COVER SHEET

2 6 1 2 6

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)

Alexander V. Taar

(Contact Person)

459-3333

(Company Telephone Number)

1 2 | **3 1**

Month *Day*

(Fiscal Year)

SEC FORM 17-A

For the year ended December 31, 2018

(Form Type)

0 5 | **1 8**

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

–

Amended Articles Number/Section

Total Amount of Borrowings

5,327

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

BUREAU OF INTERNAL REVENUE
FEB 28 2019
REGULATORY DIVISION

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FEB 28 2019

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 fiscal year ended ....December 31, 2018................

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..	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:
    _x_ 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. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

PhP5,338,086,318 (920,359,710 common shares @ PhP5.80 per share, the closing price at which stock was sold on December 28, 2018).

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

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:

(a) Audited Consolidated Financial Statements as of December 31, 2018 and 2017 and for the three years in the period ended December 31, 2018 - Exhibit 1
(b) Statement of Management’s Responsibility for Consolidated Financial Statements as of December 31, 2018 and 2017 and for the three years in the period ended December 31, 2018 – 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, aggregates, concrete and construction-related services. HPI is mainly engaged in the manufacture, sale and distribution of cement and cementitious products and the provision of technical support on various construction-related quality control, optimization, solutions development and skills upgrade.

The Company and its subsidiaries own four cement production facilities, one cement grinding mill, five ports, as well as multiple storage and distribution points across the country.

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 5.2 million metric tons per year (MTPY) and cement production capacity of 9.4 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, and Bacnotan Cement Corporation, 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, Davao Union Marketing Corporation and Bacnotan Marketing Corporation 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 March 6, 2014, the SEC approved the increase in authorized capital stock of Holcim Mining and Development Corporation (HMDC) (formerly Sulu Resources Development Corp., later renamed Holcim Aggregates Corporation) to make way for additional subscription by HPI and HPMC, in consideration of properties such as parcels of land, mining claims and foreshore leases. On March 18, 2016, the SEC approved the increase in authorized capital stock of HMDC to make way for subscription by the Holcim Philippines, Inc. Retirement Fund of sixty percent of the issued and outstanding capital stock of HMDC. Today, HMDC is an associate company of HPI, providing most of the Company's raw materials from the quarries of HMDC and its subsidiaries in La Union, Bulacan, Lugait and Davao. HMDC and its subsidiaries also leases to the Company parcels of land and foreshore leases for the latter's operations.

As of December 31, 2018, 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 PSE.

<u>The Company's Subsidiaries</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 1.5 million MTPY line that 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 in January 2011. Today, substantially all of HPMC's cement manufacturing assets are being leased by HPI.

In January 2018, HPMC renewed the bareboat agreement with HPI for the latter's vessel requirements to transport cement to various destinations within the Philippines.

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.

HPMC's wholly owned subsidiary, Bulkcem Philippines, Inc. (BPI), was incorporated and registered with the SEC on April 5, 1995. Today, BPI owns a bulk terminal located in Iloilo which is currently being leased by HPI

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. ALCHEM filed an affidavit of non-operation with the SEC.

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, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors of HPI approved the closure and dissolution of ECLI. ECLI is in the process of completing regulatory requirements for its eventual dissolution.

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 and 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 MGMC's grinding station in Mabini, Batangas was completed. HPI is leasing and operating the said grinding station.

Bankruptcy Proceedings

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

Material Reclassification, Merger, Consolidation

The Company is not a party to any merger or consolidation for the period ending December 31, 2018. Neither is the Company a party to any significant purchase of assets.

(2) General Business Description

HPI is engaged in the manufacture, sale and distribution of cement, dry mix mortar products, clinker and aggregates. It also offers construction-related trainings, consultancies, testing and other technical services to its customers. With the Company's production facilities, ports, storage & distribution terminals, sales offices and channel partners, HPI has an extensive sales and distribution footprint due to its strategically located plants and terminals in the Philippines. The Company's product quality and operational capability are geared toward meeting the customers' needs.

(a) *Product Lines*

HPI manufactures four (4) 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 mostly in bags except for Holcim 4X (mainly bulk). Other packaging formats include tonner, jumbo bags and bulk. HPI also sells to cement producers a semi-finished product called clinker, which is sold only in bulk. Moreover, it is involved in the ready-mix concrete business and selling of aggregates. It has extended its portfolio by selling dry mix mortar products such as Holcim Tile Adhesive, Holcim Skim Coat and Holcim Cementitious Waterproofing.

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

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

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 to better slump retention and pumpability of concrete.

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^{o}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 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.

Over the course of its business operations, RMX has been incurring losses thus the management has decided to cease its operations.

Aggregates

Aggregates are granular materials of mineral compositions used for various construction applications. It is used with a binding medium to form concrete, bitumous 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 for 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 one-component cement-based waterproofing specially formulated using Holcim cement, high-quality polymers and chemical admixtures to provide superior flexible waterproofing of structures. This product is currently being sold on a per request basis.

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 Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	**December 31, 2018**	December 31, 2017	December 31, 2016
Cement and cementitious materials	**₱33,227,519**	₱31,686,117	₱38,364,642
Others	**2,395,594**	3,054,644	1,971,166
Total	**₱35,623,113**	₱34,740,761	₱40,335,808

(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, 2018, 2017 and 2016 are as follows:

Table 2 – Export Revenue

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	**December 31, 2018**	December 31, 2017	December 31, 2016
Total Export Revenues	**NIL**	₱9,264	₱34,423
% to Total Revenues	**NIL**	0.03%	0.09%
Breakdown of Export Revenues per Region (in %)			
Southeast Asia			
Eastern Asia			
Oceania	**NIL**	0.03%	0.09%
North America			
Western Europe			
Middle East			
Total % to Total Revenues	**NIL**	0.03%	0.09%

(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.

(d) New Product

Holcim Solido, with high performance formulation Type 1P blended cement was initially introduced during the third quarter of 2018 to pilot customers as a new solution for roads and building construction.

(e) Competition

There are eight integrated cement manufacturers in the Philippines that include Holcim, Republic Cement, Cemex, Taiheiyo, Northern Cement, Eagle Cement, Goodfound and Mabuhay. These manufacturers operate a total of 16 integrated cement plants and 3 cement grinding plants all over the country. Big Boss Cement, a new entrant, recently opened a cement grinding plant in Pampanga this year.

Among the local players, Holcim has the widest market reach serving customers across the country from two integrated cement plants, one cement grinding plant and one dry mix plant in Luzon, and two integrated cement plants in Mindanao. Holcim also operates cement terminals in Iloilo, Batangas and Manila. There are various warehouses strategically set up in the different geographic markets to support the company's distribution network.

The Company has a deep portfolio of innovative solutions fostered by a wide range of building products and solutions. It offers cement, aggregates, finishing and concrete solutions that can help local builders execute a wide range of projects with high performance and efficiency, from massive infrastructures to simple home repairs.

The four cement plants of Holcim 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*

Raw Materials

The Company sources most of its raw materials (limestone, pozzolan, shale) from its associate company, HMDC and its subsidiaries which hold Mineral Production Sharing Agreements for its quarries in various areas in La Union, Bulacan, Davao and Lugait, Misamis Oriental. HPI also source raw materials from third party suppliers.

Energy Supply

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 Services Agreement (ESA) was signed with Trans-Asia Oil and Energy Development Corp. (TA Oil), now Phinma Energy Corporation (PEC) for the supply of both Bulacan Line 2 and La Union plants starting 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 to 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 (DLPC), 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 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.

Mabini Grinding plant which is a 6MW capacity establishment has qualified as a "Contestable Customer (CC)" when the Retail Competition and Open Access (RCOA) was implemented last June 26, 2013. As a result, a 10-year Power Supply Agreement with TA Oil was signed and took effect on June 26, 2014 in lieu of an agreement with distribution utility Department of Energy (DOE) Batangas Electric Cooperative, Inc. (BATELEC II).

On November 29, 2017, DOE issued a Department Circular 2017-12-0013 lowering minimum demand to 500-749 kW to qualify as a CC. This will allow captive customers in Luzon-Visayas Grid to shift to a Retail Electricity Supplier (RES) and avail of competitive rates from RES suppliers or from the Wholesale Electricity Spot Market (WESM) by 26th June 2018. At the moment, no other facilities of HPI qualified as contestable customer in Luzon-Visayas Grid aside from La Union, Bulacan, and Mabini.

<u>Coal and Fuel Supply</u>

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

HPI's imported Indonesian coal requirements are covered with annual supply contracts. These contracts form part of the Asia-Pacific (APAC) volume pooling strategy led by LafargeHolcim Energy Solutions, a company established to leverage the purchasing power of APAC Operating Company (OpCos) to obtain better pricing conditions for its coal needs. The said strategy helped APAC OpCos 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, market competitive prices and opportunity for substitute fuels.

For local coal requirements, the company entered into a 2-year contract with Semirara Mining & Power Corporation covering 2017-2018.

HPI has an existing supply contract with Petron and SL Harbour for its Diesel and Bunker fuel needs. Contracts started from November 1, 2017 are still valid until October 31, 2020.

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

In addition, Geocycle, the waste management arm of the Company, sources Alternative Fuels and Resources (AFR) to support fuel requirements of the Company. AFR materials pass thru stringent pre-qualification process to ensure no significant impact to plant operation, cement quality, environmental footprint and safety to people. Industrial wastes from manufacturing companies are pre-processed to turn into suitable AFR for cement kiln co-processing. Likewise, biomass such as rice husk, waste carbon and saw dust are accepted as AFR.

(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 29 – Related Party Transactions to the Consolidated Financial Statements for details.

(i) Trademarks, Licenses, Concessions, Labor Contracts

In 2017, applications for transfer of MPSA to HMDC and/or its subsidiary, HRDC have been approved by the DENR.

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

In 2016, the Philippine Intellectual Property Office issued Certificates of Registration to HSSI for the following trademarks: (1) “HuBB” logo; and (2) “HUB Builders Center”.

(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. All other necessary licenses and permits required for the continuous production and sale of HPI products have been secured by the Company, including new licenses as well as those 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 ₱110.13 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, 2018	**₱ 37,919**	**0.11%**
CY ended December 31, 2017	37,780	0.11%
CY ended December 31, 2016	34,431	0.09%
Total	₱110,130	

(l) Costs and Effects of Compliance with Environmental Laws

The company conducts its operations consistent with sustainable development principles and continuously improves its environmental performance to ensure compliance to environmental laws and regulations both locally and internationally.

The company is committed to comply with environmental laws, regulations and standards applicable to its products and operations and subscribes to leading industry initiatives and internal requirements. It also assesses and measures its environmental impacts and continuously improves its processes, tools and capabilities and promotes best practices in the industry. For example, in order to ensure compliance to air emission standards, the plants maintain and operate electrostatic precipitators, bag houses, multi-cyclone and bag filters to mitigate dust emissions. The plants are also equipped with Continuous Emission Monitoring System (CEMS) for real time monitoring of gaseous emissions such as nitrogen oxide (NOx) and sulfur dioxide (SO2) emissions. Overall performance is validated regularly by quarterly monitoring of multi-stakeholders and government audits and is confirmed that HPI is compliant with the existing government standards.

The plants are ISO 14001 certified or have an effective environmental management system in place to ensure all environmental impacts and risks are effectively managed and mitigated. The company continuously optimize its use of resources through re-using, recovering and/or recycling waste materials in own production processes where feasible, minimizing the generation of any hazardous and non-hazardous waste, and disposing waste using safe and responsible methods.

The company proactively engages with stakeholders and cooperates with legislators and regulators to ensure environmental obligations are fulfilled and local regulations are complied.

(m) Employees

As of December 31, 2018, HPI and subsidiaries had a total of 1,203 officers and regular employees broken down as follows:

Table 4 – Officers and Employees

Location	HPI	Subsidiaries	Total
Head Office*	287	47	334
Bulacan Plant	225	0	225
La Union Plant	185	0	185
Davao Plant	208	0	208
Lugait Plant	69	133	202
Calumpit	41	0	41
Calaca	8	0	8
Total	1,023	180	1,203

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

There will be a significant decrease in the number of employees by January 2019 due to re-structuring that was implemented towards the end of the year.

With the challenging business environment, the company aims to reinforce its high performance culture through stronger performance management system, focused employee development programs and disciplined Talent Review and Succession Planning. Programs related to these shall be strengthened to support the company's growth objectives and overcome business challenges.

HPI cement plant supervisory and rank and file 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 will continue with open communication, productive Labor Management Councils (LMC) and collaboration with the labor union to maintain industrial peace.

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 the Plant/Site	Labor Union	CBA Expiry Date
Bacnotan, La Union	La Union Cement Workers Union Holcim La Union Supervisory Employees Union	March 31, 2022 March 31, 2024
Norzagaray, Bulacan	Holcim Philippines Employees Association (HPEA) UCC Bulacan Supervisory Employees Union (UBSEU)	December 31, 2020 February 28, 2019
Lugait, Misamis Oriental	Holcim Lugait Employees Labor Union Holcim Lugait Supervisors Independent Union	July 31, 2021 March 31, 2021
Davao City	Davao Holcim Employees Workers Union Holcim Davao Supervisory Independent Union	March 31, 2020 March 31, 2020
Calumpit, Bulacan	Holcim Paper Bag Plant Employees Association – FFW Chapter	December 31, 2023
Norzagaray, Bulacan	Excel Concrete Logistics, Incorporated Workers Union – National Union of Building and Construction Workers	March 31, 2023

CBA Negotiations have improved with La Union Supervisory union closed in one day and Calumpit Bag Plant Associates Union closed in three days.

(n) Risk Factors

Political and Economic Factors

The Company and its subsidiaries are primarily engaged in the manufacture of clinker and cement in the Philippines. Cement is one of the basic materials for building works and sales are highly dependent on the demand for construction activities and the aggregate growth of the economy as well as 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 mainly budgetary constraints and political considerations that could impact government's ability to execute is planned projects.

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

The 15-year contract with TA Oil, now PEC, provides stable and guaranteed power supply for La Union and Bulacan Plants. The contract also provides island mode backup power for both Luzon plants during grid failures. In 2016, the company started to take advantage of the WESM, to the extent the contract allows, when power prices in the spot market are lower compared to contracted rates. For the period 2017-2021, the company will be getting a fixed discount from PEC on contracted generation rates.

Lugait and Davao Plants, both situated in Mindanao, are now enjoying electricity surplus compared to previous years where curtailments were prevalent due to limited generation capacities. The energy surplus in Mindanao resulted from new coal power plants starting commercial operations in mid-2016 and subsequent years. It is projected that the additional capacities will provide Mindanao with surplus power supply in the medium-term.

WESM is not yet available in Mindanao although trial operations have started since June 2017. Also, the Retail Competition and Open Access (RCOA) can only be launched after WESM has been implemented. Hence, Lugait and Davao Plants will remain captive customers of Distribution Utility – Moresco I and Davao Light and Power Company (DLPC), respectively.

The company is exploring measures to manage power costs and at the same time contribute to sustainability strategy.

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 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

Based on the 2018 Bangko Sentral ng Pilipinas Annual Exchange Rate Report, the Philippine Peso depreciated from PhP49.92 against the US Dollar as of December 31, 2017 to PhP52.72 as of December 31, 2018. The Peso has undergone fluctuations during the year with an average rate of PhP52.66. It has also slid to an 12-year low of PhP54.01 in October 2018. The weakening of the Peso resulted in the increase of cost of production inputs such as imported fuel, coal and supplies.

Environmental and Regulatory Matters

Cement manufacturing involves 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 to rules and regulations defined under the following: The Philippine Environmental Impact Statement System (PD 1586), 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. 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. The Company has in place 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.

HPI's four plants continue to be recognized by the relevant national government agencies for its environmental programs.

The status of compliance on the conditions stated in the Environmental Compliance Certificate (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).

Lastly, HPI's four plants are also granted with Treatment, Storage and Disposal (TSD) Certificate as attestation to Geocycle's responsible handling and management of hazardous industrial wastes.

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; Iloilo; and Manila. The table shows the consolidated properties of HPI as of December 31, 2018 compared to December 31, 2017.

Table 6 – Plant, Property and Equipment (Consolidated)

(In Thousand Pesos)	December 31, 2018	December 31, 2017
Machinery and equipment	₱24,355,667	₱23,980,205
Buildings and installations	12,905,681	12,958,244
Furniture, vehicles and tools	940,936	939,071
Construction in progress	6,204,939	4,376,115
	44,407,223	42,253,635
Less: Accumulated depreciation, depletion		
and allowance for impairment loss	25,799,852	24,653,797
Total	₱18,607,371	₱17,599,838

In connection with the principal properties of the Company, there are no 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 either by the Company's working capital or debt.

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

Description	Start Date	Expiration Date	2018 Lease Payments (in '000)	Renewal Options
Plants, Terminals, Vessels, Ports	01.01.2016	01.01.2041	₱971,121	The contracts may be renewed or extended upon the mutual agreement of the Parties.
HO Office	15.11.2014	15.12.2020	35,848	The lease may be renewed upon the written agreement and under such terms and conditions as maybe acceptable to both parties.
RMX lot	28.08.2008	26.08.2021	11,389	Renewable as may be mutually agreed by the parties
Industrial Warehouse	16.01.2013	24.04.2021	7,052	The contract may be renewed or extended upon the mutual agreement of the Parties.
Others (Housing, Vehicles)	15.03.2016	15.03.2022	52,512	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 PSE. The high and low market prices of HPI shares for each quarter of calendar year 2018 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 2018		CY 2017		CY 2016	
	High	Low	High	Low	High	Low
January-March	10.84	9.40	15.48	15.02	13.80	13.78
April-June	9.90	7.02	13.32	13.20	15.10	15.00
July-September	7.70	6.78	12.60	12.40	16.42	16.32
October-December	6.92	5.70	10.80	10.74	16.50	16.50

Source: Philippine Stock Exchange, Inc.

As of February 22, 2019, the closing price of the Company's common shares at the PSE is ₱9.43 per share.

(2) Stockholders

As of December 31, 2018, HPI has 6,452,099,144 common shares outstanding held by 5,327 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

Ran	Name	Citizenship	Shares (Sum)	%
1	UNION CEMENT HOLDINGS CORPORATION	FILIPINO	3,906,425,506	60.55%
2	B. V HOLDERFIN	DUTCH	1,168,450,996	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	153,972,987	2.39%
6	PCD NOMINEE CORP. (FILIPINO)	FILIPINO	141,385,355	2.19%
7	ANTONIO M. DUMALIANG &/OR ROSALINDA S. DUMALIANG	FILIPINO	922,363	0.01%
8	KAKUGARA AKIHIKO LEONCIO TIU	FILIPINO	559,580	0.01%
9	LUIS CO CHI KIAT	FILIPINO	511,242	0.01%
10	LUIS ROLANDO GARCIA FADRIGO	FILIPINO	419,578	0.01%
11	JOAQUIN Q. TAN	FILIPINO	380,000	0.00%
12	AMERICAN WIRE & CABLE CO., INC.	FILIPINO	290,993	0.00%
13	LILIA V. QUITO	FILIPINO	288,000	0.00%
14	UNIVERSITY OF SANTO TOMAS	FILIPINO	190,750	0.00%
15	RAMON C. CHAN	FILIPINO	189,189	0.00%
16	FRANCIS L. ESCALER	FILIPINO	186,935	0.00%
17	ANG GUAN PIAO		184,030	0.00%
18	ISABELA CULTURAL CORPORATION	FILIPINO	156,439	0.00%
19	FRANCISCO C. EIZMENDI, JR.	FILIPINO	149,459	0.00%
20	ROSALIA M. AMANDO	FILIPINO	141,069	0.00%
		Total	**6,426,446,756**	**99.60%**

(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, 2018, 2017 and 2016 as follows:

	2018	2017	2016
Cash Dividend Per Share (PhP)	₱0.42	₱0.98	₱0.87
Amount Declared (PhP)	₱2.7 billion	₱6.3 billion	₱5.6 billion
Declaration Date	18-May-18	26-May-17	18-May-16
Record Date	15-June-2018	15-June-17	15-June-16

(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 SRC.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Review of CY 2018 Operations vs. CY 2017

In 2018, the Country's Gross Domestic Product (GDP) grew by 6.2%*, lower than the 6.7% growth in 2017. Among the major economic sectors, Industry had the fastest growth while Services decelerated as compared from prior year and Agriculture sector further declined.

The Company's revenue increased to PhP35.6 bio or 2.54% higher compared to 2017 arising from the combined effect of higher sales volume and steady prices hinged on increasing demand from public and private infrastructure projects amidst the tighter market competition. Sales performance was affected by soft market demand particularly the first three quarters of the year although volumes started to pick-up towards the end of the year. Although the Company was able to mitigate some of higher production costs through business efficiencies and productivity measures, consolidated Operating EBITDA declined to PhP4.9 bio from PhP5.4 bio. With higher interest expenses from short-term loans related to capital expenditures especially from expansion projects, Net income after tax stood at PhP2.5 bio compared with PhP2.7 bio of last year. Despite this, the Company continues to ramp up and upgrade its facilities particularly its cement and clinker production capacities to sustain its investment and expansion plans in the country coupled with various cost improvement initiatives to mitigate impact of higher costs.

**Source: Philippine Statistics Authority*

Key Performance Indicators ("KPI")

The comparative financial KPI for the years ended December 31, 2018 and 2017 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2018	2017
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	6.5%	7.8%
Return on Equity (ROE)	Net Income / Ave. Total Equity	10.7%	11.1%
Operating EBITDA Margin	Operating EBITDA / Net Sales	13.7%	15.7%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	16.7%	12.2%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	17.6	63.5

Profitability

While lower compared with last year, the profitability indicators remain to be at good levels remaining positive.

Liquidity

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

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 statements of financial position as of December 31, 2018 and 2017 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2018 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 5 – 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 the Group are affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in productions.

Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

The Company's principal financial instruments, other than derivatives, consist of cash and cash equivalents and loans 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 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Of the Company's revenues, approximately nil and 0.03% were denominated in currencies other than the Philippine Peso in 2018 and 2017, respectively.

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 December 31, 2018, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2018 and 2017, the Company had minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 18 – 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 and unused credit lines 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, 2018 and 2017, the Company has unutilized credit facilities of PhP9.5 billion and PhP9.4 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2018 and 2017 are disclosed in Note 18 – 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:

	2018	2017
Loans payable - Third party	**₱5,200,000**	₱ -
Loans payable - Group	**3,925,850**	4,177,902
Customers' deposits	**496,305**	497,035
Financial debt	**9,622,155**	4,674,937
Less cash and cash equivalents	**5,399,853**	1,945,797
Net financial debt	**4,222,302**	2,729,140
Total equity	**25,273,162**	22,354,748
Gearing ratio	**16.7%**	12.2%

The Company's target is to maintain a gearing in the range of no more than 100 percent. Total equity grew by 12.5% in 2018 as a result of increase in other comprehensive income

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Increase in cash and cash equivalents were mainly due to higher cash flow from operations and proceeds from ST loans used for capital expenditures spending.

Trade and other receivables

Receivables increased mainly due to from higher due from related parties compared to previous year.

Other current assets

Decrease was mainly attributable to decrease in advances to suppliers and amortization of prepaid expenses.

Investments

Decrease was mainly due to the dividends received net of share from unrealized income from HMDC group.

Property, Plant and Equipment - net

Increase was mainly from additional capital expenditures net of disposal of assets from ECLI and HUBB.

Retirement benefit assets – net

Increase from gain / recognition of additional retirement fund assets this year net of present value of defined benefit obligations.

Other Non-Current Assets

Increase was mainly due to additional deposit for future obligation, re-class from short to long-term financial receivable from a related party, and higher guarantee deposits to suppliers.

Intangibles assets – net

Decrease was mainly due to amortization recognized for the year. No additional intangible assets recorded within the year.

Loans Payable

Decrease was mainly due to additional loan from external and related parties net of settlements / payments made within the year.

Trade and Other Payables

Increase in trade and other payables were mainly driven by higher trade payables and advances from customers.

Income Tax Payable

Increase was due to higher taxable income by reason of increase in non-deductible expenses for the year ended December 2018 as compared to year ended December 2017.

Provisions

Decrease in provisions was mainly due to settlement of tax provisions during the period

Deferred tax liabilities

Mainly attributable to recognized gain from additional retirement fund asset, collection of foreign currency-denominated receivables resulting to unrealized foreign exchange gain, and amortization of deferred tax on revalued property.

Reserves

Decrease is mainly due to accrual of share-based remuneration for the year.

Re-measurement gain on retirement benefits – net

The increase was due to recognized gain from additional retirement fund asset, updated actuarial assumptions and adjustments which were considered in the retirement liability calculation.

Retained Earnings

Decrease was due to lower net income realized for the year.

Non-controlling interests

Increase was mainly due to share from remeasurement gains on retirement benefits of HPMC.

Material Changes in Income Statement Accounts

Revenues

Higher revenue mainly driven by higher sales volume and steady prices hinged on increasing demand from public and private infrastructure projects amidst the tighter market competition.

Cost of Sales

Increase was mainly due to higher production volumes and input costs particularly usage of imported coal, clinker and cement to support volume sold net of implemented operational efficiencies and margin optimization initiatives.

General and administrative expenses

Decrease was mainly due to lower third party / outside services costs net of higher personnel costs from restructuring and various cost savings initiatives across all functions.

Selling Expenses

The decrease was mainly due to lower third party costs net of higher personnel expenses from Commercial transformation initiative.

Interest and Financing Charges

The increase was due to interest expense from short-term external and intercompany loans to support capital expenditures spending.

Other income – net

Decrease was due to absence of one-time gain from the disposal of assets recognized last year.

Foreign Exchange Gains (Losses) – net

Decrease was due to decrease in foreign currency denominated assets which were revalued at year-end.

Provision for Income Tax

The decrease was mainly due to lower taxable income for the year.

Review of CY 2017 Operations vs. CY 2016

In 2017, the Country's Gross Domestic Product (GDP) grew by 6.7%*, lower than the 6.9% growth in 2016. Among the major economic sectors, Industry had the fastest growth followed by Services. Agriculture sector also grew compared to prior year.

