Contract	537,056	(110,739)	–	–	Noninterest- bearing, unsecured
	Sale of assets	188,682	213,862	–	–	Noninterest- bearing, unsecured, not impaired
	Transfer of liability	2,683	(2,683)	–	–	Noninterest- bearing, unsecured
	Purchases and/or expense	68	125	–	–	Noninterest- bearing, unsecured
	Advances	–	–	67,650	67,650	Noninterest- bearing, unsecured, not impaired
	Revenue	–	–	3,225	–	Noninterest- bearing, unsecured, not impaired
Other Holcim Group Affiliates	Purchases and/or expense	(41,700)	702	12,094	(8,225)	Noninterest- bearing, unsecured
	Advances	–	–	5,466	8,062	Noninterest- bearing, unsecured, not impaired
Associates						
HMDC	Short-term loans	280,000	–	–	–	Interest-bearing, unsecured, not impaired
	Interest on loan	5,809	797	–	–	Unsecured, not impaired
	Sale and transfer of assets	475,752	322,366	–	–	Noninterest- bearing, unsecured, not impaired

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Related Parties	Nature	2015 Transactions during the Year	2015 Outstanding Receivable (Payable)	2014 Transactions during the Year	2014 Outstanding Receivable (Payable)	Terms and Conditions
	Expenses for various charges	₱3,727	₱2,393	₱–	₱–	Noninterest- bearing, unsecured, not impaired
	Service contract	42,082	(42,082)	–	–	Noninterest- bearing, unsecured
	Lease of land	51,486	(51,486)	–	–	Noninterest- bearing, unsecured, not impaired
	Additional investment	203,750	–	–	–	Noninterest- bearing, unsecured, not impaired
	Dividends	267,813	267,813	–	–	Noninterest- bearing, unsecured, not impaired
HRDC	Expenses from various charges	8	12,891	–	–	Noninterest- bearing, unsecured, not impaired
	Lease of land	2,498	(208)	–	–	Noninterest- bearing, unsecured
LHAI	Expenses from various charges	12,257	12,257	–	–	Noninterest- bearing, unsecured, not impaired
APC	Expenses from various charges	780	780	–	–	Noninterest- bearing, unsecured, not impaired
	Short-term loan	52,204	52,204	–	–	Noninterest- bearing, unsecured, not impaired
QLI	Expenses from various charges	207	207	–	–	Noninterest- bearing, unsecured, not impaired
	Short-term loan	77,314	77,314	–	–	Noninterest- bearing, unsecured, not impaired
SCMC	Expenses from various charges	201	201	–	–	Noninterest- bearing, unsecured, not impaired
	Short-term loan	666	666	–	–	Noninterest- bearing, unsecured, not impaired
LORVI	Expenses from various charges	13	13	–	–	Noninterest- bearing, unsecured, not impaired
	Foreshore lease	20,400	(20,400)	–	–	Noninterest- bearing, unsecured

Parent

a. The Company grants non-interest bearing advances to Cemco and Clinco for working capital requirements.

b. The Company availed of various short-term loans from UCHC in 2014, but none in 2015. The applicable interest of the loans is equal to the prevailing interest rate using PDST-F rate for one month plus 1%. The short-term loans are for a period of one year (see Note 13).

Entities under common shareholder

a. *HEAB*. The Company and HPBSCI sold various assets to HEAB as part of building the regional shared service center for Asia Pacific region for a lump sum of ₱171.6 million, all of which are still outstanding as of December 31, 2015. The ROHQ assumed the retirement benefit liability of HPBSCI amounting to ₱2.7 million as of December 31, 2014 from which a corresponding liability was recognized by the Company.

   On January 1, 2015, the Company entered into a service contract with HEAB for business process outsourcing and other information technology enabled services.

   Advances to HEAB in 2014 pertain to project cost and expenses paid by HPI and HPBSCI in behalf of HEAB.

b. *HTSX*. Effective January 1, 2013, a new contract with HTSX came into force introducing the application of new Industrial Franchise Fee (IFF). The new agreement is aligned with the Organization for Economic Co-operation and Development (OECD) principles and takes into account arm's length transfer pricing principles.

The IFF shall cover all intellectual properties and value-adding solutions derived by the Company. IFF is an annual charge payable quarterly and is based on fair assessment of economic value of intellectual properties and value adding solutions. This new agreement is separate from the existing agreement with HSEA for information technology related service.

HTSX also renders managerial and project support services to the Company.

Total expenses incurred in 2015 and 2014 amounted to ₱2.0 billion and ₱1.4 billion (see Note 19).

c. *Holcim Trading.* The Company imports clinker and raw materials, such as gypsum and granulated blast furnace slag.

d. *HTPL.* On January 1, 2014, the Company entered into a service agreement with HTPL, for support services. The new service agreement is complementary to the existing Franchise Agreement. The services shall be based on all costs and expenses incurred by HTPL plus a certain mark-up. This agreement will be in effect unless and until superseded. No services were rendered by HTPL in 2015.

e. *HSEA.* The Company's network server and information technology database is handled by the information technology services group of HSEA and provides the necessary training assistance to employees. Expenses for services provided are mostly shown as part of "Software implementation costs" and "Outside services" accounts in the "General and administrative expenses" (see Note 20). Other income amounting to ₱12.2 million in 2014, represent manpower services provided by the Company to HSEA (see Note 24).

   As of January 1, 2015, HEABS took over the operations of HSEA.

   Also, in 2015, the Company reimbursed HSEA for various expenses paid by HSEA in behalf of the Company.

f. *Other Holcim Group Affiliates.* The Company's transactions with Other Holcim Group Affiliates include intercompany charges for salaries and wages of inbound and outbound expatriates, and other expenses related to operations.

Associate - HMDC

a. For 2015, the Company has an existing service agreement with HMDC for the quarry operations, wherein HMDC provides quarry and related services for a fee plus operating costs charged back to the Company.

b. Various land assets with total book value of ₱475.8 million was sold to HMDC in 2015. The Company also leases various assets from HMDC, HRDC and LORVI through operating lease agreements.

c. The Company granted a short-term loan to HMDC, bearing interest ranging from 2.0% to 3.0% per annum, and non-interest bearing advances to APC, QLI and SCMC for settlement of their respective liabilities.

d. The Company grants non-interest bearing advances to HMDC, HRDC, LORVI and LHAI for working capital requirements.

e. In 2015, the Company increased its investment in HMDC to meet the new capital requirements of HMDC as approved by the Philippine SEC. The increase in investment amounted to ₱203.6 million.

   In addition, the Company also transferred mining rights (and the related provision for site restoration costs) in 2015 amounting to ₱73.7 million after obtaining the approval from the related regulatory agency. The mining rights were part of the assets assigned by the Company in 2013 as part of the Company's subscription in the 2013 increase in capital stock of HMDC.

f. In 2015, HMDC declared 10% dividends for its Class A and Class B preferred shares, and ₱11.75 per share dividend for its Common A and Common B shares. This remains as outstanding receivable as of December 31, 2015, with total amount of ₱267.8 million.

g. Net receivable from HMDC amounting to ₱499.8 million was presented as Due from related parties under Trade and Other Receivables – net (Note 5).

Retirement Benefit Funds

a. As of December 31, 2015 and 2014, HPI's defined benefit retirement fund has investments in HPI's shares with a cost of ₱3.4 million and ₱6.7 million, respectively. The retirement benefit fund's total losses arising from the changes in market prices amounted to ₱1.2 million in 2015, while total gain amounted to ₱23.1 million in 2014 and ₱18.6 million in 2013.

b. HPMC's retirement benefit fund has investments in shares of stock of Clinco. As of December 31, 2015 and 2014, the Fund has a total subscription of ₱40.0 million in Clinco's common shares while its total subscription payable amounted to ₱29.6 million.

c. As of December 31, 2015, HPI's defined benefit retirement fund has investments in HMDC's shares with a cost of ₱131.3 million representing 60% of the total ownership (see Note 9).

All of the funds' investing decisions are made by the Board of Trustees, the composition of which includes certain officers of HPI. The power to exercise the voting rights rests with the Board of Trustees.

Terms and Conditions of Transactions with Related Parties.

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. As at December 31, 2015 and 2014, the Company has not recognized any impairment losses on receivables relating to amounts due from related parties. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Amounts due from related parties is included in "Trade and other receivables" and amounts due to related parties is included in "Trade and other payables" accounts in the consolidated balance sheets.

Key Management Personnel
The following are the details of the compensation of key management personnel:

	2015	2014	2013
		(In Thousands)	
Short-term employee benefits	**₱179,455**	₱184,083	₱158,933
Retirement benefits cost	**21,312**	41,533	59,590
	₱200,767	₱225,616	₱218,523

26. Income Tax

The provision for current income tax in 2015 and 2014 follows:

	2015		2014		2013	
	RCIT	**MCIT**	RCIT	MCIT	RCIT	MCIT
		(In Thousands)				
Parent Company	**₱2,733,360**	**₱–**	₱2,036,680	₱–	₱1,759,228	₱–
HPMC	**158,358**	**–**	95,127	–	78,756	–
Mabini	**25,250**	**–**	25,203	–	20,267	–
HPBSCI	**24,677**	**–**	4,916	–	–	–
Bulkcem	**7,088**	**–**	1,031	–	–	8
LHAI	**–**	**65,842**	–	–	–	–
HMDC	**–**	**1,661**	–	332	–	7
HRDC	**–**	**264**	–	45	–	26
	₱2,948,733	**₱67,767**	₱2,162,957	₱377	₱1,858,251	₱41

The reconciliation between the statutory and effective income tax of the Company is as follows:

	2015	2014	2013
		(In Thousands)	
Income before income tax	**₱10,365,685**	₱7,299,226	₱6,402,864
Income tax at statutory income tax rate	**₱3,109,705**	₱2,189,768	₱1,920,859
Change in unrecognized deferred income tax assets	**(14,514)**	(1,371)	23,056
Income tax effects of:			
Nontaxable gain on remeasurement of retained equity in HMDC	**(790,265)**	–	–
Difference between tax base and book value of deconsolidated subsidiaries	**(672,841)**	–	–
Excess of fair market value over selling price of land	**663,940**	–	–
Use of OSD	**(103,066)**	(50,171)	(37,057)
Nondeductible expenses	**26,029**	17,802	2,459
Interest and other income subjected to lower tax rates	**(4,479)**	(4,025)	(50,407)
Income not subject to income tax	**–**	–	(903)
Others	**1,608**	720	(14,503)
Income tax at effective tax rate	**₱2,216,117**	₱2,152,723	₱1,843,504

The components of the Company's net deferred income tax assets as at December 31, 2015 and 2014 are as follows:

	2015	2014
	(In Thousands)	
Deferred income tax assets		
Retirement benefit liability	**₱165,611**	₱174,877
Allowances for:		
Impairment losses on property, plant and equipment	**111,016**	47,175
Decline in value of inventories	**94,379**	58,921
Doubtful accounts	**74,408**	45,383
Provision for bonus accrual	**47,122**	61,017
Accrued expenses	**29,641**	59,402
Unamortized past service costs	**19,419**	25,857
Provision for site restoration costs	**16,700**	38,031
Unamortized deferred charges	**4,737**	7,050
Unrealized foreign exchange losses	**–**	2,863
NOLCO, excess MCIT and others	**32,678**	23,673
	595,711	544,249
Deferred income tax liabilities		
Capitalized cost of property, plant and equipment from insurance proceeds	**177,661**	145,324
Unamortized amount of capitalized land site restoration costs	**44,923**	76,286
Unrealized foreign exchange gain	**6,490**	–
Undepreciated capitalized borrowing costs and others	**1,524**	51,610
	230,598	273,220
Net deferred income tax assets	**₱365,113**	₱271,029

The net deferred income tax liabilities of ₱3.6 million and ₱0.7 million as of December 31, 2015 and 2014, respectively, pertains to the unrealized foreign exchange gain and the revaluation increment of property, plant and equipment at deemed cost.

Deferred income taxes for temporary differences for Bulkcem, HPMC, HPBSCI, and Mabini affecting gross income were recognized using the effective tax rate of 18% as they availed of OSD as its method of deduction for income tax purposes. Management forecasts that HPMC and Mabini will be using OSD in the next three years and HPBSCI and Bulkcem in the next four years.

Deferred income tax assets for the following deductible temporary differences and carryforward benefits of unused tax losses and unused tax credits, have not been recognized as they have arisen in subsidiaries that have been incurring losses for some time and may not be used to offset taxable profits or tax liabilities of any other entity other than that of the entity from where such deductible temporary difference arose:

	2015	2014
	(In Thousands)	
Carryforward benefits of:		
NOLCO	**₱32,685**	₱44,508
MCIT	**–**	163
Allowances for doubtful accounts	**472**	13,060
Unrecognized deferred income tax assets	**₱9,947**	₱17,433

The following NOLCO can be claimed as deduction against future taxable income:

Date Incurred	Expiry Date	NOLCO
		(In Thousands)
December 31, 2015	December 31, 2018	₱43,127
December 31, 2014	December 31, 2017	16,101
December 31, 2013	December 31, 2016	30,970
		₱90,198

NOLCO incurred by ECLI in 2012 amounting to ₱0.2 million and MCIT of CACI amounting to ₱0.1 million expired in 2015.

27. Retirement Benefit Costs

Defined Benefit Retirement Plans

HPI and HPMC have distinct funded, noncontributory defined benefit retirement plans (the "Plans"). The Plans cover all permanent employees, each administered by their respective Retirement Committees or Board of Trustees.

ECLI and HSSI, on the other hand, provide retirement benefits in accordance with Republic Act 7641, "Retirement Pay Law". Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Company also provides additional post employment healthcare benefits to certain senior employees in the Philippines. These benefits are unfunded.

Effective March 16, 2014, HPBSCI accrued retirement benefits for all its regular employees determined based on 85% of the member's salary as defined every month As discussed in Note 2, the HPBSCI's defined contribution plan is accounted for as a retirement obligation with minimum guarantee. The retirement benefits costs were determined by a qualified independent actuary using the projected unit credit method. Retirement benefits costs and outstanding liability on HPBSCI's defined contribution plan amounted to ₱2.7 million as of December 31, 2014.

The following tables summarize the components of retirement benefit costs, the unfunded status and the amounts recognized as retirement benefit liability of the Company:

Details of retirement benefit costs are as follows:

	2015	2014	2013
		(In Thousands)	
Current service cost	**₱104,989**	₱93,506	₱82,096
Net interest cost	**25,724**	21,555	18,298
Curtailment gain	**(8,071)**	–	(10,597)
Retirement benefit costs recognized in profit or loss	**122,642**	115,061	89,797
Remeasurements recognized in OCI	**(56,300)**	19,396	113,744
Retirement benefit costs	**₱66,342**	₱134,457	₱203,541

Remeasurement gain (loss) on retirement benefits consists of:

	2015	2014	2013
		(In Thousands)	
Actuarial gain (loss) arising from:			
Changes in assumptions	**₱59,736**	(₱26,120)	(₱144,660)
Experience adjustments	**51,244**	12,764	45,741
	110,980	(13,356)	(98,919)
Loss on plan assets*	**(54,680)**	(6,040)	(14,825)
	₱56,300	(₱19,396)	(₱113,744)

* *Excluding amounts recognized in net interest cost.*

The reconciliation of benefit liability recognized in the balance sheets follows:

	2015	2014
	(In Thousands)	
Present value of benefit obligation	**₱1,119,561**	₱1,297,527
Fair value of plan assets	**(566,124)**	(714,603)
Balance at end of year	**₱553,437**	₱582,924

The breakdown of the retirement plan liability per entity follows:

	2015	2014
	(In Thousands)	
HPI	**₱414,016**	₱330,621
HPMC	**137,063**	247,914
ECLI	**2,178**	1,524
HSSI	**180**	57
HMDC	**–**	125
HPBSCI	**–**	2,683
	₱553,437	₱582,924

Movements in the retirement benefits liability are as follows:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱582,924**	₱497,373
Retirement benefit costs	**122,642**	115,061
Contributions	**(121,440)**	(48,906)
Remeasurement loss (gain) recognized in OCI	**(56,300)**	19,396
Transfer	**(2,682)**	–
Effect of deconsolidation (Note 9)	**28,293**	–
Balance at end of year	**₱553,437**	₱582,924

The changes in the present value of defined benefit obligation are as follows:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱1,297,527**	₱1,261,204
Actuarial losses (gains)	**(110,980)**	13,356
Interest cost	**58,354**	56,940
Current service cost	**104,989**	93,506
Transfer	**(2,682)**	–
Curtailment gain	**(8,071)**	–
Benefits paid	**(54,522)**	(127,479)
Settlements	**(155,175)**	–
Effect of deconsolidation (Note 9)	**(9,879)**	–
Balance at end of year	**₱1,119,561**	₱1,297,527

The changes in the fair value of plan assets are as follows:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱714,603**	₱763,831
Contributions	**121,440**	48,906
Loss on plan assets*	**(54,680)**	(6,040)
Interest income on plan assets	**32,630**	35,385
Benefits paid	**(54,522)**	(127,479)
Settlements	**(155,175)**	–
Effect of deconsolidation (Note 9)	**(38,172)**	–
Balance at end of year	**₱566,124**	₱714,603
Actual return (loss) on plan assets	**(₱22,050)**	₱29,345

**Excluding amounts recognized in net interest cost.*

The funds are administered by a trustee bank under the supervision of the duly Authorized Person or Trustee of the Plans. The Authorized Person or Trustee is responsible for investment of the assets. Based on the overall direction set by a Retirement Fund Committee, the Trustee proposes an investment strategy and as approved by the Retirement Fund Committee, executes such strategy. The Trustee defines the investment strategy, based on the investment instructions found in the Trust Agreement. When defining the investment strategy, the Trustee takes into account the Plans' objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The control, direction, and management of the funds shall reside in and be the sole responsibility of the Trustee.

