110302014000109

SECURITIES AND EXCHANGE COMMISSION

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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

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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)

Glenn A. Agustin		459-3333
(Contact Person)	(3rd Quarter 2014)	(Company Telephone Number)

0 9 3 0	**SEC FORM 17-Q**	
Month Day	For the quarter ended September 30, 2014	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

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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, 2014

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 September 30, 2014 and December 31, 2013
Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2014 and 2013 and for the nine (9) months ended September 30, 2014 and 2013
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2014 and 2013 and for the nine (9) months ended September 30, 2014 and 2013
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the nine (9) months ended September 30, 2014 and 2013
Exhibit V – Consolidated Statements of Cash Flows for the nine (9) months ended September 30, 2014 and 2013
Exhibit VI – Aging of Trade and Other Receivables as at September 30, 2014

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2014 and December 31, 2013
(In Thousands)

	30 Sep 2014	31 Dec 2013
ASSETS		
Current Assets		
Cash and cash equivalents	₱3,385,737	₱2,149,104
Trade and other receivables-net	2,299,223	1,780,821
Inventories	3,029,814	3,018,593
Other current assets	1,311,324	739,638
Total Current Assets	**10,026,098**	**7,688,156**
Noncurrent Assets		
Investments	4,559	4,559
Property, plant and equipment – net	17,205,729	17,093,454
Goodwill	2,635,738	2,635,738
Intangibles	852,858	268,880
Deferred tax assets	299,774	255,377
Other noncurrent assets	281,066	280,364
Total Noncurrent Assets	**21,279,724**	**20,538,372**
	31,305,822	**28,226,528**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	3,500,000	893,000
Trade and other payables	5,463,267	4,954,547
Derivative liability	-	4,282
Income tax payable	423,804	222,616
Total Current Liabilities	**9,387,071**	**6,074,445**
Noncurrent Liabilities		
Retirement benefit liabilities	544,857	497,373
Provisions	137,540	127,778
Deferred tax liabilities	96,987	1,433
Other noncurrent liabilities	136,317	49,172
Total Noncurrent Liabilities	**915,701**	**675,756**
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	(161,351)	(161,351)
Retained earnings	6,225,302	6,697,884
	20,992,052	**21,464,634**
Noncontrolling Interest	**10,998**	**11,693**
Total Stockholders' Equity	**21,003,050**	**21,476,327**
	₱31,305,822	**₱28,226,528**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended September 30, 2014 and 2013
And for the nine (9) months ended September 30, 2014 and 2013
(In Thousands, Except Per Share Data)

	Quarter ended		Nine (9) Months Ended	
	Jul–Sep 2014	**Jul–Sep 2013**	**Jan-Sep 2014**	**Jan-Sep 2013**
Net Sales	**₱8,113,355**	**₱6,863,942**	**₱24,974,047**	**₱22,143,446**
Cost of sales	6,181,909	5,059,337	16,829,019	14,665,044
Gross Profit	**1,931,446**	**1,804,605**	**8,145,028**	**7,478,402**
Operating expenses	487,087	453,616	1,330,191	1,240,403
Operating EBITDA	**1,444,359**	**1,350,989**	**6,814,837**	**6,237,999**
Depreciation and amortization	396,026	365,419	1,080,391	1,081,172
Income from Operations	**1,048,333**	**985,570**	**5,734,446**	**5,156,827**
Other income (expenses)				
Net financial income (expense)	(17,020)	(3,746)	(3,017)	17,281
Expenses on NOA	-	(911)	(7)	(9,325)
Unusual items	(1,784)	(4,444)	(3,142)	95,020
Total	(18,804)	**(9,101)**	**(6,166)**	**102,976**
Income before Income Tax	**1,029,529**	**976,469**	**5,728,280**	**5,259,803**
Provision for income tax				
Current	345,053	320,213	1,728,788	1,572,096
Deferred	(37,729)	(35,212)	(45,019)	(57,395)
	307,324	**285,001**	**1,683,769**	**1,514,701**
Income Before Minority Interest	**722,205**	**691,468**	**4,044,511**	**3,745,102**
Noncontrolling interest	(245)	(257)	(991)	(599)
Net Income	**₱721,960**	**₱691,211**	**₱4,043,520**	**₱3,744,503**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Net income applicable to common shareholders	**₱721,960**	**₱691,211**	**₱4,043,520**	**₱3,744,503**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.112**	**₱0.107**	**₱0.627**	**₱0.580**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended September 30, 2014 and 2013
And for the nine (9) months ended September 30, 2014 and 2013
(In Thousands)