The Company's revenue decreased to PhP34.7 bio, or 13.9% lower compared to 2016 arising from the combined effect of lower sales volume and price amid the tighter market competition. Sales performance was affected by soft market demand particularly the first three quarters of the year although sales volume started to pick-up in the last quarter of the year. The Company achieved a consolidated operating EBITDA of PhP5.4 bio, or 49.6% lower than 2016 mainly due to low topline performance and higher cost of goods sold. Net income after tax stood at PhP2.7 bio compared with PhP6.8 bio, or 60.7% lower than last year. Despite this, the Company continues to ramp up and upgrade its facilities particularly its cement production capacities to sustain its investment and expansion plans in the country coupled with various cost improvement initiatives to mitigate impact of higher costs.

**Source: Philippine Statistics Authority*

Key Performance Indicators ("KPI")

The comparative financial KPI for the years ended December 31, 2017 and 2016 are as follows:

Financial KPI	**Definition**	**For the Calendar Year ended December 31**	
		2017	**2016**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	7.8%	20.2%
Return on Equity (ROE)	Net Income / Ave. Total Equity	11.1%	26.7%
Operating EBITDA Margin	Operating EBITDA / Net Sales	15.7%	26.8%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	12.2%	-6.3%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	63.5	486.5

Profitability

While lower compared with last year, the profitability indicators remain to be at good levels remaining positive.

Liquidity

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

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, 2017 and 2016 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, 2017 have been prepared in compliance with Philippine Financial Reporting Standards applied in a consistent basis. The detailed accounting policies are disclosed in Note 5 – 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 the Company is affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in production.

Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

The Company's principal financial instruments, other than derivatives, consist of cash and cash equivalents and loans 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 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Of the Company's revenues, approximately 0.03% and 0.09% were denominated in currencies other than the Philippine Peso in 2017 and 2016, respectively.

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 December 31, 2017, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2017 and 2016, the Company had minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 18 – 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 and unused credit lines 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, 2017 and 2016, the Company has unutilized credit facilities of PhP9.4 billion.

The Company's financial assets and liabilities as of December 31, 2017 and 2016 are disclosed in Note 18 – 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:

	2017	2016
Loans payable-Group	**₱4,177,902**	₱ -
Customers' deposits	**497,035**	483,584
Financial debt	**4,674,937**	483,584
Less cash and cash equivalents	**1,945,797**	2,125,116
Net financial debt (asset)	**2,729,140**	(1,641,532)
Total equity	**22,354,748**	26,257,333
Gearing ratio	**12.2%**	(6.3%)

The Company's target is to maintain a gearing in the range of no more than 100 percent. The increase in gearing ratio was due to the PhP4.2 billion short-term loans from associates availed by the Company during the year.

Total equity decreased by 14.9% in 2017 as a result of lower 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 higher dividend and loan payments for the year.

Trade and other receivables - net

Increase mostly pertains to increase in receivables from related parties due to increase in transfers of assets advances from the Company. This was mitigated by the decrease in trade receivables primarily due to lower sales and improvement in DSO as a result of the resolute collection activities this year.

Inventories - net

Increase is driven by high inventory levels of raw materials and fuels as of end of the year.

Other current assets

Increase was mainly attributable to increase in advances to suppliers and prepayment of taxes.

Property, Plant and Equipment - net

Increase was mainly from additional capital expenditures, net of transfers of assets to HMDC group and various disposals of property, plant and equipment under RMX segment.

Intangibles assets – net

Decrease was mainly due to sale/transfer of software and amortization recognized for the year.

Deferred income tax assets - net

The increase was mostly attributable to pension contributions and settlement of prior years' tax assessment.

Other non-current assets

The decrease was mainly due to the reclassification of the current portion of long-term financial receivable from Holcim East Asia Business Service Centre B.V. (HEABS) relating to the transfer of intellectual property rights and leasehold improvements, to other current assets.

Loans Payable

During the year, the Company availed various short term loans from related parties.

Trade and Other Payables

Increase in trade and other payables was an effect of the increased purchases of inventories and accruals for rebates during the year.

Income Tax Payable

Decrease was mainly due to lower taxable income for the year ended December 2017 as compared to year ended December 2016.

Retirement Benefit Liabilities

Increase was mainly due to impact of benefits paid from organizational efficiency and from updated actuarial assumptions.

Provisions

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

Reserves

Increase was due to HPI's performance compensation scheme accrual for the share-based remuneration for the year.

Re-measurement loss on retirement benefits – net

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

Retained Earnings

Decrease was due to lower net income realized for the year and higher dividend declaration.

Non-controlling interests

Decrease was due to the higher share in remeasurement loss on retirement benefits than the share in realized net income during the year.

Material Changes in Income Statement Accounts

Revenues

Decrease was mainly driven by lower volume and price from strong competition and soft market demand.

General and administrative expenses

Decrease was mostly due to lower expenditure on third-party services as a result of various savings initiatives taken across support functions.

Selling Expenses

The increase was mostly attributable to higher expenditure for advertising and promotion, third party services, transportation and communication and other expenses incurred for strategic commercial initiatives.

Interest and Financing Charges

The increase was due to the short-term loans availed from third party in July and from related parties by end of 2017.

Interest and Other Financial Income

Increase was mainly attributable to increased short-term deposits.

Other income – net

Increase was mostly attributable to the gain as a result of HPMC's transfer of MPSA to HRDC and higher undistributed earnings from HMDC group.

Provision for Income Tax

The decrease was mainly due to the decrease of net taxable income for the 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 14.1 and 14.2

Information on Independent Accountant

External Audit Fees

The aggregate fees billed for professional services rendered by Navarro Ampler & Co. (Deloitte) in 2018 and 2017 were PhP8.0 million and PhP6.7 million. 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 2018 and 2017.

Tax Fees & All Other Fees

The Company did not engage Deloitte for tax and other services in 2018 and 2017

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

Upon recommendation of the Audit Committee and approval of the Board of Directors, 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 reviewed and endorsed by the Audit Committee and approved by the Board of Directors before its release.

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

There was no event in the past five years where Deloitte or its predecessor, 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 may be necessary, 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, 2018, the following are the members of the Board:

Table 9 – The Board of Directors

Office	Name	Nationality
Chairman	Tomas I. Alcantara	Filipino
Vice Chairman	Martin Kriegner	Austrian
Director	John Stull	American
Director	Rajani Kesari	Indian
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, 72, holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Master's 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.

Martin Kriegner, 57, holds an MBA from the University of Economics in Vienna and a Doctorate degree from Vienna University Law Centre. He joined the Lafarge Group in 1990. In 1995, Mr. Kriegner was appointed as Chief Financial Officer of Lafarge Perlmooser AG, Austria. He served as Country CEO of Lafarge Austria from 1998 to 2001 and Lafarge India from 2002 to 2005 and 2012 to 2015. Mr. Kriegner was Lafarge Regional President, Asia and South West Asia, and was a member of the Lafarge Executive Committee from 2005 to 2012. Mr. Kriegner served as LafargeHolcim Area Manager for Central Europe from 2015 to 2016. He is presently LafargeHolcim Group's Head of India and South East Asia and a member of the LafargeHolcim Group Executive Committee. He was elected as director of the Company on August 18, 2016.

John William Stull 58, is an accomplished leader with deep knowledge of the building materials industry. Prior to being assigned to Holcim Philippines, Inc. in April 2018, he was the CEO for LafargeHolcim's Cement Operations in the United States from 2015. Before that he served in various positions across the Group including responsibility for the US as well as markets in sub-Saharan Africa and Latin America. Mr. Stull received his Bachelor of Science in chemical engineering from the University of Akron in Ohio and earned an Advance Management Degree from Harvard University in Massachusetts.

Rajani Kesari, 47***,*** is a Certified Public Accountant licensed in the USA. She is a senior management and finance professional with more than 30 years' experience. Prior to joining the LafargeHolcim Group, she worked for Schneider Electric for 9 years during which she led the Finance teams of East Asia & Japan Zone and Greater India Zone. During her tenure she has supported significant growth in India and strong profitability in East Asia & Japan. Ms. Rajani was with Dr. Reddy's for more than 10 years where she held roles of Strategic Planning Head & CFO for European business, CFO of API business, Chief Internal Auditor of the Group reporting to the Audit Committee Chairman and Head of Global tax. Ms. Kesari also worked with KPMG in Dubai handling both manufacturing and banking clients.

Simeon V. Marcelo, 65, 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. Mr. Marcelo was elected as independent director of the Company in 2014.

Yasuo Kitamoto, 58, 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*,* 67, 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: Phinma Energy 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 as of 31 December 2018 are set out below:

Table 10 – Executive Officers

Office	Name	Nationality
President/Chief Operating Officer	John William Stull	American
SVP - Chief Financial Officer/Treasurer	Jesusa Natividad L. Rojas	Filipino
SVP – Head of Sales	William C. Sumalinog	Filipino
SVP - Head of Marketing	Ramakrishna Maganti	Indian
SVP - Head of Organization and Human Resources	Bernadette L. Tansingco	Filip i
SVP, Head of Aggregates & Construction Materials	Fredric Fabien	French
VP, Head of Corporate Communications	Anne Claire Ramirez	Filipino
VP, Head of Health Safety & Security	Richard C. Cruz	Filipino
VP, Head of Strategy	Zoe Verna M. Sibala	Filipino
VP, General Counsel/Corporate Secretary/ Compliance Officer	Belinda E. Dugan	Filip i
VP, Head of Geocycle and Head of CAPEX	Frederic Vallat	French
VP, Plant Manager - Lugait	Bobby Garza	Filipino
VP Plant Manager - Davao	Xavier Arul Kennedy	Indian
VP Plant Manager – La Union	Eraño Santos	Filipino
VP Plant Manager- Bulacan	Geert Kuiper	Australian
VP – Head of Sales (GMR)	Edwin Villas	Filipino
VP – Head of Sales (Mindanao)	Allan Valencia	Filipino
VP- Head of Sales (CPR)	Ernesto Paulo Tan	Filipino
VP – Head of Sales	Albert Leoveras	Filipino

The business experience of Mr. John William Stull 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:

Jesusa Natividad L. Rojas, 52, is the Company's Chief Financial Officer. She holds a degree in Accounting from Xavier University and obtained her Master's degree in Development Finance and Banking from American University in Washington, DC as a Fullbright-Humphrey Fellow. Ms. Rojas is a Certified Public Accountant and a Certified Management Accountant. She held various positions in Finance in Del Monte Pacific Ltd from 2003 to 2007. Ms. Rojas then served as Chief Financial Officer of S&W Fine Foods International Ltd. from 2008 to 2010. Prior to joining the Company in September 2016, she also served as Chief Financial Officer of Del Monte Philippines, Inc.

William C. Sumalinog, 49, is the Senior Vice President, 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. Prior to his current role, Mr. Sumalinog was the Company's Regional Operating Head for various areas in Mindanao and Visayas. He joined Alsons Cement Corporation in 1998 where he occupied various key positions in sales.

Ramakrishna Maganti, 49, is the Senior Vice President, Head for Marketing & Innovation. He holds a degree in Mechanical Engineering, MBA in Marketing from the Indian Institute of Management and a degree in Strategic Marketing Management from Harvard Business School. Mr. Maganti brings more than 20 years of combined experience in global marketing, brand development, digital transformation, and project management. Prior to joining Holcim Philippines, Inc. he held various leadership and management positions in LafargeHolcim India, Malaysia, France and the most recently in Singapore as Head of Sales and Marketing for Asia Pacific Region. Mr. Maganti worked for Philips NV a global consumer lifestyle and healthcare firm before joining the LafargeHolcim Group in 2006.

Bernadette L. Tansingco, 44*,* is the Senior Vice President, Head of Organization and Human Resources. She has 25 years of experience in the Company's human resources division with key roles heading talent management and organization development. In 2014, she helped in transforming Holcim Philippines' business support functions into the Holcim East Asia Business Service Centre, LafargeHolcim Asia Pacific's shared services where she was appointed human resource head. Ms. Tansingco holds a Psychology degree from the De La Salle University and has completed leadership and management programs from the IMD Business School of Switzerland, Penn State University in the USA and the Asian Institute of Management.

Frederic Fabien, 47, is the Senior Vice President, Head for Aggregates and Construction Materials and Infrastructure. He holds a degree of MSc Engineering from Ecole Centrale Paris, France. Before joining the Company, Mr. Fabien served as Head of Ready-Mix Concrete Business Unit of Holcim Indonesia. Mr. Fabien also served as Sales Director, Building Segment of LafargeHolcim Morocco from July 2011 to July 2015.

Ann Claire "Cara" M. Ramirez, 40, is the Vice President, Head of Corporate Communications. She was the Head for Marketing when she joined Holcim Philippines, Inc. in January 2015. She first joined a local food company, SAFI-UFC (now known as NutriAsia) in 1999, focusing on brand management of catsup brands. Prior to joining Holcim, she worked for Energizer Philippines, Inc. where she managed the Company's Marketing Department. Ms. Ramirez has a degree of Bachelor of Science in Economics from the University of the Philippines, Diliman.

Richard C. Cruz, 36, is the Vice President, Head of Health & Safety. Mr. Richard Cruz joined Holcim Philippines, Inc. in May 2008 as Laboratory Engineer for AFR. In March 2010 he was appointed as Safety Officer responsible for delivering and maintaining safety systems and initiatives across all plants. From 2010 until his nomination for appointment as Head of Corporate Occupational Health and Safety, he served as Safety Manager for HPI's Commercial and Other Sites.

Zoe Verna M. Sibala, 44, is the Vice President, Head of Strategy. Ms. Sibala holds a master's degree in Business Administration from the Graduate School of Business, De la Salle University and a degree in Economics from the University of the Philippines. In January 2010, she joined Lafarge as a Finance Manager of Batong Angono Aggregates Corporation and later on became the commercial controller of the Lafarge's cement product line – Lafarge Cement Service Philippines, Inc. Prior to being appointed as Head of Strategy of Holcim Philippines, Inc. she served Lafarge Republic Aggregates, Inc. as Project Manager from July 2014 to December 2014 and as Strategy and Business Development Manager from January to December 2015.

Belinda E. Dugan, 50, is the General Counsel, Corporate Secretary and Compliance Officer of the Company. She obtained her Juris Doctor degree from Ateneo Law School and has over 23 years of experience with various multinational firms and a consulting company. Prior to joining Holcim Philippines, Inc. she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. (AEV) from October 2015 to October 2017. She served as

Assistant Vice-president for Legal and Compliance of SN Aboitiz Power from May 2009 to October 2015.

Frederic Vallat*,* 59*,* has vast experience in business development and waste management. He joined Lafarge Chongqing – People's Republic of China in June 2006 and served as the Chine-Japan-Korea Industrial Ecology Vice President until April 2011. From April 2011 to December 2012, he served as Industry Ecology Technical Director of Lafarge Shui On, People's Republic of China and as West Asia and South East Asia Industrial Ecology Technical Director of Lafarge Asia, Malaysia from January 2013 to October 2015 where he supported the business development of seven countries. Prior to joining Holcim Philippines, Inc., he served as Geocycle APAC Head of Investment and Operation of LafargeHolcim – Singapore.

Bobby Garza, 61**,** is the Vice-President, Plant Manager of Lugait. Prior to being appointed as Plant Manager in 2012, he previously served as production manager of the Holcim La Union plant from 2010 and Area Coach for Manufacturing Excellence of the Bulacan plant. He joined the Company in 1995 as Quarry Manager of La Union plant. Mr. Garza is a registered Mining Engineer and a graduate of the Mapua Institute of Technology, Manila.

Xavier Arul Kennedy Savarimuthu, 55, is the Vice President, Plant Manager of Davao. He holds a bachelor's degree from the Indian Institute of Ceramics and an MBA from Alagappa University, Institute of Ceramic Technology. Prior to joining Holcim Philippines, Inc. as Plant Manager of Bulacan Plant in 2017, he was the Asia Pacific Regional Head for Production, Process and Automation of Holcim Technology based in Singapore. He also served as team leader for Process, Operations and Automation of Lafarge Asia Sdn Bhd in Kuala Lumpur, Malaysia and Beijing, China in 2015 after the merger of Lafarge and Holcim.

Eraño Santos, 55, is the Vice President, Plant Manager of La Union Plant. Mr. Santos served in various leadership capacities across several Holcim Philippines facilities. He joined the Company in November 1987 as Superintendent-Electrical. In September 2008, he was promoted as a manager and served as such until his promotion as Plant Manager of the La Union Plant.

Geert Kuiper, 54***,*** is the Vice President, Plant Manager of Bulacan. Prior to his current role, he was the Maintenance Expert for Asia Pacific Cement Industrial Performance of LafargeHolcim Singapore. Mr. Kuiper was the Head of Maintenance, Regional Manufacturing Services of Holcim Technology-Singapore from October 2014 to January 2016. Prior to joining the Holcim Group in 2014, he held various leadership roles in Cement Australia. Mr. Kuiper has over 20 years of experience in maintenance and production management and project engineering in heavy industrial operation. He holds a Bachelors' degree in Engineering from the University of Praetoria in South Africa.

Edwin Villas, 45, is the Vice President, Head of Sales for Greater Manila Region. He joined the Company in September 1997 as Strategic Sourcing Specialist. He served as the Company's Procurement Manager from October 2007 to August 2010 and was laterally transferred as Area Sales Manager for South Luzon in August 2011. Prior to his appointment as Head of Institutional Sales in May 2016, he served as the Head of Institutional Sales in May 2016 and thereafter as Manager, National Sales, Bulk. Institutional Sales. He is a certified Information Systems Auditor and a certified Professional for Supply Management. He has a degree in Computer Science from the Philippine Christian University.

Allan Valencia, 54, is the Vice President, Head of Sales for Mindanao. He has more than two decades of experience in cement sales, technical services and ready mix concrete operations. His career highlights include the development and market launch of the Holcim Philippines' blended and masonry cement lines and the establishment of its ready-mix concrete business. Mr. Valencia is a licensed civil engineer and received his degree in this field from the Mindanao State University. He joined the Company in October 1991 as Product

Manager for Visayas and Mindanao regions. Prior to his appointment as Vice President, he served as the Head of Regional Sales Channel (Vismin).

Ernesto Paulo Tan, 42, is the Vice President, Head of Sales (CPR). He joined the Company in December 2015 as Head-Regional Commercial Sales of North Luzon. He served as the Zone Manager of JT International Philippines, Inc. from February 2012 to November 2015 where he was responsible for overall Luzon general trade performance, and as Sales and Marketing Head and Acting Market Manager from January 2011 to December 2011. He holds a Bachelor of Science in Business Administration from the University of the Philippines.

Albert Leoveras, 45, is the Vice President, Head of Sales. He has 15 years of experience in managing Sales Team, Distributors and key accounts sales. Prior to joining the Company, he was the Field Operations Manager and Regional Manager of Japan Tobacco International from 2012 to August 2015 and Sales Division Head of the Non-food Division of Wills International Sales Corporation.

2) Family Relationships

None of the members of the Board of Directors or any Executive Officer of the Company is related by affinity or consanguinity.

3) 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 Focus Group (FG*). At 100% performance attainment of the Company's financial and business goals, the executive compensation is targeted to be at median (P50) of the FG 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 Focus Group (FG) 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 five (5) most highly compensated Executive Officers 1. John William Stull – President and Chief Executive Officer 2. Frederick Fabien – SVP – Head, ACM & Infrastructure 3. Ramakrishna Maganti – SVP – Head, Marketing & Innovations 4. Jesusa Natividad L. Rojas – SVP – Head, Chief Finance Officer 5. William C. Sumalinog – SVP – Head, Sales 6. Bernadette L. Tansingco – SVP – Head, Organization & Human Resources	2019*	60,553,915	6,738,560	59,810,061
	2018	60,553,915	6,738,560	59,810,061
	2017	60,068,285	12,871,846	34,004,724
All other Executive Officers and Directors as a group unnamed	2019**	97,152,715	14,794,950	112,184,355
	2018	97,153,715	14,794,950	112,184,355
	2017	40,436,702	26,720,529	144,193,160

Benefits of the CEO and five (5) most highly compensated Executive Officers include retirement service cost
All other Executive Officers and Directors as a group unnamed in 2018 include all incumbents in the Leadership Team with the rank of Vice President. This also includes the pro-rate salaries, bonuses and benefits of other repatriated expatriates.
**Estimated compensation of executive officers for the ensuing year is assumed to approximate the 2018 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*
*** Benefits of All Other Executive Officers and Directors include retirement and separation benefits of Executives.*

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, 2018 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	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)	3,906,425,506	60.55%
Common	Holderfin B.V. De Lairessestraat 129Hs 1075 HJ Amsterdam the Netherlands (Dutch)	Holderfin B.V. (same as record owner)	1,168,450,996	18.11%
Common	Sumitomo Osaka Cement Co., Ltd. 1, Kanda Mitoshiro-cho Chiyoda-ku, Tokyo 101-8677	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 Avenue, Makati City (Filipino)	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, 2018:

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	Martin Kriegner	1(D)	R	0.00%
Common	John William Stull	1(D)	R	0.00%
Common	Rajani Kesari	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) 119,100 (I)	R	0.00%
	Total	**173,362**		**0.00%**

Directors and officers as a group hold a total of 173,362 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

For a detailed discussion of other material related party transactions, please see Note 29 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1.

Except for the transactions discussed in Note 29 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1, 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 – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company has in place a robust internal control system which is an overall process effected by the Board, management and other personnel designed to provide reasonable assurance concerning: (i) the reliability of the financial reporting and statements; (ii) compliance with laws and regulations; (iii) protection of assets and fraud prevention; (iv) effectiveness and efficiency of processes. Additionally, in accordance with the Company's Corporate Governance Manual, the Board is assisted by a Compliance Officer who is in charge of evaluating and ensuring compliance by the Company, the Board of Directors and officers with its Manual of Corporate Governance, Code of Corporate Governance for Publicly-Listed Companies (the "CG Code") and all relevant laws, rules and regulations. The Compliance Officer is currently in the process of developing and establishing, subject to approval of the Board, a monitoring and evaluation system complete with procedure that fulfills the requirements of due process, to determine and measure compliance with the CG Code.

The Board has established a Corporate Governance Committee which ensures that the Board and the Company, as a whole, is sufficiently conversant and compliant with the adopted leading practices in corporate governance. This committee is required to be composed of at least three (3) independent directors and one (1) non-executive non-independent director.

There has been no known deviation from the Company's Manual of Corporate Governance.

The Board always seeks to improve corporate governance of the Company by improving existing policies, developing and establishing new policies required by the Company's Corporate Governance Manual and undertaking measures to implement such policies.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

14.1 Consolidated Financial Statements

The audited consolidated financial statements for the years ended December 31, 2018 and 2017 are attached as Exhibit 1:

- Statement of Management's Responsibility to the Financial Statements
- Independent Auditors' Report
- Consolidated Statements of Financial Position as at December 31, 2018 and 2017
- Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended December 31, 2018, 2017 and 2016
- Consolidated Statements of Changes in Equity for the years ended December 31, 2018, 2017 and 2016
- Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2018 and 2017
- Notes to Consolidated Financial Statements

14.2 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, 2018
- Schedule of Financial Soundness Indicators
- The supplementary schedules of the Consolidated Financial Statements for the year ended December 31, 2018 are attached as Exhibit 2.

14.3 SEC Form 17 – Q

During the year 2018, 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
May 4, 2018	March 31, 2018
July 25, 2018	June 30, 2018
October 25, 2018	September 30, 2018

14.4 Legal Proceedings and Pending Cases (See Exhibit 4)

14.5 Reports on SEC Form 17-C

Reports on SEC Form 17-C filed during the year ended December 31, 2018 are attached together with this report as Exhibit 5:

Date Filed	Description
March 1, 2018	An advisory on the following results of BOD Meeting held on February 27, 2018: postponement and setting of annual stockholders meeting date and record date, nomination of external auditor, approval of audited financial statements of external auditor, approval of audited financial statements
April 6, 2018	An advisory on the notice, agenda, venue and time of the Annual Stockholders Meeting
April 25, 2018	An advisory on the election of new directors and CEO following the resignation of Ms. Sapna Sood and Mr. Daniel Bach.
May 18, 2018	An advisory on the results of HPI‟s Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting held on May 18, 2018
June 7, 2018	An advisory on the attendance of directors and key officers of Holcim Philippines, Inc. to corporate governance seminar in compliance with SEC Memorandum Circular No. 20, Series of 2013.
June 25, 2018	An advisory on the results of BOD Meeting held on June 22, 2018 accepting the resignation of Mr. Roman Menz and Mary Grace Sanchez and the appointment of new officers.
September 3, 2018	An advisory on the DTI's forfeiture of the surety bond posted by the Company and issuance of product recall in connection with the Company's application for issuance of Statements of Confirmation for Type 1 cement.
October 18, 2018	An advisory on the SEC's order to pay penalty in connection with the Company's non-compliance with the SEC- prescribed website template.
October 19, 2018	An advisory on the Company's receipt of the Petition for Interim Protection filed by Seasia Nectar Port Services, Inc. (SNPSI) and court's order granting SNPSI's motion for the ex-parte issuance of a temporary protection order in the form of preliminary attachment.
December 03, 2018	An advisory on the following results of the Regular Board Meeting held on 29 November 2018: a. Approval of investment to raise cement production by 30% b. Acceptance of resignation of Mr. Gross as director of the Company c. Election of Ms. Rajani Kesari as director d. Closure and dissolution of Excel Concrete Logistics, Inc. e. Resignation of Ms. Dugan as Data Protection Officer f. Appointment of Officers g. Change in designation of officers from Assistant Vice President to Vice President

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__________, 2019.