The Plans' assets and investments consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Investments in government securities, which include retail treasury bonds and fixed rate treasury notes that bear interest ranging from 3.1% to 11.9% and have maturities from October 2016 to October 2037;
- Investments in corporate debt instruments, consisting of both short-term and long-term corporate notes and land bonds, which bear interest ranging from 5.8% to 8.8% and have maturities from October 2016 to January 2024; and
- Investments in equity securities; which consist of listed and actively traded securities of companies in various industries as disclosed below.

The percentages of fair value of total plan assets are as follows:

	2015		2014	
	HPI	**HPMC**	HPI	HPMC
Cash and receivables	**4.2%**	**0.0%**	0.0%	0.8%
Investments in debt securities:				
Government securities	**4.0%**	**43.8%**	41.3%	52.5%
Corporate debt securities	**21.0%**	**20.8%**	10.9%	19.1%
	25.0%	**64.6%**	52.2%	71.6%
Investment in equity securities				
Construction, infrastructure, property and mining	**34.4%**	**12.5%**	14.4%	7.8%
Holding firms	**10.6%**	**7.9%**	7.7%	6.2%
Power and utilities	**13.8%**	**3.8%**	9.8%	3.2%
Banks	**4.4%**	**2.3%**	4.6%	3.1%
Telecommunications	**1.5%**	**2.4%**	1.6%	2.1%
Others	**6.1%**	**6.5%**	9.7%	5.2%
	70.8%	**35.4%**	47.8%	27.6%
	100.0%	**100.0%**	100.0%	100.0%

The Company expects to contribute ₱80.2 million and ₱34.7 million to its defined retirement benefit pension plans in HPI and HPMC, respectively, in 2016.

The present value of defined benefit obligation, fair value of plan assets, unfunded and funded status and experience adjustments arising from plan assets and liabilities for the current period and the previous four annual periods are as follows:

	2015	2014	2013	2012	2011
			(In Thousands)		
Present value of defined benefit obligation	**₱1,119,561**	₱1,297,527	₱1,261,204	₱1,119,716	₱974,984
Fair value of plan assets	**(566,124)**	(714,603)	(763,831)	(757,417)	(747,256)
Unfunded status	**553,437**	582,924	497,373	362,299	227,728
Experience adjustments - gain (loss):					
Plan assets	**(54,680)**	(6,040)	(14,825)	49,453	(3,380)
Plan liabilities	**51,244**	12,764	45,741	(3,757)	(20,894)

The principal assumptions used in determining the retirement benefit liability of the Company as at December 31 are as follows:

	2015	2014	2013
Discount rates	**4.4% - 5.0%**	4.5% - 5.0%	4.5% - 5.0%
Future salary rate increases	**4.8%**	5.6%	5.5%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2015 Effect on defined benefit obligation HPI	HPMC	ECLI	HSSI	HPBSCI
				(In Thousands)		
Discount rate						
Sensitivity 1	**1%**	**(₱71,104)**	**(₱11,691)**	**(₱330)**	**(₱37)**	**₱–**
Sensitivity 2	**(1%)**	**83,272**	**13,460**	**409**	**48**	**–**
Future salary rate increases						
Sensitivity 1	**1%**	**82,030**	**13,268**	**403**	**48**	**–**
Sensitivity 1	**(1%)**	**(71,435)**	**(11,746)**	**(331)**	**(38)**	**–**

	Increase (decrease)	2014 Effect on defined benefit obligation HPI	HPMC	ECLI	HSSI	HPBSCI	HMDC
					(In Thousands)		
Discount rate							
Sensitivity 1	1%	(₱76,964)	(₱37,410)	(₱252)	(₱12)	(₱544)	(₱13)
Sensitivity 2	(1%)	90,576	42,742	317	16	710	15
Future salary rate increases							
Sensitivity 1	1%	87,494	41,212	311	16	698	12
Sensitivity 1	(1%)	(75,937)	(36,798)	(253)	(12)	(546)	(13)

The management and its trustee bank reviews the performance of the Plans on a regular basis and assess whether the Plans will achieve an investment return which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Company also reviews its solvency position on an annual basis and estimates, through the actuary, the expected contribution to the Plans in the subsequent year.

The tables below show the maturity analysis of the undiscounted benefit payments as of December 31:

	2015 HPI	HPMC	ECLI	HSSI
		(In Thousands)		
Within one year	**₱58,635**	**₱14,113**	**₱–**	**₱180**
More than one year to five years	**258,429**	**75,770**	**170**	**–**
More than five years	**389,202**	**175,085**	**1,437**	**–**

	2014 HPI	HPMC	ECLI	HPBSCI	HMDC
			(In Thousands)		
Within one year	₱51,254	₱11,286	₱–	₱13	₱–
More than one year to five years	244,155	120,867	–	952	–
More than five years	439,705	224,025	2,231	7,795	2,204

<u>Defined Contribution Retirement Plan</u>
HPI has a defined contribution plan wherein the obligation is limited to the specified contribution in the defined contribution plan. Total retirement benefits cost related to the defined contribution plans amounted to ₱33.7 million, ₱67.2 million and ₱64.5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Total consolidated retirement benefit costs recognized in the consolidated statements of income are as follows:

	2015	2014	2013
		(In Thousands)	
Expense recognized for:			
Defined benefit plans	**₱122,642**	₱115,061	₱89,797
Defined contribution plan	**33,679**	67,151	64,466
Retirement benefit costs	**₱156,321**	₱182,212	₱154,263

28. Commitments and Contingencies

a. Leases

The Company has a number of lease agreements covering office spaces, warehouses, bulk terminals and various equipment that are accounted for as operating lease with periods ranging from one year to 11 years. Majority of the lease agreements for office spaces have rent escalations wherein monthly rent increases over the lease terms, and provide for renewal option under negotiated terms and conditions upon expiration. The Company records rental expense on a straight-line basis over the base, noncancellable lease terms. Any difference between the calculated expense and amount actually paid is recognized either as prepaid or accrued rent. Prepaid or accrued rent is reflected as current or noncurrent asset and liability, respectively, depending on its expected reversal date. Security deposits made will be applied against future lease payments in accordance with the respective lease agreements (see Note 12). Operating lease expense recognized in the consolidated statements of income amounted to ₱99.9 million, ₱108.9 million and ₱104.3 million in 2015, 2014 and 2013, respectively (see Notes 19, 20 and 21).

Future minimum lease payable under non-cancellable operating leases as at December 31, 2015 and 2014 are as follows:

	2015	2014
	(In Thousands)	
Within one year	**₱60,942**	₱60,942
After one year but not more than five years	**125,341**	175,684
More than five years	–	10,599
	₱186,283	₱247,225

b. Supply Agreement with Lafarge

On April 11, 2014, the Company entered into a four-year cement supply agreement with Lafarge Republic, Inc. to deliver the Type IP cement at an annual volume of 300,000 metric tons. The said product must comply with the Philippine National Standards (PNS) 63:2006 Standards and shall be processed at the Company's plant in Mabini, Batangas. The agreement commenced on October 1, 2014. The sales related to this contract are recognized as part of the Company's revenues in 2015 and 2014.

c. Contract with National Power Corporation (NPC)

i) For Barrio Ilang, Davao City Plant

On September 26, 2008, the Company renewed its contract with NPC for the supply of electricity to the Barrio Ilang, Davao City cement manufacturing facility for a period of five years from September 26, 2008 to September 25, 2013. Charges and adjustments from January 1 to September 25, 2013 are as follows:

(a) Basic Energy Charge

The tariff on electricity based on TOU rates as approved by the Energy Regulatory Commission (ERC) and in accordance with the provisions of the contract shall be the bases of the basic charges and other billing adjustments. This will be applied to the contracted monthly energy levels on a take-or-pay arrangement. For consumption higher than one hundred twenty percent (120%) of the contracted level, the basic energy charge to be applied shall be the prevailing ERC approved rate and other adjustments plus twenty percent (20%) of such rate for the incremental increase beyond the 120% of the contract energy.

(b) A minimum charge based on the contract energy per billing period shall be paid using the aforementioned basic energy charge subject to deductions and adjustments as provided in the Contract.

Effective September 26, 2013, Davao plant became a "captive customer" of Davao Light and Power Company, the Distribution Utility (DU) which holds the franchise for power distribution in the area pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010.

ii) For Lugait, Misamis Oriental Plant

HPI had an agreement with NPC from 2007 to 2013 for the supply of electricity at the Lugait, Misamis Oriental cement manufacturing facility. Charges and adjustments are the same as that of Davao City Plant. Upon expiration of the agreement in November 2012, Misamis I Oriental Electric Cooperative (Moresco I) took over the power supply pursuant to Energy Regulatory Commission Resolution No. 27, series of 2010.

Since grid supply in Mindanao is currently deficient resulting from El Nino, reduced hydro capacities, privatization of NPC assets, new coal-fired power plants coming on-line in 2016, back-up power supply from private generators for Davao and Lugait has been put in place to augment power supply during curtailment periods.

The related expense under this contract is recognized as part of "Power and fuel" account in the Cost of Sales (see Note 19).

d. Lawsuits

The Company is either a defendant or plaintiff in several civil, criminal and labor cases primarily involving collection and claims for damages. Based on the assessment of management and the opinion of the Company's external legal counsels, the resolution of such cases will not result to any significant liability.

The disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position and negotiating strategy. Thus, as allowed by PAS 37, "Provisions, Contingent Liabilities and Contingent Assets", only general descriptions were provided.

e. Supply Agreement with Philippine Phosphate Fertilizer Corporation (Philphos)

On April 22, 2008, the Company entered into an agreement with Philphos for the supply of lime-treated phosphor gypsum for a period of five years. Under the agreement, the minimum volume the Company committed to purchase is 90,000 metric tons at a fixed price. The Company paid cash deposit of ₱96.8 million to be applied as payment of material on the fifth year of the agreement.

On April 23, 2013, the supply agreement was renewed for another five-year period. As of December 31, 2014, the amount was reclassified to "Other current assets - Advances to suppliers" as this was due for application against the 2015 deliveries (see Note 7). As the entire amount was not fully applied in 2015, the Company continues to classify the deposit as current as it is anticipated that the remaining amount will be applied in 2016.

f. Supply Agreements with Pozzolanic Philippines, Inc. (PPI)

On August 22, 2012, the Company entered into various agreements with PPI for the supply of fly and bottom ash to the Bulacan, Calaca and ready-mix (RMX) plants with a term of 15 years reckoned from May 1, 2012. Details and terms of the supply agreements are as follows:

i) Bulacan and Calaca

The separate supply agreements for Bulacan and Calaca plants require PPI to deliver fly ash at agreed specifications, volumes and price for a period of five years to be sourced from its power plants in Batangas, Pangasinan and Quezon Province, where PPI has an exclusive purchase agreement. In addition, PPI shall deliver bottom ash to the Company's cement plants free of charge.

ii) RMX

PPI shall supply fly ash with agreed specifications based on the annual volume requirement of the Company for 15 years. Delivery schedules shall be agreed by PPI and the Company and shall be made to the batching plants in Taguig and Bicutan.

The related expense under this contract is recognized as part of "Raw, packaging and production materials" account in the Cost of Sales (see Note 19).

g. Electricity Supply Agreement (ESA)

On August 12, 2011, a 15-year ESA was signed with TA Oil to supply both Bulacan and La Union plants. This supply agreement will commence in 2014. Source will be coming from the 135 MW Puting Bato coal-fired power plant in Calaca, Batangas owned by South Luzon Thermal Energy Corporation, a joint venture company of TA Oil and Ayala Corporation's AC Energy Holdings. Included in the agreement is the provision of back-up supply from the diesel power plants in Bulacan (TA Power) and in Bacnotan (CIP II/TA Oil). In essence, power supply for the Company's Bulacan and La Union Plants is assured over a long-term period without the uncertainties of how the Luzon grid supply situation will move. Electricity fee is structured according to Time of Use (TOU) rate with provisions to rate increases based on fuel purchased for the power plant. Mabini Grinding plant, being a "Contestable Customer" signed a 10-year Power Supply Agreement with TA Oil which started last June 26, 2014. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales (see Note 19).

h. Sales Agreement with Petron Corporation (Petron) and SL Harbor

On July 1, 2010, the Company entered into a five-year agreement for the supply of industrial fuel oil (IFO), automotive diesel oil (ADO) and/or industrial diesel oil (IDO) with Petron, effective from July 1, 2010 to June 30, 2015. Delivered quantities are based on the Company's estimated monthly consumption of 1 million liters for IFO and 0.7 million liters for ADO/IDO. The Agreement with Petron was extended until October 31, 2015. The supply of bunker and diesel has been awarded to SL Harbor and Petron, respectively, and valid from November 1, 2015 until October 31, 2017. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales (see Note 19).

i. Quarry Outsourcing Agreements with ANSECA

The quarry outsourcing agreements with ANSECA for La Union, Davao, Bulacan and Lugait plants have terms and duration of 10 to 11 years. The minimum volume requirement per plant varies from 0.90 million to 1.70 million metric tons per annum. The related expense under this contract is recognized as part of "Outside services" account in the Cost of Sales (see Note 19).

j. Coal Supply Contracts

The Company has contracts with two Indocoal suppliers, with a three-year term commencing on January 1, 2010. Only the coal supply contract for one Indocoal supplier (PT Asia Pacific Mining Resources) was extended until December 2014. The Company also entered into a five-year contract with a local coal supplier, Semirara Mining Corporation, effective January 1, 2010 until December 31, 2014. Negotiations were concluded for a one-year fixed price contract with Semirara for 2015.

As at December 31, 2015 and 2014, the Company was able to comply with the minimum provisions of the coal supply contracts. The related expense under this contract is recognized as part of "Power and fuel" account in the Cost of Sales (see Note 19).

k. Others

There are contingent liabilities for tax assessments occurring in the ordinary course of business. On the basis of information furnished by the Company's legal counsels, management believes that none of these contingencies will materially affect the Company's financial position and financial performance.

29. Earnings Per Common Share (EPS)

Basic/diluted EPS is computed as follows:

	2015	2014	2013
	(In Thousands, Except Per Share Amounts)		
Consolidated net income for the year attributable to common equity holders of the Parent Company	**₱8,148,071**	₱5,145,178	₱4,558,592
Weighted average number of common shares - Issued and outstanding	**6,452,099**	6,452,099	6,452,099
Basic/diluted EPS of net income attributable to equity holders of the Parent Company	**₱1.26**	₱0.80	₱0.71

Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. Where the Parent Company does not have any potential common share or other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS.

The increase in the EPS is due to the gain on remeasurement for the retained equity in HMDC (see Note 9). Without the gain, basic/diluted EPS of net income attributable to equity holders of the Parent Company would amount to ₱0.85.

There are no dilutive financial instruments in 2015, 2014 and 2013, hence, diluted EPS is the same as basic EPS.

30. Environmental and Regulatory Matters

a. Executive Order (EO) 79

On July 6, 2012, the Philippine Government issued EO 79, *Institutionalizing and Implementing Reforms in the Philippine Mining Sector, Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources*, also known as the Revised Mining Act. EO 79 provides for the following, among others:

- restriction on applications of mineral contracts and agreements in critical areas and pending new legislation;
- review of performance of existing mining operations and cleansing of non-moving mining rights holders;
- review of existing mining contracts and agreements for possible renegotiation of terms and conditions;
- establishment of mineral reservations and opening of areas for mining through competitive public bidding;
- disposition of abandoned ores and valuable metals in mine wastes and mill tailings; and,
- creation of the Mining Industry Coordinating Council with powers and functions granted by this EO.

On October 8, 2012, the DENR published Administrative Order No. 2012-07-A containing guidance for the implementation of EO 79.

Management assessed that EO 79 will not have a significant effect on the current operations of the Company. Management continuously monitors the implementation of EO 79 and its impact on the industry in general.

b. Clean Air Act

The Clean Air Act and the related IRR contain provisions that have an impact on the industry as a whole, and to the Company in particular, that needs to be complied with within 44 months from the effectivity date or by July 2004. Based on the assessment made on the Company's existing facilities, management believes it complies with the provisions of the Clean Air Act and the related IRR.

31. 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".

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 and Helps-U-Build and aggregates.

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.