	Quarter ended		Nine (9) Month Ended	
	Jul-Sep 2014	**Jul-Sep 2013**	**Jan-Sep 2014**	**Jan-Sep 2013**
Net Income	**₱ 722,205**	**₱691,468**	**₱4,044,511**	**₱3,745,102**
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	**722,205**	**₱691,468**	**₱4,044,511**	**₱3,745,102**
Attributable to:				
Equity holders of the Parent Company	**₱721,960**	**₱691,211**	**₱4,043,520**	**₱3,744,503**
Noncontrolling interest	245	257	991	599
	₱722,205	**₱691,468**	**₱4,044,511**	**₱3,745,102**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the nine (9) months ended September 30, 2014 and 2013
(In Thousands)

	Jan-Sep 2014	Jan-Sep 2013
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	(161,351)	(81,923)
Retained Earnings		
Balance at beginning of period	6,698,251	5,686,816
Net income	4,043,520	3,744,503
Cash dividends	(4,516,469)	(3,548,654)
Balance at end of period	6,225,302	5,882,665
Noncontrolling Interest	10,998	11,726
	₱21,003,050	**₱20,740,569**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine (9) months ended September 30, 2014 and 2013
(In Thousands)

	Jan-Sep 2014	Jan-Sep 2013
Operating Activities		
Income before income tax for the period	**₱5,728,280**	**₱5,259,803**
Adjustments to reconcile net income to cash		
Depreciation and amortization	1,080,391	1,081,172
Other items (net)	(1,457,405)	(1,519,987)
Changes in current assets and liabilities	(523,778)	(397,924)
Cash provided by operating activities	**4,827,488**	**4,423,064**
Investing Activities		
(Additions) deductions to plant, property and equipment	(1,140,352)	(1,471,906)
De(in)crease in other investing activities	(549,085)	336,136
Cash provided by (used in) investing activities	**(1,689,437)**	**(1,135,770)**
Financing Activities		
Dividends paid	(4,519,715)	(3,548,654)
Proceeds (payment) of short-term loans	2,617,930	533,689
Cash provided (used in) financing activities	**(1,901,785)**	**(3,014,965)**
Net increase (decrease) in cash and cash equivalents	**1,236,266**	**272,329**
Cash and cash equivalents, beginning	**2,149,104**	**1,378,382**
Effect of exchange rate changes on cash & cash equivalents	**367**	**2,029**
Cash and cash equivalents, end	**₱3,385,737**	**₱1,652,740**

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of September 30, 2014
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱2,400,307**	₱2,074,684	₱ 142,135	₱58,663	₱124,825
Other Receivables	**37,780**	20,551	-	-	17,229
Total	**2,438,087**	₱2,095,235	₱142,135	₱58,663	₱142,054
Allowance for Doubtful Accounts	**(138,864)**				
Net Receivables	**₱2,299,223**				

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 11.9%** as of September 2014 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 Php25.0 billion, higher than the Php22.1 billion reported for the same period last year. Gross profit likewise improved on the back of higher realized sales and better operating efficiency. The Company closed the third quarter with operating EBITDA and net income higher compared with the same period in 2013 by 9% and 8%, respectively.

Financial Position

The Company's financial position remained very liquid with very strong asset to equity ratio. Total assets grew by Php3.1 billion from end of 2013, largely due to increase in cash and cash equivalents as a result of higher profit generated for the period. Likewise, property, plant and equipment and intangible assets increased mainly due to the acquisition of a port facility and foreshore lease in Mabini Batangas.

Cash Flow Generation

The Company's cash requirements have been mainly sourced through cash flow from operations. Overall cash increase was mainly due to higher profit generation. 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, 2014 and 2013 were as follows:

		For the Nine (9) Months ended September 30	
Financial KPI	**Definition**	**2014**	**2013**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	19.0%	18.1%
Return on Asset (ROA)	Net Income / Average Total Assets	13.6%	14.1%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	27.3%	28.2%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	2.9%	(3.5%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	42622.0 times	Nil

** CEMAP

Profitability and Efficiency

The improved operating performance of the Company translated to higher profitability with ROE increasing by 0.9%. However, ROA slightly declined by 0.5% due to the newly acquired port facility and foreshore lease agreement in Mabini Batangas.

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, 2013.