By:

John William Stull
President/Chief Operating Officer

Jesusa Natividad L. Rojas
Chief Financial Officer/ Treasurer

Belinda E. Dugan
General Counsel/Corporate Secretary/ Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of FEB 22 2019 2019 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Holcim Philippines, Inc.	00136603	January 4, 2019	Taguig City
	PASSPORT NO		
John William Stull	530501732	May 12, 2015	USA
Jesusa Natividad L. Rojas	EC0971234	April 29, 2014	Manila
Belinda E. Dugan	EB9973891	January 11, 2014	DFA NCR South

ATTY. JONATHAN S. FERNANDEZ
NOTARY PUBLIC
APPOINTMENT NO. 17 (2019-2020) TAGUIG
UNTIL DECEMBER 31, 2020
PTR NO. 3957078; 01-04-2019; BAGUIO CITY
LIFETIME IBP NO. 08909; Bag-Beng Chapter
ROLL NO. 52589
MCLE COMPLIANCE NO. VI-0001319
7/F Two World Square, McKinley Hill
Fort Bonifacio, Taguig City

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A

Exhibit 1

Consolidated Financial Statements

For the years ended

December 31, 2018 and 2017

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 6 1 2 6

Company Name

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Principal Office (No. / Street / Barangay / City / Town / Province)

7TH FLOOR, TWO WORLD SQUARE, MCKINLEY HILL FORT BONIFACIO, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CFD	N/A

C O M P A N Y   I N F O R M A T I O N

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)
5327	May 18	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
ALEXANDER V. TAAR	alexander.taar@ lafargeholcim.com	459-3333	09178335156

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.*

Holcim
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

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of Holcim Philippines, Inc. and Subsidiaries (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statement including the schedules attached therein, for the year ended December 31, 2018 and 2017, in accordance with Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders.

Navarro Amper & Co., the independent auditor appointed by the shareholders, has audited the financial statements of the Group as at and for the years ended December 31, 2018 and 2017 in accordance with Philippine Standards on Auditing, and its reports to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Tomas I. Alcantara
Chairman

John William Stull
President

Jesusa Natividad L. Rojas
Chief Financial Officer

Signed this 22nd day of February, 2019

Holcim

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

SUBSCRIBED AND SWORN to before me this FEB 22 2019 with the presentation of the following:

Name	UMID ID		
Tomas I. Alcantara	0111- 05213746		
	Passport No.	Place Issued	Date Issued
John William Stull	530501732	USA	May 12, 2015
Jesusa Natividad L. Rojas	ECO971234	Manila	April 29, 2014

Doc. No. 63
Page No. 14
Book No. X
Series of 2019.

ATTY. JONATHAN O. FERNANDEZ
NOTARY PUBLIC
APPOINTMENT NO. 17 (2019-2020) TAGUIG
UNTIL DECEMBER 31, 2020
PTR NO. 3957078; 01-04-2019; BAGUIO CITY
LIFETIME IBP NO. 08909; Bag-Beng Chapter
ROLL NO. 52589
MCLE COMPLIANCE NO. VI-0001319
7/F Two World Square, McKinley Hill
Fort Bonifacio, Taguig City

NavarroAmper&Co.

Navarro Amper & Co.
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Bonifacio Global City, Taguig 1634
Philippines

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Fax: +63 (2) 869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-4

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC.
7th Floor, Two World Square
McKinley Hill, Fort Bonifacio, Taguig City

Opinion

We have audited the consolidated financial statements of Holcim Philippines, Inc. and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Group as at and for the year ended December 31, 2016, was audited by another auditor who expressed an unmodified opinion on those statements on March 1, 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	**Our audit performed and responses thereon**
Goodwill Goodwill is recognized in the consolidated financial statements which is attributable to the cement operations of one of the Group's plants. Under PFRS, the Group is required to annually test the goodwill for impairment. This annual impairment test is significant to our audit because the aggregated balance of goodwill amounting to P2.64 billion is material to the consolidated financial statements and represents 5.59% of the total assets of the Group as at December 31, 2018. In addition, Management conducts annual impairment tests to assess the recoverability of the carrying values of goodwill. This annual impairment test involves a number of key sensitive judgments made in determining the inputs used in the assessment process. The Group's disclosures about goodwill as at December 31, 2018 are disclosed in Note 14 to the consolidated financial statements.	Our audit procedures focused on performing a detailed understanding on the Management's assessment process and challenging the key sensitive judgments applied as follows: We assessed and challenged the reasonableness of the Group's position on the possible impairment of goodwill including consideration of various factors such as historical business performance, current year developments, current risk evaluations, business plans, outlook, revenue potential and other market considerations. We also compared the projected revenues and cash flows, margin growth rates and earnings before interest, taxes, depreciation and amortization to the historical performance of the cash-generating unit (CGU), Management plans and analysts' reports on market outlook. We also focused on the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditors' report, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2018, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with PFRS, 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.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Navarro Amper & Co.
BOA Registration No. 0004, valid from November 12, 2018 to July 16, 2021
SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A
TIN 005299331

By:

Oliver C. Bucao
Partner
CPA License No. 0086699
SEC A.N. 1623-A, issued on March 23, 2017; effective until March 22, 2020, Group A
TIN 129433612
BIR A.N. 08-002552-47-2017, issued on June 8, 2017; effective until June 8, 2020
PTR No. A-4255727, issued on January 10, 2019, Taguig City

Taguig City, Philippines
February 22, 2019

FEB 28 2019
EXCISE LT REGULATORY DIVISION

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2018	2017
		(In Thousands)	
ASSETS			
Current Assets			
Cash and cash equivalents	8	P 5,399,853	P 1,945,797
Trade and other receivables - net	9	4,005,445	3,439,049
Inventories - net	10	5,127,343	3,800,792
Other current assets	11	830,300	835,558
Total Current Assets		15,362,941	10,021,196
Non-current Assets			
Investments	12	4,249,699	4,468,357
Property, plant and equipment - net	13	18,607,371	17,599,838
Goodwill	14	2,635,738	2,635,738
Intangible assets - net	14	27,542	28,714
Deferred income tax assets - net	30	-	455,242
Retirement benefit asset	31	3,581,507	-
Other non-current assets	15	2,731,443	378,487
Total Non-current Assets		31,833,300	25,566,376
		P47,196,241	P35,587,572
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	16	P9,125,849	P4,177,902
Trade and other payables	17	11,574,971	7,862,742
Income tax payable		321,025	265,684
Total Current Liabilities		21,021,845	12,306,328
Non-current Liabilies			
Retirement benefit liability	31	-	845,154
Provision	20	70,947	81,342
Deferred income tax liabilities - net	30	830,288	-
Total Non-current liabilites		901,235	926,496
		P21,923,080	P13,232,824
Shareholders' Equity			
Capital stock	21	6,452,099	6,452,099
Additional paid-in capital		8,476,002	8,476,002
Other reserves	21	2,344	(1,430)
Reserves for remeasurement gain(loss) on retirement benefits - net	31	2,719,531	(350,987)
Retained earnings	21	7,607,112	7,773,468
Equity attributable to equity holders of the Parents Company		25,257,088	22,349,152
Non-controlling interest		16,073	5,596
		25,273,161	22,354,748
		P47,196,241	P35,587,572

See Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
With Comparative Audited Figures for 2016

	Notes	2018	2017	2016
		For the Years Ended December 31 (In Thousands, Except Per Share Amounts)		
Revenue		**P35,623,113**	P34,740,761	P40,335,808
Cost of Sales	22	**29,850,205**	28,494,422	28,504,537
Gross Profit		**5,772,908**	6,246,339	11,831,271
General and administrative expenses	23	**(1,235,721)**	(1,260,864)	(1,753,095)
Selling expenses	24	**(815,597)**	(911,505)	(591,496)
Interest and financing charges	27	**(327,804)**	(107,428)	(41,754)
Interest and other financial income	8, 29	**33,128**	21,707	19,529
Others - net	28	**124,344**	278,166	162,490
Profit Before Income Tax		**3,551,258**	4,266,415	9,626,945
Income Tax Expense	30	**1,005,865**	1,576,617	2,779,832
Profit for the Year		**2,545,393**	2,689,798	6,847,113
Profit for the year attributable to:				
Equity holders of the parent company		**2,544,411**	2,688,485	6,845,856
Non-controlling interest		**982**	1,313	1,257
		P2,545,393	P 2,689,798	P 6,847,113
Other Comprehensive income not to be reclassified to profit or loss in subsequent period:				
Remeasurement gain (loss) on retirement benefits	31	**4,401,952**	(387,421)	79,852
Income tax effect		**(1,320,586)**	116,226	(23,956)
		3,081,366	(271,195)	55,896
Other reserves	21	**3,774**	4,402	3,774
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**3,085,140**	(266,793)	59,670
Total Comprehensive Income		**P 5,630,533**	P 2,423,005	P 6,906,783
Total comprehensive income for the year attributable to:				
Equity holders of the parent company		**5,618,703**	2,421,878	6,905,492
Non-controlling interest		**11,830**	1,127	1,291
Total Comprehensive Income		**P 5,630,533**	P 2,423,005	P 6,906,783
Basic/ Diluted Earnings Per Common Share of Net Income Attributed to Equity Holders of the Parent Company	33	**P 0.39**	P 0.42	P 1.06

See Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
With Comparative Audited Figures for 2016

	Capital Stock (Note 21)	Additional Paid-in Capital	Other Reserves (Note 21)	Reserves for remeasurement Gain (Loss) on Retirement Benefits - net (Note 31)	Retained Earnings (Note 21)	Total	Non-controlling Interest	Total Equity
			(In Thousands, Except Per Share Amounts)					
Balance, January 1, 2016	P6,452,099	P8,476,002	(P 9,606)	(P 135,840)	P10,178,725	P24,961,380	P 8,086	P24,969,466
Net income for the year	-	-	-	-	6,845,856	6,845,856	1,257	6,847,113
Other comprehensive income	-		3,774	55,862	-	59,636	34	59,670
Total comprehensive income	-	-	3,774	55,862	6,845,856	6,905,492	1,291	6,906,783
Transactions with owners:								
Cash dividends - P0.87 per share	-	-	-	-	(5,615,538)	(5,615,538)	(3,378)	(5,618,916)
Balance, December 31, 2016	6,452,099	8,476,002	(5,832)	(79,978)	11,409,043	26,251,334	5,999	26,257,333
Net income for the year	-	-	-	-	2,688,485	2,688,485	1,313	2,689,798
Other comprehensive income (loss)	-	-	4,402	(271,009)	-	(266,607)	(186)	(266,793)
Total comprehensive income	-	-	4,402	(271,009)	2,688,485	2,421,878	1,127	2,423,005
Transactions with owners:								
Cash dividends - P0.98 per share	-	-	-	-	(6,324,060)	(6,324,060)	(1,530)	(6,325,590)
Balance, December 31, 2017	6,452,099	8,476,002	(1,430)	(350,987)	7,773,468	22,349,152	5,596	22,354,748
Net income for the year	-	-	-	-	2,544,411	2,544,411	982	2,545,393
Other comprehensive income	-	-	3,774	3,070,518	-	3,074,292	10,848	3,085,140
Total comprehensive income	-	-	3,774	3,070,518	2,544,411	5,618,703	11,830	5,630,533
Transactions with owners:								
Cash dividends - P0.42 per share	-	-	-	-	(2,710,767)	(2,710,767)	(1,353)	(2,712,120)
Balance, December 31, 2018	**P6,452,099**	**P8,476,002**	**P 2,344**	**P2,719,531**	**P 7,607,112**	**P25,257,088**	**P 16,073**	**P25,273,161**

See Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

With Comparative Audited Figures for 2016

	Notes	2018	2017	2016
		For the Years Ended December 31		
		(In Thousands)		
Cash Flows from Operating Activities				
Income before income tax		**P 3,551,258**	P4,266,415	P 9,626,945
Adjustments for:				
Depreciation and amortization	13,14	**1,173,199**	1,373,405	1,326,175
Interest and financing charges	27	**327,804**	107,428	41,754
Retirement benefit expense	31	**106,105**	76,634	85,307
Other losses - net	20,28	**22,472**	49,464	-
Allowance (reversal) for inventory obsolescence	10	**17,503**	19,954	(132,833)
Provision for doubtful accounts	9	**9,260**	17,579	4,191
Unrealized foreign exchange (gains) losses - net		**5,961**	5,202	(8,104)
Loss (gain) on sale of property, plant and equipment	13	**3,610**	(115,760)	5,130
Provision for fully mined-out assets	20	-	73,327	-
Interest and other financial income	8,29	**(33,128)**	(21,707)	(19,529)
Share in undistributed earnings of an associate	12	**(122,898)**	(143,615)	(86,761)
Income before working capital changes		**5,061,146**	5,708,326	10,842,275
Decrease (Increase) in:				
Trade and other receivables		**(581,415)**	(117,041)	59,923
Inventories		**(1,354,447)**	(389,973)	638,128
Other current assets		**48,834**	(164,693)	45,681
Increase (Decrease) in trade and other payables		**3,141,683**	1,465,430	(177,699)
Cash generated from operations		**6,315,801**	6,502,049	11,408,308
Defined benefit contributions	31	**(70,059)**	(138,854)	(80,201)
Settlements on defined benefit	31	**(1,950)**	(4,083)	-
Income taxes paid		**(1,088,495)**	(1,940,245)	(3,095,540)
Net cash generated from operating activities		**5,155,297**	4,418,867	8,232,567
Cash Flows from Investing Activities				
Additions to property and equipment	13	**(1,926,729)**	(2,584,780)	(1,979,751)
Increase in other non-current assets	15	**(2,408,639)**	(18,469)	(147,945)
Proceeds from sale of property, plant and equipment	28	**61,259**	180,841	101,606
Dividends received	29	**341,556**	24,705	-
Interest received	8	**25,868**	20,910	19,529
Net cash used in investing activities		**(3,906,685)**	(2,376,793)	(2,006,561)
Cash Flows from Financing Activities				
Payments of:				
Cash dividends	21	**(2,712,296)**	(6,315,149)	(5,618,916)
Loan payable	16	**(8,335,826)**	(2,322,000)	(2,999,831)
Interest and financing charges	27	**(27,495)**	(84,833)	(17,447)
Proceeds from availment of loans	16	**13,283,676**	6,500,000	2,000,000
Net cash generated from (used in) financing activities		**2,208,059**	(2,221,982)	(6,636,194)
Effects of Exchange Rate Changes		**(2,615)**	589	(4,894)
Net Increase (Decrease) in Cash and Cash Equivalents		**3,454,056**	(179,319)	(415,082)
Cash and Cash Equivalents, Beginning		**1,945,797**	2,125,116	2,540,198
Cash and Cash Equivalents, End		**P 5,399,853**	P1,945,797	P 2,125,116

See 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 "Group"), 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, sale and distribution of cement and cementitious products.

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 Grinding Mill Corporation and Holcim Philippines Manufacturing Corporation are in the provinces of Batangas and Misamis Oriental, respectively. The registered office address and principal place of business of the Parent Company is at 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 ultimate parent company of the Group is Lafarge Holcim Limited.

The Parent Company's shares of stocks were listed in the Philippines Stocks Exchange on June 17, 1996. Total shares registered and outstanding as at December 31, 2018 and 2017 is 6.5 billion.

Status of Operations

Excel Concrete Logistics, Inc. (ECLI) 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, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors (BOD) of HPI approved the closure and dissolution of ECLI. ECLI is in the process of completing regulatory requirements for its eventual dissolution.

HUBB Stores and Services, Inc. (HSSI) incurred losses in 2018 and 2017 amounting to P71.7 million and P69.5 million, respectively, resulting to accumulated deficit of P156.6 million and P91.6 million as at December 31, 2018 and 2017, respectively. However, Management has taken appropriate actions by implementing strategies that will assist in improving the results of operations and maintaining financial stability. Management is currently reviewing its current business model to improve HSSI's results of operations going forward. Accordingly, the financial statements have been prepared on a going concern basis.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation

The Group's financial statements have been prepared on historical cost basis except for:

- financial instruments measured at amortized cost;
- financial instruments which are valued at fair value;
- derivative liabilities measured at fair value;
- inventories at lower of cost and net realizable value (NRV); and
- defined benefit asset or obligation recognized as the net total of the fair value of plan assets less the present value of the defined benefit obligation.
- provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, leasing transactions that are within the scope of PAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2 or value in use in PAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These consolidated financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Group operates. All amounts are rounded in the nearest thousand pesos, except when otherwise indicated.

3. COMPOSITION OF THE GROUP

Details of the Parent Company's subsidiaries as at December 31, 2018 and 2017 are as follows:

	Ownership and Voting Interest	
	2018	2017
Held by HPI		
WEB [(a)]	**100.00%**	100.00%
Excel Concrete Logistics, Inc. (ECLI) [(c)]	**100.00%**	100.00%
Holcim Philippines Business Services Center, Inc. (HPBSCI)	**100.00%**	100.00%
Hubb Stores and Services, Inc. (HSSI)	**100.00%**	100.00%
Holcim Philippines Manufacturing Corporation (HPMC)	**99.62%**	99.62%
Held by WEB		
Mabini Grinding Mill Corporation (MGMC)	**100.00%**	100.00%
Held by HPMC		
Alsons Construction Chemicals, Inc. (Alchem) [(b)]	**99.62%**	99.62%
Bulkcem Philippines, Inc. (Bulkcem)	**99.62%**	99.62%
Calamba Aggregates Co., Inc. (CACI)	**99.62%**	99.62%

(a) A company incorporated in British Virgin Islands
(b) Ceased commercial operations effective December 31, 2013
(c) Ceased commercial operations effective December 31, 2018

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standard Effective in 2018

The Group adopted all accounting standards and interpretations as at December 31, 2018. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed to be applicable to the Group's consolidated financial statements, are as follows:

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 includes:

a. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. The amendment has introduced the following clarifications:

   - On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.

   - Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The management of the Group assessed that the application of the amendments did not have significant impact on the Group's consolidated financial statements as the Company does not have any cash-settled share-based payment transactions that contain a performance condition.

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

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income (OCI), some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and
- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The management of the Group assessed that the application of the amendments did not have significant impact on the Group's consolidated financial statements as the Group does not have any insurance contracts within the scope of PFRS 4.

PFRS 9, *Financial Instruments (2014)*

The Group has applied PFRS 9 Financial Instruments (2014) and the related consequential amendments to other PFRS Standards.

The Group has elected to apply the modified retrospective restatement. Consequently, The Group did not restate comparatives in respect of the classification and measurement of financial instruments, impairment of financial assets and general hedge accounting.

PFRS 9 introduced new requirements for:

a) classification and measurement of financial assets and financial liabilities;

b) impairment of financial assets; and

c) general hedge accounting.

(a) Classification and measurement of financial assets and financial liabilities

All recognized financial assets that are within the scope of PFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and;
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. Specifically, PFRS 9 requires that changes in the fair value of the financial liability attributable to changes in the credit risk of that liability be presented in other comprehensive income (OCI), unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, b ut are instead transferred to retained earnings when the financial liability is derecognized.

The management of the Group assessed that the application of this phase of PFRS 9 did not have a significant impact on its statement of financial position as its current financial assets carried at fair value are not significant.

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

(b) Impairment of financial assets

The impairment model under this standard reflects expected credit losses (ECL), as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

In particular, PFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. PFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Group assessed that the application of this phase of PFRS 9 did not have a significant impact on its equity due to the nature of its loans and receivables and they have performed a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

The Group assessed that the application of this phase of PFRS 9 did not have a significant impact as it does not apply hedge accounting on any existing hedge relationships.

PFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The management of the Group assessed that the application of the amendments did not have a significant impact on the Group's consolidated financial statements as the Group has only one distinct performance obligation and satisfies it at a point in time, which is to deliver the promised cement goods or cementitious products.

Amendments to PFRS 15, *Clarifications to PFRS 15*

The amendments in the standard addresses three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.
- Clarification on how to assess control in in determining whether a party providing goods or services is a principal or an agent
- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The management of the Group assessed that the application of the amendments did not have a significant impact on the Group's consolidated financial statements as the Group has only one distinct performance obligation and satisfies it at a point in time, which is to deliver the promised cement goods or cementitious products.

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose.

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments did not have a significant impact on the Group's consolidated financial statements as the Group is neither a first time adopter of PFRS nor a venture capital organization. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The management of the Group assessed that the application of the amendments did not have an impact on the Group's consolidated financial statements. This is because the Group already accounts for the transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

New Accounting Standard Effective after the Reporting Period Ended December 31, 2018

PFRS 16, *Leases*

This standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less (i.e. short-term lease) or the underlying asset has a low value (i.e. lease of low-value assets).

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019.

The management of the Group has assessed the impact of the new standard and will recognize corresponding right of use asset and lease liability with corresponding lease expense and interest.

PFRS 9, *Prepayment Features with Negative Compensation*

The amendments include:

Changes regarding symmetric prepayment options

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The amendments contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. An entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have any modification of financial liability measured at amortized cost.

PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendment clarify that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Company's financial statements as the Group does not have long-term interests in associates or joint ventures.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2018 - Adopted by FRSC but pending publication by the BOA

The Group will adopt the following once it becomes effective.

IFRIC 23, *Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, *Income Taxes.*

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.
- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the new interpretation on the Company's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

Amendments to PAS 19, *Plan Amendment, Curtailment or Settlement*

The amendments in Plan Amendment, Curtailment or Settlement are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendments.

Annual Improvements to PFRSs 2015-2017 Cycle

Amendments to PFRS 3 and PFRS 11, *Previously held interest in a joint operation*

The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to PAS 12, *Income tax consequences of payments on financial instruments classified as equity*

The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

Amendments to PAS 23, *Borrowing costs eligible for capitalization*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendments.

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset);
  - an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2021. Earlier application is permitted.

The management of the Group does not anticipate that the new standard will have a significant impact on the Group's consolidated financial statements as the Group does not have insurance contracts.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of 'material':

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 1, 2020. Earlier application is permitted.

The management of the Group is still evaluating the impact of the new standard.

Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The management of the Group is still evaluating the impact of the new standard.

5. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

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 these three elements of control. When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interest even if this results in the non-controlling interest having deficit.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12, *Income Taxes* and PAS 19, *Employee Benefits,* respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any) is recognized immediately in profit or loss as bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another PFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Current Versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current or noncurrent classification. An asset is current if:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments such as derivatives and financial assets at fair value through Profit or Loss at each balance sheet date.

The principal or the most advantageous market must be accessible by the Group.

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 Group 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.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group 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 Group 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.

Fair-value related disclosures for financial instruments that are measured at fair value are summarized in Notes 12 (Investments) and 17 (Trade and other payables).

Financial Assets

Accounting policies applied from January 1, 2018

Initial recognition

Financial assets are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value.

Transaction costs are included in the initial measurement of the Group's consolidated financial assets, except for investments classified at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

Classification and Subsequent Measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as follows:

- financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other financial assets managed on their fair value basis and equity instruments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3 applies, in OCI; and
- financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI).

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on trade receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The Group always recognizes lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain/loss allocated to it that had been recognized in OCI is recognized in profit or loss. A cumulative gain/loss that had been recognized in OCI is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Accounting policies applied prior to January 1, 2018

Initial recognition

Financial assets are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified at FVTPL.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Group's financial assets consist of AFS financial assets and loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for those with maturities greater than twelve months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's financial assets classified under this category include cash and cash equivalents, trade and other receivables and due from related parties.

AFS financial assets

AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified as loans and receivables, HTM investments or financial assets at FVTPL.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

AFS assets are included in non-current assets unless the investment matures or management intends to dispose it within 12 months after the end of the reporting period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss, with the exception of trade receivables wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in the profit or loss.

AFS financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses recognized on an investment in unlisted equity instrument classified as AFS are recognized in profit or loss. Impairment losses recognized on an investment in unquoted equity instrument classified as AFS are recognized in profit or loss.

In a subsequent period, if the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in OCI is recognized in profit or loss. A cumulative gain or loss that had been recognized in OCI is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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 Group and therefore is not considered highly liquid, such as cash set aside to cover rehabilitation obligations.

Inventories

Inventories are valued at the lower of cost and 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.

When the net realizable value of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

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 Group 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 Group 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 Parent 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 Parent 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 Parent 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 Parent Company's share of the results of operations of the associates. Any change in OCI of the associate is presented as part of the Parent Company's OCI. In addition, when there has been a change recognized directly in the equity of the associates, the Parent 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 Parent Company and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Parent 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 non-controlling interests in the subsidiaries of the associates.

The financial statements of the associates are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

After application of the equity method, the Parent Company determines whether it is necessary to recognize an additional impairment loss on its investments in the associates. The Parent 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 Parent 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 "Share in undistributed earnings of an associate" under "Others - net" in the consolidated statement of income.

Upon loss of significant influence over the associate, the Parent 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 are initially recognized at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Property, plant and equipment are subsequently measured at cost less any subsequent accumulated depreciation, and impairment losses. Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, these are accounted for as property, plant and equipment.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Building and installations	20 to 40 years
Machinery and equipment	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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 assets 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.

Intangible Assets – Software

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial Liabilities and Equity Instruments

Accounting policies applied from January 1, 2018

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and PFRS 9 permits the entire hybrid contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For financial liabilities that are designated as at FVTPL all gains and losses are recognized in profit or loss.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition of financial liabilities

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Capital stock

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Dividends

Dividend distribution to the Group's shareholders is recognized as liability in the Group's consolidated financial statements in the period in which the dividends are declared by the Group's Board of Directors (BOD).

Retained earnings

Retained earnings represent accumulated profit earned by the Group after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Accounting policies applied prior to January 1, 2018

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and definitions of a financial liability and equity instrument.

Financial liabilities

Initial recognition

Financial liabilities are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Group's financial liabilities, except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Subsequent measurement

Since the Group does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. All derivatives are carried as assets if the fair value is positive, otherwise derivatives are carried as liabilities. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

All derivatives are carried as assets if the fair value is positive, otherwise derivatives are carried as liabilities.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.
If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Share-based Payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments to employees is recognized as expense on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except when the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Cash-settled share-based payments

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in profit or loss for the year.

Employee Benefits

Post-employment benefits

The Group has both defined benefit and defined contribution plans.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due to be settled for more than twelve (12) months after the end of the reporting period in which the employees render the service are discounted to their present value.

Defined benefit plan

Net retirement benefits asset, as presented in the consolidated statements of financial position, 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 determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability and the return on plan assets, are recognized immediately in the consolidated balance sheet with a corresponding debit or credit to equity through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 is calculated by applying the single effective discount rate based on different term-dependent zero-coupon rate 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.