The Company has determined the Clinker and cement segment as the only reportable segment. Information on the other segments that are not reportable are combined and presented as "Others". Segment revenues, EBITDA, assets, liabilities and other information for segments as at December 31, 2015 and 2014 and for each of the three years ended December 31, 2015 are presented below:

	2015				
	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱35,562,583	₱1,963,472	₱37,526,055	₱–	₱37,526,055
Inter-segment	1,237,827	44,268	1,282,095	(1,282,095)	–
	₱36,800,410	₱2,007,740	₱38,808,150	(₱1,282,095)	₱37,526,055

	2015				
	Clinker and Cement	**Others**	**Total**	**Adjustments and Eliminations**	**Consolidated**
			(In Thousands)		
Operating EBITDA	**₱9,228,190**	**₱251,128**	**₱9,479,318**	**₱–**	**₱9,479,318**
Segment assets	**25,811,461**	**709,776**	**26,521,237**	**7,558,534**	**34,079,771**
Segment liabilities	**4,896,749**	**386,834**	**5,283,583**	**3,826,722**	**9,110,305**
Results -					
Depreciation, amortization and depletion	**1,786,063**	**104,548**	**1,890,611**	**–**	**1,890,611**
Other disclosures -					
Construction in-progress	**2,412,619**	**–**	**2,412,619**	**–**	**2,412,619**

	2014				
	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱31,774,849	₱873,810	₱32,648,659	₱–	₱32,648,659
Inter-segment	464,803	–	464,803	(464,803)	–
	₱32,239,652	₱873,810	₱33,113,462	(₱464,803)	₱32,648,659
Operating EBITDA	₱8,802,920	(₱157,582)	₱8,645,338	₱–	₱8,645,338
Segment assets	27,336,850	645,201	27,982,051	2,924,635	30,906,686
Segment liabilities	6,127,731	224,748	6,352,479	2,461,331	8,813,810
Results -					
Depreciation, amortization and depletion	1,354,211	68,393	1,422,604	–	1,422,604
Other disclosures -					
Construction in-progress	2,674,532	–	2,674,532	–	2,674,532

	2013				
	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱28,195,962	₱697,407	₱28,893,369	₱–	₱28,893,369
Inter-segment	316,633	–	316,633	(316,633)	–
	28,512,595	697,407	29,210,002	(316,633)	28,893,369
Operating EBITDA	₱7,713,141	(₱107,770)	₱7,605,371	₱–	₱7,605,371
Segment assets	25,270,421	547,857	25,818,278	2,408,250	28,226,528
Segment liabilities	4,927,943	197,667	5,125,610	1,624,591	6,750,201
Results:					
Depreciation, amortization and depletion	1,412,786	62,861	1,475,647	–	1,475,647
Equity in net losses of a joint venture					
Other disclosures - Construction in progress	1,851,804	–	1,851,804	–	1,851,804

Inter-segment revenues, other than those outside the Company, are eliminated upon consolidation and reflected in the "Adjustments and eliminations" column. All other adjustments that are part of detailed reconciliations presented further below include the following:

- Finance income and charges, and foreign exchange gains (losses) on financial assets and liabilities are not allocated to individual segments as the underlying instruments are managed on a group basis.
- Deferred income taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Following is the reconciliation of segment operating profit to consolidated income before income tax:

	2015	2014	2013
		(In Thousands)	
Operating EBITDA	**₱9,479,318**	₱8,645,338	₱7,605,371
Depreciation, amortization and depletion	**(1,890,611)**	(1,422,604)	(1,475,647)
Interest and financing charges	**(78,752)**	(43,670)	(5,099)
Interest and other financial income	**20,013**	13,029	29,474
Foreign exchange gains (losses) - net	**45,333**	1,964	(1,694)
Gain on deconsolidation	**2,635,755**	–	–
Others - net	**154,629**	105,169	250,459
Income before income tax	**₱10,365,685**	₱7,299,226	₱6,402,864

	December 31, 2015	December 31, 2014
	(In Thousands)	
Segment assets	**₱26,979,306**	₱27,932,891
Cash and cash equivalents	**2,540,198**	2,698,207
Investments	**4,195,154**	4,559
Deferred income tax assets – net	**365,113**	271,029
Consolidated assets	**₱34,079,771**	₱30,906,686
Segment liabilities	**₱5,283,583**	₱5,713,105
Notes payable	**999,831**	2,100,105
Trade and other payables	**1,999,118**	5,603,91
Income tax payable	**824,141**	345,531
Deferred income tax liability – net	**3,632**	653
Consolidated liabilities	**₱9,110,305**	₱8,813,810

Geographic Information

	2015	2014	2013
		(In Thousands)	
Revenues from external customers			
Local	**₱37,526,055**	₱32,623,607	₱28,847,602
Export	–	25,052	45,767
Total revenues	**₱37,526,055**	₱32,648,659	₱28,893,369

The Company has no revenue from transactions with a single external customer accounting for 10% or more of the consolidated revenues. All property, plant and equipment of the Company are located in the Philippines.

Exhibit 2

Supplementary Schedules to the Consolidated Financial Statements For the year ended December 31, 2015

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

FORM 17-A

Supplementary Schedules

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Holcim Philippines, Inc.
7th Floor, Two World Square
McKinley Hill, Fort Bonifacio
Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Holcim Philippines, Inc. and Subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated February 23, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Catherine E. Lopez

Catherine E. Lopez
Partner
CPA Certificate No. 86447
SEC Accreditation No. 0468-AR-2 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 102-085-895
BIR Accreditation No. 08-001998-65-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321648, January 4, 2016, Makati City

February 23, 2016

HOLCIM PHILIPPINES, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2015

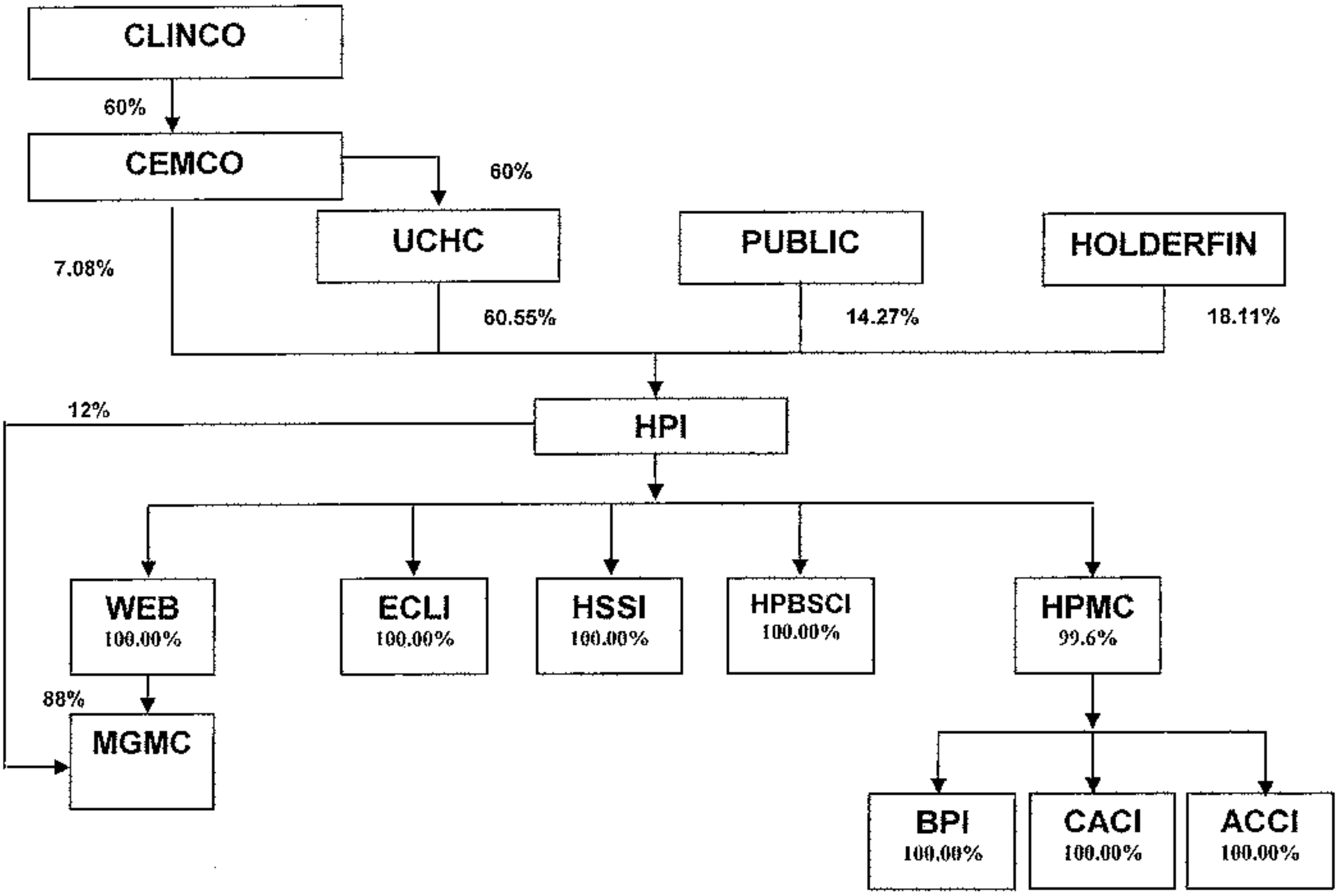
(In Thousands)

Unappropriated retained earnings, beginning	₱6,100,734
Adjustment for deferred income tax assets (excluding amounts recognized in OCI)	(359,609)
Unappropriated retained earnings, as adjusted, beginning	5,741,125
Net income based on the face of audited financial statements	5,277,476
Unrealized foreign exchange gain (other than cash and cash equivalents)	(21,461)
Increase in deferred income tax assets (excluding amounts recognized in OCI)	(57,232)
Net income actual/realized	5,198,783
Less dividend declaration during the year	(5,290,721)
Unappropriated retained earnings, as adjusted, ending	₱5,649,187

Company: Holcim Philippines Inc. (HPI)

Illustration of relationships between the company and its ultimate parent company, middle parent, and it's subsidiaries

As of December 31, 2015



COMPANY NAME		PRINCIPAL ACTIVITIES
CLINCO	Clinco Corporation	Investment holding in CEMCO
CEMCO	Cemco Holdings, Inc.	Investment holding in UCHC and HPI
UCHC	Union Cement Holdings Corporation	Investment holding in HPI
HPI	Holcim Philippines, Inc.	Manufacture and distribute cement products
HPMC	Holcim Philippines Manufacturing Corporation	Manufacture and distribute cement products
BPI	Bulkcem Philippines, Inc.	Purchase, lease, sale of real properties
CACI	Calamba Aggregates Co., Inc.	Mining, Processing and sale of quarry resources
ACCI	Alsons Construction Chemical, Inc.	Manufacture, use and sale of admixtures
WEB	Wellbourne International Group Limited	Investment holding in MGMC
MGMC	Mabini Ginding Mill Corporation	Manufacture and distribute cement products
ECLI	Excel Concrete Logistics, Inc.	Distribution of concrete and cement products
HPBSCI	Holcim Philippines Business Services Center Inc.	Business process outsourcing and other information technology enabled services
HSSI	Hubb Stores and Services, Inc.	Retail operations

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Philippine Financial Reporting Standards and Interpretations
Effective as of December 31, 2015

	Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✔		
Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				✔
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✔		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✔		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✔
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✔
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS1: Government Loans			✔
	Amendment to PFRS 1: Borrowing Costs			✔
	Amendment to PFRS 1: Meaning of Effective PFRS			✔
PFRS 2	Share-based Payment	✔		✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✔		✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✔		✔
	Amedment to PFRS 2: Definition of Vesting Condition	✔		✔
PFRS 3	Business Combinations	✔		✔
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✔		✔
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements	✔		✔
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✔		
	Amendments to PFRS 5: Changes in Methods of Disposal		Not early adopted	
PFRS 6	Exploration for and Evaluation of Mineral Resources	✔		
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
	Amendments to PFRS 7: Servicing Contracts		Not early adopted	
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements		Not early adopted	
PFRS 8	Operating Segments	✔		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✔		✔
PFRS 9	Financial Instruments		Not early adopted	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
PFRS 10	Consolidated Financial Statements	✔		
	Amendments to PFRS 10: Investment Entities	✔		
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception		Not early adopted	
PFRS 11	Joint Arrangements	✔		
	Amendments to PFRS 11: Investment Entities	✔		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations		Not early adopted	
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception		Not early adopted	
PFRS 13	Fair Value Measurement	✔		
	Amendment to PFRS 13: Short-term Receivables and Payables	✔		
	Amendment to PFRS 13: Portfolio Exception	✔		✔
PFRS 14	Regulatory Deferral Accounts		Not early adopted	
Philippine Accounting Standards (PASs)				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		

	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation	✔		
	Amendments to PAS 1: Disclosure Initiative		Not early adopted	
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Date	✔		
PAS 11	Construction Contracts	✔		
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✔		
PAS 16	Property, Plant and Equipment	✔		
	Amendment to PAS 16: Classification of Servicing Equipment	✔		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✔		✔
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization		Not early adopted	
	Amendment to PAS 16: Bearer Plants		Not early adopted	
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19	Employee Benefits	✔		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✔		
PAS 19 (Amended)	Employee Benefits	✔		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✔		✔
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate		Not early adopted	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	✔		
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation	✔		
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24 (Revised)	Related Party Disclosures	✔		
	Amedments to PAS 24: Key Management Personnel	✔		✔
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔
PAS 27	Consolidated and Separate Financial Statements	✔		
PAS 27 (Amended)	Consolidated and Separate Financial Statements	✔		
	Amendments to PAS 27: Investment Entities	✔		
	Amendments to PAS 27: Separate Financial Statements - Equity Method in Separate Financial Statements		Not early adopted	
PAS 28	Investments in Associates	✔		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✔		
	Amedments to PAS 28: Investment Entities: Applying the Consolidation Exception		Not early adopted	
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures	✔		
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues	✔		
	Amendment to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✔		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✔		
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting	✔		
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✔		
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'		Not early adopted	
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets	✔		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	✔		✔
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		Not early adopted	
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		

	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Investment Property	✓		✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants		Not early adopted	
Philippine Interpretation				
IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
IFRIC-4	Determining whether an Arrangement contains a Lease	✓		
IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC-6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	✓		
IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC-8	Scope of PFRS 2	✓		
IFRIC-9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
IFRIC-10	Interim Financial Reporting and Impairment	✓		
IFRIC-11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC-12	Service Concession Arrangements	✓		
IFRIC-13	Customer Loyalty Programmes	✓		
IFRIC-14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC-17	Distributions of Non-cash Assets to Owners	✓		
IFRIC-18	Transfers of Assets from Customers	✓		
IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC-21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities	✓		
	Amendment to SIC - 12: Scope of SIC 12	✓		
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

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

Financial KPI	Definition	For the Calendar Year Ended December 31 2015	2014
Current/Liquidity ratios			
Current Ratio	Current Assets / Current Liabilities	126%	116%
Quick Ratio	Current Assets – Inventory – Prepayments / Current Liabilities	79%	69%
Solvency ratio/Debt-to-equity ratio			
Debt to Equity Ratio	Total Liabilities / Equity	36%	40%
Asset to Equity Ratios			
Asset to Equity Ratio/ Equity Multiplier	Total Assets / Equity	136%	140%
Interest Rate Coverage Ratio			
Interest Coverage Ratio/EBITDA Net Interest Cover	Operating EBITDA / Net Interest	161.4	282.1
Profitability Ratios			
Return on Assets	Net Income / Average Total Assets	25.1%	17.4%
Return on Equity	Net Income / Average Total Equity	34.6%	23.6%
Operating EBITDA Margin	Operating EBITDA / Net Sales	25.3%	26.5%

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule A. **Financial Assets**
For the Year Ended December 31, 2015
(Amounts in Thousands)

Name of Issuing Company and Association of Each Issue	Number of Units or Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Reporting Date	Income Received and Accrued
	N/A	N/A	N/A	N/A
	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
For the Year Ended December 31, 2015
(Amounts in Thousands)

Name and Designation of Debtor		Beginning Balance	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Current	Non Current	Ending Balance
Directors, Officers and Employees								
GAVINO, DEBRA GRACIA A.	Employee	P 5,588	P 8	P (5,601)	P	P (5)		P (5)
BONIFACIO, CARMELA ABAD	Employee	2,346	1	(2,352)		(5)		(5)
VERGARA, MARIA CECILIA SILVED	Employee	2,094	5	(2,102)		(3)		(3)
LABRADORES, FLOR MAY C.	Employee	2,060	1 #	(2,076)		(14)		(14)
PIZARRAS, MICHELLE RAMO	Employee	1,980	3	(1,987)		(4)		(4)
SOYLON, MELCHOR P	Employee	1,765	1,608	(3,427)		(54)		(54)
BALO JR., ELPEDIO C	Employee	1,349	414	(411)		1,352		1,352
CORTES, GILLIAN Y	Employee	1,043	818	(1,753)		108		108
DURAN, PRISCO	Employee	1,000	54	(49)		1,005		1,005
ABRAGAN, CIELLA E	Employee	961	402	(1,085)		278		278
LACTUAN, DEREK C	Employee	937	-	(952)		(15)		(15)
MARCIAL, BENJAMIN B	Employee	894	57	(927)		24		24
RENOLO, RESTITUTO P	Employee	882	497	(1,015)		364		364
GO, VENCITO T.	Employee	870	2,067	(3,151)		(214)		(214)
BUIZON, ANNALINE V.	Employee	869	2,272	(2,724)		417		417
MANGUERRA, APRIL GRACE R	Employee	846	489	(1,032)		303		303
GATMAITAN, ERNESTO A	Employee	751	36	(147)		640		640
DEL ROSARIO, MARY CHRISTIAN C	Employee	717	1,317	(1,717)		317		317
CATANGHAL, PEPITO E.	Employee	688	1	(1)		688		688
BENITEZ, MA. PILAR A	Employee	615	3,412	(1,074)		2,953		2,953
MASONGSONG, RAY MAR J	Employee	569	2,431	(2,511)		489		489
MARSAMOLO, LEONILYN B.	Employee	539	1,707	(1,792)		454		454
DELA CRUZ, ERNESTO OCAMPO	Employee	511	833	(1,472)		(128)		(128)
CURIBA, NANETTE B.	Employee	488	1,042	(593)		937		937
DE LARA, JEZZEL	Employee	488	2,921	(2,509)		900		900
GILERA, ROBERT	Employee	487	12	(33)		466		466
JOSEF, CHERYL T.	Employee	440	448	(804)		84		84
PADRIGON, REUBEN JAMES	Employee	427	437	(751)		113		113
SASIS, RIGEL	Employee	421	4,740	(4,172)		989		989
GONZALES, ARCELI ESGUERRA	Employee	406	917	(1,280)		43		43
GALANG, MARIA LIANDA C	Employee	387	99	(92)		394		394
DEMANO, GERSON M	Employee	380	3,527	(3,653)		254		254
CORONEL, GENNELEE A	Employee	380	361	(235)		506		506
MASCARINAS, LOURDES SHARON	Employee	374	739	(1,116)		(3)		(3)
BULLECER, MITCHEL A.	Employee	368	241	(624)		(15)		(15)
GAERLAN, ALEMAR PHILIP DEODO	Employee	345	757	(884)		218		218
GUITGUITIN, FRANCISCO JR MANL	Employee	344	13	(7)		350		350
OBUSAN, RAFAEL II R.	Employee	340	2,356	(2,513)		183		183
TORCUATOR, LILIBETH T	Employee	325	1,162	(1,382)		105		105
AFALLA, RYAN JAY	Employee	265	423	(549)		139		139
DELIGENCIA, LOU JASON	Employee	194	493	(443)		244		244
RAGOT, ANTONIO P	Employee	67	1,431	(1,332)		166		166
Advances to Directors, Officers and Employees		36,800	40,552	(62,330)		15,023		15,023
Holcim Technology Ltd.		P 6,151		(6,151)		-		-
Holcim East Asia Business Service Centre, B.V. - Philippine ROHQ		30,724	188,750	(118,908)		100,566		100,566
Clinco Corporation		27	2			28		28
Other Holcim Group Affiliates		1,608	366	(422)		1,552		1,552
Related Parties		38,510	189,117	(125,481)	-	102,146	-	102,146