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, 2013, except for the adoption of the new standards and interpretations that are effective as of January 1, 2014 enumerated below:

- Amendments to PFRS 10, "Consolidated Financial Statements", PFRS 11, "Joint Arrangements" and PAS 27, "Separate Financial Statements": Investment Entities

  The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). These amendments were not relevant to the Company since none of the entities in the Company qualify as an investment entity under PFRS 10.

- Amendments to PAS 32, "Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities"

  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect the presentation only and have no impact on the Company's financial position or performance.

- Amendments to PAS 36, "Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets"

  The amendments remove the unintended consequence of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is applied. The Company did not early adopt the amendments. These amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 39, "Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting"

  The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The amendments have no impact on the Company's financial position or performance.

- Philippine Interpretation IFRIC 21, "Levies"

  The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Company assessed that the interpretation have no material financial impact on its financial statements.

Standards Issued but not yet Effective

The following standards, amendments and interpretations, will become effective subsequent to December 31, 2014 and have not been early adopted by the Company. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended standards to have a significant impact on its financial position or performance. The relevant disclosures will be included in the notes to financial statements when these become effective.

Effective in 2015

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

  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments will not have any significant impact on the financial statements of the Company as its retirement plans are noncontributory.

- Annual Improvements to PFRS (2010 to 2012 cycle)

  The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

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

    The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Company as it currently has no share-based payments.

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

    The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. 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 require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will affect disclosures only and will not have an impact on the Company's financial position or performance.

- PFRS 13, "Fair Value Measurement - Short-term Receivables and Payables"

  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This amendment is effective immediately.
- PAS 16, "Property, Plant and Equipment: Revaluation Method – Proportionate Restatement of Accumulated Depreciation"

  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment will have no impact on the Company's financial position or performance.

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

  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

- PAS 38, "Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"

  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  The amendments are effective for annual periods beginning on or after July 1, 2014. These amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments 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 (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

  - PFRS 1, "First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRS"

    The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Company as it is not a first time adopter of PFRS.

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

    The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

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

    The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Company's financial position or performance.

  - PAS 40, "Investment Property"

    The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

New Standard with No Mandatory Effective Date

- PFRS 9, "Financial Instruments: Classification and Measurement"

  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. 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 FVPL. For liabilities designated as at FVPL using the FVO, 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 relating to the entity's own 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 to PFRS 9, including the embedded derivative bifurcation 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.

On hedge accounting, 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 nonfinancial 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 financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Company will not adopt the standard before the completion of the limited amendments and the second phase of the project.

New Standard with Deferred Effective Date

- 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 Philippine SEC and the Financial Reporting Standards Council (FRSC) have deferred the affectivity 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. The adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

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 September 30, 2014, 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, 2014, 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 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 and may result to 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 of September 30, 2014, the Company has unutilized credit facilities of ₱6.5 billion.

Capital Management Policy

The Company considers equity attributable to the equity holders of the Parent Company as its capital. The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern as well as to cater 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, 2014 and December 31, 2013. 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, 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 Assets and Liabilities. The fair values of the embedded currency forwards are calculated by reference to current forward exchange rates while the fair value of cross-currency swaps are based on market values provided by counterparty banks.

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, 2014 and December 31, 2013:

	September 30, 2014			December 31, 2013		
	Level 1[1]	**Level 2[2]**	**Total**	Level 1[1]	Level 2[2]	Total
AFS financial assets -						
Quoted equity securities	₱176	₱–	₱176	₱176	₱–	₱176
Financial liability at FVPL						
Derivative assets	–	–	–	–	(4,282)	(4,282)
Total	₱176	₱–	₱176	₱176	(₱4,282)	(₱4,106)

[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 two 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 sub-segments.

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".

* Chief operating decision maker is composed of the Company's management committee

Segment revenues, EBITDA, assets and liabilities as at September 30, 2014 and 2013 are presented below:

	2014				
	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	**₱6,942,160**	**(₱127,323)**	**₱6,814,837**	**₱-**	**₱6,814,837**
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**

	2013				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱21,568,425	₱575,021	₱22,143,446	₱-	₱22,143,446
Inter-segment	239,413	-	239,413	(239,413)	-
	₱21,807,838	₱575,021	₱22,382,859	(₱239,413)	₱22,143,446
Operating EBITDA	₱6,308,860	(₱70,861)	₱6,237,999	₱-	₱6,237,999
Segment assets	24,689,223	568,058	25,257,281	1,921,660	27,178,941
Segment liabilities	4,774,200	266,415	5,040,615	1,397,757	6,438,372

6. *Retained Earnings*

The BOD approved the declaration of cash dividends of Php0.70 per common share (or a total of Php4.5 billion) on May 16, 2014, payable to stockholders of record as of June 13, 2014. The dividends were paid on July 9, 2014.