ECLI's and HSSI's defined benefit pension plans are governed by 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. The level of benefits provided depends on the member's length of service and salary at retirement age.

Plan assets are assets that are held in trust and governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. 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 Group'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.

The net retirement benefit asset recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

Revenue Recognition

Sale of goods

The Group generates its sales from selling cement and other cementitious products such as dry-mix and aggregates, which are recognized when the promised goods are delivered to the customers.

The Group has official written agreements with customers documented in supply agreements and approved purchase orders. The supply agreements contain each party's respective obligations.

The Group has only one distinct performance obligation and that is to deliver the promised goods.

The transaction price of the sale of goods varies from each sales order. The Group offers variable consideration in form of rebates for select customers on the sale of cement and aggregates. The rebates to be given to customers were already determined at the beginning of the year and recorded at the end of each month. Revenue is measured based on the consideration specified in a sales order with a customer and excludes amounts collected on behalf of third parties.

The Group recognizes revenue when it transfers control of the product to a customer either by delivery or by pick-up depending on the terms of the shipment.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Rental income

Revenue recognition for rental income is disclosed in the Group policy for leases.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, or; (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Costs of goods sold are expenses incurred that are associated with the goods sold and includes direct materials, direct labor and factory overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Value Added Tax (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.

Leases

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, or contains, a lease if 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 asset is (or assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Parent Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees and key management personnel of the Group are also considered to be related parties.

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 Group 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.

Taxation

Income tax expense represents the sum of the current tax and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax rate, whichever is higher.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Earnings per Share

The Group computes its basic earnings per share by dividing profit or loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Group and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Events after the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Financial Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

For Management purposes, the Group is currently organized into two business segments: clinker and cement segment and other materials and construction segments. These divisions are the basis on which the Group reports its primary segment information.

Financial information on segment reporting is presented in Note 7.

6. 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 Group'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 Parent 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.

Determination of significant influence.

The Management of the Parent Company exercises its judgment in determining whether the Parent Company has significant influence over another entity by evaluating the substance of relationship that indicates the significant influence over its associates. The recognition and measurement of the investment over these entities will depend on the result of the judgment made.

As disclosed in Note 12, Holcim Mining and Development Corporation (HMDC) is an associate of the Parent Company. The Parent Company has 40% ownership interest in HMDC giving the Parent Company a significant influence over HMDC by virtue of its contractual right to appoint two out of eight directors to the board of directors of that company.

Lease commitments - Group as lessee.

The Group has various lease agreements as a lessee. The Group 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, lease term is not for the majority of the economic life of the asset and the amount of the present value of the minimum lease payments is not substantially the same as the fair value of the leased asset). Accordingly, the Group accounts these leases as operating leases, as disclosed in Note 32.

Arrangements containing a lease

The Group has various supply agreements where it purchases raw and other materials. The Group has determined that these supply agreements do not contain a lease as the seller is not required to sell all of its output to the Group and the arrangement does not convey the right to use the asset, as disclosed in Note 32.

Determining the timing of satisfaction of performance obligations

In making their judgement, the Management considered the detailed criteria for the recognition of revenue set out in PFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the Group in determining the costs and selling price of its inventories.

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 2018 and 2017.

The Group recognized depreciation expense related to property, plant and equipment amounting to P1.2 billion and P1.4 billion in 2018 and 2017, respectively, as disclosed in Notes 13 and 26. The carrying value of depreciable property, plant and equipment amounted to P18.6 billion and P17.6 billion as at December 31, 2018 and 2017, respectively, as disclosed in Note 13.

Impairment of non-financial assets.

PFRS requires that an impairment review be performed when certain impairment indicators are present. If any such indicators exist, the Group 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 Group's financial position and financial performance. The preparation of estimated future cash flows involves significant estimations and assumptions. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the Group's assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

The carrying values of investments in associates, property, plant and equipment, and intangible assets are disclosed in Notes 12, 13 and 14, respectively.

Impairment of goodwill.

The Group 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. 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 Group has determined that the goodwill is not impaired. The carrying amount of goodwill amounted to P2.6 billion as at December 31, 2018 and 2017, as disclosed in Note 14.

Estimating loss allowance for expected credit losses.

The Group measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

In addition to specific allowance against individually significant loans and receivables, the Group 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 P232.5 million and P223.3 million as at December 31, 2018 and 2017, respectively. Trade and other receivables, net of allowance for doubtful accounts, amounted to P4.0 billion and P3.4 billion as at December 31, 2018 and 2017, respectively, as disclosed in Note 9.

Retirement benefit costs.

The costs of defined benefit pension plan 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 31.

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 Group.

Total retirement benefit asset amounted to P3.6 billion for December 31, 2018 and retirement benefit liability amounted to P845.2 million for December 31, 2017, as disclosed in Note 31.

Deferred tax assets.

The Group 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 Group'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 Group 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 Group'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 tax assets recognized in the Group's consolidated financial position amounted to nil and P P455.2 million as at December 31, 2018 and 2017, 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, 2018 and 2017 are disclosed in Note 30.

Net realizable value of inventories.

The Group 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 allowance for inventory obsolescence amounted to P219.2 million and P201.7 million as at December 31, 2018 and 2017, respectively. The carrying values of inventories amounted to P5.1 billion and P3.8 billion as at December 31, 2018 and 2017, respectively, as disclosed in Note 10.

Provisions for claims, litigations and assessments.

The Group 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 Group 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.

Onerous contracts.

The Group reviews contracts in which the unfavorable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. These unfavorable costs are recognized as provisions and discounted using the applicable weighted average cost of capital (WACC). As at December 31, 2018 and 2017, the Group's provisions amounted to P70.9 million and P81.3 million, respectively, as disclosed in Note 20.

7. SEGMENT REPORTING

Operating segments are components of the Group 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 Group), 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 Group 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, Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group'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 Group 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, 2017 and 2016 and for each of the three years ended December 31, 2018, 2017 and 2016 are presented below:

	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
				(In Thousands)	
2018					
Revenue:					
External customers	**P33,227,519**	**P2,395,594**	**P35,623,113**	**P -**	**P35,623,113**
Inter-segment	**244,313**	**4,296**	**248,609**	**(248,609)**	**-**
	33,471,832	**2,399,890**	**35,871,722**	**(248,609)**	**35,623,113**
Operating EBITDA	**6,473,381**	**(1,578,592)**	**4,894,789**	**-**	**4,894,789**
Segment assets	**37,089,069**	**457,620**	**37,546,689**	**9,649,552**	**47,196,241**
Segment liabilities	**9,863,298**	**208,004**	**10,071,302**	**11,851,778**	**21,923,080**
Results -					
Depreciation, amortization and depletion	**1,162,998**	**10,201**	**1,173,199**	**-**	**1,173,199**
Other disclosures -					
Construction in-progress	**6,202,519**	**2,420**	**6,204,939**	**-**	**6,204,939**
2017					
Revenue:					
External customers	P31,686,117	P3,054,644	P34,740,761	P -	P34,740,761
Inter-segment	711,828	30,466	742,294	(742,294)	-
	32,397,945	3,085,110	P35,483,055	(P 742,294)	34,740,761
Operating EBITDA	7,216,223	(1,768,848)	P 5,447,375	-	5,447,375
Segment assets	28,249,318	468,858	28,718,176	6,869,396	35,587,572
Segment liabilities	7,483,328	358,111	7,841,439	5,391,385	13,232,824
Results -					
Depreciation, amortization and depletion	1,259,411	113,994	1,373,405	-	1,373,405
Other disclosures -					
Construction in-progress	4,373,695	2,420	4,376,115	-	4,376,115
2016					
Revenue:					
External customers	P38,364,642	P1,971,166	P40,335,808	P -	P40,335,808
Inter-segment	962,683	28,779	991,462	(991,462)	-
	39,327,325	1,999,945	41,327,270	(991,462)	40,335,808
Operating EBITDA	12,646,891	(1,834,036)	10,812,855	-	10,812,855
Segment assets	26,100,036	797,108	26,897,144	6,866,685	33,763,829
Segment liabilities	6,025,027	449,236	6,474,263	1,032,233	7,506,496
Results -					
Depreciation, amortization and depletion	1,285,060	41,115	1,326,175	-	1,326,175
Other disclosures -					
Construction in-progress	2,393,050	23,503	2,416,553	-	2,416,553

Inter-segment revenues, other than those outside the Group, 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 profit before income tax:

	2018	2017	2016
		(In Thousands)	
Operating EBITDA	**P4,894,789**	P5,447,375	P10,812,855
Depreciation, amortization and depletion	**(1,173,199)**	(1,373,405)	(1,326,175)
Interest and financing charges	**(311,474)**	(107,428)	(41,754)
Interest and other financial income	**33,128**	21,707	19,529
Others - net	**108,014**	278,166	162,490
Profit before income tax	**P3,551,258**	P4,266,415	P9,626,945

	December 31, 2018	December 31, 2017
	(In Thousands)	
Segment assets	**P37,546,689**	P28,718,176
Cash and cash equivalents	**5,399,853**	1,945,797
Investments	**4,249,699**	4,468,357
Deferred income tax assets - net	**-**	455,242
Consolidated assets	**47,196,241**	35,587,572
Segment liabilities	**10,071,302**	7,841,439
Loans payable	**9,125,849**	4,177,902
Trade and other payable	**1,574,616**	947,799
Income tax payable	**321,025**	265,684
Deferred income tax liabilities - net	**830,288**	-
Consolidated liabilities	**21,923,080**	13,232,824

Geographic Information

	2018	2017	2016
		(In Thousands)	
Revenues from external customers			
Local	**P35,623,113**	P34,731,497	P40,301,385
Export	**-**	9,264	34,423
	P35,623,113	P34,740,761	P40,335,808

The Group 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 Group are located in the Philippines.

8. CASH AND CASH EQUIVALENTS

	2018	2017
	(In Thousands)	
Cash on hand and in banks	**P1,716,133**	P1,080,497
Short-term deposits	**3,683,720**	865,300
	P5,399,853	P1,945,797

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 Group, and earn interest ranging from 0.44% to 2.0% short-term deposit rates.

Interest income earned from cash in banks and short-term deposits amounted to P14.6, P21.4 million and P18.3 million in 2018, 2017 and 2016 respectively.

9. TRADE AND OTHER RECEIVABLES - net

	Note	2018	2017
		(In Thousands)	
Trade			
Dealers		**P 117,752**	P 371,873
Retailers		**902,135**	454,672
Institutional		**556,965**	598,148
Alternative fuel and raw materials (AFR)/ready mix (RMX)/others		**501,953**	604,569
Due from related parties	29	**1,754,256**	1,226,316
Others		**404,908**	406,735
		4,237,969	3,662,313
Less: Allowance for doubtful accounts		**232,524**	223,264
		P4,005,445	P3,439,049

Trade receivables are non-interest 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.

Other receivables consist mainly of collectibles from various parties for transactions other than sale of goods, and accrued interest.

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

	Note	Dealers	Retailers	Institutional	AFR/RMX/ Others	Others	Total
				(In Thousands)			
2018							
Beginning of year		**P51,659**	**P27,744**	**P 7,268**	**P132,969**	**P3,624**	**P223,264**
Provisions (reversals)	24	**(30,300)**	**30,746**	**(2,384)**	**5,831**	**5,367**	**9,260**
End of year		**21,359**	**58,490**	**4,884**	**138,800**	**8,991**	**232,524**
Individually impaired		**22,715**	**58,734**	**5,590**	**103,225**	**8,991**	**199,255**
Collectively impaired		**(1,356)**	**(244)**	**(706)**	**35,575**	**-**	**33,269**
2017							
Beginning of year		P26,684	P64,538	P11,860	P 98,979	P3,624	P205,685
Provisions (reversals)	24	24,975	(36,794)	(4,592)	33,990	-	17,579
End of year		51,659	27,744	7,268	132,969	3,624	223,264
Individually impaired		49,935	26,387	1,844	P91,758	3,624	173,548
Collectively impaired		1,724	1,357	5,424	41,211	-	49,716

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the BOD believes that there is no further allowance for doubtful accounts required in excess of those that were already provided. Aging of past due accounts but not impaired and credit quality of trade and other receivable are disclosed in Note 18.

In 2018 and 2017, receivables amounting to nil and P53.9 million, respectively, net of related rebates amounting to nil and P49.0 million, respectively, were written off as disclosed in 24.

10. INVENTORIES - net

	2018	2017
	(In Thousands)	
At cost:		
Finished goods	**P 816,403**	P 921,148
Goods in process	**1,717,968**	650,338
Raw materials	**256,895**	378,569
Fuel	**1,276,493**	994,519
Spare parts and others	**1,278,803**	1,057,934
	5,346,562	4,002,508
Less: Allowance for inventory obsolescence	**219,219**	201,716
	P5,127,343	P3,800,792

Total inventories charged to cost of sales amounted to P19.9 billion P18.3 billion and P18.4 billion billion in 2018, 2017 and 2016, respectively, as disclosed in Note 22. Allowance for inventory obsolescence relates to allowance for spare parts.

The following table shows the movement of allowance for inventory obsolescence as at December 31, 2018 and 2017:

	2018	2017
	(In Thousands)	
Balance at beginning of year	**P201,716**	P181,762
Additions	**17,503**	19,954
Balance at end of year	**P219,219**	P201,716

11. OTHER CURRENT ASSETS

	Notes	2018	2017
		(In Thousands)	
Advances to suppliers	32	**P345,531**	P315,825
Prepaid expenses		**206,683**	178,931
Input VAT		**96,875**	212,017
Refundable deposit	15	**48,019**	-
Current portion of long-term financial receivable	15, 29	**34,064**	32,360
Creditable withholding taxes		**32,041**	10,387
Advances to employees		**507**	14,772
Others		**66,580**	71,266
		P830,300	P835,558

Advances to suppliers represent advances that are applied against subsequent purchases and are outstanding for less than one year from initial recognition.

Advances to employees are non-interest bearing and generally have terms of 30 days.

Prepaid expenses include rent, insurance and taxes paid in advance that are amortized within next year.

12. INVESTMENTS

Investments as at December 31, 2018 and 2017 consist of the following:

	2018	2017
	(In Thousands)	
Investments in associates	**P4,245,759**	P4,464,417
Financial asset at fair value through profit or loss	**3,940**	3,940
	P4,249,699	P4,468,357

The details of investment in associates as at December 31, 2018 and 2017 are as follows:

	2018	2017
	(In Thousands)	
HMDC	**P4,245,759**	P4,464,417
Asia Coal		
Acquisition cost	**-**	29,162
Write-off of investment	**-**	(29,162)
	-	-
	P4,245,759	P4,464,417

HMDC – 40%

HMDC was incorporated in the Philippines and registered with the SEC on October 5, 1987. Its registered place of business is 5th Floor, One Campus Place, Tower B, 1080 Campus Avenue, McKinley Town Center, Taguig City. HMDC is involved in mining, processing and sale of quarry resources of mineral rights.

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 Parent Company accounted for its remaining 40% interest in HMDC as investment in an associate. At the date of the loss of control, the Parent Company's investment in HMDC was remeasured at P4.2 billion based on the fair value of its retained equity in HMDC.

Following are the summarized unaudited consolidated balance sheet financial information of HMDC as at December 31, 2018 and 2017:

	2018	2017
	(In Thousands)	
Current assets	**P1,931,886**	P2,251,547
Noncurrent assets	**6,163,117**	6,951,494
Current liabilities	**1,603,543**	1,967,730
Noncurrent liabilities	**5,048,983**	4,953,440
Net assets	**P1,442,477**	P2,281,871

Following are the summarized unaudited consolidated statement of income financial information of HMDC for the years ended December 31, 2018 and 2017

	2018	2017
	(In Thousands)	
Revenues	**P2,781,093**	P2,483,963
Cost and expenses	**(2,672,655)**	(2,245,087)
Gross profit	**108,438**	238,876
Other income	**555,057**	191,991
Income before income tax	**663,495**	430,867
Provision from income tax	**194,649**	(71,830)
Net income	**P 468,846**	P 359,037

Movement of the investment in HMDC in 2018 and 2017 are as follows:

	Notes	**2018**	2017
		(In Thousands)	
Cost:			
Balance, beginning and end of year		**P4,300,746**	P4,300,746
Accumulated share in undistributed earnings:			
Balance beginning of year		**163,671**	86,761
Share in undistributed earnings	28	**122,898**	143,615
Share in dividends declared by HMDC	29	**(322,652)**	(66,705)
		(54,987)	163,671
		P4,245,759	P4,464,417

Share in undistributed earnings of HMDC includes the share in net income for the cumulative preferred shares held by the Parent Company and excludes the Parent Company's share in any unrealized gross profit from HMDC's sales to the Parent Company as disclosed in Note 29.

Asia Coal Corporation (Asia Coal) - 28%

The Parent 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. On March 1, 2017, the board of directors unanimously approved the write-off of investment to Asia Coal.

13. PROPERTY, PLANT AND EQUIPMENT – net

	December 31, 2017	Additions/ Depreciation/	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2018
			(In Thousands)		
Cost:					
Buildings and installations	P12,958,244	P -	(P52,563)	(P 19,739)	P12,905,681
Machinery and equipment	23,980,205	12,416	(15,953)	385,133	24,355,667
Furniture, vehicles and tools	939,071	-	(22,578)	24,443	940,936
Construction in-progress	4,376,368	2,232,013	-	(389,837)	6,204,939
	42,253,888	2,244,429	(91,094)	-	44,407,223
Less accumulated depreciation:					
Buildings and installations	7,845,325	364,571	(1,250)	-	8,208,843
Machinery and equipment	16,121,382	749,428	(15,976)	-	16,854,834
Furniture, vehicles and tools	687,343	57,831	(8,999)	-	736,175
	24,654,050	1,172,027	(26,225)	-	25,799,852
Carrying amount	**P17,599,838**	**P1,072,000**	**(P64,869)**	**P -**	**P18,607,371**

	December 31, 2016	Additions/ Depreciation/	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2017
			(In Thousands)		
Cost:					
Land and land improvements	P 58,298	P -	(P 58,298)	P -	P -
Buildings and installations	12,907,565	-	(76,946)	127,625	12,958,244
Machinery and equipment	23,555,892	53,797	(41,108)	411,624	23,980,205
Furniture, vehicles and tools	1,025,833	319	(120,249)	33,168	939,071
Construction in-progress	2,416,553	2,530,664	-	(570,849)	4,376,368
	39,964,141	2,584,780	(296,601)	1,568	42,253,888
Less accumulated depreciation:					
Land improvements	45,347	-	(45,347)	-	-
Buildings and installations	7,464,662	436,254	(57,159)	1,568	7,845,325
Machinery and equipment	15,295,383	835,765	(9,766)	-	16,121,382
Furniture, vehicles and tools	701,723	89,294	(103,674)	-	687,343
	23,507,115	1,361,313	(215,946)	1,568	24,654,050
Carrying amount	P16,457,026	P1,223,467	(P 80,655)	P -	P17,599,838

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

The Group recognized gain (loss) from the disposal of property, plant and equipment amounting to (P3.6) million, P115.8 million and (P5.1) million in December 31, 2018 2017 and 2016, respectively, as disclosed in Note 28.

Of the total amount of additions to property, plant and equipment, P317.7 million are still unpaid as of December 31, 2018.

The proceeds from the sale of property, plant and equipment amounted to P61.3 million and P180.4 million in December 31, 2018 and 2017, respectively.

Management believes that there is no indication that an impairment loss has occurred during the year.

14. GOODWILL AND INTANGIBLE ASSETS - net

The movements of goodwill and intangible assets are as follows:

	December 31, 2017	Additions/ Amortization/ Transfers	**December 31, 2018**
Goodwill	P2,635,738	P -	P2,635,738
Intangible assets			
Cost:			
Software costs	102,085	-	102,085
Project development costs and others	38,256	-	38,256
	140,341	-	140,341
Less accumulated amortization:			
Software costs	95,966	1,172	97,138
Project development costs and others	15,661	-	15,661
	111,627	1,172	112,799
	28,714	(1,172)	27,542
Balance	**P2,664,452**	**(P1,172)**	**P2,663,280**

	December 31, 2016	Additions/ Amortization/ Transfers(a)	Retirements	December 31, 2017
		(In Thousands)		
Goodwill	P2,635,738	P -	P -	P2,635,738
Intangible assets				
Cost:				
Software costs	122,384	-	(20,299)	102,085
Project development costs and others	38,256	-	-	38,256
	160,640	-	(20,299)	140,341
Less accumulated amortization:				
Software costs	104,173	12,092	(20,299)	95,966
Project development costs and others	15,661	-	-	15,661
	119,834	12,092	(20,299)	111,627
	40,806	12,092	-	28,714
Balance	P2,676,544	P12,092	P -	P2,664,452

Goodwill

Goodwill amounting to P2.6 billion relates to the Parent Company's acquisition of WEB and MGMC on August 14, 2003.

The Group 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 WACC.

The cash flow projections are based on a five-year financial planning period approved by senior management. Cash flows beyond the five-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 2018, 2017 and 2016 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 percentage point would not cause the carrying value of goodwill to exceed its recoverable amount.

Key assumptions

	Discount Rate	Long-term GDP Growth Rate
2018	**8.4%**	**7.0%**
2017	8.7%	7.0%
2016	8.3%	6.5%

Management believes that there is no indication that an impairment loss has occurred on its intangible assets with definite useful lives. The Group has determined, based on annual impairment testing that the carrying amounts of intangible assets with indefinite useful life are not in excess of their net recoverable amounts.

15. OTHER NON-CURRENT ASSETS

	Notes	2018	2017
		(In Thousands)	
Other financial assets		**P2,153,490**	P 82,106
Guarantee deposits	18, 32	**412,561**	123,948
Long-term financial receivable	29	**130,377**	66,244
Deferred input value-added taxes		**33,590**	55,264
Refundable deposit		**446**	48,466
Others		**979**	2,459
		P2,731,443	P378,487

Other financial assets represent both deposits made for future obligations and minimum mine rehabilitation fund required by the DENR to cover site restoration cost amounting to P2.1 billion and P82.1 million, respectively. As of December 31, 2018, the Group is already working to close the rehabilitation fund as DENR requirement is no longer applicable consequent to HMDC deconsolidation.

Refundable deposit represents the cash bond deposited with the Bureau of Customs (BOC) in May 2001, representing the safeguard duty of P20.6 per bag of gray Portland cement imposed by the Department of Trade and Industry (DTI). In November 2001, the Philippine Tariff Commission (PTC) subsequently ruled that no safeguard duties are required for the importation of gray Portland cement. In 2005, the Supreme Court ruled that PTC's finding is binding on the DTI. In March 2006, the DTI issued an order nullifying the said safeguard duties. On October 12, 2007, the Group filed an application with the Batangas Collection District No. IV in view of the BOC's failure to release the cash bonds despite the DTI's 2006 order. On October 22, 2012, the Group's application was favorably endorsed to the Legal Division of the BOC's Revenue and Collection Monitoring Group. In August 2015 and as required by BOC's Legal Division, the Group filed a position paper with supporting documents, including the DTI's letter stating that there is sufficient basis for the release of the cash bonds. On October 21, 2015, the Group wrote a letter to the office of the BOC commissioner on the Legal Division's refusal to rule on the application.

In November 2015, the office of the BOC commissioner endorsed the Group's application to the BOC's Revenue and Collection Monitoring Group and Director of Legal Services for appropriate action. As at December 31, 2018, the Group's application is pending resolution by the BOC. Subsequently, MGMC's cash bond in the amount of P48.0 million was released by BOC and received on February 4, 2019, thus, reclassified to other current assets, as disclosed in Note 11.

Guarantee deposits represent cash deposits made to suppliers for raw material supply agreement and various security deposits for rentals are disclosed in Note 32.

Long-term financial receivables represent the outstanding receivable from Holcim East Asia Business Service Centre B.V. (HEABS) relating to the "Assignment of Know-How" contract. The Group has entered into a long-term financing agreement with HEABS to amortize the unpaid balance of the latter as of December 31, 2016 amounting to P96.3 million or $1.9 million plus any revaluation, over 3 years as disclosed in Note 29. In 2018 and 2017, part of the financial receivable was classified as current asset amounting to P34.1 million and P32.4 million, respectively, as disclosed in Note 11.

Long-term financial receivable also represents the receivable from the Group's third party service provider for sale of certain heavy equipment in 2008, which will be settled on or before 2019. Interest income earned from long-term financial receivable at an annual interest rate of 4.5% to 7.0% amounted to nil, P0.3 million and P0.7 million in 2018, 2017 and 2016, respectively.

16. LOANS PAYABLE

	Note	2018	2017
Loans payable - third party		**P5,200,000**	P -
Loans payable – related parties	**29**	**3,925,849**	4,177,902
		P9,125,849	P4,177,902

In 2018, the Group has availed of various unsecured short-term loans for working capital purposes from a bank with an average interest rate of 4.66% as well as loans from its related parties.

In 2017, the Group availed a short-term loan from a bank amounting to P2.2 billion, bearing interest of 2.8%. This was fully paid in 2017. The Company also availed various short term loans from its related parties amounting to P4.2 billion as of December 31, 2017, as disclosed in Note 29.

Total interest expense from loans payable charged to profit or loss amounted to P279.5 million, P78.8 million and P17.4 million in 2018, 2017 and 2016 respectively, as disclosed in Note 27.

17. TRADE AND OTHER PAYABLES

	Note	2018	2017
		(In Thousands)	
Trade payable		**P 3,291,917**	P3,372,644
Advances and deposits from customers		**3,784,328**	1,142,565
Due to related parties	29	**2,469,414**	1,207,533
Accrued expenses		**1,647,744**	1,804,578
Other taxes payable		**165,685**	225,428
Non-trade payable		**143,124**	8,047
Output VAT		**71,936**	83,849
Other payables		**823**	18,098
		P11,574,971	P7,862,742

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

Other accrued expenses include interest from interest-bearing cash bonds which are refundable anytime upon demand by the customers.

Non-trade 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 those that will be applied against subsequent shipments thus, are generally outstanding for less than 30 days from initial recognition.

Total amount of intercompany receivables and payables eliminated as at December 31, 2018 and 2017 amounted to P3 billion and P0.5 billion, respectively.