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
For the Year Ended December 31, 2015
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written Off	Current	Non Current	Balance at the End of Period
Holcim Philippines Manufacturing Corporation							
Due from:							
Bulkcem Philippines, Inc.	42,809		(603)		42,206		42,206
Calamba Aggregates Co., Inc.	26,306		-		26,306		26,306
	69,115	-	(603)	-	68,512	-	68,512
Holcim Philippines, Inc.							
Due from:							
Bulkcem Philippines, Inc.	-	2			2		2
Holcim Philippines Manufacturing Corp.	(387,706)	115,698	393,780		121,772		121,772
Excel Concrete Logistics, Inc.	106,701	10,399	11,670		128,770		128,770
Calamba Aggregates Co., Inc.	44,585	142			44,727		44,727
Hubb Stores and Services, Inc.	864	339,652			340,516		340,516
Mabini Grinding Milling Corp.	534,872	174,409	(172,711)		536,570		536,570
Holcim Philippines Business Services Center, Inc.	34,324	53,311	(8,727)		78,908		78,908
	333,640	693,614	224,012	-	1,251,266	-	1,251,266

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule D. **Intangible Assets**

For the Year Ended December 31, 2015

(Amounts in Thousands)

Description	Beginning Balance	Additions At Cost	Deductions		Other Changes Additions (Deductions)	Ending Balance
			Charged to Cost and Expenses	Charged to Other Accounts		
Project Development Cost and Others	₱ 26,836	₱ 11,329	₱ (498)	₱	₱ (11,233)	₱ 26,434
Software Cost	44,297		(14,766)			29,531
Mining Rights	179,544				(179,544)	-
Foreshore lease	544,902		(40,066)		(504,836)	-
Goodwill	2,635,738					2,635,738
	3,431,317	11,329 - -	(55,330) - -	- - -	(695,613) - -	2,691,703

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule E. Long-Term Debt
For the Year Ended December 31, 2015
(Amounts in Thousands)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-Term	Remarks
	NIL	NIL	NIL	
	-	-	-	

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule F. Indetebtedness to Related Parties (Long-term Loans from Related Companies)
For the Year Ended December 31, 2015
(Amounts in Thousands)

Name of Related Party	Beginning Balance	Balance at the End of Period
	₱ NIL	₱ NIL
	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule G. Guarantees of Securities of Other Issuers
For the Year Ended December 31, 2015
(Amounts in Thousands)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
	NIL	₱ NIL	₱ NIL	NIL
	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule H. **Capital Stock**
For the Year Ended December 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Affiliates	Number of Shares Held by Directors, Officers and Employees	Others
Preferred Shares	20,000,000					
Common Shares	9,980,000,000	6,452,099,144		5,531,417,797	148,269	920,533,078
	10,000,000,000	6,452,099,144	-	5,531,417,797	148,269	920,533,078

Exhibit 3

SEC Form 17-Q

For the quarters ended

March 31, June 30 and September 30, 2015

COVER SHEET

2 6 1 2 6

SEC Registration Number

H O L C I M P H I L I P P I N E S , I N C . A N D S U B S I D I A R I E S

(Company's Full Name)

7 t h F l o o r , T w o W o r l d S q u a r e , M c K i n l e y H i l l , F o r t B o n i f a c i o , T a g u i g C i t y

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

Shirley S. Go		459-3333
(Contact Person)	(1^{st} Quarter 2015)	(Company Telephone Number)

0 3 3 1	SEC FORM 17-Q	
Month *Day*	For the quarter ended March 31, 2015	*Month* *Day*
(Fiscal Year)	(Form Type)	(Annual Meeting)

(Secondary License Type, If Applicable)

CFD	–
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 ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

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 March 31, 2015

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 Manila, 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 [x] 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 [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014
Exhibit II – Consolidated Statements of Income for the quarters ended March 31, 2015 and 2014
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2015 and 2014
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended March 31, 2015 and 2014
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended March 31, 2015 and 2014
Exhibit VI – Aging of Trade and Other Receivables as at March 31, 2015

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
March 31, 2015 and December 31, 2014
(In Thousands)

	31 Mar 2015	31 Dec 2014
ASSETS		
Current Assets		
Cash and cash equivalents	₱2,313,117	₱2,698,207
Trade and other receivables-net	3,020,807	2,259,205
Inventories	3,729,130	3,757,521
Other current assets	650,275	615,841
Total Current Assets	**9,713,329**	**9,330,774**
Noncurrent Assets		
Investments	4,559	4,559
Property, plant and equipment – net	17,514,829	17,604,436
Goodwill	2,635,738	2,635,738
Intangibles	791,847	795,579
Deferred tax assets	282,722	271,029
Other noncurrent assets	254,411	264,571
Total Noncurrent Assets	**21,484,106**	**21,575,912**
	31,197,435	**30,906,686**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	1,000,000	2,100,105
Trade and other payables	5,287,124	5,603,991
Income tax payable	562,184	345,531
Total Current Liabilities	**6,849,308**	**8,049,627**
Noncurrent Liabilities		
Retirement benefit liabilities	579,387	582,924
Provisions	131,742	136,974
Deferred tax liabilities	501	653
Other noncurrent liabilities	43,632	43,632
Total Noncurrent Liabilities	**755,262**	**764,183**
Equity Attributable to Equity Holders of the 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	(174,986)	(174,986)
Other reserves	3,774	3,774
Retained earnings	8,828,857	7,326,592
	23,585,746	**22,083,481**
Noncontrolling Interest	**7,119**	**9,395**
Total Stockholders' Equity	**23,592,865**	**22,092,876**
	₱31,197,435	**₱30,906,686**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended March 31, 2015 and 2014
(In Thousands, Except Per Share Data)

	Quarter ended	
	Jan-Mar 2015	**Jan-Mar 2014**
		***Restated**
Net Sales	**₱8,582,902**	**₱8,052,791**
Cost of sales	5,731,542	4,893,631
Gross Profit	**2,851,360**	**3,159,160**
Operating expenses	503,360	415,285
Operating EBITDA	**2,348,000**	**2,743,875**
Depreciation and amortization	318,432	344,858
Income from Operations	**2,029,568**	**2,399,017**
Other income (expenses)		
Net financial income (expense)	(13,622)	2,841
Other income (expense)	109,470	(8,518)
Total	95,848	(5,677)
Income before Income Tax	**2,125,416**	**2,393,340**
Provision for income tax		
Current	613,876	676,678
Deferred	12,025	46,190
	625,901	722,868
Income Before Minority Interest	**1,499,515**	**1,670,472**
Noncontrolling interest	1,874	(287)
Net Income	**₱1,501,389**	**₱1,670,185**

Basic/Diluted Earnings Per Share (EPS)

Computation of EPS:

(a) Net income applicable to common shareholders	**₱1,501,389**	**₱1,670,185**
(b) Common shares issued and outstanding	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.233**	**₱0.259**

* *Restated based on PAS 19 which requires presentation of net interest (included in pension cost) to financial expense. Reclassed Php5.4 million from cost of sales to net financial income (expense).*

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended March 31, 2015 and 2014
(In Thousands)

	Quarter ended	
	Jan-Mar 2015	**Jan-Mar 2014**
Net Income	**₱1,499,515**	**₱1,670,472**
Other Comprehensive Loss		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Amounts transferred to profit or loss upon sale of investment in joint venture	-	
	-	-
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on retirement benefits	-	-
Income tax effect	-	-
	-	-
Total Comprehensive Income	**₱1,499,515**	**₱1,670,472**
Attributable to:		
Equity holders of the Parent Company	**₱1,501,389**	**₱1,670,185**
Noncontrolling interest	(1,874)	287
	₱1,499,515	**₱1,670,472**

Exhibit IV

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three (3) months ended March 31, 2015 and 2014
(In Thousands)

	Jan-Mar 2015	Jan-Mar 2014
Capital Stock		
Common Stock		
Balance at beginning of period	**₱6,452,099**	**₱6,452,099**
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	(174,986)	(161,351)
Retained Earnings		
Balance at beginning of period	7,331,242	6,697,828
Net income	1,501,389	1,670,185
Balance at end of period	8,832,631	8,368,013
Noncontrolling Interest	7,119	12,513
	₱23,592,865	**₱23,147,276**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended March 31, 2015 and 2014
(In Thousands)

	Jan-Mar 2015	Jan-Mar 2014
Operating Activities		
Income before income tax for the period	**₱2,125,416**	**₱2,393,340**
Adjustments to reconcile net income to cash		
Depreciation and amortization	318,432	344,858
Other items (net)	(338,686)	(227,040)
Changes in current assets and liabilities	(1,127,931)	(766,207)
Cash provided by operating activities	**977,231**	**1,744,951**
Investing Activities		
(Additions) deductions to plant, property and equipment	(258,001)	(123,669)
De(in)crease in other investing activities	(13,764)	(31,609)
Cash provided by (used in) investing activities	**(271,765)**	**(155,278)**
Financing Activities		
Proceeds (payment) of short-term loans	(1,090,851)	(492,491)
Decrease in other financing activities	-	30,000
Cash provided (used in) financing activities	**(1,090,851)**	**(462,491)**
Net increase (decrease) in cash and cash equivalents	**(385,385)**	**1,127,182**
Cash and cash equivalents, beginning	**2,698,207**	**2,149,104**
Effect of exchange rate changes on cash & cash equivalents	**295**	**616**
Cash and cash equivalents, end	**₱2,313,117**	**₱3,276,902**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of March 31, 2015
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱3,100,628**	₱2,712,103	₱110,723	₱93,240	₱184,562
Other Receivables	**57,170**	42,408	-	-	14,762
Total	**3,157,798**	₱2,754,511	₱110,723	₱93,240	₱199,324
Allowance for Doubtful Accounts	**(136,991)**				
Net Receivables	**₱ 3,020,807**				

Certified correct:

Glenn A. Agustin
Head, Group Controller

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

Results of Operations

The cement industry demand grew by 9.6%** as of March 2015 compared to the same period of last year. This was brought about by the continuous strong public and private construction activities nationwide. Driven by the robust demand, HPI posted total net sales of Php8.6 billion, higher than the Php8.1 billion reported for the same period last year. While lower by about 14% compared with same period of last year on account of higher costs of production inputs and corporate initiatives, the Company closed the quarter with a respectable operating EBITDA of Php2.3 billion. Net income after tax stood Php1.5 billion, giving earnings per share of Php0.23/share.

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 Php31.2 billion, up by approximately Php290 million from end of 2014.

Cash Flow Generation

The Company's cash requirements have been mainly sourced through cash flow from operations. Overall cash decrease was mainly due to full payment of third party loan. 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 three months ended March 31, 2015 and 2014 were as follows:

Financial KPI	Definition	For the quarter ended March 31	
		2015	2014
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	6.6%	7.5%
Return on Asset (ROA)	Net Income / Average Total Assets	4.8%	5.8%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	27.4%	34.0%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(3.5%)	(10.4%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	13,540 times	Nil

** CEMAP

Profitability and Efficiency

The profitability and efficiency have slightly decreased as compared to the same period of last year with ROE and ROA decreasing by 0.9% and 1.0%, respectively, due to higher usage of imported clinker and higher production input costs.

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, 2014.

The accounting policies adopted in the preparation of condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2014, except for the adoption of the new standards and interpretations that are effective as of January 1, 2015 enumerated below:

- PFRS 9, "Financial Instruments: Classification and Measurement"

  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Company will not opt to early adopt the standard.

- Philippine Interpretation IFRIC 15, "Agreements for the Construction of Real Estate"

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Company.

The following new standards and amendments were already adopted by the FRSC but are still for approval by BOA.

Effective in 2015

- Amendments to PAS 19, "Employee Benefits - Defined Benefit Plans: Employee Contributions"

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Company, since the Company's retirement plans are noncontributory.

- Annual Improvements to PFRS (2010 to 2012 cycle)

  The Annual Improvements to PFRSs (2010 to 2012 cycle) contain non-urgent but necessary amendments to the following standards. These are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated the Company does not expect these amendments to have a significant impact on the consolidated financial statements.

  - PFRS 2, "Share-based Payment - Definition of Vesting Condition"

    This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
    - A performance condition must contain a service condition
    - A performance target must be met while the counterparty is rendering service
    - A performance target may relate to the operations or activities of an entity, or to those
    - of another entity in the same group
    - A performance condition may be a market or non-market condition
    - If the counterparty, regardless of the reason, ceases to provide service during the
    - vesting period, the service condition is not satisfied.

  - PFRS 3, "Business Combinations - Accounting for Contingent Consideration in a Business Combination"

    The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39. The Company shall consider this amendment for future business combinations.

  - PFRS 8, "Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"

    The amendments are applied retrospectively and clarify that:

    - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
    - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, "Property, Plant and Equipment: Revaluation Method – Proportionate Restatement of Accumulated Depreciation", and PAS 38, "Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, "Related Party Disclosures - Key Management Personnel"

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

- Annual Improvements to PFRS (2011 to 2013 cycle)

The Annual Improvements to PFRSs (2011 to 2013 cycle) contain non-urgent but necessary amendments to the following standards. These are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated, the Company does not expect these amendments to have a significant impact on the consolidated financial statements.

- PFRS 3, "Business Combinations - Scope Exceptions for Joint Arrangements"

  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, "Fair Value Measurement - Portfolio Exception"

  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

Effective in 2016

- PAS 16, "Property, Plant and Equipment", and PAS 38, "Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization" (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company is not using a revenue-based method to depreciate its non-current assets.

- PAS 16, "Property, Plant and Equipment", and PAS 41, "Agriculture - Bearer Plants" (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of

PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

- PAS 27, "Separate Financial Statements - Equity Method in Separate Financial Statements" (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

- PFRS 10, "Consolidated Financial Statements" and PAS 28, "Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint enture"

  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those 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. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, "Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations" (Amendments)

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the Acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, "Regulatory Deferral Accounts"

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rateregulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

- Annual Improvements to PFRSs (2012-2014 cycle)

  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Company. They include:

  - PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal"

    The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, "Financial Instruments: Disclosures - Servicing Contracts"

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  - PFRS 7, "Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements" (Amendments)

    This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

  - PAS 19, "Employee Benefits - Regional Market Issue Regarding Discount Rate"

    This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - PAS 34, "Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report"

    The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by crossreference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- PFRS 9, "Financial Instruments - Hedge Accounting" and Amendments to PFRS 9, PFRS 7 and PAS 39

  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that

the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Company is currently assessing the impact of adopting this standard.

The adoption of the third phase of the project is not expected to have any significant impact on the Company's consolidated financial statements.

- PFRS 9, "Financial Instruments"

  In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 (2014 version) will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Company is currently assessing the impact of adopting this standard.

  The adoption of the other phases of the project is not expected to have any significant impact on the Company's consolidated financial statements.

The following new standard and amendments issued by the IASB has not yet been adopted by the FRSC.

- International Financial Reporting Standards (IFRS) 15, "Revenue from Contracts with Customers"

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

- Amendments to International Accounting Standards (IAS) 1, "Presentation of Financial Statements"

  In December 2014, the IASB issued the amendments to IAS 1. The amendments include narrow-focus improvements in five areas; namely, materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments are effective on or after January 1, 2016.

- Amendments to IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", and IAS 28, "Investments in Associates and Joint Ventures"

  In December 2014, the IASB issued Investment Entities: Applying the Consolidation Exception (amendments to IFRS 10, IFRS 12 and IAS 28). The amendments address certain issues that have arisen in applying the investment entities exception under IFRS 10. The amendments are effective on or after January 1, 2016.