7. *Acquisition of subsidiary*

On July 2014, Holcim Mining and Development Corporation, a wholly owned subsidiary of Holcim Philippines, Inc., acquired a new subsidiary, Lucky One Realty Ventures, Inc. (LORVI) at a purchase price of Php917 million from Calumboyan Holdings, Inc. LORVI owns a port facility and foreshore lease in Mabini Batangas.

8. *Events after the Reporting Date*

On July 6, 2014, the Company's BOD authorized the conduct of a study to explore the possibility of combining the Company's businesses with that of Lafarge Republic, Inc. (LRI), excluding certain identified LRI assets.

Upon consideration of the complexities and efficiencies in implementing a combination, on October 27, 2014, the BOD authorized the Company to consider and negotiate the purchase of LRI's investments in shares of stock of Lafarge Iligan, Inc., Lafarge Mindanao, Inc. and Lafarge Republic Aggregates, Inc., its Star Terminal at the Harbour Centre, Manila and such other specific assets or contracts as may be identified and negotiated between the parties under terms and conditions to be agreed by the parties. The results of such negotiation will be submitted to the BOD for its approval. The BOD also authorized the Company President and CEO to represent the Company in the negotiation, and to do all things necessary including the appointment of financial, technical and legal advisors.

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. 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. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

58% increase in Cash and cash equivalents
Mainly driven by higher income generated for the period.

29% increase in Trade and other receivables-net
Primarily due to higher revenues in September 2014 compared with December 2013.

77% increase in Other current assets
Mainly attributable to higher down payments made to suppliers for purchase of raw materials and spare parts.

217% increase in Intangibles
Mainly due to the acquisition of a new subsidiary, which is a holder of a Foreshore Lease Agreement with the government, value of which has been recognized in the books as intangible asset.

17% increase in Deferred tax assets
Primarily due to additional provision for allowance for doubtful accounts, retirement and other accounts.

10% increase in Trade and other payables
Attributable to additional accruals of rebates which will be paid in the last quarter of 2014.

292% increase in Notes payable
Attributable to the outstanding short-term loan availed by the Company from banks and other group company.

100% decrease in Derivative liabilities
The decrease was due to the favorable movement in foreign exchange rates.

90% increase in Income tax payable
Mainly attributable to higher taxable income for 2014 as compared with the same period in 2013.

10% increase in Retirement benefits liabilities
Mainly attributable to higher accrual of pension cost for 2014.

8% increase in Provisions
Mainly due to additional provisions made for site restoration.

6688% increase in Deferred tax liabilities
Mainly attributable to the deferred tax liability recognized from the difference between the fair market value and the book value of the subsidiary's asset acquired for the period.

177% increase in Other noncurrent liabilities
Primarily due to additional provision for tax assessments.

7% decrease in Retained earnings
Mainly due to declaration of dividends as of June 2014.

Material Changes in Income Statement Accounts

13% increase in Net sales
Mainly driven by strong market demand

15% increase in Cost of sales
Due to higher volume produced and sold as a result of robust demand.

7% increase in operating expenses
Attributable to higher cost of corporate initiatives.

117% decrease in Net financial income
Mainly due to higher financing charges from financial liabilities. However, this was mitigated by favorable foreign exchange rates resulting to foreign exchange gain.

100% decrease in Expense in NOA
Lower expense in non-operating assets from third parties for 2014 as compared to the same period of last year.

103% decrease in Unusual items
Due to the gain on sale of investment recognized in 2013 but none for 2014.

11% increase in Provision for income tax
Mainly due to higher taxable income in 2014 as compared to the same period in 2013.

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

Financial KPI	Definition	For the Nine (9) Months Ended September 30	
		2014	**2013**
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	106.8%	126.9%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	2.9%	(3.5%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	149.1%	131.0%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	35826.4 times	Nil
Profitability Ratios			
Return on Assets	Net Income / Average Total Assets	13.6%	14.1%
Return on Equity	Net Income / Average Total Equity	19.0%	18.1%

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 30, 2014	Date: October 30, 2014