Details of the Group's accrued expenses are as follows:

	2018	2017
	(In Thousands)	
Rebates	**P 726,289**	P 722,433
Outside services	**320,727**	331,284
Employee-related payable	**276,101**	289,103
Power	**189,133**	157,159
Interest payable	**31,997**	32,117
Project expenses	**12,252**	42,795
Maintenance	**6,845**	55,725
Others	**84,400**	173,962
	P1,647,744	P1,804,578

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group 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 Group'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 Group. The Group 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 Group 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 Group'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 Group's operations. The Group 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 Group'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 Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market risks

The Group is exposed to market risks, such as foreign currency and interest rate risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group'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 Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. Of the Group's revenues, approximately nil and 0.03% were denominated in currencies other than the Philippine Peso in 2018 and 2017, respectively.

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 December 31, 2018, the Company had minimal assets and liabilities exposed to foreign currency risks.

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

	December 31			
	2018		2017	
	In USD	**In PHP**	In USD	In PHP
	(In Thousands)			
Assets:				
Cash and cash equivalents	**$1,115**	**P 58,789**	$ 1,842	P 91,953
Trade and other receivables	**7,480**	**394,330**	7,808	389,773
Financial receivables	**-**	**-**	1,946	97,144
	8,595	**453,119**	11,596	578,870
Liabilities:				
Trade and other payables	**713**	**37,612**	256	12,780
Net exposure	**$7,882**	**P415,507**	$11,340	P566,090

Converted to Philippine peso at US$1.00: P52.72 as at December 31, 2018 and US$1.00: P49.92 as at December 31, 2017

The following table demonstrates the sensitivity of the Group'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
December 31, 2018		
Sensitivity 1	**10%**	**P41,551**
Sensitivity 2	**(5%)**	**(20,775)**
December 31, 2017		
Sensitivity 1	10%	P56,609
Sensitivity 2	(5%)	(28,305)

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The impact of any change in foreign exchange rate on the embedded currency forwards of the Group 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 Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at December 31, 2018 and 2017, the Group 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 Group periodically assesses the financial reliability of customers.

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

The gross maximum and net maximum 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, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
Loans and receivables:				
Cash and cash equivalents*	**P5,399,853**	P1,945,214	**P5,324,373**	P1,870,317
Trade receivables:				
Dealers	**96,393**	320,214	**-**	72,047
Retailers	**840,098**	426,928	**712,462**	435,961
Institutional	**552,081**	590,880	**-**	254,546
Other Financial Assets**	**2,153,490**	82,106	**2,153,490**	82,106
	P9,041,915	P3,365,342	**P8,190,325**	P2,714,977

(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 statements of financial position.*

The Group trades only with recognized, credit-worthy third parties. It is the Group'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 Group's exposure to bad debts to minimum.

With respect to credit risk arising from the other financial assets of the Group, which consist of due from related parties, advances to employees, AFS financial assets, and guarantee and refundable deposits, the Group'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, 2018 and 2017:

	Neither Past due nor Impaired			Past Due but not	Past Due and	
	Class A	**Class B**	**Class C**	**Impaired**	**Impaired**	**Total**
			(In Thousands)			
2018						
Financial assets at FVTPL**						
Quoted shares	**P 176**	**P -**	**P -**	**P -**	**P -**	**P 176**
Unquoted shares	**3,764**	**-**	**-**	**-**	**-**	**3,764**
Loans and receivables						**-**
Cash and cash equivalents						**-**
Cash in banks	**1,715,550**	**-**	**-**	**-**	**-**	**1,715,550**
Short-term deposits	**865,300**	**-**	**-**	**-**	**-**	**865,300**
Trade and other receivables						
Trade						
Dealers	**87,583**	**8,810**	**-**	**-**	**21,359**	**117,752**
Retailers	**23,744**	**15,879**	**804,021**	**-**	**58,490**	**902,135**
Institutional	**117,198**	**118,466**	**316,417**	**-**	**4,884**	**556,965**
AFR/RMX/others	**2,395**	**69,217**	**146,221**	**141,434**	**142,686**	**501,953**
Due from related parties	**1,754,256**	**-**	**-**	**-**	**-**	**1,754,256**
Other receivables	**-**	**-**	**399,803**	**-**	**5,105**	**404,908**
Advances to employees*	**-**	**-**	**507**	**-**	**-**	**507**
Other financial assets***	**2,153,490**	**-**	**-**	**-**	**-**	**2,153,490**
Guarantee deposits***	**30,716**	**-**	**381,845**	**-**	**-**	**412,561**
Short-term financial receivable*	**34,064**	**-**	**-**	**-**	**-**	**34,064**
Long-term loan financial receivable***	**-**	**-**	**130,377**	**-**	**-**	**130,377**
	P6,788,236	**P212,372**	**P2,179,191**	**P141,434**	**P232,524**	**P9,553,757**
2017						
Financial assets at FVTPL**						
Quoted shares	P 176	P -	P -	P -	P -	P 176
Unquoted shares	3,764	-	-	-	-	3,764
Loans and receivables						
Cash and cash equivalents						
Cash in banks	1,079,914	-	-	-	-	1,079,914
Short-term deposits	865,300	-	-	-	-	865,300
Trade and other receivables						
Trade						
Dealers	25,798	244,639	49,777	-	51,659	371,873
Retailers	822	894	425,212	-	27,744	454,672
Institutional	1,540	185,967	403,373	-	7,268	598,148
AFR/RMX/others	239	48,773	194,189	228,399	132,969	604,569
Due from related parties	1,226,316	-	-	-	-	1,226,316
Other receivables	-	-	403,111	-	3,624	406,735
Advances to employees*	-	-	14,772	-	-	14,772
Other financial assets***	82,106	-	-	-	-	82,106
Guarantee deposits***	-	-	123,948	-	-	123,948
Short-term financial receivable*	32,360	-	-	-	-	32,360
Long-term loan financial receivable***	64,721	-	1,523	-	-	66,244
	P3,383,056	P480,273	P1,615,905	P228,399	P223,264	P5,930,897

**Included under "Other current assets" in the consolidated statements of financial position.*
***Included under "Investments" in the consolidated statements of financial position.*
****Included under "Other noncurrent assets" in the consolidated statements of financial position.*

The Group 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 Group evaluates the counterparty's external credit risk rating in establishing credit quality.

The Group has not provided an allowance on past due but not impaired accounts since Management believes that there is no change in the credit quality of financial assets from the date credit was initially granted up to the end of each reporting period.

The tables below show the aging analysis of the Group's financial assets as at December 31, 2018 and 2017:

	Total	Neither Past Due Nor Impaired	Past Due but not Impaired <30 Days	30-60 Days	61-90 Days	91-120 Days	Past Due and Impaired
			(In Thousands)				
2018							
Financial assets at FTVPL**:							
Quoted shares	**P 176**	**P 176**	**P -**	**P -**	**P-**	**P -**	**P -**
Unquoted shares	**3,764**	**3,764**	-	-	-	-	-
Cash and cash equivalents:							
Cash in banks	**1,715,550**	**1,715,550**	-	-	-	-	-
Short-term deposits	**865,300**	**865,300**	-	-	-	-	-
Trade and other receivables:							
Trade receivables from:							
Dealers	**117,752**	**96,393**	-	-	-	-	**21,359**
Retailers	**902,135**	**843,645**	-	-	-	-	**58,490**
Institutional	**556,965**	**552,081**	-	-	-	-	**4,884**
AFR/RMX/others	**501,953**	**217,833**	**93,474**	**28,565**	**604**	**18,791**	**142,686**
Due from related parties	**1,754,256**	**1,754,256**	-	-	-	-	-
Others	**404,908**	**399,803**	-	-	-	-	**5,105**
Advances to employees*	**507**	**507**	-	-	-	-	-
Other Financial Assets***	**2,153,490**	**2,153,490**	-	-	-	-	-
Guarantee deposits***	**412,561**	**412,561**	-	-	-	-	-
Short-term financial receivable*	**34,064**	**34,064**	-	-	-	-	-
Long-term loan financial receivable***	**130,377**	**130,377**	-	-	-	-	-
	P9,553,758	**P9,179,800**	**P93,474**	**P28,565**	**P604**	**P18,791**	**P232,524**
2017							
Financial assets at FVTPL**:							
Quoted shares	P 176	P 176	P -	P -	P -	P -	P -
Unquoted shares	3,764	3,764	-	-	-	-	-
Cash and cash equivalents:							
Cash in banks	1,079,914	1,079,914	-	-	-	-	-
Short-term deposits	865,300	865,300	-	-	-	-	-
Trade and other receivables:							-
Trade receivables from:							-
Dealers	371,873	320,214	-	-	-	-	51,659
Retailers	454,672	426,928	-	-	-	-	27,744
Institutional	598,148	590,880	-	-	-	-	7,268
AFR/RMX/others	604,569	243,201	29,786	22,347	8,464	167,802	132,969
Due from related parties	1,226,316	1,226,316	-	-	-	-	-
Others	406,735	403,111	-	-	-	-	3,624
Advances to employees*	14,772	14,772	-	-	-	-	-
Other Financial Assets***	82,106	82,106	-	-	-	-	-
Guarantee deposits***	123,948	123,948	-	-	-	-	-
Short-term financial receivable*	32,360	32,360	-	-	-	-	-
Long-term loan financial receivable***	66,244	66,244	-	-	-	-	-
	P5,930,897	P5,479,234	P29,786	P22,347	P8,464	P167,802	P223,264

*Included under "Other current assets" in the consolidated statements of financial position.
**Included under "Investments" in the consolidated statements of financial position.
***Included under "Other noncurrent assets" in the consolidated statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group 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 Group'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 Group maintains sufficient reserves of cash and cash equivalents, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2018 and 2017, the Group has unutilized credit facilities of P10.1 billion and P9.4 billion, respectively.

The tables below summarize the maturity profile of the Group's financial assets used for liquidity management as at December 31, 2018 and 2017:

	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
			(In thousands)		
2018					
Financial assets at FVTPL**:					
Quoted shares	P 176	P -	P -	P -	P 176
Unquoted shares	3,764	-	-	-	3,764
Loans and receivables:					
Cash and cash equivalents:					
Cash in banks	1,715,550	-	-	-	1,715,550
Short-term deposits	-	865,300	-	-	865,300
Trade and other receivables:					
Trade receivables from:					
Dealers	21,359	96,393	-	-	117,752
Retailers	58,490	843,645	-	-	902,135
Institutional	-	556,965		-	556,965
AFR/RMX/others	284,120	217,833	-	-	501,953
Due from related parties	-	-	1,754,256	-	1,754,256
Other receivables	5,105	-	399,803	-	404,908
Advances to employees*	-	-	-	507	507
Other Financial Assets***	-	-	-	2,153,490	2,153,490
Guarantee deposits***	-	-	-	412,561	412,561
Short-term financial receivable*	-	-	34,064	-	34,064
Long-term loan financial receivable***	-	-	-	130,377	130,377
	P2,088,564	P2,580,136	P2,188,123	P2,696,935	P9,553,758
2017					
AFS financial assets**:					
Quoted shares	P 176	P -	P -	P -	P 176
Unquoted shares	3,764	-	-	-	3,764
Loans and receivables:					
Cash and cash equivalents:					
Cash in banks	1,079,914	-	-	-	1,079,914
Short-term deposits	-	865,300	-	-	865,300
Trade and other receivables:					
Trade receivables from:					
Dealers	51,659	320,214	-	-	371,873
Retailers	27,744	426,928	-	-	454,672
Institutional	7,268	590,880	-	-	598,148
AFR/RMX/others	361,368	243,201	-	-	604,569
Due from related parties	-	-	1,226,316	-	1,226,316
Other receivables	3,624	-	403,111	-	406,735
Advances to employees*	1,335	-	13,437	-	14,772
Other Financial Assets***	-	-	-	82,106	82,106
Guarantee deposits***	-	-	-	123,948	123,948
Short-term financial receivable*			32,360	-	32,360
Long-term financial receivable***	-	-	-	66,244	66,244
	P1,536,852	P2,446,523	P1,675,224	P272,298	P5,930,897

*Included under "Other current assets" in the consolidated statements of financial position.
**Included under "Investments" in the consolidated statements of financial position.
***Included under "Other noncurrent assets" in the consolidated statements of financial position.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2018 and 2017 based on contractual undiscounted payments:

	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
			(In thousands)		
2018					
Other financial liabilities:					
Trade and other payables:					
Trade	**P3,291,917**	**P -**	**P -**	**P -**	**P3,291,917**
Accrued expenses and nontrade payables	**1,790,868**	**-**	**-**	**-**	**1,790,868**
Due to related parties	**2,469,414**	**-**	**-**	**-**	**2,469,414**
Advances from customers	**645,484**	**-**	**-**	**-**	**645,484**
Other payables	**819**	**-**	**-**	**-**	**819**
	P8,198,502	**P -**	**P -**	**P -**	**P8,198,502**
2017					
Other financial liabilities:					
Trade and other payables:					
Trade	P3,372,644	P -	P -	P -	P3,372,644
Accrued expenses and nontrade payables	1,812,625	-	-	-	1,812,625
Due to related parties	1,207,533	-	-	-	1,207,533
Advances from customers	645,484	-	-	-	645,484
Other payables	18,098	-	-	-	18,098
	P7,056,384	P -	P -	P -	P7,056,384

**Included under "Trade and other payables" account in the consolidated statements of financial position.*

Capital management policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group 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:

	2018	2017
Loans payable - third party	**P 5,200,000**	P -
Loans payable – related parties	**3,925,849**	4,177,902
Customers' deposits (Cash Bond)*	**496,305**	497,035
Financial debt	**9,622,154**	4,674,937
Less cash and cash equivalents	**5,399,853**	1,945,797
Net financial debt	**4,222,301**	2,729,140
Total equity	**25,273,161**	22,354,748
Gearing ratio	**16.7%**	12.2%

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

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

Total equity increased by 13% in 2018 due to net remeasurement gain arising from retirement benefits.

19. FINANCIAL ASSETS AND LIABILITIES

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at December 31, 2018 and 2017. 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, Loans 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 at end of each reporting period.

Derivative Liabilities. The fair values of the embedded currency forwards with notional amount of US$3.8 million are calculated by reference to current forward exchange.

Financial Assets at FVTPL. 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.

Long-term Financial Receivable and 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 at December 31, 2018 and 2017, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as financial assets at FVTPL (Level 1).

As at December 31, 2018 and 2017, the Group 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 2018 and 2017.

20. PROVISIONS

	2018	2017
	(In Thousands)	
Other provisions	**P70,947**	P81,342

Other Provisions

Other provisions include provisions for probable claims arising from assessments and other litigations and onerous contracts involving the Group. The timing of the cash outflows of these provisions is uncertain as it depends upon the outcome of the Group's negotiations and/or legal proceedings, which are currently ongoing with the parties involved, as disclosed in Note 32.

In December 2017, the Group recognized a one-time loss amounting to P73.3 million which can be found in Note 28 – "Others" net representing the net present value of stranded costs for the lease of fully mined-out assets of HMDC.

21. EQUITY

a. Capital Stock

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

	Number of Shares
Authorized - P1 par value	
Preferred shares	20,000,000
Common shares	9,980,000,000
Issued, fully paid and outstanding - Common shares;	6,452,099,144

The Parent Company has one class of common share which carries voting rights and right to dividends but none for fixed income.

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, 2018 and 2017.

The Parent Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2018 and 2017 is 6.5 billion. These shares are held by 5,265 and 5,407 stockholders as at December 31, 2018 and 2017, respectively. There have been no recent changes in the number of shares registered and outstanding.

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

c. Retained earnings

The Parent Company's retained earnings available for dividend declaration as at December 31, 2018 amounted to P3.7 billion based on the guidelines set in the Securities Regulation Code Rule 68, As Amended (2011).

Cash dividends declared by the Parent Company are as follows:

	2018	2017	2016
Cash dividend per share	**P0.42**	P0.98	P0.87
Amount declared	**P2.7 billion**	P6.3 billion	P5.6 billion
Declaration date	**May 18, 2018**	May16,2017	May 18, 2016
Record date	**June 15, 2018**	June15,2017	June 15, 2016

Holcim Philippines Manufacturing Corporation (HPMC)

On July 10, 2018, the BOD of HPMC declared cash dividends totaling P346.7 million (P150 per share) for stockholders on record as at August 9, 2018. The said amount is still outstanding as of December 31, 2018.

On June 9, 2017, the BOD of HPMC declared cash dividends totaling P392.4 million (P170 per share) for stockholders on record as of June 19, 2017. The dividends were subsequently paid last July 31, 2017.

22. COST OF SALES

	Notes	2018	2017	2016
			(In Thousands)	
Raw, packaging and production materials		**P11,591,960**	P11,221,156	P12,450,876
Power and fuel	32	**8,349,252**	7,031,290	5,994,267
Transportation and communications		**2,921,701**	3,095,213	2,540,851
Outside services		**2,289,278**	2,348,646	2,538,500
Personnel	25	**1,450,752**	1,366,274	1,521,162
Repairs and maintenance		**1,323,772**	1,246,306	1,373,369
Depreciation and amortization	26	**1,113,238**	1,277,207	1,252,284
Taxes and licenses		**296,167**	301,992	271,920
Rent	32	**155,841**	250,107	288,540
Insurance		**109,848**	115,631	119,936
Others		**248,396**	240,600	152,832
		P29,850,205	P28,494,422	P28,504,537

Others include inter-unit production freight, provision for write-offs of spare parts and other miscellaneous expenses.

23. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2018	2017	2016
			(In Thousands)	
Personnel	25	**P 470,083**	P 440,099	P 484,111
Software implementation costs		**327,335**	128,484	204,792
Outside services		**174,678**	478,499	744,934
Office expenses		**79,412**	58,416	89,427
Taxes and licenses		**62,980**	29,077	55,651
Depreciation	13,26	**51,146**	73,947	66,588
Transportation and communications		**20,168**	19,586	22,134
Directors' fees		**11,900**	12,550	-
Entertainment, amusement and recreation		**356**	141	786
Others		**37,663**	20,065	84,672
		P1,235,721	P1,260,864	P1,753,095

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

24. SELLING EXPENSES

	Notes	2018	2017	2016
			(In Thousands)	
Personnel	25	**P321,928**	P260,942	P240,215
Advertising		**183,344**	287,459	165,498
Outside services		**99,618**	110,107	76,154
Transportation and communication		**50,931**	69,727	42,483
Taxes and licenses		**22,927**	20,000	8,658
Office expenses		**20,292**	37,038	34,560
Rent	32	**13,238**	8,045	-
Provision for doubtful accounts	6,9	**9,260**	17,579	4,191
Depreciation	26	**8,815**	22,251	7,303
Write-off of receivable	9	**-**	53,907	-
Others		**85,244**	32,495	12,434
		P815,597	P911,505	P591,496

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

25. PERSONNEL EXPENSES

	2018	2017	2016
		(In Thousands)	
Salaries, wages and employee benefits	**P1,563,857**	P1,398,797	P1,514,222
Retirement benefit costs	**88,990**	117,666	130,783
Training	**23,326**	27,556	45,441
Others	**566,590**	523,296	555,042
	P2,242,763	P2,067,315	P2,245,488

Retirement benefit costs above excludes net interest cost, classified as part of interest and financing charges, as disclosed in Note 27.

26. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Notes	**2018**	2017	2016
			(In Thousands)	
Property, plant and equipment				
Cost of sales	22	**P1,112,066**	P1,265,115	P1,237,125
General and administrative expenses	23	**51,146**	73,947	66,588
Selling expenses	24	**8,815**	22,251	7,303
		1,172,027	1,361,313	1,311,016
Intangible assets				
Cost of sales	22	**1,172**	12,092	15,159
		P1,173,199	P1,373,405	P1,326,175

27. INTEREST AND FINANCING CHARGES

Details of interest and financing charges are as follows:

	Notes	**2018**	2017	2016
			(In Thousands)	
Interest on loans payable	16, 29	**P279,517**	P 78,803	P17,447
Net interest cost on defined benefit obligation	31	**43,092**	22,092	23,253
Accretion of provision for site restoration cost and others		**5,195**	6,533	1,054
		P327,804	P107,428	P41,754

28. OTHERS - net

Details of Others - net are as follows:

	Notes	**2018**	2017	2016
			(In Thousands)	
Share in undistributed earnings of an associate	12	**P 122,898**	P143,615	P 86,761
(Loss) gain on sale of properties - net	13	**(3,610)**	115,760	(5,130)
(Loss) gain on sale of by products and other revenue		**(9,477)**	86,478	78,580
Foreign exchange gain – net		**20,797**	5,468	744
Fully mined-out assets	20	**-**	(73,328)	-
Loss on remaining obligation for excluded properties		**-**	(28,890)	-
Write-off of investment	12	**2,182**	(619)	-
Others		**(8,446)**	29,682	1,535
		P124,344	P278,166	P162,490

29. 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 Group has transactions with the following related parties:

Parent:

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

Subsidiaries of Cemco, a stockholder of HPI:

- Lafarge Holdings (Philippines) Inc. (LHPI)
- Calumboyan Holdings, Inc. (CHI)
- Seacem Silos, Inc. (SSI)

Subsidiaries of Lafarge Holcim Limited

- Holcim Trading Pte. Ltd., Singapore (Holcim Trading)
- Holcim Technology and Services (HTSX)
- Holcim Technology (Singapore) Pte. Ltd. (HTPL)
- Holcim Group Services Ltd. (HGS)
- Holcim East Asia Business Service Centre B.V (HEABS)
- Other Holcim Group affiliates

Associate of HPI and its subsidiaries as at December 31, 2018:

- Holcim Mining and Development Corporation (HMDC)
- Holcim Resources and Development Corporation (HRDC)
- LafargeHolcim Aggregates Inc. (LHAI)
- Sigma Cee Mining Corporation (SCMC)
- APC Properties, Inc. (APC)
- Quimson Limestones, Inc. (QLI)
- Lucky One Realty Ventures, Inc. (LORVI)

The following table summarizes the related party transactions and outstanding balances as at and for the years ended December 31, 2018 and 2017:

Related Parties	Nature	2018 Transactions during the Year	2018 Outstanding Receivable (Payable)	2017 Transactions during the Year	2017 Outstanding Receivable (Payable)	Terms	Conditions
			(In thousands)				
Parent							
UCHC							
	Payment of expenses	**P 588**	**(P 5,317)**	P 127	(P 5,317)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Short-term loan	**1,840,699**	**(1,840,699)**	-	-	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest expense	**30,910**	**(28,438)**	-	-	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Dividends	**1,640,699**	**-**	-	-	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
Cemco							
	Payment of expenses	**1,290**	**(6,420)**	-	(5,130)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Short-term loan	**905,636**	**27,636**	1,000,000	(878,000)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Accrued Interest	**2,745**	**-**	904	(832)	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Long-term loan	**381,845**	**381,845**	-	-	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Interest Income	**18,472**	**6,293**	-	-	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Operating Expenses	**73,457**	**73,457**	-	-	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Dividends	**191,810**	**-**	-	-	To be settled in cash, due and demandable	Unsecured, unguaranteed
Clinco							
	Payment of expenses	**513**	**1,336**	790	823	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
Under common shareholder							
HTSX							
	Purchases and/or expense	**1,539,331**	**(368,708)**	1,443,348	(326,971)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed

Related Parties	Nature	2018 Transactions during the Year	2018 Outstanding Receivable (Payable)	2017 Transactions during the Year	2017 Outstanding Receivable (Payable)	Terms	Conditions
Holcim Trading							
	Purchases and/or expense	**1,117,219**	**(620,720)**	2,090,032	(45,421)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
HTPL							
	Purchases and/or expense	**1,498**	**(1,486)**	-	-	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Advances	**(20,162)**	**79**	(1,099)	20,236	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
HEABS							
	Service contract	**441,166**	**(59,031)**	515,387	(51,977)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Sale of assets	**(39,723)**	**-**	-	39,723	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Various charges	**7,368**	**5,507**	54,081	79,535	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LHPI							
	Short-term loan	**1,104,849**	**(1,845,150)**	2,950,000	(2,950,000)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Accrued interest	**77,564**	**(33,180)**	20,232	(18,614)	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Various charges	**(42,850)**	**(8,774)**	615,007	44,706	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
SSI							
	Short-term loan	**240,000**	**(240,000)**	-	-	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Accrued interest	**2,828**	**(2,602)**	-	-	To be settled in cash, due and demandable	Unsecured, unguaranteed
CHI							
	Short-term loan	**350,000**	**-**	350,000	(350,000)	Interest-bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Accrued Interest	**2,812**	**-**	329	(303)	To be settled in cash, due and demandable	Unsecured, unguaranteed
	Various Charges	**-**	**632**	632	632	Non-interest bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LAFSA							
	Expat recharges	**52,834**	**(12,619)**	18,561	(18,464)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Expat Charges	**908**	**908**	-	-	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
HGRS							
	Various Charges	**8,025**	**5,634**	10,753	7,755	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Purchases and/or expenses	**166,694**	**(49,185)**	78,917	(78,634)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
Associates							
HMDC							
	Interest on loan	**-**	**299**	200	299	To be collected in cash, due and demandable	Unsecured. unguaranteed, not impaired
	Sale and transfer of assets	**-**	**78,629**	105,971	427,478	Noninterest- bearing, to be collected, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses from various charges	**274,798**	**905,617**	38,256	96,601	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Purchases of quarried materials	**884,116**	**(311,941)**	816,242	(233,075)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	In-plant billing	**119,605**	**(124,835)**	91,829	(91,829)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Asset Leasing	**104,463**	**(67,476)**	106,363	(17,467)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Sale of Motorpool Assets	**-**	**1,406**	1,406	1,406	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed
	Service contract	**-**	**-**	824	423	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed

Related Parties	Nature	2018 Transactions during the Year	2018 Outstanding Receivable (Payable)	2017 Transactions during the Year	2017 Outstanding Receivable (Payable)	Terms	Conditions
	Dividend	**322,652**	**-**	66,705	42,000	Noninterest- bearing, to be collected in cash, demandable	Not applicable
HRDC							
	Expenses from various charges	**105,869**	**(1,328)**	175,550	(105,869)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Purchases of quarried materials	**343,335**	**(126,975)**	198,509	(9,179)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Transfer of mining rights and related site restorations costs	**128,931**	**173,708**	138,590	183,368	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Advances	**74,991**	**185,423**	215,548	184,500	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Asset Lease	**16,313**	**(1,359)**	13,594	(970)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed
	Purchase of Quarried Materials and/or Expenses	**1,209,837**	**(315,942)**	1,066,598	(419,233)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Advances	**(74,923)**	**15,207**	194,981	90,130	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed
	Asset Lease and/or expenses	**12,172**	**(5,840)**	1,896	(2,750)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
LHAI	Purchases and/or expenses	**749,608**	**(315,942)**	1,066,598	(419,233)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Advances	**(74,923)**	**15,207**	194,981	90,130	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed
	Asset Lease and/or expenses	**12,172**	**(5,840)**	1,896	(2,750)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
APC	Advances	**-**	**52,204**	105,204	52,204	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Asset Lease and/or expenses	**642**	**(2,640)**	1,998	(1,998)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	**1,759**	**3,861**	2,063	2,101	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
	Various reimbursements	**-**	**-**	1,907	(1,907)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
QLI	Advances	**-**	**77,314**	77,470	77,314	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Purchases and/or expenses	**-**	**(1,001)**	1,001	(1,001)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Expenses from various charges	**-**	**1,457**	4,044	1,457	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
SCMC	Advances	**-**	**666**	-	666	Noninterest- bearing, to be collected in cash, due and demandable	Unsecured, unguaranteed, not impaired
	Expenses from various charges	**160**	**173**	13	13	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired
LORVI	Foreshore lease	**55,773**	**(34,098)**	55,773	(45,457)	Noninterest- bearing, to be settled in cash, due and demandable	Unsecured, unguaranteed

Related Parties	Nature	2018 Transactions during the Year	2018 Outstanding Receivable (Payable)	2017 Transactions during the Year	2017 Outstanding Receivable (Payable)	Terms	Conditions
Huaxin Cement	Purchases and/or Expense	-	-	137,324	(20,861)	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Advances	**84,561**	**84,561**	-	-	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
Others	Expenses from various charges	**(17)**	**-**	-	17	Noninterest-bearing, offsetting, due and demandable	Unsecured, unguaranteed
Other Holcim Group Affiliates							
	Purchases and/or Expense	**253,861**	**(234,497)**	16,625	(1,713)	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed
	Various Charges	**9,698**	**6,467**	18,193	10,763	Noninterest- bearing, offsetting, due and demandable	Unsecured, unguaranteed, not impaired

	Notes	2018	2017
		(In Thousands)	
Due from related parties	9	**P1,754,256**	P1,226,316
Due to related parties	17	**2,469,414**	(1,207,533)
Net Due from (to) related parties		**(P715,158)**	P 18,783

	Notes	2018	2017
		(In Thousands)	
Loan receivable from related party	15	**P 381,845**	P -
Loan payable to related parties	16	**(3,925,849)**	(4,178,000)
Loans receivable (payable)		**(P3,544,004)**	(P4,178,000)

Parent

UCHC. In April 2018, the company entered into a short-term loan agreement with UCHC, lender, amounting to P200 million which will be collected after three months from the date of the agreement. On June 28, 2018 this loan was extended until June 30, 2019. The applicable interest rate of the loan is equal to the prevailing interest rate of 2.96% per annum which shall be due and payable monthly in arrears, net of any applicable withholding taxes. Additional loan was executed last September 1, 2018 amounting to P1.64 billion with interest rate 4.86%. The said loans are still outstanding as of December 31, 2018 and related interest expense for the year amounted to P30.9 million based on the terms of the agreement.