  The Company is currently assessing the impact of IFRS 15 and the amendments to IAS 1 and IFRS 10, IFRS 12 and IAS 28 and plans to adopt the new and amended standards on their required effective dates once adopted locally.

2. ***Seasonality Aspects of the Business***

Like any other Company in the construction industry, the operations of HPI are affected by seasonality or cyclicality. During the months starting December to May, demand for cement is greater than the rainy months from June to November.

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 uses derivative instruments such as cross-currency swaps to hedge the interest and foreign exchange risks from its foreign currency-denominated debt. 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, and 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, notes payable and long-term debt. 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, trade and other payables and advances from customers 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.

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 Risks

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 sales, purchases of goods and services and debt servicing requirements in currencies other than the Peso that leads to currency translation effects. The Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.

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 March 31, 2015, the Company has 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 March 31, 2015, the Company has minimal financial instruments that are exposed 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 to meet 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, 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. 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 of March 31, 2015, the Company has unutilized credit facilities of ₱9.5 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 for its growth targets in order 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. In order 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 March 31, 2015 and December 31, 2014. 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, Restricted Cash, Long-term Financial Receivable, Notes 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.

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 March 31, 2015 and December 31, 2014:

	March 31, 2015			December 31, 2014		
	Level 1[(1)]	**Level 2[(2)]**	**Total**	Level 1[(1)]	Level 2[(2)]	Total
AFS financial assets -						
Quoted equity securities	₱145	₱–	₱145	₱145	₱–	₱145

[(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".

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 and Helps-U-Build.

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 March 31, 2015 and 2014 are presented below:

	2015				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱8,286,456**	**₱296,074**	**₱8,582,530**	**₱-**	**₱8,582,530**
Inter-segment	**102,198**	**266**	**102,464**	**(102,092)**	**372**
	₱8,388,654	**₱296,340**	**₱8,684,994**	**(₱102,092)**	**₱8,582,902**
Operating EBITDA	**₱2,358,559**	**(₱10,559)**	**₱2,348,000**	**₱-**	**₱2,348,000**
Segment assets	**28,119,472**	**807,768**	**28,927,240**	**2,270,195**	**31,197,435**
Segment liabilities	**6,070,915**	**617,601**	**6,688,516**	**916,054**	**7,604,570**

* Chief operating decision maker is composed of the Company's management committee

	2014 (restated*)				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱7,887,611	₱165,180	₱8,052,791	₱-	₱8,052,791
Inter-segment	99,167	-	99,167	(99,167)	-
	₱7,986,778	₱165,180	₱8,151,958	(₱99,167)	₱8,052,791
Operating EBITDA	₱2,764,080	(₱20,205)	₱2,743,875	₱-	₱2,743,875
Segment assets	25,545,814	695,169	26,240,983	3,490,328	29,731,311
Segment liabilities	5,576,706	298,624	5,875,330	708,705	6,584,035

**Refer to Statement of Comprehensive Income*

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 interim periods of the current financial year or 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. Dividend payments for ordinary and other shares.

5. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

6. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

7. 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.

8. Events that will trigger direct or contingent material financial obligations to the Company.

9. 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.

10. Material commitments for capital expenditures.

11. 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.

12. Significant elements of income or loss that did not arise from the Company's continuing operations.

13. Material events subsequent to end of the reporting period that have not been reflected in this report.

14. 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.

15. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

14% decrease in Cash and cash equivalents
Mainly driven by full payment of third party loan.

34% increase in Trade and other receivables-net
Primarily due to higher revenues in March 2015 compared with December 2014.

6% increase in Other current assets
Mainly attributable to higher down payments made to suppliers related to purchase of raw materials and spare parts.

6% decrease in Trade and other payables
Attributable to higher payments made on trade liabilities in the first quarter.

52% decrease in Notes payable
Attributable to payment made by the Company for a third party bank loan.

63% increase in Income tax payable
Mainly attributable to higher taxable income in the first quarter of 2015 as compared to the last quarter of 2014.

23% decrease in Deferred tax liabilities
Mainly attributable to the decrease in non-deductible depreciation expense.

21% increase in Retained earnings
Mainly due to income generated for the first quarter.

Material Changes in Income Statement Accounts

7% increase in Net sales
Mainly driven by higher volume sold brought about by strong demand.

17% increase in Cost of sales
Due to higher volume produced and sold as a result of robust demand, higher usage of imported clinker and higher cost of production inputs.

21% increase in operating expenses
Attributable to one-off costs related to corporate initiatives.

8% decrease in depreciation and amortization
Mainly due to lower book value of depreciable assets.

579% decrease in Net financial income(expense)
Mainly due to higher financing charges from financial liabilities.

1385% increase in Other income (expense)
Due to the gain realized by the Company on sale of its internally developed intellectual property to an associated company.

13% decrease in Provision for income tax
Mainly due to lower taxable income in 2015 as compared to the same period in 2014.

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

Financial KPI	Definition	For the Three (3) Months Ended March 31	
		2015	**2014**
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	141.8%	160.6%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(3.5%)	(10.4%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	132.2%	128.4%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	12,256.6 times	Nil
Profitability Ratios Return on Assets	Net Income / Average Total Assets	4.8%	5.8%
Return on Equity	Net Income / Average Total Equity	6.6%	7.5%

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.

Shirley S. Go	Glenn A. Agustin
Treasurer	Head, Group Controller
Date: April 30, 2015	Date: April 30, 2015

108102015000002

SECURITIES AND EXCHANGE COMMISSION

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

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Company Information

SEC Registration No.	0000026126
Company Name	HOLCIM PHILIPPINES, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	108102015000002
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
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Period Covered	June 30, 2015
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

2 6 1 2 6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

7th Floor Venice Corporate Center No. 8 Turin Street, McKinley Town Center, McKinley Hill, Fort Bonifacio, Taguig City

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

Shirley S. Go

(Contact Person)

(2nd Quarter 2015)

459-3333

(Company Telephone Number)

0 6 3 0

Month *Day*

(Fiscal Year)

SEC FORM 17-Q

For the quarter ended June 30, 2015

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

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 ID

Cashier

STAMPS

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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 June 30, 2015

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 Manila, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

7th Floor Venice Corporate Center, No. 8 Turin St., McKinley Town Center, McKinley Hill, Fort Bonifacio, Taguig City 1634

8. Issuer's telephone number, including area code (632) 4 59-3333

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 [x] 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 [x] No [ ]

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

Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014
Exhibit II – Consolidated Statements of Income for the quarters ended June 30, 2015 and 2014 and for the six (6) months ended June 30, 2015 and 2014
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2015 and 2014 and for the six (6) months ended June 30, 2015 and 2014
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the six (6) months ended June 30, 2015 and 2014
Exhibit V – Consolidated Statements of Cash Flows for the six (6) months ended June 30, 2015 and 2014
Exhibit VI – Aging of Trade and Other Receivables as at June 30, 2015

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2015 and December 31, 2014
(In Thousands)

	30 Jun 2015	31 Dec 2014
ASSETS		
Current Assets		
Cash and cash equivalents	₱5,127,720	₱2,698,207
Trade and other receivables-net	2,931,672	2,259,205
Inventories	3,140,915	3,757,521
Other current assets	588,487	615,841
Total Current Assets	**11,788,794**	**9,330,774**
Noncurrent Assets		
Investments	4,559	4,559
Property, plant and equipment – net	17,412,665	17,604,436
Goodwill	2,635,738	2,635,738
Intangibles	787,975	795,579
Deferred tax assets	287,983	271,029
Other noncurrent assets	255,893	264,571
Total Noncurrent Assets	**21,384,813**	**21,575,912**
	33,173,607	**30,906,686**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	1,000,000	2,100,105
Trade and other payables	11,008,738	5,603,991
Income tax payable	567,852	345,531
Total Current Liabilities	**12,576,590**	**8,049,627**
Noncurrent Liabilities		
Retirement benefit liabilities	587,525	582,924
Provisions	135,716	136,974
Deferred tax liabilities	327	653
Other noncurrent liabilities	43,632	43,632
Total Noncurrent Liabilities	**767,200**	**764,183**
Equity Attributable to Equity Holders of the 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	(174,986)	(174,986)
Other reserves	3,774	3,774
Retained earnings	5,064,839	7,326,592
	19,821,728	**22,083,481**
Noncontrolling Interest	**8,089**	**9,395**
Total Stockholders' Equity	**19,829,817**	**22,092,876**
	₱33,173,607	**₱30,906,686**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended June 30, 2015 and 2014
And for the six (6) months ended June 30, 2015 and 2014
(In Thousands, Except Per Share Data)

	Quarter ended		Six (6) Month ended	
	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
		*Restated		*Restated
Net Sales	**₱9,412,375**	**₱8,807,901**	**₱17,995,277**	**₱16,860,692**
Cost of sales	6,356,456	5,742,702	12,087,998	10,636,333
Gross Profit	**3,055,919**	**3,065,199**	**5,907,279**	**6,224,359**
Operating expenses	602,494	427,819	1,105,854	843,104
Operating EBITDA	**2,453,425**	**2,637,380**	**4,801,425**	**5,381,255**
Depreciation and amortization	325,017	339,507	643,449	684,365
Income from Operations	**2,128,408**	**2,297,873**	**4,157,976**	**4,696,890**
Other income (expenses)				
Net financial income (expense)	4,760	385	(8,862)	3,226
Other income (expense)	(3,494)	7,153	105,976	(1,365)
Total	1,266	7,538	97,114	1,861
Income before Income Tax	**2,129,674**	**2,305,411**	**4,255,090**	**4,698,751**
Provision for income tax				
Current	603,354	707,057	1,217,230	1,383,735
Deferred	(1,413)	(53,480)	10,612	(7,290)
	601,941	653,577	1,227,842	1,376,445
Income Before Minority Interest	1,527,733	1,651,834	3,027,248	3,322,306
Noncontrolling interest	(2,723)	(459)	(849)	(746)
Net Income	**₱1,525,010**	**₱1,651,375**	**₱3,026,399**	**₱3,321,560**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Net income applicable to common shareholders	**₱1,525,010**	**₱1,651,375**	**₱3,026,399**	**₱3,321,560**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.236**	**₱0.256**	**₱0.469**	**₱0.515**

** Restated based on PAS 19 which requires presentation of net interest (included in pension cost) to financial expense. Reclassed Php10.7 million from cost of sales to net financial income (expense).*

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended June 30, 2015 and 2014
And for the six (6) months ended June 30, 2015 and 2014
(In Thousands)

	Quarter ended		Six (6) Month ended	
	Apr-Jun 2015	Apr-Jun 2014	Jan-Jun 2015	Jan-Jun 2014
Net income	₱1,527,733	₱1,651,834	3,027,248	3,322,306
Other Comprehensive Loss				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Amounts transferred to profit or loss upon sale of investment in joint venture	-			
	-	-		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:				
Remeasurement loss on retirement benefits	-	-		
Income tax effect	-	-		
	-	-		
Total Comprehensive Income	₱1,527,733	₱1,651,834	₱3,027,248	₱3,322,306
Attributable to:				
Equity holders of the Parent Company	₱1,525,010	₱1,651,375	₱3,026,399	₱3,321,560
Noncontrolling interest	2,723	459	849	746
	₱1,527,733	₱1,651,834	₱3,027,248	₱3,322,306

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the six (6) months ended June 30, 2015 and 2014
(In Thousands)

	Jan-Jun 2015	Jan-Jun 2014
Capital Stock		
Common Stock		
Balance at beginning of period	₱6,452,099	₱6,452,099
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	(174,986)	(161,351)
Retained Earnings		
Balance at beginning of period	7,338,154	6,698,822
Net income	3,026,399	3,321,560
Cash dividends	(5,295,940)	(4,516,469)
Balance at end of period	5,068,613	5,503,913
Noncontrolling Interest	8,089	10,753
	₱19,829,817	₱20,281,416

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six (6) months ended June 30, 2015 and 2014
(In Thousands)

	Jan-Jun 2015	Jan-Jun 2014
Operating Activities		
Income before income tax for the period	**₱4,255,090**	**₱4,698,751**
Adjustments to reconcile net income to cash		
Depreciation and amortization	643,449	684,365
Other items-net	(895,521)	(840,877)
Changes in current assets and liabilities	14,924	(782,879)
Cash provided by operating activities	**4,017,942**	**3,759,360**
Investing Activities		
(Additions) deductions to plant, property and equipment	(480,515)	(293,768)
De(in)crease in other investing activities	(15,545)	(235)
Cash provided by (used in) investing activities	**(496,060)**	**(294,003)**
Financing Activities		
Proceeds (payment) of short-term loans	(1,093,943)	(887,619)
Cash provided (used in) financing activities	**(1,093,943)**	**(887,619)**
Net increase (decrease) in cash and cash equivalents	**2,427,939**	**2,577,738**
Cash and cash equivalents, beginning	**2,698,207**	**2,149,104**
Effect of exchange rate changes on cash & cash equivalents	**1,574**	**(722)**
Cash and cash equivalents, end	**₱5,127,720**	**₱4,726,120**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of June 30, 2015
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱ 3,075,552**	₱2,803,322	₱108,346	₱22,293	₱141,591
Other Receivables	**36,718**	9,325	-	705	26,688
Total	**3,112,270**	₱2,812,647	₱108,346	₱22,998	₱168,279
Allowance for Doubtful Accounts	**(180,598)**				
Net Receivables	**₱2,931,672**				

Certified correct:

Glenn A. Agustin
Head, Group Controller

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

Results of Operations

The cement industry demand grew by 11%** as of June 2015 compared to the same period of last year. This was brought about by the continuous strong public and private construction activities nationwide. Driven by the robust demand, HPI posted total net sales of Php18.0 billion, higher than the Php16.9 billion reported for the same period last year. While net income was lower by about 9% compared with same period of last year on account of higher costs of production inputs and corporate initiatives, the Company closed the quarter with a respectable operating EBITDA of Php4.8 billion. Net income after tax stood Php3.0 billion, giving earnings per share of Php0.47/share.

Financial Position

The Company's financial position has remained healthy with very liquid position and strong asset utilization ratio as it continues to generate high revenues. Total assets stood at Php33.2 billion, up by approximately Php2.3 billion from end of 2014.

Cash Flow Generation

The Company's cash requirements have been mainly sourced through cash flow from operations. Overall cash increase was mainly due to high profit generation for the period and timing difference of dividend payment. 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 three months ended June 30, 2015 and 2014 were as follows:

Financial KPI	Definition	For the quarter ended June 30	
		2015	**2014**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	14.4%	15.9%
Return on Asset (ROA)	Net Income / Average Total Assets	9.4%	11.1%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	26.7%	31.9%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(18.4%)	(20.9%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	18,316 times	Nil

** Based on CEMAP

Profitability and Efficiency

Profitability and efficiency have remained at healthy levels although ROE and ROA decreased by 1.5% and 1.7%, respectively, compared with the same period of last year due to higher usage of imported clinker and higher production input costs.

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, 2014.

The accounting policies adopted in the preparation of condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2014, except for the adoption of the new standards and interpretations that are effective as of January 1, 2015 enumerated below:

- PFRS 9, "Financial Instruments: Classification and Measurement"

  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Company will not opt to early adopt the standard.

- Philippine Interpretation IFRIC 15, "Agreements for the Construction of Real Estate"

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Company.

The following new standards and amendments were already adopted by the FRSC but are still for approval by BOA.

Effective in 2015

- Amendments to PAS 19, "Employee Benefits - Defined Benefit Plans: Employee Contributions"

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Company, since the Company's retirement plans are noncontributory.

- Annual Improvements to PFRS (2010 to 2012 cycle)

  The Annual Improvements to PFRSs (2010 to 2012 cycle) contain non-urgent but necessary amendments to the following standards. These are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated the Company does not expect these amendments to have a significant impact on the consolidated financial statements.

  - PFRS 2, "Share-based Payment - Definition of Vesting Condition"

    This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
    - A performance condition must contain a service condition
    - A performance target must be met while the counterparty is rendering service
    - A performance target may relate to the operations or activities of an entity, or to those
    - of another entity in the same group
    - A performance condition may be a market or non-market condition
    - If the counterparty, regardless of the reason, ceases to provide service during the
    - vesting period, the service condition is not satisfied.

  - PFRS 3, "Business Combinations - Accounting for Contingent Consideration in a Business Combination"

    The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39. The Company shall consider this amendment for future business combinations.

  - PFRS 8, "Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"

    The amendments are applied retrospectively and clarify that:

    - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
    - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, "Property, Plant and Equipment: Revaluation Method – Proportionate Restatement of Accumulated Depreciation", and PAS 38, "Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, "Related Party Disclosures - Key Management Personnel"

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

- Annual Improvements to PFRS (2011 to 2013 cycle)

  The Annual Improvements to PFRSs (2011 to 2013 cycle) contain non-urgent but necessary amendments to the following standards. These are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated, the Company does not expect these amendments to have a significant impact on the consolidated financial statements.

  - PFRS 3, "Business Combinations - Scope Exceptions for Joint Arrangements"

    The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
    - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - PFRS 13, "Fair Value Measurement - Portfolio Exception"

    The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

Effective in 2016

- PAS 16, "Property, Plant and Equipment", and PAS 38, "Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization" (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company is not using a revenue-based method to depreciate its non-current assets.

- PAS 16, "Property, Plant and Equipment", and PAS 41, "Agriculture - Bearer Plants" (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of

PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

- PAS 27, "Separate Financial Statements - Equity Method in Separate Financial Statements" (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

- PFRS 10, "Consolidated Financial Statements" and PAS 28, "Investments In Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint enture"

  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those 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. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, "Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations" (Amendments)

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the Acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, "Regulatory Deferral Accounts"

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rateregulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

- Annual Improvements to PFRSs (2012-2014 cycle)

  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Company. They include:

  - PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal"

    The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, "Financial Instruments: Disclosures - Servicing Contracts"

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  - PFRS 7, "Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements" (Amendments)

    This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

  - PAS 19, "Employee Benefits - Regional Market Issue Regarding Discount Rate"

    This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - PAS 34, "Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report"

    The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by crossreference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

  - PFRS 9, "Financial Instruments - Hedge Accounting" and Amendments to PFRS 9, PFRS 7 and PAS 39

    PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that

the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Company is currently assessing the impact of adopting this standard.

The adoption of the third phase of the project is not expected to have any significant impact on the Company's consolidated financial statements.

- PFRS 9, "Financial Instruments"

  In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 (2014 version) will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Company is currently assessing the impact of adopting this standard.

  The adoption of the other phases of the project is not expected to have any significant impact on the Company's consolidated financial statements.

The following new standard and amendments issued by the IASB has not yet been adopted by the FRSC.

- International Financial Reporting Standards (IFRS) 15, "Revenue from Contracts with Customers"

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

- Amendments to International Accounting Standards (IAS) 1, "Presentation of Financial Statements"

  In December 2014, the IASB issued the amendments to IAS 1. The amendments include narrow-focus improvements in five areas; namely, materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments are effective on or after January 1, 2016.

- Amendments to IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", and IAS 28, "Investments in Associates and Joint Ventures"

  In December 2014, the IASB issued Investment Entities: Applying the Consolidation Exception (amendments to IFRS 10, IFRS 12 and IAS 28). The amendments address certain issues that have arisen in applying the investment entities exception under IFRS 10. The amendments are effective on or after January 1, 2016.

  The Company is currently assessing the impact of IFRS 15 and the amendments to IAS 1 and IFRS 10, IFRS 12 and IAS 28 and plans to adopt the new and amended standards on their required effective dates once adopted locally.

*2. **Seasonality Aspects of the Business***

Like any other Company in the construction industry, the operations of HPI are affected by seasonality or cyclicality. During the months starting December to May, demand for cement is greater than the rainy months from June to November.

*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 uses derivative instruments such as cross-currency swaps to hedge the interest and foreign exchange risks from its foreign currency-denominated debt. 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, and 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, notes payable and long-term debt. 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, trade and other payables and advances from customers 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.

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 Risks

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 sales, purchases of goods and services and debt servicing requirements in currencies other than the Peso that leads to currency translation effects. The Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.

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 June 30, 2015, the Company has 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 June 30, 2015, the Company has minimal financial instruments that are exposed 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 to meet 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, 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. 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. The Company 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 of June 30, 2015, the Company has unutilized credit facilities of ₱5.9 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 for its growth targets in order 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. In order 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 June 30, 2015 and December 31, 2014. 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, Restricted Cash, Long-term Financial Receivable, Notes 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.

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 June 30, 2015 and December 31, 2014:

	June 30, 2015			December 31, 2014		
	Level 1[1]	Level 2[2]	Total	Level 1[1]	Level 2[2]	Total
AFS financial assets -						
Quoted equity securities	₱145	₱–	₱145	₱145	₱–	₱145

[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".

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 and specialty products.

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 June 30, 2015 and 2014 are presented below:

	2015				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	₱17,351,034	₱643,628	₱17,994,662	₱-	₱17,994,662
Inter-segment	359,259	266	359,525	(358,910)	615
	₱17,710,293	₱643,894	₱18,354,187	(₱358,910)	₱17,995,277
Operating EBITDA	₱4,823,746	(₱22,321)	₱4,801,425	₱-	₱4,801,425
Segment assets	26,962,590	862,749	27,825,339	5,348,268	33,173,607
Segment liabilities	11,026,985	345,522	11,372,507	1,971,283	13,343,790

* Chief operating decision maker is composed of the Company's management committee

	2014 (restated*)				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:	₱				
External customers	16,443,583	417,109	16,860,692	-	16,860,692
Inter-segment	212,604	-	212,604	(212,604)	-
	16,656,187	417,109	17,073,296	(212,604)	16,860,692
Operating EBITDA	5,435,909	(54,654)	5,381,255	-	5,381,255
Segment assets	26,115,156	622,648	26,737,804	4,655,813	31,393,617
Segment liabilities	10,117,881	302,377	10,420,258	691,943	11,112,201

**Refer to Consolidated Statements of Income*

6. *Retained Earnings*

The BOD approved the declaration of cash dividends of Php0.82 per common share (or a total of Php5.3 billion) on May 18, 2015, payable to stockholders of record as of June 15, 2015. The dividends are to be paid on July 9, 2015.

7. *Events after the Reporting Date*

As disclosed by the Company on July 10, 2015 to the Philippine Stock Exchange and filed with the Securities and Exchange Commission on July 10, 2015 in SEC Form 17-C Report in connection with the resolution approved by the Board of Directors in its July 10, 2015 meeting, the Board authorized the Company to make an offer for, and should the offer be accepted, to proceed with the acquisition by the Company and/or its wholly-owned subsidiary Holcim Mining and Development Corporation of, the following Lafarge group assets in the Philippines consisting of (a) shares of stock of Lafarge Iligan, Inc., Lafarge Mindanao, Inc., Lafarge Republic Aggregates, Inc., Quimson Limestones, Inc., Sigma Cee Mining Corporation, and APC Properties, Inc., (b) Star Terminal assets located at the Harbour Centre, Manila, and (c) certain parcels of land as identified by the parties.

On August 3, 2015, the Company disclosed to the Philippine Stock Exchange and filed with the Securities and Exchange Commission in SEC Form 17-C Report that the Company and/or its wholly-owned subsidiary, Holcim Mining and Development Corporation, executed an agreement with Lafarge Republic, Inc., Lafarge Holdings (Philippines), Inc., Calumboyan Holdings, Inc., Luzon Continental Land Corporation and Broadfields Properties, Ltd. for the purchase of the following assets consisting of (a) shares of stock of Lafarge Republic Aggregates, Inc., Quimson Limestones, Inc., Sigma Cee Mining Corporation, and APC Properties, Inc., (b) Star Terminal assets located at the Harbour Centre, Manila, and (c) certain parcels of land. The total purchase price is Php3.095 billion. The price was determined after a fair valuation of the assets was undertaken. The acquisition was financed through bank loans and available cash. The closing of the transaction was completed on August 4, 2015.

Interim Disclosures

Except for the event disclosed in Note 7, 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 interim periods of the current financial year or 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

90% increase in Cash and cash equivalents
Mainly due to higher profit generated for the period and timing of dividend payment.

30% increase in Trade and other receivables-net
Primarily due to higher revenues in June 2015 compared with December 2014.

16% decrease in Inventories
Mainly attributable to higher volume sold and higher usage of imported clinker in 2015 as compared to 2014.

6% increase in Deferred tax assets
Mainly attributable to increase of net operating loss carry-over (NOLCO) of a wholly owned subsidiary.

96% increase in Trade and other payables
Attributable to the declaration of dividends in May 2015, which is payable in Q3 2015.

52% decrease in Notes payable
Attributable to the payment made by the Company for a third party bank loan.

64% increase in Income tax payable
Mainly attributable to higher taxable income for Q2 2015 as compared to the last quarter of 2014.

50% decrease in Deferred tax liabilities
Mainly attributable to the decrease in non-deductible depreciation expense.

31% decrease in Retained earnings
Mainly due to the declaration of dividends in May 2015.

Material Changes in Income Statement Accounts

7% increase in Net sales
Mainly driven by higher volume sold brought about by strong demand.

14% increase in Cost of sales
Due to higher volume produced and sold as a result of robust demand, higher usage of imported clinker and higher cost of production inputs.

31% increase in operating expenses
Attributable to one-off costs related to corporate initiatives.

6% decrease in depreciation and amortization
Mainly due to lower book value of depreciable assets.

375% decrease in Net financial income(expense)
Mainly due to higher financing charges from financial liabilities.

7864% increase in Other income (expense)
Due to the gain realized by the Company on sale of its internally developed intellectual property to an associated company.

11% decrease in Provision for income tax
Mainly due to lower taxable income in 2015 as compared to the same period in 2014.

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

Financial KPI	Definition	For the Six (6) Months Ended June 30 2015	2014
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	93.7%	108.1%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(18.4%)	(20.9%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	167.3%	154.8%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	16,232 times	Nil
Profitability Ratios			
Return on Assets	Net Income / Average Total Assets	9.4%	11.1%
Return on Equity	Net Income / Average Total Equity	14.4%	15.9%

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.

Shirley S. Go	Glenn A. Agustin
Treasurer	Head, Group Controller
Date: August 10, 2015	Date: August 10, 2015

110292015000001

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Information

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Company Name	HOLCIM PHILIPPINES, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

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COVER SHEET

2 6 1 2 6
S.E.C. Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

7TH FLR VENICE CORPORATE CENTER NO. 8 TURIN ST. MCKINLEY TOWN CENTER, MCKINLEY HILL FORT BONIFACIO TAGUIG CITY

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

Shirley S. Go
Contact Person

459-3333
Company Telephone Number

0 9 | 3 0
Month *Day*
Fiscal Year

1 7 - Q
FORM TYPE

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

C F D
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

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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, 2015

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 Manila, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Venice Corporate Center, No. 8 Turin Street, McKinley Town Center, 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 [x] 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 [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014
Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2015 and 2014 and for the nine (9) months ended September 30, 2015 and 2014
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2015 and 2014 and for the nine (9) months ended September 30, 2015 and 2014
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the nine (9) months ended September 30, 2015 and 2014
Exhibit V – Consolidated Statements of Cash Flows for the nine (9) months ended September 30, 2015 and 2014
Exhibit VI – Aging of Trade and Other Receivables as at September 30, 2015

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2015 and December 31, 2014
(In Thousands)

	30 Sep 2015	31 Dec 2014
ASSETS		
Current Assets		
Cash and cash equivalents	₱2,839,557	₱2,698,207
Trade and other receivables-net	3,558,394	2,259,205
Inventories	3,543,526	3,757,521
Other current assets	619,299	615,841
Total Current Assets	**10,560,776**	**9,330,774**
Noncurrent Assets		
Investments	4,559	4,559
Property, plant and equipment – net	18,342,125	17,604,436
Goodwill	4,516,268	2,635,738
Intangibles	940,542	795,579
Deferred tax assets	343,772	271,029
Other noncurrent assets	269,296	264,571
Total Noncurrent Assets	**24,416,562**	**21,575,912**
	34,977,338	**30,906,686**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	2,590,824	2,100,105
Trade and other payables	6,665,340	5,603,991
Income tax payable	632,942	345,531
Total Current Liabilities	**9,889,106**	**8,049,627**
Noncurrent Liabilities		
Long-term debt	2,975,000	-
Retirement benefit liabilities	577,867	582,924
Provisions	140,095	136,974
Deferred tax liabilities	163	653
Other noncurrent liabilities	46,511	43,632
Total Noncurrent Liabilities	**3,739,636**	**764,183**
Equity Attributable to Equity Holders of the 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	(174,986)	(174,986)
Other reserves	3,774	3,774
Retained earnings	6,582,586	7,326,592
	21,339,475	**22,083,481**
Noncontrolling Interest	**9,121**	**9,395**
Total Stockholders' Equity	**21,348,596**	**22,092,876**
	₱34,977,338	**₱30,906,686**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended September 30, 2015 and 2014
And for the nine (9) months ended September 30, 2015 and 2014
(In Thousands, Except Per Share Data)

	Quarter ended		Nine (9) Month ended	
	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014
		*Restated		*Restated
Net Sales	**₱9,996,455**	**₱8,113,355**	**₱27,991,732**	**₱24,974,047**
Cost of sales	6,929,764	6,176,520	19,017,762	16,812,853
Gross Profit	**3,066,691**	**1,936,835**	**8,973,970**	**8,161,194**
Operating expenses	556,068	487,087	1,661,922	1,330,191
Operating EBITDA	**2,510,623**	**1,449,748**	**7,312,048**	**6,831,003**
Depreciation and amortization	349,091	396,026	992,540	1,080,391
Income from Operations	**2,161,532**	**1,053,722**	**6,319,508**	**5,750,612**
Other income (expenses)				
Net financial income (expense)	14,266	(22,409)	5,404	(19,183)
Other income (expense)	1,893	(1,784)	107,869	(3,149)
Total	16,159	(24,193)	113,273	(22,332)
Income before Income Tax	**2,177,691**	**1,029,529**	**6,432,781**	**5,728,280**
Provision for income tax				
Current	698,745	345,053	1,915,975	1,728,788
Deferred	(50,679)	(37,729)	(40,067)	(45,019)
	648,066	307,324	1,875,908	1,683,769
Income Before Minority Interest	**1,529,625**	**722,205**	**4,556,873**	**4,044,511**
Noncontrolling interest	(316)	(245)	(1,165)	(991)
Net Income	**₱1,529,309**	**₱721,960**	**₱4,555,708**	**₱4,043,520**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Net income applicable to common shareholders	**₱1,529,309**	**₱721,960**	**₱4,555,708**	**₱4,043,520**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.237**	**₱0.112**	**₱0.706**	**₱0.627**

** Restated based on PAS 19 which requires presentation of net interest (included in pension cost) to financial expense. Reclassed Php16.2 million from cost of sales to net financial income (expense).*

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended September 30, 2015 and 2014
And for the nine (9) months ended September 30, 2015 and 2014
(In Thousands)

	Quarter ended		Nine (9) Month ended	
	July-Sep 2015	**Jul-Sep 2014**	**Jan-Sep 2015**	**Jan-Sep 2014**
Net Income	**₱1,529,625**	**₱722,205**	**₱4,556,873**	**₱4,044,511**
Other Comprehensive Loss				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Amounts transferred to profit or loss upon sale of investment in joint venture	-			
	-	-		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:				
Remeasurement loss on retirement benefits	-	-		
Income tax effect	-	-		
	-	-		
Total Comprehensive Income	**₱1,529,625**	**₱722,205**	**₱4,556,873**	**₱4,044,511**
Attributable to:				
Equity holders of the Parent Company	**₱1,529,309**	**₱721,960**	**₱4,555,708**	**₱4,043,520**
Noncontrolling interest	316	245	1,165	991
	₱1,529,625	**₱722,205**	**₱4,556,873**	**₱4,044,511**

Exhibit IV

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the nine (9) months ended September 30, 2015 and 2014
(In Thousands)

	Jan-Sep 2015	Jan-Sep 2014
Capital Stock		
Common Stock		
Balance at beginning of period	₱6,452,099	₱6,452,099
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	(174,986)	(161,351)
Retained Earnings		
Balance at beginning of period	7,326,592	6,698,251
Net income	4,555,708	4,043,520
Cash dividends	(5,295,940)	(4,516,469)
Balance at end of period	6,586,360	6,225,302
Noncontrolling Interest	9,121	10,998
	₱21,348,596	₱21,003,050

Exhibit V

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine (9) months ended September 30, 2015 and 2014
(In Thousands)

	Jan-Sep 2015	Jan-Sep 2014
Operating Activities		
Income before income tax for the period	₱6,432,781	₱5,728,280
Adjustments to reconcile net income to cash		
Depreciation and amortization	992,540	1,080,391
Other items-net	(1,511,837)	(1,457,405)
Changes in current assets and liabilities	(234,380)	(523,778)
Cash provided by operating activities	**5,679,104**	**4,827,488**
Investing Activities		
(Additions) deductions to plant, property and equipment	(1,274,054)	(1,140,352)
De(in)crease in other investing activities	(2,472,462)	(549,085)
Cash provided by (used in) investing activities	**(3,746,516)**	**(1,689,437)**
Financing Activities		
Dividends paid	(5,295,940)	(4,519,715)
Proceeds (payment) of short-term loans	530,848	2,617,930
Proceeds (payment) of long-term loans	2,975,000	-
Cash provided (used in) financing activities	**(1,790,092)**	**(1,901,785)**
Net increase (decrease) in cash and cash equivalents	**142,496**	**1,236,266**
Cash and cash equivalents, beginning	**2,698,207**	**2,149,104**
Effect of exchange rate changes on cash & cash equivalents	**(1,146)**	**367**
Cash and cash equivalents, end	**₱2,839,557**	**₱3,385,737**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of September 30, 2015
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱3,717,903**	₱3,287,998	₱59,729	₱27,976	₱342,200
Other Receivables	**17,197**	14,344	-	-	2,853
Total	**3,735,100**	₱3,302,342	₱59,729	₱27,976	₱345,053
Allowance for Doubtful Accounts	**(176,706)**				
Net Receivables	**₱3,558,394**				

Certified correct:

Glenn A. Agustin
Head, Group Controller

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

Results of Operations

The cement industry demand grew by 12%** as of September 2015 compared to the same period of last year. This was brought about by the continuous strong public and private construction activities nationwide. Driven by the robust demand, HPI posted total net sales of Php28.0 billion, 12% higher than the Php25.0 billion reported for the same period last year. Net income was also higher by about 13% compared with same period of last year on account of higher realized sales. The Company delivered operating EBITDA of Php7.3 billion for the nine-month period compared to the Php6.8 billion of the same period last year. Net income after tax stood at Php4.6 billion, giving earnings per share of Php0.71/share up from Php0.63/share last year.