Cemco. On September 28, 2018, the Group entered a long-term loan to Cemco amounting P381.8 million with 5.30% per annum interest to be paid on or before September 28, 2020. Interest earned as of December 31, 2018 amounted to P18.5 million. Operating expenses paid on behalf by the Parent Company for the year 2018 was amounting to P73.5 million.

Clinco. The Group paid the 2018 audit fees in behalf of Clinco amounting to P0.5 million during the year.

Entities under Common Shareholder

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

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 Group. IFF is an annual charge payable quarterly and is based on fair assessment of economic value of intellectual properties and value adding solutions.

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

   Total expenses incurred in 2018 and 2017 amounted to P1.5 billion and P1.4 billion.

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

d. *HTPL.* On January 1, 2014, the Group 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.

e. *LAFSA.* The Company has an outstanding liability amounting to P12.6 million pertaining to expat recharges and outstanding receivable of P1.0 million for expat services charged to LAFSA for the year 2018.

f. *Other Holcim Group Affiliates.* The Group'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.

   The Group had an outstanding payable to LH Energy Solutions amounting to P148.1 million relating to the purchase of fuel, pet coke and coal in 2018.

   The Group had an outstanding payable to LH Shipping amounting to P42.7 million relating to time-chartered shipping in 2018.

g. *HGRS.* On January 1, 2017, the Group entered into an agreement for the "Administrative Support" which include activities in the field of administration as well as clerical and operational support. The administrative support fee is calculated based on the allocated costs plus mark-up and other indirect costs in connection of rendering such support.

h. *LHPI.* The Group loan originally amounting to P2.4 billion in 2017 was partially settled on February 28, 2018, April 13, 2018, and July 27, 2018 with 2.91% interest. The loan balance currently amounts to P1.9 billion with 5.38% p.a. interest to be paid on or before September 19, 2019. Interest expense for year 2018 and 2017 amounted to P77.6 million and P20.2 million, respectively.

i. *SSI.* On October 25, 2018, the Company availed a short term loan amounting P240.0 million with interest of 6.4203% p.a. to be paid on or before October 25, 2019. Interest expense for the year 2018 was amounting to P2.8 million.

Direct and Indirect Associates

a. For 2018 and 2017, the Group 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 Group.

b. In 2018, HMDC declared dividends for its Class A and Class B preferred shares, as well as for its Common A and Common B shares. The Group received dividend payment amounting to P322.7 million from HMDC.

c. In January 2016, the Group has entered into various lease agreements with HMDC effective 2016 and its subsidiaries APC, HRDC, QLI and LORVI for certain plant sites and terminals from various locations. The term of the leases is for a period of 25 years.

d. The Group sold/transferred various assets to HMDC such as warehouses, motorpools and software in 2017.

e. LHAI had a total purchase of aggregates amounting to P1.2 billion and P1.1 billion for 2018 and 2017, respectively. As at December 31, 2018 and 2017, the Group had a total payable of P315.9 million and P419.2 million, due and outstanding at the end of each year.

f. The Group grants non-interest bearing advances to HMDC, HRDC, LORVI and LHAI for working capital requirements. The Parent Company has advances to HMDC as of December 31, 2018 and 2017, amounting to P32.9 million, respectively

Retirement Benefit Funds

As at December 31, 2018 and 2017, the Parent Company's defined benefit retirement fund has investments in HMDC's shares with a fair value of P596.3 million representing 60% of the total ownership, as disclosed in Note 12.

All of the funds' investing decisions are made by the Retirement Committee, the composition of which includes certain officers and employees of the Parent Company. 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, 2018 and 2017, the Group 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 statements of financial position.

Total amount of intercompany receivables eliminated as at December 31, 2018 and 2017 amounted to P2.1 billion and P0.5 billion, respectively.

Total amount of intercompany payables eliminated as at December 31, 2018 and 2017 amounted to P3.1 billion and P0.6 billion, respectively.

Key Management Personnel

The following are the details of the compensation of key management personnel:

	2018	2017	2016
		(In Thousands)	
Short-term employee benefits	**P162,357**	P197,902	P184,753
Retirement benefits cost	**9,638**	126,371	12,148
	P171,994	P324,273	P196,901

30. INCOME TAX

Components of income tax expense charged to profit or loss are as follows:

	2018	2017
	(In thousands)	
Current tax expense	**P1,040,921**	P1,564,310
Deferred tax expense (benefit)	**(35,056)**	12,307
	P1,005,865	P1,576,617

The reconciliation between the statutory and effective income tax of the Group is as follows:

	2018	2017	2016
		(In Thousands)	
Profit before income tax	**P3,551,258**	P4,266,415	P9,626,945
Provision for income tax at statutory income tax rate	**P1,065,377**	P1,279,924	P2,888,083
Change in unrecognized deferred income tax assets	**20,517**	(10)	(802)
Income tax effects of:			
OSD vs. itemized deduction	**12,702**	343,353	(48,353)
Nondeductible expenses	**3,375**	3,221	4,927
Interest and other income subject to tax other than RCIT	**(4,107)**	(6,410)	(5,478)
Income not subject to income tax	**(34,710)**	(48,115)	(183)
Reversal of deferred income tax asset/ liability	**(73,406)**	(987)	(1,793)
Deferred taxes deferred upon transfer	-	-	(30,674)
Expired NOLCO	**16,117**	5,640	383
Others	-	1	(26,278)
Income tax at effective tax rate	**P1,005,866**	P1,576,617	P2,779,832

The components of the Group's net deferred income tax as at December 31, 2018 and 2017 are as follows:

	2018	2017
	(In Thousands)	
Deferred income tax assets:		
Charged to profit or loss for the year	**P 624,570**	P486,973
Charged to equity	-	116,226
Unrealized foreign exchange losses	-	3
	624,570	603,202
Deferred income tax liabilities		
Charged to profit or loss for the year	**130,634**	145,923
Charged to equity	**1,320,586**	-
Unrealized foreign exchange gains	**3,638**	2,037
	1,454,858	147,960
Net deferred tax asset (liability)	**(P 830,288)**	P455,242

Deferred income taxes for temporary differences for HPMC and HPBSCI 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:

	2018	2017
	(In Thousands)	
Carryforward benefit of NOLCO	**P64,324**	P143
Excess MCIT over RCIT	**447**	25
Unrecognized deferred income tax assets	**P64,771**	P168

The following NOLCO can be claimed as deduction against future taxable income:

Date Incurred	Expiry Date	NOLCO
		(In Thousands)
December 31, 2016	December 31, 2019	P 15,355
December 31, 2017	December 31, 2020	79,697
December 31, 2018	December 31, 2021	119,360
		P214,412

NOLCO incurred by ECLI in 2014 amounting to P16 million and NOLCO incurred by CACI in 2014 amounting to P74 million expired in 2017.

31. 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, it 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 Group also provides additional post employment healthcare benefits to certain senior employees in the Philippines. These benefits are unfunded.

The following tables summarize the components of retirement benefit costs, the funding status and the amounts recognized as retirement benefit liability of the Group:

Details of retirement benefit costs are as follows:

	Note	**2018**	2017	2016
		(In Thousands)		
Current service cost		**P 106,105**	P 76,634	P 87,730
Net interest cost	27	**43,092**	22,092	23,253
Curtailment gain			-	(2,423)
Retirement benefit costs recognized in profit or loss		**149,197**	98,726	108,560
Remeasurements recognized in OCI		**(4,401,952)**	387,421	(79,852)
Retirement benefit (gain) cost		**(P4,252,755)**	P486,147	P 28,708

Remeasurement gain (loss) on retirement benefits consists of:

	2018	2017	2016
	(In Thousands)		
Actuarial gain (loss) arising from:			
Changes in assumptions	**P 352,162**	(P290,879)	P 26,649
Experience adjustments	**33,673**	(82,314)	(50,32[illegible]
Total Actuarial gain(loss)	**385,835**	(373,193)	(23,67[illegible]
Gain (loss) on plan assets*	**4,016,117**	(14,228)	103,528
Total gain(loss) recognized in OCI	**P4,401,952**	(P387,421)	P 79,852

**Excluding amounts recognized in net interest cost.*

The reconciliation of benefit (asset) liability recognized in the consolidated financial position follows:

	2018	2017
	(In Thousands)	
Present value of benefit obligation	**P 958,700**	P1,360,371
Fair value of plan assets	**(4,540,207)**	(515,217)
Balance at end of year	**(P3,581,507)**	P 845,154

The breakdown of the retirement plan (asset) liability per entity follows:

	2018	2017
	(In Thousands)	
HPI	**P 266,227**	P485,219
HPMC	**(3,848,197)**	358,195
ECLI	**(151)**	1,307
HSSI	**614**	433
	(P3,581,507)	P845,154

Movements in the retirement benefit (asset) liability are as follows:

	2018	2017
	(In Thousands)	
Balance at beginning of year	**P 845,154**	P501,944
Retirement benefit costs	**149,197**	98,726
Contributions	**(70,059)**	(138,854)
Remeasurement gain recognized in OCI	**(4,401,952)**	387,421
Effect of deconsolidation	**(101,897)**	-
Benefits paid directly by the Group	**(1,950)**	(4,083)
Balance at end of year	**(P3,581,507)**	P845,154

The changes in the present value of defined benefit obligation are as follows:

	2018	2017
	(In Thousands)	
Balance at beginning of year	**P1,360,371**	P1,096,281
Actuarial losses (gains)	**(385,835)**	373,193
Interest cost	**66,782**	44,992
Current service cost	**106,105**	76,634
Benefits paid	**(188,723)**	(230,729)
Balance at end of year	**P 958,700**	P1,360,371

The changes in the fair value of plan assets are as follows:

	Note	2018	2017
		(In Thousands)	
Balance at beginning of year		**P 515,217**	P594,337
Contributions		**70,059**	138,855
Gain (loss) on plan assets*		**4,016,117**	(14,228)
Interest income on plan assets		**23,690**	22,900
Effect of deconsolidation		**101,897**	-
Benefits paid		**(186,773)**	(226,647)
Balance at end of year		**P4,540,207**	P515,219

**Excluding amounts recognized in net interest cost.*

The fund is administered by a trustee bank under the supervision of the duly Authorized Person or Trustee of the Plan. 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 Plan's 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 fund shall reside in and be the sole responsibility of the Trustee.

The percentages of fair value of total plan assets are as follows:

	2018		2017	
	HPI	**HPMC**	HPI	HPMC
Cash and receivables	13.07%	1.85%	8.7%	13.7%
Investments in debt securities:				
Government securities	0.72%	31.80%	2.9%	29.5%
Corporate debt securities	4.66%	29.59%	5.7%	23.8%
	5.38%	61.39%	8.6%	53.3%
Investment in equity securities				
Construction, infrastructure, property and mining	78.64%	6.32%	78.0%	11.5%
Holding firms	1.38%	18.19%	1.5%	9.6%
Power and utilities	0.39%	2.27%	1.3%	4.4%
Banks	0.40%	4.91%	0.9%	3.5%
Telecommunications	0.02%	1.26%	0.1%	1.5%
Others	0.72%	3.81%	0.9%	2.5%
	81.55%	36.76%	82.7%	33.0%
	100.00%	100.00%	100.0%	100.0%

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest rate risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2018 by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.
Discount rate is determined by calculating the single effective discount rate determined by discounting the projected benefit payments using different term-dependent zero-coupon rates at the end of the reporting period.

The principal assumptions used in determining the retirement benefit liability of the Group as at December 31 are as follows:

	2018	2017	2016
Discount rates	7.1%	4.8% -5.0%	4.5% -4.8%
Future salary rate increases	6.0%	5.00%	5.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation			
		HPI	HPMC	ECLI	HSSI
			(In Thousands)		
2018					
Discount rate					
Sensitivity 1	**0.5%**	**P608,121**	**P367,444**	**P-**	**P-**
Sensitivity 2	**(0.5%)**	**557,020**	**339,193**	**-**	**-**
Future salary rate increases					
Sensitivity 1	**0.5%**	**556,660**	**338,991**	**-**	**-**
Sensitivity 1	**(0.5%)**	**608,276**	**367,528**	**-**	**-**
2017					
Discount rate					
Sensitivity 1	1%	(P 90,508)	(P 52,148)	(P161)	(P79)
Sensitivity 2	(1%)	108,006	62,230	195	98
Future salary rate increases					
Sensitivity 1	1%	104,817	60,393	197	99
Sensitivity 1	(1%)	(89,732)	(51,701)	(165)	(81)

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 Group 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 funding requirements are agreed between the Plan Trustees and Group, in consideration of the contribution advice from the Plan Actuary.

The tables below show the maturity analysis of the undiscounted benefit payments as at December 31:

	HPI	HPMC	ECLI	HSSI
			(In Thousands)	
2018				
Within one year	**P 51,483**	**P 19,046**	**P -**	**P -**
More than one year to five years	**210,830**	**101,100**	**-**	**-**
More than five years	**403,049**	**40,951**	**-**	**-**
2017				
Within one year	P 37,432	P 15,314	P -	P -
More than one year to five years	202,069	157,674	342	-
More than five years	406,128	245,745	1,477	-

Defined Contribution Retirement Plan

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 P42.1 million, P41.0 million and P45.5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Total consolidated retirement benefit costs recognized in the consolidated statements of income are as follows:

	2018	2017	2016
		(In Thousands)	
Expense recognized for:			
Defined benefit plans	**P 149,197**	P 98,726	P108,560
Defined contribution plan	**42,098**	41,032	45,476
Retirement benefit costs	**191,295**	P139,758	P154,036

32. COMMITMENTS AND CONTINGENCIES

a. Leases

The Group has a number of lease agreements covering plant sites, office spaces, warehouses, bulk terminals and various equipment that are accounted for as operating lease with periods ranging from one year to twenty-five years. Bulk of the commitments pertains to lease of vessels being used to transport cement and land agreements. The Group records rental expense on a straight-line basis over the base, non-cancellable 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. Operating lease expense recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P171.4 million, P263.3 million and P132.2 million in 2018, 2017 and 2016, respectively, as disclosed in Notes 22, 23 and 24.

Future minimum lease payable under non-cancellable operating leases as at December 31, 2018 and 2017 are as follows:

	2018	2017
	(In Thousands)	
Within one year	**P1,046,907**	P 794,574
After one year but not more than five years	**1,553,256**	1,416,189
More than five years	**2,134,418**	2,826,844
	P4,734,581	P5,037,607

b. Lawsuits

The Group is either a defendant or plaintiff in several legal cases primarily involving collection and claims for damages. Based on the assessment of management and the opinion of the Group'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 Group's position and negotiating strategy. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

c. Construction agreements with Theidi Construction Corp. (TCC)

On August 1, 2018, the Group entered into two construction agreements with TCC for La Union Poro Port Projects to support our on-going capital expenditure projects. Details and terms of the agreements are as follows:

i. Dredging Works Project

TCC shall conduct the dredging works as well as supply manpower, tools, equipment, machinery, permits, clearances and supervision necessary for the completion of the project. The project is estimated to be completed in January 2019.

ii. Jetty Rehabilitation Project

TCC shall deliver structural steel and building materials and rehabilitation works at the jetty which includes repair of five (5) heavy damaged corroded piles. The project is to be completed by March 1, 2019.

d. Electricity Supply Agreement (ESA)

On December 26, 2013, Bulacan and La Union plants entered into a 15-year electricity supply agreement with Phinma Energy Corporation (PEC). PEC also supplies electricity to the Mabini grinding plant under a 10-year power supply agreement which commenced June 26, 2014. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales, as disclosed in Note 22.

e. Sales Agreement with Petron Corporation (Petron) and SL Harbor Bulk Terminal Corporation (SLH)

HPI has awarded the contract for the supply of automotive diesel oil to Petron and supply of bunker fuel to SLH. The agreements cover the period November 1, 2017 to October 31, 2020. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales, as disclosed in Note 22.

f. Service Agreement with Misamis Oriental - 1 Rural Electric Service Cooperative, Inc. (MORESCO-1)

On November 26, 2012, the Group entered into a Sub Transmission Line Wheeling Service Agreement with MORESCO-1 for supply of electric power exclusively for the operation and requirement of Lugait plant. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales, as disclosed in Note 22.

g. Davao Light Service Contract

The Group also entered into a contract with Davao Light and Power Company (DLPC) for electric service to the Group's plant in Davao commencing on November 14, 2013 and thereafter until the contract is terminated. The related expense under this contract is recognized as part of "Power and Fuel" account in the Cost of Sales, as disclosed in Note 22.

h. Kalayaan - Davao Cement Mill Project 01 - EP

On August 14, 2017, HPI entered into a supply agreement with Huaxin Cement Co. Ltd for mechanical and electrical engineering and process control equipment and civil engineering design required for the cement mill system to be put into operation in the existing Davao Plant.

i. Roller Press Project

This contract agreement was entered into by the Group on November 20, 2017 with Kisen International Construction Co., Inc. for the construction and installation of the new roller press system and its auxiliaries at La Union Plant. The Roller Press Project was completed in January 2019 ahead of schedule.

j. Others

There are contingent liabilities for tax assessments occurring in the ordinary course of business. On the basis of information furnished by the Group's legal counsels, management believes that none of these contingencies will materially affect the Group's financial position and financial performance.

33. EARNINGS PER COMMON SHARE (EPS)

Basic/diluted EPS is computed as follows:

	2018	2017	2016
		(In Thousands)	
Consolidated profit for the year attributable to common equity holders of the Parent Company	**P2,544,411**	P2,688,485	P6,845,856
Weighted average number of common shares - Issued and outstanding	**6,452,099**	6,452,099	6,452,099
Basic/diluted EPS of profit attributable to equity holders of the Parent Company	**0.39**	0.42	1.06

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 at 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.

There are no dilutive financial instruments in 2018, 2017 and 2016, hence, diluted EPS is the same as basic EPS.

34. ENVIRONMENTAL AND REGULATORY MATTERS

a. 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 Group 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 Group's existing facilities, management believes it complies with the provisions of the Clean Air Act and the related IRR.

b. Clean Water Act

On February 4, 2004, the Senate and House of Representatives passed The Clean Water Act and the related IRR which contain provisions that have an impact on the industry as a whole, and to the Group in particular. Based on the assessment made on the Group 's existing facilities, management believes it complies with the provisions of the Clean Water Act and the related IRR.

c. Ecological Solid Waste Management Act

On December 12, 2000, the Senate and House of Representatives passed The Ecological Solid Waste Management Act which contains provisions that have an impact to the Group. As an attestation to Geocycle's responsible handling and management of hazardous industrial waste, the Group has Treatment, Storage and Disposal (TSD) Certificate.

HPI's four plants continued to be recognized by the relevant national government agencies for its environmental programs.

35. EVENTS AFTER THE REPORTING PERIOD

As of February 13, 2019, the Mabini Plant temporarily ceased its operation in compliance with the order of the Department of Environment and natural Resources - Environmental Management Bureau (DENR - EMB) directing the Parent Company to cease operation of the Mabini Plant. The Parent Company will file with the DENR-EMB a Motion for Reconsideration with prayer to lift such order. The cessation of the operations of the Mabini Plant is expected to be only temporary and will not have a material impact on the business of the Parent Company.

36. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on February 18, 2019. The same were approved for issuance by the Board of Directors (BOD) on February 22, 2019.

* * *

Exhibit 2

Supplementary Schedules to the

Consolidated Financial Statements

For the year ended

December 31, 2018

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

FORM 17-A

Supplementary Schedules

NavarroAmper&Co.

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Philippines

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Fax: +63 (2) 869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-4

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

To The Board of Directors and Shareholders
HOLCIM PHILIPPINES, INC.
7th Floor, Two World Square, Mckinley Hill
Fort Bonifacio, Taguig City

We have audited the financial statements of Holcim Philippines, Inc. and Subsidiaries (the "Group") as at and for the year ended December 31, 2018, in accordance with Philippine Standards on Auditing on which we have rendered an unmodified opinion dated February 22, 2019.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached schedule showing the list of all effective accounting standards and interpretations, reconciliation of the retained earnings available for dividend declaration, the map showing the relationships between and among the Group and its related parties, the financial sound indicators, and other supplementary information shown in Schedules A to H as at December 31, 2018, as required by the Securities and Exchange Commission under the SRC Rule 68, as Amended, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information are the responsibility of Management and have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from November 12, 2018 to July 16, 2021
SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A
TIN 005299331

By:

Oliver C. Bucao
Partner
CPA License No. 0086699
SEC A.N. 1623-A, issued on March 23, 2017; effective until March 22, 2020, Group A
TIN 129433612
BIR A.N. 08-002552-47-2017, issued on June 8, 2017; effective until June 8, 2020
PTR No. A-4255727, issued on January 10, 2019, Taguig City

Taguig City, Philippines
February 22, 2019

Deloitte.