Financial Position

The Company's financial position has remained healthy with very liquid position and strong asset utilization ratio as it continues to generate high revenues. Total assets stood at Php35.0 billion, up by approximately Php4.1 billion from end of 2014, largely due to acquisition of Lafarge entities and assets.

Cash Flow Generation

The Company's cash requirements have been mainly sourced through cash flow from operations and long-term loans to finance the acquisition of new entities and assets. Overall cash increase was mainly due to high profit generation for the period. 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 nine months ended September 30, 2015 and 2014 were as follows:

Financial KPI	Definition	For the quarter ended September 30	
		2015	**2014**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	21.0%	19.0%
Return on Asset (ROA)	Net Income / Average Total Assets	13.8%	13.6%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	26.1%	27.4%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	15.2%	2.9%
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	192.7 times	427.2 times

** Internal Estimate

Profitability and Efficiency

Profitability and efficiency have remained at healthy levels. ROE and ROA increased by 1.9% and 0.3% points, respectively, compared with the same period of last year due to higher profitability.

Liquidity

The Company's liquidity position remained strong albeit gearing increase on account of the debt from Lafarge acquisition.

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, 2014.

The accounting policies adopted in the preparation of condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2014, except for the adoption of the new standards and interpretations that are effective as of January 1, 2015 enumerated below:

- PFRS 9, "Financial Instruments: Classification and Measurement"

  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Company will not opt to early adopt the standard.

- Philippine Interpretation IFRIC 15, "Agreements for the Construction of Real Estate"

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Company.

The following new standards and amendments were already adopted by the FRSC but are still for approval by BOA.

Effective in 2015

- Amendments to PAS 19, "Employee Benefits - Defined Benefit Plans: Employee Contributions"

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Company, since the Company's retirement plans are noncontributory.

- Annual Improvements to PFRS (2010 to 2012 cycle)

  The Annual Improvements to PFRSs (2010 to 2012 cycle) contain non-urgent but necessary amendments to the following standards. These are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated the Company does not expect these amendments to have a significant impact on the consolidated financial statements.

  - PFRS 2, "Share-based Payment - Definition of Vesting Condition"

    This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
    - A performance condition must contain a service condition
    - A performance target must be met while the counterparty is rendering service
    - A performance target may relate to the operations or activities of an entity, or to those
    - of another entity in the same group
    - A performance condition may be a market or non-market condition
    - If the counterparty, regardless of the reason, ceases to provide service during the
    - vesting period, the service condition is not satisfied.

  - PFRS 3, "Business Combinations - Accounting for Contingent Consideration in a Business Combination"

    The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39. The Company shall consider this amendment for future business combinations.

  - PFRS 8, "Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"

    The amendments are applied retrospectively and clarify that:

    - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
    - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, "Property, Plant and Equipment: Revaluation Method – Proportionate Restatement of Accumulated Depreciation", and PAS 38, "Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, "Related Party Disclosures - Key Management Personnel"

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

- Annual Improvements to PFRS (2011 to 2013 cycle)

  The Annual Improvements to PFRSs (2011 to 2013 cycle) contain non-urgent but necessary amendments to the following standards. These are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated, the Company does not expect these amendments to have a significant impact on the consolidated financial statements.

  - PFRS 3, "Business Combinations - Scope Exceptions for Joint Arrangements"

    The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
    - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - PFRS 13, "Fair Value Measurement - Portfolio Exception"

    The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

Effective in 2016

- PAS 16, "Property, Plant and Equipment", and PAS 38, "Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization" (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company is not using a revenue-based method to depreciate its non-current assets.

- PAS 16, "Property, Plant and Equipment", and PAS 41, "Agriculture - Bearer Plants" (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of

PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

- PAS 27, "Separate Financial Statements - Equity Method in Separate Financial Statements" (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

- PFRS 10, "Consolidated Financial Statements" and PAS 28, "Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint enture"

  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those 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. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, "Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations" (Amendments)

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the Acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, "Regulatory Deferral Accounts"

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rateregulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

- Annual Improvements to PFRSs (2012-2014 cycle)

  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Company. They include:

  - PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal"

    The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, "Financial Instruments: Disclosures - Servicing Contracts"

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  - PFRS 7, "Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements" (Amendments)

    This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

  - PAS 19, "Employee Benefits - Regional Market Issue Regarding Discount Rate"

    This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - PAS 34, "Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report"

    The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by crossreference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- PFRS 9, "Financial Instruments - Hedge Accounting" and Amendments to PFRS 9, PFRS 7 and PAS 39

  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that

the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Company is currently assessing the impact of adopting this standard.

The adoption of the third phase of the project is not expected to have any significant impact on the Company's consolidated financial statements.

- PFRS 9, "Financial Instruments"

  In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 (2014 version) will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Company is currently assessing the impact of adopting this standard.

  The adoption of the other phases of the project is not expected to have any significant impact on the Company's consolidated financial statements.

The following new standard and amendments issued by the IASB has not yet been adopted by the FRSC.

- International Financial Reporting Standards (IFRS) 15, "Revenue from Contracts with Customers"

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

- Amendments to International Accounting Standards (IAS) 1, "Presentation of Financial Statements"

  In December 2014, the IASB issued the amendments to IAS 1. The amendments include narrow-focus improvements in five areas; namely, materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments are effective on or after January 1, 2016.

- Amendments to IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", and IAS 28, "Investments in Associates and Joint Ventures"

In December 2014, the IASB issued Investment Entities: Applying the Consolidation Exception (amendments to IFRS 10, IFRS 12 and IAS 28). The amendments address certain issues that have arisen in applying the investment entities exception under IFRS 10. The amendments are effective on or after January 1, 2016.

The Company is currently assessing the impact of IFRS 15 and the amendments to IAS 1 and IFRS 10, IFRS 12 and IAS 28 and plans to adopt the new and amended standards on their required effective dates once adopted locally.

2. *Seasonality Aspects of the Business*

Like any other Company in the construction industry, the operations of HPI are generally affected by seasonality or cyclicality. Traditionally, during the months starting December to May, demand for cement is greater than the rainy months from June to November.

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 uses derivative instruments such as cross-currency swaps to hedge the interest and foreign exchange risks from its foreign currency-denominated debt. 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, and 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, notes payable and long-term debt. 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, trade and other payables and advances from customers 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.

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 Risks

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 sales, purchases of goods and services and debt servicing requirements in currencies other than the Peso that leads to currency translation effects. The Company may hedge certain foreign currency-denominated borrowings or other instruments by entering into derivative transactions.

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, 2015, the Company has 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, 2015, the Company has minimal financial instruments that are exposed 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 to meet 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, 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. 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. The Company 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 of September 30, 2015, the Company has unutilized credit facilities of ₱4.3 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 for its growth targets in order 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. In order 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, 2015 and December 31, 2014. 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, Restricted Cash, Long-term Financial Receivable, Notes 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.

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, 2015 and December 31, 2014:

	September 30, 2015			December 31, 2014		
	Level 1[1]	Level 2[2]	Total	Level 1[1]	Level 2[2]	Total
AFS financial assets -						
Quoted equity securities	₱145	₱–	₱145	₱145	₱–	₱145

[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".

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;
- aggregates segment, which produces and trades aggregates to third parties as well as to the RMX business; and
- other construction materials and services segment, which includes operations from the RMX business, Helps-U-Build and specialty products.

For the segment revenue below, aggregates and other construction materials and services segments are combined under Others.

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, 2015 and 2014 are presented below:

	2015				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱26,543,705**	**₱1,276,980**	**₱27,820,685**	**₱-**	**₱27,820,685**
Inter-segment	**727,758**	**266**	**728,024**	**(556,977)**	**171,047**
	₱27,271,463	**₱1,277,246**	**₱28,548,709**	**(₱556,977)**	**₱27,991,732**
Operating EBITDA	**₱7,242,434**	**₱69,614**	**₱7,312,048**	**₱-**	**₱7,312,048**
Segment assets	**30,184,690**	**1,604,758**	**31,789,448**	**3,187,890**	**34,977,338**
Segment liabilities	**6,773,997**	**655,816**	**7,429,813**	**6,198,929**	**13,628,742**

* Chief operating decision maker is composed of the Company's management committee

	2014 (restated*)				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱24,334,113	₱639,934	₱24,974,047	₱-	₱24,974,047
Inter-segment	335,840	-	335,840	(335,840)	-
	24,669,953	639,934	25,309,887	(335,840)	24,974,047
Operating EBITDA	₱6,958,326	(₱127,323)	₱6,831,003	₱-	₱6,831,003
Segment assets	25,144,241	495,387	25,639,628	5,666,194	31,305,822
Segment liabilities	5,503,535	537,273	6,040,808	4,261,964	10,302,772

**Refer to Consolidated Statements of Income*

6. *Retained Earnings*

The BOD approved the declaration of cash dividends of Php0.82 per common share (or a total of Php5.3 billion) on May 18, 2015, payable to stockholders of record as of June 15, 2015. The dividends were paid on July 9, 2015.

7. *Subsequent Events*

On October 27, 2015, the Company completed the execution of a Shareholders Agreement governing Holcim Mining and Development Corporation (HMDC), with HMDC, the Holcim Philippines, Inc. Retirement Fund (RF), and Holcim Philippines Manufacturing Corporation, in relation to the proposed subscription by the RF of shares in HMDC. The implementation of the Shareholders Agreement shall be subject to the completion of all customary closing conditions, including the completion of the RF subscription and the waiver by the existing shareholders, including the Company, of their pre-emptive right, as stated in the agreement.

Interim Disclosures

Except as disclosed in Item 7 of this report, 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 interim periods of the current financial year or 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 (other than the acquisition of Lafarge entities and assets, as disclosed in the previous report and herewith further discussed in this report) 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

5% increase in Cash and cash equivalents
Mainly due to higher profit generated for the period.

58% increase in Trade and other receivables-net
Primarily due to higher revenues in September 2015 compared with December 2014.

6% decrease in Inventories
Mainly due to higher volume sold and higher usage of imported clinker in 2015 as compared to 2014.

71% increase in Goodwill
Due to the acquisition of new subsidiaries at a purchase price above the net book value of the assets acquired.

18% increase in Intangibles
Due to increase in mining rights in 2015

27% increase in Deferred tax assets
Mainly attributable to increase of net operating loss carry-over (NOLCO) of a wholly owned subsidiary.

19% increase in Trade and other payables
Attributable mainly to accruals associated with the increased level of sales.

23% increase in Notes payable
Attributable to the outstanding short-term loans availed by the Company from third party banks.

83% increase in Income tax payable
Mainly attributable to higher taxable income for Q3 2015 as compared to the last quarter of 2014.

100% increase in Long-term debt
Attributable to availments by the Company of long-term loans from banks.

75% decrease in Deferred tax liabilities
Mainly attributable to the decrease in non-deductible depreciation expense.

7% increase in Other noncurrent liabilities
Mainly due to the acquisition of new entities.

10% decrease in Retained earnings
Mainly due to the declaration of dividends in May 2015.

Material Changes in Income Statement Accounts

12% increase in Net sales
Mainly driven by higher volume sold brought about by strong demand.

13% increase in Cost of sales
Due to higher volume produced and sold as a result of robust demand and higher usage of imported clinker and cement.

25% increase in operating expenses
Attributable to one-off costs related to corporate initiatives.

8% decrease in depreciation and amortization
Mainly due to lower book value of depreciable assets.

128% increase in Net financial income
Mainly due to higher interest earned from cash and cash equivalents.

3526% increase in Other income (expense)
Due to the gain realized by the Company on sale of its internally developed intellectual property to an associated company.

11% increase in Provision for income tax
Mainly due to higher taxable income in 2015 as compared to the same period in 2014.

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

Financial KPI	Definition	For the Nine (9) Months Ended September 30	
		2015	2014
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	106.8%	106.8%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	15.2%	2.9%
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	163.9%	149.1%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	169.6 times	358.3 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	13.8%	13.6%
Return on Equity	Net Income / Average Total Equity	21.0%	19.0%

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.

Shirley S. Go	Glenn A. Agustin
Treasurer	Head, Group Controller
Date: October 29, 2015	Date: October 29, 2015

Exhibit 4

Schedule of Pending Material Legal Proceedings

PENDING MATERIAL LEGAL PROCEEDINGS (Parent)

1. **UCC v. R.M.R. Baldemor Cargo Mover Co.**
(Makati RTC Branch 139 - Civil Case No. 01-722)

This case involves money claims against a cargo forwarder due to short delivery of polyslings. In July 2010, the RTC ordered RMR to pay UCC Php1.3Million.

2. **Holcim Philippines, Inc. v. Jocelyn Suavillo**
(Taguig City Prosecutor's Office – IS No. XV-16-INV-09H-00730)

This is a criminal complaint for estafa, falsification and qualified theft filed against a former employee. The City Prosecutor dismissed the complaint for lack of probable cause. Holcim's petition for review before the Department of Justice is still pending.

3. **Holcim Philippines, Inc. v. Jocelyn Suavillo and Rhona M. Valenzuela**
(RTC Makati Branch 133; Makati City Prosecutor's Office - IS No. XV-05-INV-09K-03371)

This is a criminal case for 75 counts of estafa filed against former employees. Holcim entered into a compromise agreement with Rhona Valenzuela and Joseph San Juan and desisted from further pursuing the cases against them. The Court ordered the dismissal of the cases against them. The case against Jocelyn Suavillo is archived.

4. **Holcim Philippines, Inc. v. Jocelyn Suavillo, Rhona M. Valenzuela and Joseph R. San Juan** (Makati MTC, Branch 63, Crim. Case No. 363198)

This is a criminal complaint for estafa filed against former employees. In September 2013, the Court ordered the dismissal of the case as to Rhona Valenzuela and Joseph San Juan following a compromise agreement between them and Holcim. The case is archived as to Jocelyn Suavillo.

5. **Holcim Philippines, Inc. v. Jocelyn Suavillo, Rhona M. Valenzuela and Joseph R. San Juan** (Taguig City Prosecutor's Office-IS No. XV016-INV-09L-01068; RTC Taguig Br. 271)

This is a criminal complaint for 4 counts of estafa filed against former employees. In view of Holcim's compromise agreement with Joseph San Juan and Rhona Valenzuela, the court provisionally dismissed the case insofar as they are concerned. The case is archived as to Jocelyn Suavillo.

6. **Holcim v. Sps. Hermenigildo and Norma de la Cruz, and Sps. Joseph and Elizabeth Losloso** (RTC Bayombong, Nueva Vizcaya)

Collection case for unpaid products. Trial is on-going.

7. **In the Matter of an Arbitration under the UNCITRAL Rules between PT Asia Pacific Mining Resources (Indonesia), Madison Energy PTE Ltd (Singapore) and Holcim Philippines, Inc.** (Singapore International Arbitration Centre)

PT Asia Pacific Mining Resources (APMR) and Madison Energy PTE Ltd submitted for arbitration Holcim's cancellation of the coal supply agreement with APMR. The arbitration tribunal decided in favor of one of the claimants and the case has been declared closed and terminated.

TAX CASES (Parent)

1. The Company received a final assessment notice from the Bureau of Internal revenue (BIR) in September 2015 for alleged deficiency income tax, value added tax, expanded withholding tax, final withholding tax and documentary stamp tax for the taxable year 2008 in the aggregate amount of Php720 million, inclusive of penalties and interest. The Company filed its protest in October and December 2015.

2. The Company received a final assessment notice from the BIR for alleged deficiency final withholding taxes for the taxable year 2010 amounting to Php150.9 million, inclusive of penalties and interest. The assessment was issued as a result of the denial of the Company's application for tax treaty relief. The Company filed its protest in July 2013. The Company's protest remains pending with the BIR.

3. In December 2012, the Company received an assessment from the Province of Bulacan for deficiency real property taxes for its Bulacan Plant Line 2 machinery and equipment for the period from January 2011 to December 2012. The Company filed an appeal with the Local Board of Assessment Appeals (LBAA) of Malolos, Bulacan in January 2013. During the pendency of the appeal with the LBAA, Bulacan and the Municipality of Norzagaray issued two additional assessments covering the same Line 2 machinery and equipment for periods covering January 2011 until the third quarter of 2013, inclusive of interest. The Company filed supplemental appeals with the LBAA in respect of said additional assessments, and said appeals remain pending with the LBAA.

4. In December 2014, the Bulacan Provincial Treasurer issued Orders of Payment, which assessed deficiency real property taxes and interest on: lands and buildings located at the Company's Bulacan Plant in the amount of Php11.7 million for the period Q4 2013 until Q4 2014; and machines and equipment found at the same plant in the amount of Php108 million for the period beginning 2011 Q1 2014. The Company paid the assessed amounts under protest in December 2014 and filed the corresponding protest. Following the Provincial Treasurer's inaction on the protests, the Company filed its appeals with the LBAA. The Company's appeals remain pending with the LBAA.

5. In February 2014, the Company received a Notice of Assessment of Business Tax issued by the Norzagaray Municipal Treasurer for alleged deficiency local business taxes, surcharges, and interest in the aggregate amount of Php58.5 million. In June 2014, the Company filed a complaint/appeal with the Regional Trial Court of Malolos, Bulacan for the cancellation of the assessment notice. The complaint remains pending with the court.

6. In October 2015, the Company was assessed for deficiency local business taxes, surcharges, and interest in the aggregate amount of Php118.3 million covering the taxable years 2012 to 2015. In December 2015, the Company filed its protest with the Norzagaray Municipal Treasurer. The Company's protest remains pending.

TAX CASES (Subsidiaries)

7. HPMC received a final assessment notice from the BIR in June 2014 for alleged deficiency income tax, value-added tax expanded withholding tax and documentary stamp tax covering the taxable year 2008 in the aggregate amount of Php283.8 Mio inclusive of penalties and interest. HPMC filed its protest letter in July 2014. HPMC's protest remains pending with the BIR.

8. CACI received a final assessment notice from the BIR in December 2014 for alleged deficiency income tax and value-added tax covering the taxable year 2011 in the amount of Php2.5 Mio inclusive of penalties and interest. CACI filed its protest letter in January 2015.

9. MGMC has an ongoing tax audit for national taxes in 2012. The BIR has not made any determination of deficiency taxes.

SEC Form 17-C

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. February 9, 2015
Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
Exact name of issuer as specified in its charter

5. Philippines
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code:

7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City — 1634
Address of principal office — Postal Code

8. (632) 4593333
Issuer's telephone number, including area code

9. Not applicable
Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events

At the regular meeting of the Board of Directors (the "Board") of Holcim Philippines, Inc. (the "Company") held today, the Board approved the following resolutions:

Postponement and setting of date of annual stockholders' meeting and record date

- the postponement of its annual stockholders' meeting, which pursuant to its By-laws should be held on the second Thursday of May of each year, to May 18, 2015. The record date for the annual stockholders' meeting is set on April 18, 2015. The Board delegated to the Corporate Secretary the responsibility of confirming the agenda, venue and time of the annual stockholders' meeting.

Amendment of the Third Article of the Amended Articles of Incorporation

- the amendment of the Third Article of the Company's Amended Articles of Incorporation to change the principal office address from 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City, Philippines to 7th Floor Venice Corporate Center, 8 Turin St., McKinley Town Center, Fort Bonifacio, Taguig City.

Amendment of the Article II, Section 2 of the Amended By-laws

- the amendment of Article II, Section 2 of the Company's Amended By-laws to reflect those stated in existing Securities and Exchange Commission issuances.

Nomination of External Auditor

- the proposal of SyCip Gorres Velayo & Co. as the Company's external auditor for the year 2015.

Approval of Audited Financial Statements

- the Company's Audited Financial Statements for fiscal year 2014, which shall be duly filed with the Commission together with the SEC Form 17-A report.

SIGNATURE

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 hereunto duly authorized.

Holcim Philippines, Inc. Issuer	February 9, 2015 Date

Kristine N.L. Evangelista
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY)ss.

Before me, a notary public in and for the city named above, personally appeared Kristine N.L. Evangelista, with Passport No. EB8978388 issued on August 24, 2013 at Manila, Philippines, who is personally known to me to be the same person who presented the foregoing report and signed the same in my presence, and who took an oath before me as to said report.

Witness my hand and notarial seal this FEB 0 9 2015.

Doc. No. 68;
Page No. 15;
Book No. IV;
Series of 2015.

JONATHAN O. FERNANDEZ
NOTARY PUBLIC
APPOINTMENT NO. 38 (2015-2016)
UNTIL DECEMBER 31, 2016
PTR NO. 2015203; 01-05-2015; BAGUIO CITY
LIFETIME IBP NO. 08908; Bag-Beng Chapter
ROLL NO. 52509
MCLE COMPLIANCE NO. 003272
3rd Floor Three World Square
McKinley Hill, Fort Bonifacio, Taguig City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. March 17, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126   3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City
   Address of principal office
   1634
   Postal Code

8. (632) 4593333
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events

Pursuant to the delegation by the Board of Directors of Holcim Philippines, Inc. (the "Company") to the Corporate Secretary of the responsibility of confirming the agenda, venue and time of the annual meeting of the stockholders, the undersigned confirms the following details of said annual meeting for 2015:

Date: May 18, 2015, Monday

Time: 10:00 a.m.

Place: Ballroom 2, 2nd Level
Fairmont Makati
1 Raffles Drive, Makati Avenue
1224 Makati City
Philippines

The record date for the annual meeting of the stockholders is set on April 18, 2015.

The following items will be included in the agenda for the Annual Meeting:

1. Call to Order
2. Proof of Notice and determination of existence of quorum
3. Approval of the minutes of the annual meeting held on May 16, 2014
4. Approval of the Annual Report and the Audited Financial Statements of the Company as of December 31, 2014
5. Approval and ratification of all acts, contracts, investments and resolutions of the Board of directors, committees and management since the last annual meeting
6. Election of the members of the Board of Directors
7. Appointment of External Auditor
8. Approval of Amendment to Article III of the Company's Amended Articles of Incorporation (change in principal office) and Article II, Section 2 of the Amended By-laws (to reflect existing relevant SEC issuances)
9. Other matters
10. Adjournment

SIGNATURE

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 hereunto duly authorized.

Holcim Philippines, Inc. Issuer	March 17, 2015 Date

Kristine N.L. Evangelista
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. May 18, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. ☐ (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City — 1634
   Address of principal office — Postal Code

8. (632) 4593333
   Issuer's telephone number, including area code

9. ______________________________
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events

I. Regular Meeting of the Board of Directors

At the Regular Meeting of the Board of Directors (the "Board") of Holcim Philippines, Inc. (the "Company") held today, May 18, 2015, at Sampiro Room, 2nd Level, Fairmont Makati, 1 Raffles Drive, Makati Avenue, 1224 Makati City, Metro Manila ("Fairmont Makati"), the Board approved the declaration of a cash dividend in the amount of Php0.82 per share to all stockholders of record as of June 15, 2015. Payment date will not be later than July 9, 2015.

II. Annual Stockholders Meeting

At the Annual Stockholders Meeting of the Company held today, May 18, 2015, at Ballroom 2, 2nd Level, Fairmont Makati, at 10:00 am, the stockholders of the Company:

1. Approved the Minutes of the Annual Meeting held on May 16, 2014;

2. Approved the Annual Report and the Audited Financial Statements of the Company as of December 31, 2014;

3. Approved and ratified all acts, contracts, proceedings, investments and resolutions of the Board of Directors, Board Committees, Corporate Officers and Management since the last annual meeting;

4. Elected the following as members of the Board of Directors for the year 2015 and until their successors shall have been duly elected and qualified;

   a. Tomas I. Alcantara
   b. Ian S. Thackwray
   c. Eduardo A. Sahagun
   d. Daniel N. Bach
   e. Yasuo Kitamoto (Independent Director)
   f. Simeon V. Marcelo (Independent Director)
   g. David Lucas B. Balangue (Independent Director)

5. Approved the appointment of SyCip Gorres Velayo & Co. as External Auditor of the Company for the year 2015.

6. Approved the Amendment to Article III of the Company's Amended Articles of Incorporation (change in principal office) and Article II, Section 2 of the Amended By-laws (to reflect existing relevant SEC issuances). The approval of the amendment is subject to the approval of the Securities and Exchange Commission.

III. Organizational Meeting of the Board of Directors

At the Organizational Meeting of the Board held today, May 18, 2015, at Sampiro Room, Fairmont Makati, the following officers were elected to serve for the year 2015, until their successors shall have been duly elected and qualified:

Position		Name
Chairman	-	Tomas I. Alcantara
Vice Chairman	-	Ian S. Thackwray
President & Chief Executive Officer	-	Eduardo A. Sahagun
Senior Vice President - Manufacturing	-	Andre Caluori
Vice President - Operations (Bulacan Plant)	-	Federico V. Santiago
Vice President - Operations (Davao Plant)	-	Zita D. Balogo
Vice President - Operations (Lugait Plant)	-	Bobby R. Garza
Vice President - Operations (La Union Plant)	-	Andrew M. White

Vice President - Commercial	-	William C. Sumalinog
Vice President - Supply Chain	-	Saskia Groen-in't-Woud
Vice President - Geocycle	-	Ernesto C. Paredes
Vice President - Human Resources	-	Araceli E. Gonzales
Vice President - Corporate Communications	-	Nerissa V. Ronquillo
Vice President - Corporate Occupational Health & Safety	-	Carmela Dolores S. Calimbas
OIC - Legal Affairs / Corporate Secretary / Compliance Officer	-	Kristine N. L. Evangelista
Treasurer	-	Shirley S. Go
Assistant Corporate Secretary	-	Jan Celine A. Ranada

In the same meeting, the following members of the Committees of the Board were also elected:

Executive Committee

1) Ian S. Thackwray	-	Chairman
2) Tomas I. Alcantara	-	Member
3) Daniel N. Bach	-	Member
4) Eduardo A. Sahagun	-	Member

Audit Committee

1) David Lucas B. Balangue (Independent)	-	Chairman
2) Simeon V. Marcelo (Independent)	-	Member
3) Daniel N. Bach	-	Member
4) Tomas I. Alcantara	-	Member

Nomination Committee

1) Simeon V. Marcelo (Independent)	-	Chairman
2) Yasuo Kitamoto (Independent)	-	Member
3) David Lucas B. Balangue (Independent)	-	Member

Compensation Committee

1) Daniel N. Bach	-	Chairman
2) Simeon V. Marcelo (Independent)	-	Member
3) David Lucas B. Balangue (Independent)	-	Member

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 hereunto duly authorized.

Holcim Philippines, Inc.
Issuer

May 18, 2015
Date

Kristine N.L. Evangelista
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. July 10, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126   3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. ______ (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Venice Corporate Center, 8 Turin St., McKinley Town Center, Fort Bonifacio, Taguig City
   Address of principal office   1634
   Postal Code

8. (632) 4593333
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events

At the Special Meeting of the Board of Directors (the "Board") of Holcim Philippines, Inc. (the "Company") held on July 10, 2015 at the Board Room, 7F Venice Corporate Center McKinley Corporate Center, Taguig City, the Board authorized the Company to make an offer for, and should the offer be accepted, to proceed with, the acquisition by the Corporation and/or its wholly-owned subsidiary Holcim Mining and Development Corporation of, the following Lafarge group assets in the Philippines consisting of (a) shares of stock of Lafarge Iligan, Inc., Lafarge Mindanao, Inc., Lafarge Republic Aggregates, Inc., Quimson Limestones, Inc., Sigma Cee Mining Corporation, and APC Properties, Inc., (b) Star Terminal assets located at the Harbour Centre, Manila, and (c) certain parcels of land as identified by the parties. The offer shall be consistent with the conditions approved by the Board based on management's study on potential synergies in terms of strategic fit of the assets to be acquired with current operations and the results of the financial, tax, technical and legal due diligence undertaken on said assets.

The Board authorized Mr. Eduardo A. Sahagun, President and CEO, to sign, execute and deliver any and all agreements and documents, including share and asset purchase agreements, deeds, certificates, disclosure statements, notices, applications, consents, and regulatory filings, and to perform all acts, for and on behalf of the Corporation, as may be necessary and/or desirable, in order to complete and implement the above transactions, under such terms and conditions as he may deem in the best interest of the Corporation and consistent with said Board approved conditions.

SIGNATURE

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 hereunto duly authorized.

Holcim Philippines, Inc.
Issuer

July 10, 2015
Date

Kristine A.L. Evangelista
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. August 3, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Venice Corporate Center, 8 Turin St., McKinley Town Center, Fort Bonifacio, Taguig City
   Address of principal office
   1634
   Postal Code

8. (632) 4593333
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: Item 2. Acquisition of Assets

Item 2. Acquisition of Assets

On August 3, 2015, Holcim Philippines, Inc. and/or its wholly-owned subsidiary, Holcim Mining and Development Corporation, executed an agreement with Lafarge Republic, Inc., Lafarge Holdings (Philippines), Inc., Calumboyan Holdings, Inc., Luzon Continental Land Corporation and Broadfields Properties, Ltd. for the purchase of the following assets consisting of (a) shares of stock of Lafarge Republic Aggregates, Inc., Quimson Limestones, Inc., Sigma Cee Mining Corporation, and APC Properties, Inc., (b) Star Terminal assets located at the Harbour Centre, Manila, and (c) certain parcels of land. The total purchase price is Php3.095 billion. The price was determined after a fair valuation of the assets was undertaken. The closing of the transaction shall be subject to the completion of all customary closing conditions as stated in the agreement.

SIGNATURE

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 hereunto duly authorized.

Holcim Philippines, Inc. Issuer	August 3, 2015 Date

Kristine N.L. Evangelista
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **October 27, 2015**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **25126**
3. BIR Tax Identification No. **000-121-507-000**

4. **Holcim Philippines, Inc.**
   Exact name of issuer as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
   Industry Classification Code:

7. **7th Floor, Venice Corporate Center,**
   8 Turin Street, McKinkley Town Center Hill,
   McKinley Hill, Fort Bonifacio, Taguig City
   Address of principal office
   1634
   Postal Code

8. **(632) 4593333**
   Issuer's telephone number, including area code

9. **N.A.**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: **Item 9. Other Events**

Item 9. Other Events

Holcim Philippines, Inc. (the Company) completed the execution of a Shareholders Agreement governing Holcim Mining and Development Corporation (HMDC), with HMDC, the Holcim Philippines, Inc. Retirement Fund (RF), and Holcim Philippines Manufacturing Corporation, in relation to the proposed subscription by the RF of shares in HMDC. The implementation of the Shareholders Agreement shall be subject to the completion of all customary closing conditions, including the completion of the RF subscription and the waiver by the existing shareholders, including the Company, of their pre-emptive right, as stated in the agreement.

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 hereunto duly authorized.

HOLCIM PHILIPPINES, INC.
Issuer

KRISTINE N.L. EVANGELISTA
Corporate Secretary

Date: October 27, 2015

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. December 4, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126   3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. ______ (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Venice Corporate Center, 8 Turin Street, McKinley Town Center, Fort Bonifacio, Taguig City
   Address of principal office
   1634
   Postal Code

8. (632) 4593333
   Issuer's telephone number, including area code

9. Not applicable
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events

At the meeting of the Board of Directors held today, December 4, 2015, the following were appointed* as heads of the following new functions:

Name	Position
Roman Menz	Head – Cement Industrial Performance
William de Lumley	Head – Aggregates & Construction Materials
Kevin Savory	Head – Procurement & Logistics
Paul Vu-Huy-Dat	Head – Strategic Transformation

Roman Menz obtained his degree in Electrical Power Engineering from the Higher Technical College in Baden, Switzerland, his degree in Process Engineering from University of Brunel, in London, UK, and his masters in business from Imperial College in London, UK. Prior to joining the Company, he was the Manufacturing Director of Holcim Vietnam in March 2015, Technical Director of Holcim Russia in 2012 and Plant Manager in Holcim Romania in 2005.

William de Lumley has degrees in history and economic sciences from University Paris and geology from IGAL, France. He was Lafarge A&C India Pvt. Ltd's Vice President for Land and Geology from 2007 to 2010. He then became Manufacturing Director of Lafarge Egypt Quarries Co. in 2010 before he became the Vice President of Lafarge Republic Aggregates, Inc. in 2012.

Kevin Savory was with Cement Australia from 2003 becoming its Business Unit Manager in 2009 and General Manager for Marketing, Sales and Distribution in 2012. He has a masters degree in Business Administration.

Paul Vu-Huy-Dat has a bachelor's degree in Economics and Business Management from Universite Pariz X – Nanterre and a masters' degree from the Insitut d' Administration des Enterprises, Aix-en-Provence. He was the former Country CEO of Lafarge Vietnam. Prior to that, he was connected with Lafarge Romania as Chief Financial Officer from May 2010 to April 2012 and Country Chief Financial Officer from May 2012 to December 2013. He then moved to Lafarge SA in Paris, France as a director for mergers and acquisitions in January 2014.

SIGNATURE

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 hereunto duly authorized.

Holcim Philippines, Inc. Issuer	December 4, 2015 Date

Kristine N.L. Evangelista
Corporate Secretary

Subject to issuance of relevant permits.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. December 8, 2015
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126   3. BIR Tax Identification No. 000-121-507-000

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. 7th Floor Venice Corporate Center, 8 Turin Street, McKinley Town Center, Fort Bonifacio, Taguig City
   Address of principal office
   1634
   Postal Code

8. (632) 4593333
   Issuer's telephone number, including area code

9. 7th Floor Two World Square McKinley Hill, Fort Bonifacio, Taguig City
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events

Please be advised that in compliance with the Memorandum Circular No. 20, Series of 2013, the following directors and key officers of Holcim Philippines, Inc. attended a corporate governance seminar held on December 4, 2015 conducted by Risks Opportunities Assessment and Management (ROAM), Inc.:

Name	Position
Daniel N. Bach	Director
Eduardo A. Sahagun	Director
Simeon Marcelo	Director
Yasuo Kitamoto	Director
Andre Caluori	SVP - Manufacturing
Ernesto C. Paredes	VP - Geocycle
Nerissa V. Ronquillo	VP - Corporate Communications
William C. Sumalinog	VP-Sales
Araceli E. Gonzales	VP - Human Resources
Carmela Dolores S. Calimbas	VP - Corporate Occupational Health and Safety
Victoria T. Tomelden	Head - ICQA
Kristine N.L. Evangelista	Corporate Secretary
Shirley Go	Treasurer
Glenn Agustin	Head, Group Controller

For your information and reference, attached are copies of the certificates of attendance of said directors and officers.

SIGNATURE

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 hereunto duly authorized.

Holcim Philippines, Inc.
Issuer

December 8, 2015
Date

Kristine N.L. Evangelista
Corporate Secretary