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DECLARATION
December 31, 2018

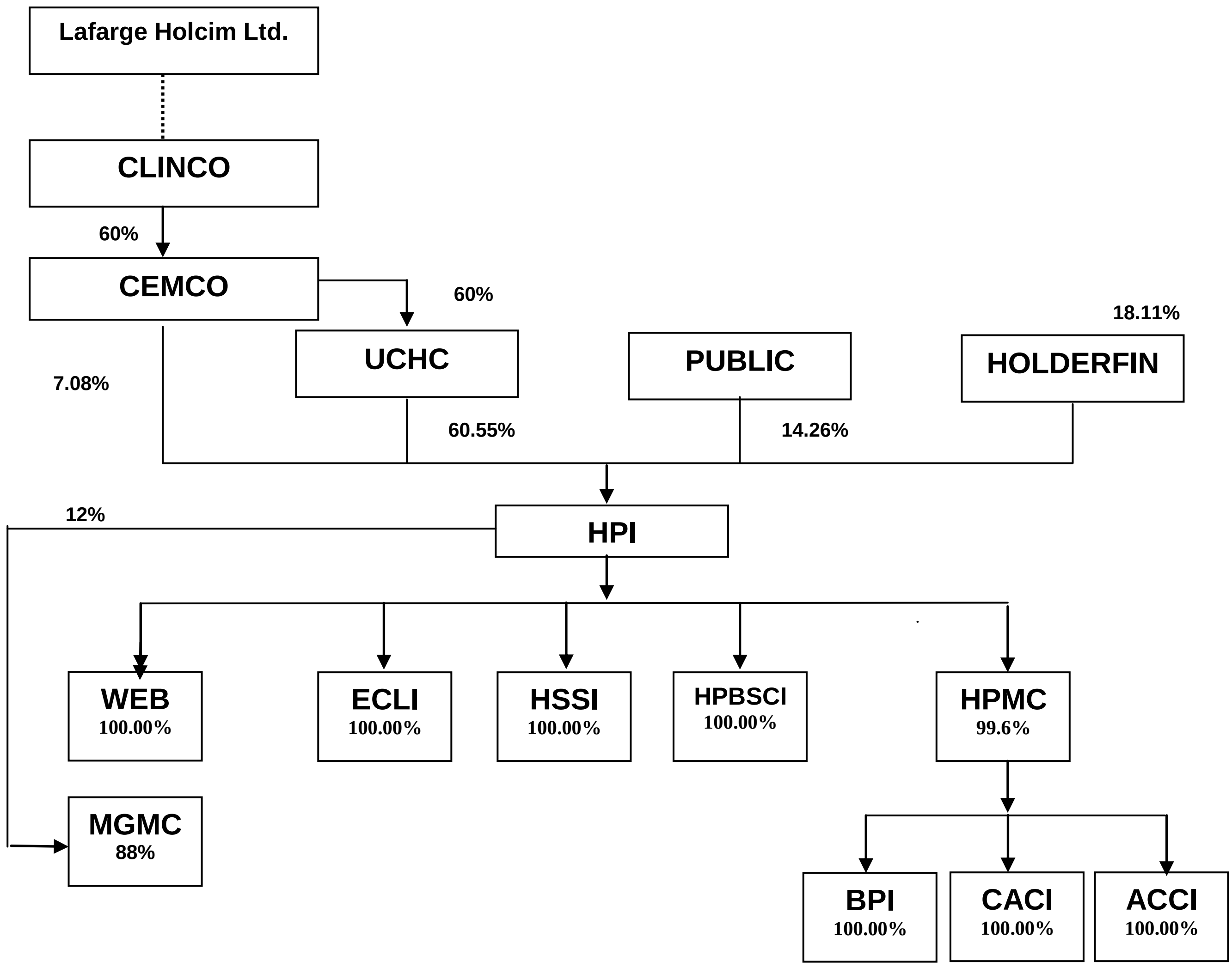
Holcim Philippines, Inc.
7th Floor, Two World Square, Mckinley Hill, Fort Bonifacio, Taguig City

Items		Amount
		(In Thousands)
Unappropriated Retained Earnings, Beginning		**4,059,321**
Adjustments:		
Deferred tax asset		(384,383)
Unappropriated Retained Earnings, as Adjusted, Beginning		**3,674,938**
Net Income based on the face of AFS		2,871,928
Less: Non-actual/Unrealized Income Net of Tax**		
Unrealized foreign exchange gain net (except those attributable to Cash and Cash equivalent)	(11,015)	
Deferred tax expense charged to profit or loss as a result of certain transactions accounted for under the PFRS	(144,878)	(155,893)
Net Income Actual/Realized		**2,716,035**
Less: Dividend Declaration during the period		(2,709,882)
Unappropriated Retained Earnings, as Adjusted, Ending		**3,681,091**

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, 2018



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
List of Effective Standards and Interpretations under the Philippine Financial Reporting Standards (PFRS) as of December 31, 2018.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
Conceptual Framework for Financial Reporting Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement 1 Management Commentary		✓		
PFRSs Practice Statement 2 Making Materiality Judgments		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	*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 PFRS 1: *Government Loans*			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PFRS 1: *First-Time Adoption of PFRS*			✓
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 1: *First-time Adoption of International Financial Reporting Standards (Changes to the Basis for Conclusions only)*			✓
	Annual Improvements to PFRSs 2014-2016 Cycle - Amendments to PFRS 1: *Deletion of short-term exemptions for first-time adopters*		✓	
PFRS 2	*Share-based Payment*	✓		
	Amendments to PFRS 2: *Vesting Conditions and Cancellations*	✓		
	Amendments to PFRS 2: *Group Cash-settled Share-based Payment Transactions*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 2: *Definition of Vesting Condition*	✓		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions		✓	
PFRS 3 (Revised)	*Business Combinations*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 3: *Accounting for*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Contingent Consideration in a business combination			
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 3: *Scope of Exception for Joint Ventures*	✓		
	Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PFRS 3: *Previously held interest in a joint operation**		✓	
	Amendments to PFRS 3: *Definition of a Business**		✓	
PFRS 4	*Insurance Contracts*			✓
	Amendments to PAS 39 and PFRS 4: *Financial Guarantee Contracts*			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts*		✓	
PFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*			✓
	Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PFRS 5: *Changes in methods of disposal*			✓
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: *Hedge Accounting Disclosures*	✓		
	Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PFRS 7: *Servicing contracts and Applicability of the amendments to PFRS 7 to condensed interim financial statements*	✓		
PFRS 8	*Operating Segments*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 8: *Aggregation of Operating Segments and Reconciliation of the reportable segments' assets to the entity's assets*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 9	*Financial Instruments (2014)*	✓		
	Amendments to PFRS 9: *Prepayment Features with Negative Compensation**		✓	
PFRS 10	*Consolidated Financial Statements*	✓		
	Amendments to PFRS 10: *Consolidated Financial Statement: Transition Guidance*	✓		
	Amendments to PFRS 10:*Transition Guidance and Investment Entities*			✓
	Amendments to PFRS 10: *Sales or contributions of assets between an investor and its associate/joint venture**		✓	
	Amendments to PFRS 10: *Investment Entities: Applying the Consolidation Exception*			✓
PFRS 11	*Joint Arrangements*	✓		
	Amendments to PFRS 1: *Joint Arrangements: Transition Guidance*	✓		
	Amendments to PFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*			✓
	Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PFRS 11: *Previously held interest in a joint operation**		✓	
PFRS 12	*Disclosure of Interests in Other Entities*	✓		
	Amendments to PFRS 12: *Disclosure of Interests in Other Entities: Transition Guidance*			✓
	Amendments to PFRS 12: *Transition Guidance and Investment Entities*			✓
	Amendments to PFRS 12: *Investment Entities: Applying the Consolidation Exception*			✓
	Annual Improvements to PFRSs 2014-2016 Cycle - Amendments to PFRS 12: *Clarification of the scope of the standard*			✓
PFRS 13	*Fair Value Measurement*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 13: *Fair Value Measurement (Amendments to the Basis of Conclusions only, with consequential amendments to the Bases of Conclusions of other standards)*			✓
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 13: *Portfolio Exception*			✓
PFRS 14	*Regulatory Deferral Accounts*			✓
PFRS 15	*Revenue from Contracts with Customers*	✓		
	Amendments to PFRS 15: *Clarifications to PFRS 15*	✓		
PFRS 16	*Leases**		✓	
PFRS 17	*Insurance Contracts**		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
Philippine Accounting Standards				
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*	✓		
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 1: *Comparative Information*	✓		
	Amendments to PAS 1: *Disclosure Initiative*	✓		
	Amendments to PAS 1: *Definition of Material**		✓	
PAS 2	*Inventories*	✓		
PAS 7	*Statement of Cash Flows*	✓		
	Amendments to PAS 7*: Disclosure Initiative*	✓		
PAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	✓		
	Amendments to PAS 8: *Definition of Material**		✓	
PAS 10	*Events after the Reporting Period*	✓		
PAS 12	*Income Taxes*	✓		
	Amendment to PAS 12: *Deferred Tax: Recovery of Underlying Assets*	✓		
	Amendment to PAS 12: *Recognition of Deferred Tax Assets for Unrealized Losses*	✓		
	Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PAS 12: *Income tax consequences of payments on financial instruments classified as equity**		✓	
PAS 16	*Property, Plant and Equipment*			
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 16*: Servicing Equipment*			✓
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 16: *Revaluation Method - Proportionate Restatement of Accumulated Depreciation*			✓
	Amendments to PAS 16: *Clarification of Acceptable Methods of Depreciation*			✓
	Amendments to PAS 16: *Agriculture: Bearer Plants*			✓
PAS 17	*Leases*	✓		
PAS 19 (Amended)	*Employee Benefits (2011)*	✓		
	Amendments to PAS 19: *Defined Benefit Plans: Employee Contributions*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PAS 19: *Discount rate: regional market issue*			✓
	Amendments to PAS 19: *Plan Amendment, Curtailment or Settlement**		✓	
PAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*			✓
PAS 21	*The Effects of Changes in Foreign Exchange Rates*	✓		
	Amendment to PAS 21: *Net Investment in a Foreign Operation*			✓
PAS 23 (Revised)	*Borrowing Costs*	✓		
	Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PAS 23: *Borrowing costs eligible for capitalization**		✓	
PAS 24 (Revised)	*Related Party Disclosures*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 24: *Key Management Personnel*	✓		
PAS 26	*Accounting and Reporting by Retirement Benefit Plans*	✓		
PAS 27 (Amended)	*Separate Financial Statements*			✓
	Amendments to PAS 27: *Transition Guidance and Investment Entities*			✓
	Amendments to PAS 27: *Equity Method in Separate Financial Statements*			✓
PAS 28 (Amended)	*Investments in Associates and Joint Ventures*	✓		
	Amendments to PAS 28: *Investment Entities: Applying the Consolidation Exception*			✓
	Amendments to PAS 28: *Sales or contributions of assets between an investor and its associate/joint venture**		✓	
	Annual Improvements to PFRSs 2014-2016 Cycle - Amendments to PAS 28: *Measuring an associate or joint venture at fair value*		✓	
	Amendments to PAS 28: *Long-term Interests and Joint Ventures **		✓	
PAS 29	*Financial Reporting in Hyperinflationary Economies*			✓
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*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Annual Improvements to PFRSs 2009-2011 Cycle -Amendments to PAS 32: *Tax Effect of Equity Distributions*	✓		
	Amendments to PAS 32: *Offsetting Financial Assets and Financial Liabilities*	✓		
PAS 33	*Earnings per Share*	✓		
PAS 34	*Interim Financial Reporting*			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 34: *Interim Reporting of Segment Assets*			✓
	Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PAS 34: *Disclosure of information 'elsewhere in the interim financial report'*			✓
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*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 38: *Revaluation Method - Proportionate Restatement of Accumulated Amortization*			✓
	Amendments to PAS 38*: Clarification of Acceptable Methods of Amortization*			✓
PAS 40	*Investment Property*	✓		
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PAS 40: *Clarifying the Interrelationship of PFRS 3 and PAS 40 When Classifying Property as Investment Property or Owner-Occupied Property*	✓		
	Amendments to PAS 40: *Transfers of Investment Property*			✓
PAS 41	*Agriculture*			✓
	Amendments to PAS 41*: Agriculture: Bearer Plants*			✓
Philippine Interpretations				
IFRIC 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	✓		
IFRIC 2	*Members' Share 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*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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 12	*Service Concession Arrangements*			✓
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 19	*Extinguishing Financial Liabilities with Equity Instruments*			✓
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*			✓
IFRIC 21	*Levies*	✓		
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*		✓	
IFRIC 23	*Uncertainty over Income Tax Treatments**		✓	
SIC-7	*Introduction of the Euro*			✓
SIC-10	*Government Assistance - No Specific Relation to Operating Activities*			✓
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-32	*Intangible Assets - Web Site Costs*			✓
PIC Q&A No. 2006-02	*Clarification of criteria for exemption from presenting consolidated financial statements [Amended by PIC Q&A No. 2013-02 and PIC Q&A No. 2017-01]*			✓
PIC Q&A No. 2007-03	*Valuation of Bank Real and Other Properties Acquired (ROPA)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PIC Q&A No. 2008-01 (Revised)	*Rate used in discounting post-employment benefit obligations [Amended by PIC Q&A No. 2016-01]*	✓		
PIC Q&A No. 2009-01	*Financial statements prepared on a basis other than going concern [Amended by PIC Q&A No. 2013-02 and PIC Q&A No. 2018-13]*			✓
PIC Q&A No. 2010-02	*Basis of preparation of financial statements [Amended by PIC Q&A No. 2017-01 and PIC Q&A No. 2018-13]*	✓		✓
PIC Q&A No. 2010-03	*Current/non-current Classification of a Callable Term Loan*			✓
PIC Q&A No. 2011-02	*Common Control Business Combinations*			✓
PIC Q&A No. 2011-03	*Accounting for Inter-company Loans [Amended by PIC Q&A No. 2015-01 and PIC Q&A No. 2018-13]*	✓		
PIC Q&A No. 2011-04	*Costs of Public Offering of Shares [Amended by PIC Q&A No. 2018-13]*			✓
PIC Q&A No. 2011-05	*Fair Value or Revaluation as Deemed Cost [Amended by PIC Q&A No. 2016-01 and PIC Q&A No. 2018-13]*			✓
PIC Q&A No. 2011-06	*Acquisition of Investment Properties – Asset Acquisition or Business Combination?*			✓
PIC Q&A No. 2012-01	*Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements [Amended by PIC Q&A No. 2015-01 and PIC Q&A No. 2018-13]*			✓
PIC Q&A No. 2012-02	*Cost of a New Building Constructed on Site of a Previous Building*			✓
PIC Q&A No. 2013-02	*Conforming Changes to PIC Q&As - Cycle 2013*	✓		
PIC Q&A No. 2013-03 (Revised)	*Accounting for Employee Benefits under a Defined Contribution Plan Subject to Requirement of Republic Act (RA) 7641: The Philippine Retirement Law*	✓		
PIC Q&A No. 2015-01	*Conforming Changes to PIC Q&As - Cycle 2015*			✓
PIC Q&A 2016-01	*Conforming changes to PIC Q&As – Cycle 2016*			✓
PIC Q&A No. 2016-02	*Accounting Treatment of Club Shares Held by an Entity [Amended by PIC Q&A No. 2018-13]*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PIC Q&A No. 2016-03	*Accounting for Common Areas and the Related Subsequent Costs by Condominium Corporations [Amended by PIC Q&A No. 2018-13]*			✓
PIC Q&A 2016-04	*Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-completion Contract*			✓
PIC Q&A No. 2017-01	*Conforming Changes to PIC Q&As – Cycle 2017**		✓	
PIC Q&A No. 2017-02	*Capitalization of operating lease cost as part of construction costs of a building*	✓		
PIC Q&A No. 2017-03	*Elimination of profits and losses resulting from transactions between associates and/or joint ventures*		✓	
PIC Q&A No. 2017-04	*Related party relationships between parents, subsidiary, associate and non-controlling shareholder*	✓		
PIC Q&A No. 2017-05	*Frequently asked questions on the disclosure requirements of financial instruments under PFRS 7, Financial Instruments: Disclosures [Amended by PIC Q&A No. 2018-13]*	✓		
PIC Q&A No. 2017-06	*Accounting for collector's items*		✓	
PIC Q&A No. 2017-07	*Accounting for reciprocal holdings in associates and joint ventures*		✓	
PIC Q&A No. 2017-08	*Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture*		✓	
PIC Q&A No. 2017-09	*Accounting for payments between and among lessors and lessees*	✓		
PIC Q&A No. 2017-10	*Separation of property and classification as investment property*	✓		
PIC Q&A No. 2017-11	*Transaction costs incurred to acquire outstanding non-controlling interest or to sell non-controlling interest without a loss of control*			✓
PIC Q&A No. 2017-12	*Subsequent Treatment of Equity Component Arising from Intercompany Loans*	✓		
PIC Q&A No. 2018-01	*Voluntary changes in accounting policy**		✓	
PIC Q&A No. 2018-02	*Non-controlling interests and goodwill impairment test**		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PIC Q&A No. 2018-03	*Fair value of property, plant and equipment and depreciated replacement cost**		✓	
PIC Q&A No. 2018-04	*Inability to measure fair value reliably for biological assets within the scope of PAS 41, Agriculture**		✓	
PIC Q&A No. 2018-05	*Liability arising from maintenance requirement of an asset held under a lease**		✓	
PIC Q&A No. 2018-06	*Cost of investment in subsidiaries in separate financial statements when pooling is applied in consolidated financial statements**		✓	
PIC Q&A No. 2018-07	*Cost of an associate, joint venture, or subsidiary in separate financial statements [Amended by PIC Q&A No. 2018-13*]*		✓	
PIC Q&A No. 2018-08	*Accounting for the acquisition of a non-wholly owned subsidiary that is not a business**		✓	
PIC Q&A No. 2018-09	*Classification of deposits and progress payments as monetary or nonmonetary items**		✓	
PIC Q&A No. 2018-10	*Scope of disclosure of inventory write-downs**		✓	
PIC Q&A No. 2018-11	*Classification of land by real estate developer**		✓	
PIC Q&A No. 2018-12	*PFRS 15 implementation issues affecting the real estate industry*			✓
PIC Q&A No. 2018-13	*Conforming Changes to PIC Q&As – Cycle 2018**		✓	
PIC Q&A No. 2018-14	*Accounting for Cancellation of Real Estate Sales**		✓	
PIC Q&A No. 2018-15	*Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current**		✓	

* *These are the new and revised accounting standards and interpretations that are effective for annual period beginning on or after the reporting period ended December 31, 2018.*

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

Financial KPI	Definition	For the Calendar Year ended December 31	
		2018	**2017**
Current/Liquidity ratios			
Current Ratio	Current Assets / Current Liabilities	73%	81%
Quick Ratio	Current Assets – Inventory - Prepayments / Current Liabilities	48%	49%
Solvency ratio/Debt-to-equity ratio			
Debt to Equity Ratio	Total Liabilities / Equity	87%	59%
Asset to Equity Ratios			
Asset to Equity Ratio/ Equity Multiplier	Total Assets / Equity	126%	159%
Interest Rate Coverage Ratio			
Interest Coverage Ratio/EBITDA Net Interest Cover	Operating EBITDA / Net Interest	17.6	63.5
Profitability Ratios			
Return on Assets	Net Income / Average Total Assets	6.1%	7.8%
Return on Equity	Net Income / Average Total Equity	10.7%	11.1%
Operating EBITDA Margin	Operating EBITDA / Net Sales	13.7%	15.7%

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
For the Year Ended December 31, 2018
(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, 2018

(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								
AFRICA, EDMUND F.	Employee	₱ -	₱ 4,337	(4,015)	₱	₱ 321		₱ 321
ALBACIETE, MARK OLIVER M.	Employee	(44)	689	(522)		123		123
ARROJO, RAUL I.	Employee	-	545	(440)		105		105
ATIENZA, ERIC O.	Employee	117				117		117
BALO, ELPEDIO JR. C.	Employee	1,187	3,948	(3,998)		1,137		1,137
BALOGO, ZITA D.	Employee	8,725	1,477	(10,043)		159		159
BARLETA, CARA YSABEL R.	Employee	-	2,549	(2,429)		120		120
BENITEZ, MA. PILAR A.	Employee	419				419		419
CABALDA, MICHAEL V.	Employee	164				164		164
CAMIROS, JOEL V.	Employee	472	1,385	(1,239)		618		618
CATANGHAL, PEPITO E.	Employee	688	15	(15)		688		688
CORTES, GILLIAN Y.	Employee	67	1,747	(1,627)		187		187
DE JESUS, MANUEL F.	Employee	13	756	(554)		215		215
DICHOSO, HARVEY D.	Employee	-	1,098	(982)		116		116
EMBODO, ANDRES B.	Employee	(0)	722	(402)		320		320
ESPIRITU, LAUREANO D.	Employee	103	1,356	(1,352)		107		107
GATMAITAN, ERNESTO A.	Employee	647	771	(849)		570		570
GEMAL, GODFREY F.	Employee	299				299		299
GERODIAS, JAZER P.	Employee	156	5	-		160		160
GILERA, ROBERT A.	Employee	394	4,051	(4,122)		324		324
JOSE, EMMANUEL G.	Employee	190	265	(263)		192		192
MAALA, JEENALYN A.	Employee	-	131	(13)		118		118
MAGANTI, RAMAKRISHNA	Employee	-	1,941	(1,195)		746		746
MAGNO, GLAY B.	Employee	43	3,922	(3,845)		121		121
MANALO, ROLDAN G.	Employee	120	49	(54)		115		115
MANGUERRA, APRIL GRACE R.	Employee	302				302		302
MORENO, LEONARDO B.	Employee	(10)	1,873	(102)		1,760		1,760
ONGA, EUSEBIO L.	Employee	4	4,507	(3,300)		1,211		1,211
REBLEZA, JOEL D.	Employee	131	348	(375)		105		105
ROGE, HEMANT RAGHUNATH	Employee	130	94	-		224		224
ROMUALDEZ, ALBERTO CHRISTIAN	Employee	(129)	1,148	(838)		181		181
ROUX, SCHALK	Employee	5	597	(365)		237		237
SANCHEZ, CIRIACO B.	Employee	(4)	2,687	(1,417)		1,266		1,266
SEGUERRA, JOE ARTHUR S.	Employee	146	158	(177)		127		127
SIOTING, MIGNON D.	Employee	110				110		110
SOOD, SAPNA RANI	Employee	2,311	7,259	(8,524)		1,046		1,046
SUMALINOG, WILLIAM C.	Employee	164	2,554	(2,280)		437		437
TORCUATOR, LILIBETH T.	Employee	198	1	-		199		199
Advances to Directors, Officers and Employees		17,116	- - 52,984	- - (55,335)	- - - - -	14,766	- - - - -	14,766
Holcim Technology Ltd.								-
Holcim East Asia Business Service Centre, B.V. - Philippir		₱ 39,723	4,612	(39,617)		4,718		4,718
Associates		646,541	148,109	(281,414)		886,535		886,535
Other Holcim Group Affiliates		21,335		(14,868)		6,467		6,467
Related Parties		707,632	153,511	(335,899)	-	707,632	-	898,543
Other Holcim Group Affiliates		21,335	52,474	(1,099)		72,710		72,710
Related Parties		1,396,876	354,884	(633,280)	-	1,674,168	-	1,865,079

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, 2018
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written Off/Impaired	Reclassification to Investments	Reclassification to Receivable from Associate	Current	Non Current	Balance at the End of Period
Holcim Philippines Manufacturing Corporation									
Due from:									
Bulkcem Philippines, Inc.	-	4,199			-		4,199	-	4,199
Calamba Aggregates Co., Inc.	100	26,306	-	-	-	-	26,406	-	26,406
Excel Concrete Logistics Inc.	1,785	-	-	-	-	-	1,785	-	1,785
Holcim Philippines, Inc.	-	829,651	-	-	-	-	829,651	-	829,651
	1,885 - -	860,157 - -	- - -	- - -	- - -	- - -	862,042 - -	- - -	862,042
Holcim Philippines, Inc.									
Due from:									
Bulkcem Philippines, Inc.	6	-	-	-	-	-	6	-	6
Holcim Philippines Manufacturing Corp.	13,374	347,217	-	-	-	-	360,591	-	360,591
Excel Concrete Logistics Inc.	45,035	-	(45,035)	-	-	-	-	-	-
Calamba Aggregates Co., Inc.	44,727	25	-	-	-	-	44,752	-	44,752
Hubb Stores and Services, Inc.	374,804	29,457	-	-	-	-	404,261	-	404,261
	477,946	376,699	(45,035)	-	-	-	809,610	-	809,610
Hubb Stores and Services, Inc.									
Due from:									
Mabini Grand Mill Co.	-	147,239	-	-	-	-	147,239		147,239
	-	147,239	-	-	-	-	147,239	-	147,239
Hubb Stores and Services, Inc.									
Due from:									
Holcim Philippines, Inc.	-	153,474	-	-	-	-	153,474		153,474
Excel Concrete Logistics Inc.	-	11	-	-	-	-	11		11
	-	153,485	-	-	-	-	153,485	-	153,485
Bulkcem Philippines, Inc.									
Due from:									
Holcim Philippines, Inc.	-	7,256	-	-	-	-	7,256		7,256
Holcim Philippines Manufacturing Corp.	-	16,571	-	-	-	-	16,571		16,571
	-	23,827	-	-	-	-	23,827	-	23,827
Excel Concrete Logistics Inc.									
Due from:									
Hubb Stores and Services, Inc.	4,901	-	(4,901)	-	-	-	-		-
Holcim Philippines, Inc.	12,757	52,256		-	-	-	65,013		65,013
	17,658	52,256	(4,901)	-	-	-	65,013	-	65,013

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule D. **Intangible Assets**

For the Year Ended December 31, 2018

(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	₱ 22,595	₱ -	₱ -	₱ -	₱ -	₱ 22,595
Software Cost	6,119	-	(1,172)	-	-	4,947
Goodwill	2,635,738	-	-	-	-	2,635,738
	2,664,452	-	(1,172)	-	-	2,663,280

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule E. Long-Term Debt
For the Year Ended December 31, 2018
(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, 2018
(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, 2018
(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, 2018

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	-	5,531,566,062	173,372	920,359,710
	10,000,000,000	6,452,099,144	-	5,531,566,062	173,372	920,359,710

Exhibit 3

SEC Form 17-Q

For the quarters ended

March 31, June 30 and September 30, 2018

COVER SHEET

2	6	1	2	6

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)

Alexander V. Taar
(Contact Person)

(1st Quarter 2018)

459-3333
(Company Telephone Number)

0	3		3	1

Month *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended March 31, 2018
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

Domestic Foreign

5,407
Total No. of Stockholders

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
Electronic Records Management Division
MAY 0 4 2018
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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 March 31, 2018

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 459-3333
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

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

    Yes [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, 2018 and December 31, 2017
Exhibit II – Consolidated Statements of Income for the quarters ended March 31, 2018 and 2017
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2018 and 2017
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended March 31, 2018 and 2017
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended March 31, 2018 and 2017
Exhibit VI – Aging of Trade and Other Receivables as of March 31, 2018

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of March 31, 2018 and December 31, 2017
(In Thousands)

	31 Mar 2018	31 Dec 2017
ASSETS		
Current Assets		
Cash and cash equivalents	₱1,678,708	₱1,945,797
Trade and other receivables – net	3,842,208	3,439,049
Inventories	4,121,056	3,800,792
Short-term financial receivables	740,536	37,048
Other current assets	1,251,449	798,510
Total Current Assets	**11,633,957**	**10,021,196**
Noncurrent Assets		
Investments	4,493,698	4,468,357
Property, plant and equipment – net	17,610,046	17,599,838
Goodwill	2,635,738	2,635,738
Intangibles – net	33,714	28,714
Deferred tax assets – net	456,061	455,242
Other noncurrent assets	392,811	378,487
Total Noncurrent Assets	**25,622,068**	**25,566,376**
	37,256,025	**35,587,572**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loan payables	4,947,489	4,177,902
Trade and other payables	7,972,238	7,862,742
Income tax payable	389,276	265,684
Total Current Liabilities	**13,309,003**	**12,306,328**
Noncurrent Liabilities		
Retirement benefits liabilities	810,511	845,154
Provisions	80,930	81,342
Total Noncurrent Liabilities	**891,441**	**926,496**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	(350,987)	(350,987)
Other reserves	(487)	(1,430)
Retained earnings	8,473,119	7,773,468
	23,049,746	**22,349,152**
Noncontrolling Interest	**5,835**	**5,596**
Total Stockholders' Equity	**23,055,581**	**22,354,748**
	₱37,256,025	**₱35,587,572**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended March 31, 2018 and 2017
(In Thousands, Except Per Share Data)

	Quarter Ended	
	Jan-Mar 2018	**Jan-Mar 2017**
Net Sales	**₱8,604,154**	**₱8,840,206**
Cost of sales	6,820,132	6,647,805
Gross Profit	**1,784,022**	**2,192,401**
Operating expenses	530,833	510,784
Operating EBITDA	**1,253,189**	**1,681,617**
Depreciation and amortization	300,768	328,804
Profit from Operations	**952,421**	**1,352,813**
Other income (expenses)		
Net financial income (expense)	(50,877)	3,414
Other income (expense) - net	30,922	42,254
Total	(19,955)	45,668
Profit before Income Tax	**932,466**	**1,398,481**
Provision for income tax		
Current	233,395	475,580
Deferred	(819)	(16,676)
	232,576	458,904
Profit for the Period	**699,890**	**939,577**
Noncontrolling interest	(239)	(215)
Profit for the period attributable to Equity holders of the parent company	**₱699,651**	**₱939,362**
Basic/Diluted Earnings Per Share (EPS)		
Computation of EPS:		
(a) Profit for the period attributable to Equity holders of the parent company	₱699,651	₱939,362
(b) Common shares issued and outstanding	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.108**	**₱0.146**

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended March 31, 2018 and 2017
(In Thousands)

	Quarter Ended	
	Jan-Mar 2018	**Jan-Mar 2017**
Profit for the Period	**₱690,603**	**₱939,577**
Other Comprehensive Income	**943**	**943**
Total Comprehensive Income	**₱691,546**	**₱940,520**
Attributable to:		
Equity holders of Parent Company	691,307	940,305
Noncontrolling interest	239	215
Total Comprehensive Income	**₱691,546**	**₱940,520**

Exhibit IV

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three (3) months ended March 31, 2018 and 2017
(In Thousands)

	Jan-Mar 2018	Jan-Mar 2017
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	**(350,987)**	**(79,978)**
Other reserves	**(487)**	**(4,889)**
Retained Earnings		
Balance at beginning of period	7,773,468	11,409,043
Profit for the Period	699,651	939,362
Balance at end of period	**8,473,119**	**12,348,405**
Noncontrolling Interest	**5,835**	**7,421**
	₱23,055,581	**₱27,199,060**

Exhibit V

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended March 31, 2018 and 2017
(In Thousands)

	Jan-Mar 2018	Jan-Mar 2017
Operating Activities		
Profit before Income Tax	**₱932,466**	**₱1,398,481**
Adjustments to reconcile profit to cash		
Depreciation and amortization	300,768	328,804
Other items (net)	(287,316)	(176,519)
Changes in current assets and liabilities	(854,262)	(1,147,740)
Cash provided by operating activities	**91,656**	**403,026**
Investing Activities		
Additions to plant, property and equipment	(349,751)	(141,631)
Decrease (increase) in other investing activities	(18,021)	6,485
Cash used in investing activities	**(367,772)**	**(135,146)**
Financing Activities		
Dividends	-	10,803
Proceeds from short-term loan	1,710,269	8,777
Payment of short-term loans	(1,000,208)	-
Increase in short-term financial receivables	(703,488)	-
Cash provided by financing activities	**6,573**	**19,580**
Net increase in cash and cash equivalents	**(269,543)**	**287,460**
Cash and cash equivalents, beginning	**1,945,797**	**2,125,116**
Effect of exchange rate changes on cash and cash equivalents	**2,454**	**2,022**
Cash and cash equivalents, end	**₱1,678,708**	**₱2,414,598**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of March 31, 2018
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱2,570,004	₱2,413,522	₱20,227	₱10,573	₱125,682
Other Receivables	1,494,477	319,344	62,471	45,703	1,066,959
Total	4,064,481	₱2,732,866	₱82,698	₱56,276	₱1,192,641
Allowance for Doubtful Accounts	(222,273)				
Net Receivables	₱3,842,208				

Certified correct:

Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

Market remains strong as new infrastructure projects for the year have started to be awarded beginning February. At the end of first quarter, the Company posted total net sales of Php 8.6 billion, lower by 3% as compared to Php 8.8 billion reported in the same period last year. Our cement sales volume has increased but was offset by lower cement prices from aggressive market competition, and as a result of operations winding down from recently announced closure of non-profitable ready-mix concrete and retail business segments. Margins were likewise depressed mainly due to higher cost of goods sold from higher input costs driven by fuel and power costs. The Company achieved a total operating EBITDA of Php 1.3 billion for the first quarter compared to the Php 1.7 billion reported last year. The Company also incurred higher net-other expenses coming from interest expenses on its short-term loans. Net income after tax stood at Php 0.7 billion giving earnings per share of Php 0.11.

Financial Position

The Group's financial position has remained healthy with very liquid cash position and strong asset utilization ratio as it still continues to generate high revenues. Total assets stood at ₱37.3 billion, 5% higher from end of 2017.

Cash Flow Generation

The Group's cash requirements have been mainly sourced through a mix of cash flow from financing and operating activities. Please refer to the attached statement of cash flow for more details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended March 31, 2018 and 2017 were as follows:

Financial KPI	Definition	For the period ended March 31	
		2018	**2017**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	3.1%	3.5%
Return on Asset (ROA)	Net Income / Average Total Assets	1.9%	2.7%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	14.6%	19.0%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	16.4%	(7.1%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	25.1 times	(447.2) times

Profitability and Efficiency

Both profitability and efficiency indicators have decreased as compared to the same period of last year due to lower income generated from operations.

Liquidity

The Group'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 Group's annual financial statements as at December 31, 2017.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2017:

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 include:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

   - On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.

   - Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment transactions that contain a performance condition.

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

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to OCI, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and

- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018.

The management of the Group assessed that the application of the amendments will not have impact on the Group's consolidated financial statements as the Group does not have any insurance contracts.

PFRS 9, Financial Instruments (2014)

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset five rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.

- All other debt instruments must be measured at FVTPL.

- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

  This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in other comprehensive income (OCI), unless the presentation of the effect of the change in the liability credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

  The management of the Group assessed that the application of this phase of PFRS 9 will not have a significant impact on its consolidated statement of financial position as its current financial assets carried at fair value are not significant.

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

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

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

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The Group assessed that the application of this phase of PFRS 9 will not have a significant impact as it does not apply hedge accounting on any existing hedge relationships.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group plans to adopt the new standard on the required effective date. Based on the following preliminary assessment, the Group expects no significant impact to its consolidated statement of financial position.

PFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

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

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

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

(a) Sale of goods

The Group is primarily involved in the delivery at a point in time of cement, aggregates and other construction materials. Contracts with customers in which the sale of these products is generally expected to be the only performance obligations are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Variable consideration

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

(c) Disclosure requirements

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

Amendments to PFRS 15, *Clarifications to PFRS 15*

The amendments in the standard addresses three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.
- Clarification on how to assess control in in determining whether a party providing goods or services is a principal or an agent
- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements as the Group does not have complex revenue transactions.

PIC Q&A No. 2016-04, *Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts*

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

The interpretation is effective on the same date as the effective date of PFRS 15, *Revenue from Contracts with Customers*

The management of the Group does not anticipate that the application of the new accounting standard will have an impact on the Group's consolidated financial statements as the Group does not sell any residential properties.

PFRS 16, *Leases*

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted only if PFRS 15, *Revenue from Contracts with Customers*, is also adopted.

The management of the Group is still evaluating the impact of the new standard.

Annual Improvements to PFRSs 2014-2017 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements as the Group is neither a first time adopter of IFRS nor a venture capital organization. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

Amendments to PAS 40, *Investment Property - Transfers of Investment Property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The interpretation is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements. This is because the Group already accounts for the transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2017 - Adopted by FRSC but pending publication by the Board of Accountancy

The Group will adopt the following once became effective.

PFRS 9, *Prepayment Features with Negative Compensation*

The amendments include:

Changes regarding symmetric prepayment options

Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The final amendments also contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have complex financial instruments.

PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments are:

Clarification that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have long-term interests in associates or joint ventures.

IFRIC 23, *Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, *Income Taxes*.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the new Interpretation on the Group's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

The Group 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 Group'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 Group. The Group 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 Group 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 Group'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 Group's operations. The Group 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 Group'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 Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

The Group is exposed to market risks, such as foreign currency, interest rate and equity price risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group'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 Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of March 31, 2018, there are no revenues denominated in currencies other than the Philippine Peso.

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 Group 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, 2018, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at March 31, 2018 and 2017, the Group 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 Group periodically assesses the financial reliability of customers.

The Group constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Group 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 Group trades only with recognized, credit-worthy third parties. It is the Group'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 Group's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Group, which consist of due from related parties, advances to employees, available for sale (AFS) financial assets, and guarantee and refundable deposits, the Group'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 Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group 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 Group'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 Group 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 Group allows it to make efficient use of the financial markets for financing purposes. As at March 31, 2018, the Group has unutilized credit facilities of ₱11.0 billion.

Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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

Cash and Cash Equivalents, Trade and Other Receivables, Advances to Employees, Restricted Cash, Short-term Financial Receivable, Loans 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 at end of each reporting period.

Derivative Liabilities. The fair values of the embedded currency forwards with notional amount of US$4.6 million 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.

Long-term Financial Receivable and 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 at March 31, 2018 and December 31, 2017, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at March 31, 2018 and December 31, 2017, the Group 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 2018 and 2017.

5. *Segment Reporting*

Operating segments are components of the Group 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 Group), 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 Group 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, Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group'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, 2018 and 2017 are presented below:

	2018				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
	(In Thousands)				
Revenue:					
External customers	**₱8,199,451**	**₱349,791**	**₱8,549,242**	**₱54,912**	**₱8,604,154**
Inter-segment	**118,150**	**-**	**118,150**	**(118,150)**	**-**
	₱8,317,601	**₱349,791**	**₱8,667,392**	**(₱63,238)**	**₱8,604,154**
Operating EBITDA	**₱1,434,021**	**₱92,694**	**₱1,526,715**	**(₱273,526)**	**₱1,253,189**
Segment assets	**29,250,219**	**143,877**	**29,394,096**	**7,861,929**	**37,256,025**
Segment liabilities	**7,585,594**	**324,403**	**7,909,997**	**6,290,447**	**14,200,444**

	2017				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
	(In Thousands)				
Revenue:					
External customers	₱8,242,264	₱565,987	₱8,808,251	₱31,955	₱8,840,206
Inter-segment	227,776	-	227,776	(227,776)	-
	₱8,470,040	₱565,987	₱9,036,027	(₱195,821)	₱8,840,206
Operating EBITDA	₱2,316,273	₱48,754	₱2,365,027	(₱683,410)	₱1,681,617
Segment assets	26,494,516	800,526	27,295,042	7,397,897	34,692,939
Segment liabilities	5,846,705	442,171	6,288,876	1,205,003	7,493,879

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

6. ***Retained Earnings***

The BOD did not declare any cash dividends during the quarter.

Interim Disclosures

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

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group 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 Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group 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 Group'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 Group, 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

14% decrease in Cash and cash equivalents
Mainly due to lower cash from operations and higher capital expenditure net of proceeds from short-term loans.

12% increase in Trade and other receivables - net
Primarily due to higher cement sales outstanding at the end of quarter compared with year-end.

8% increase in Inventories
The increase was driven by higher clinker and cement production volume and fuel costs. Spare parts also increased due to scheduled plant shutdowns during the quarter.

1,899% increase in Short-term financial receivables
Mainly due to short-term intercompany financial receivable entered with one of its holding company.

57% increase in Other current assets
Increase in advance payment to suppliers for time-chartered vessels, prepayments for real property rental, other business taxes, and deferred expenses.

17% increase in Intangibles - net
Increase was mainly due to additional intangible asset net of amortization recognized for the period.

18% increase in Loan payables
Due to additional short-term loan agreement with an external party.

47% increase in Income tax payable
Mainly due to additional taxable income for the period and outstanding tax payable from previous year's net income.

66% increase in Other reserves
Due to accrual of share-based remuneration for the period.

9% increase in Retained earnings
Due to net profit recognized for the period.

Material Changes in Income Statement Accounts

9% decrease in Depreciation and amortization
Mainly due to disposal of property, plant and equipment under RMX business in 2017.

144% decrease in Other income (expenses) - net
Mainly due to higher interest expenses recognized during the period from existing short-term loan payables offset by the increase in undistributed earnings from associates.

49% decrease in Provision for income tax
Due to lower taxable income for the first quarter of the year.

11% increase in Noncontrolling interest in net income
Increase was mainly due to higher profit of subsidiaries compared to same period last year.

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

Financial KPI	Definition	For the three (3) Months Ended March 31	
		2018	2017
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	87.4%	154.1%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	16.4%	(7.1%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	161.6%	127.6%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	18.7 times	(371.9) times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	1.9%	2.7%
Return on Equity	Net Income / Average Total Equity	3.1%	3.5%

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.

Jessa Rojas

Jesusa Natividad L. Rojas
Chief Financial Officer
Date:

107252018002574

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

SEC Registration No.	0000026126
Company Name	HOLCIM PHILIPPINES, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

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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, 2018

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: ____ (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 459-3333
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

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

    Yes [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, 2018 and December 31, 2017

Exhibit II – Consolidated Statements of Income for the quarters ended June 30, 2018 and 2017 and for the six (6) months ended June 30, 2018 and 2017

Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2018 and 2017 and for the six (6) months ended June 30, 2018 and 2017

Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the six (6) months ended June 30, 2018 and 2017

Exhibit V – Consolidated Statements of Cash Flows for the six (6) months ended June 30, 2018 and 2017

Exhibit VI – Aging of Trade and Other Receivables as of June 30, 2018

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of June 30, 2018 and December 31, 2017
(In Thousands)

	30 Jun 2018	31 Dec 2017
ASSETS		
Current Assets		
Cash and cash equivalents	₱2,482,325	₱1,945,797
Trade and other receivables – net	3,651,114	3,439,049
Inventories	5,387,171	3,800,792
Short-term financial receivables	550,600	37,048
Other current assets	1,372,818	798,510
Total Current Assets	**13,444,028**	**10,021,196**
Noncurrent Assets		
Investments	4,514,029	4,468,357
Property, plant and equipment – net	17,903,825	17,599,838
Goodwill	2,635,738	2,635,738
Intangibles – net	28,132	28,714
Deferred tax assets – net	467,660	455,242
Other noncurrent assets	395,761	378,487
Total Noncurrent Assets	**25,945,145**	**25,566,376**
	39,389,173	**35,587,572**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loan payables	4,447,523	4,177,902
Dividends payable	2,663,635	10,423
Trade and other payables	9,748,581	7,852,319
Income tax payable	452,822	265,684
Total Current Liabilities	**17,312,561**	**12,306,328**
Noncurrent Liabilities		
Retirement benefits liabilities	792,262	845,154
Provisions	73,712	81,342
Total Noncurrent Liabilities	**865,974**	**926,496**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	(350,987)	(350,987)
Other reserves	457	(1,430)
Retained earnings	6,626,882	7,773,468
	21,204,453	**22,349,152**
Noncontrolling Interest	**6,185**	**5,596**
Total Stockholders' Equity	**21,210,638**	**22,354,748**
	₱39,389,173	**₱35,587,572**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended June 30, 2018 and 2017
And for the six (6) months ended June 30, 2018 and 2017
(In Thousands, Except Per Share Data)

	Quarter Ended		Six (6) Months Ended	
	Apr-Jun 2018	**Apr-Jun 2017**	**Jan-Jun 2018**	**Jan-Jun 2017**
Net Sales	**₱10,146,808**	**₱8,557,279**	**₱18,750,961**	**₱17,397,486**
Cost of sales	8,021,901	6,105,783	14,842,033	12,753,589
Gross Profit	**2,124,907**	**2,451,496**	**3,908,928**	**4,643,897**
Operating expenses	610,021	471,429	1,140,854	982,213
Operating EBITDA	**1,514,886**	**1,980,067**	**2,768,074**	**3,661,684**
Depreciation and amortization	295,124	320,146	595,892	648,949
Profit from Operations	**1,219,762**	**1,659,921**	**2,172,182**	**3,012,735**
Other income (expenses)				
Net financial income (expense)	(26,873)	15,345	(77,750)	18,759
Other income (expense)	29,468	13,543	60,390	55,788
Total	2,595	28,888	(17,360)	74,547
Profit before Income Tax	**1,222,357**	**1,688,809**	**2,154,822**	**3,087,282**
Provision for income tax				
Current	370,100	472,799	603,494	948,380
Deferred	(11,780)	54,992	(12,599)	38,316
	358,320	527,791	590,895	986,696
Profit for the Period	**864,037**	**1,161,018**	**1,563,927**	**2,100,586**
Noncontrolling interest	(392)	(370)	(631)	(585)
Profit for the Period Attributable to Equity Holders of the Parent Company	**₱863,645**	**₱1,160,648**	**₱1,563,296**	**₱2,100,001**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Profit for the period attributable to Equity holders of the parent company	**₱863,645**	**₱1,160,648**	**₱1,563,296**	**₱2,100,001**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.134**	**₱0.180**	**₱0.242**	**₱0.325**

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended June 30, 2018 and 2017
And for the six (6) months ended June 30, 2018 and 2017
(In Thousands)

	Quarter Ended		Six (6) Months Ended	
	Apr-Jun 2018	**Apr-Jun 2017**	**Jan-Jun 2018**	**Jan-Jun 2017**
Profit for the Period	**₱864,037**	**₱1,161,018**	**₱1,563,927**	**₱2,100,586**
Other Comprehensive Income	**944**	**1,258**	**1,887**	**2,201**
Total Comprehensive Income	**₱864,981**	**₱1,162,276**	**₱1,565,814**	**₱2,102,787**
Attributable to:				
Equity holders of Parent Company	₱864,631	₱1,157,859	₱1,565,225	₱2,094,796
Noncontrolling interest	350	4,417	589	7,991
	₱864,981	**₱1,162,276**	**₱1,565,814**	**₱2,102,787**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the six (6) months ended June 30, 2018 and 2017
(In Thousands)

	Jan-Jun 2018	**Jan-Jun 2017**
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	**(350,987)**	**(79,978)**
Other reserves	**457**	**(3,631)**
Retained Earnings		
Balance at beginning of period	7,773,468	11,409,043
Cash Dividends	(2,709,882)	(6,323,057)
Profit for the Period	1,563,296	2,100,001
Balance at end of period	**6,626,882**	**7,185,987**
Noncontrolling Interest	**6,185**	**6,301**
	₱21,210,638	**₱22,036,780**

Exhibit V

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six (6) months ended June 30, 2018 and 2017
(In Thousands)

	Jan-Jun 2018	Jan-Jun 2017
Operating Activities		
Profit before Income Tax	**₱2,154,822**	**₱3,087,282**
Adjustments to reconcile profit to cash		
Depreciation and amortization	595,892	648,949
Other items (net)	(524,479)	(1,144,429)
Changes in current assets and liabilities	(613,621)	(480,912)
Cash provided by operating activities	**1,612,614**	**2,110,890**
Investing Activities		
Net additions to plant, property and equipment	(861,114)	(479,318)
Increase in other investing activities	(22,159)	(629,270)
Cash used in investing activities	**(883,273)**	**(1,108,588)**
Financing Activities		
Proceeds from short-term loan	2,400,000	-
Payment of short-term loans	(2,078,208)	-
Increase in short-term financial receivables	(701,964)	-
Decrease in short-term financial receivables	184,653	-
Cash used in financing activities	**(195,519)**	**-**
Net increase in cash and cash equivalents	**533,822**	**1,002,302**
Cash and cash equivalents, beginning	**1,945,797**	**2,125,116**
Effect of exchange rate changes on cash and cash equivalents	**2,706**	**2,673**
Cash and cash equivalents, end	**₱2,482,325**	**₱3,130,091**

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of June 30, 2018
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱2,315,560**	**₱2,250,059**	**₱6,023**	**₱17,532**	**₱41,946**
Other Receivables	**1,560,622**	**88,859**	**3,722**	**11,091**	**1,456,950**
Total	**3,876,182**	**₱2,338,918**	**₱9,745**	**₱28,623**	**₱1,498,896**
Allowance for Doubtful Accounts	**(225,068)**				
Net Receivables	**₱3,651,114**				

Certified correct:

Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

Market remains strong still largely driven by infrastructure projects as government rolls out its new projects planned for this year. For the quarter, the Company's net sales improved by 18% from the same period last year and registered double-digit growth compared with three previous quarters of decline driven by higher cement and aggregates volumes, net of lower cement prices from aggressive market competition, and lower sales from other associated businesses. This growth in volumes resulted to total net sales of Php18.8 billion, higher by 8% as compared to Php17.4 billion reported in the same period last year.

Company's production volumes as of the first half of the year were also better compared to the same period last year arising from improved productivity across all plants. However, cost of sales was higher driven by increasing cost of fuel, power and distribution coupled with the impact of peso depreciation on imported production inputs. The Company achieved a total operating EBITDA of Php2.8 billion for the first half compared to the Php3.7 billion reported on the same period last year. The Company also incurred other expenses largely from interest expenses on its short-term loans. Net income after tax stood at Php1.6 billion giving earnings per share of Php0.24.

Financial Position

The Group's financial position has remained healthy with very liquid cash position and strong asset utilization ratio as it still continues to generate high revenues. Total assets stood at ₱39.4 billion, 11% higher from end of 2017.

Cash Flow Generation

The Group's cash requirements have been mainly sourced from operating activities. Please refer to the attached statement of cash flow for more details.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended June 30, 2018 and 2017 were as follows:

Financial KPI	Definition	For the period ended June 30	
		2018	**2017**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	7.2%	8.7%
Return on Asset (ROA)	Net Income / Average Total Assets	4.2%	6.0%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	14.8%	21.0%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	11.8%	(12.0%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	34.5 times	(617.7) times

Profitability and Efficiency

Both profitability and efficiency indicators have slightly decreased as compared to the same period of last year due to lower income generated from operations.

Liquidity

The Group'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 Group's annual financial statements as at December 31, 2017.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2017:

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 include:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

    - On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.

    - Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment transactions that contain a performance condition.

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

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to OCI, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and

- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018.

The management of the Group assessed that the application of the amendments will not have impact on the Group's consolidated financial statements as the Group does not issue any insurance contracts.

PFRS 9, *Financial Instruments (2014)*

This standard consists of the following three phases:

<u>Phase 1: Classification and measurement of financial assets and financial liabilities</u>

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset five rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.

- All other debt instruments must be measured at FVTPL.

- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

  This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in other comprehensive income (OCI), unless the presentation of the effect of the change in the liability credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

  The management of the Group assessed that the application of this phase of PFRS 9 will not have a significant impact on its consolidated statement of financial position as its current financial assets carried at fair value are not significant.

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

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

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

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity’s risk management activities have been introduced.

The Group assessed that the application of this phase of PFRS 9 will not have a significant impact as it does not apply hedge accounting on any existing hedge relationships.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group plans to adopt the new standard on the required effective date. Based on the following preliminary assessment, the Group expects no significant impact to its consolidated statement of financial position.

PFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

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

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

(a) Sale of goods

The Group is primarily involved in the delivery at a point in time of cement, aggregates and other construction materials. Contracts with customers in which the sale of these products is generally expected to be the only performance obligations are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Variable consideration

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

(c) Disclosure requirements

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

Amendments to PFRS 15*, Clarifications to PFRS 15*

The amendments in the standard addresses three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.

- Clarification on how to assess control in in determining whether a party providing goods or services is a principal or an agent

- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements as the Group currently does not have complex revenue transactions. However, the Company plans to review and adopt this new standard once we have rolled-out new products and / or services as part of our commercial strategy.

PIC Q&A No. 2016-04, *Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts*

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

The interpretation is effective on the same date as the effective date of PFRS 15, *Revenue from Contracts with Customers*

The management of the Group does not anticipate that the application of the new accounting standard will have an impact on the Group's consolidated financial statements as the Group does not sell any residential properties.

PFRS 16, *Leases*

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted only if PFRS 15, *Revenue from Contracts with Customers*, is also adopted.

The management of the Group is still evaluating the impact of the new standard.

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements as the Group is neither a first time adopter of IFRS nor a venture capital organization. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

Amendments to PAS 40, *Investment Property - Transfers of Investment Property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The interpretation is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements. This is because the Group already accounts for the transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2017 - Adopted by FRSC but pending publication by the Board of Accountancy

The Group will adopt the following once became effective.

Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

The amendments include:

Changes regarding symmetric prepayment options

Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The final amendments also contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have complex financial instruments.

Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments are:

Clarification that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have long-term interests in associates or joint ventures.

Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, *Income Taxes*.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the new Interpretation on the Group's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

Amendments to PAS 19, *Plan Amendment, Curtailment or Settlement*

The amendments in Plan Amendment, Curtailment or Settlement are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendment.

Annual Improvements to PFRSs 2015-2017 Cycle

Amendments to PFRS 3 and PFRS 11, *Previously held interest in a joint operation*

The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to PAS 12, *Income tax consequences of payments on financial instruments classified as equity*

The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

Amendments to PAS 23, *Borrowing costs eligible for capitalization*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendments.

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;

- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;

- divides the contracts into groups that it will recognize and measure;

- recognizes and measures groups of insurance contracts at:

- a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)

- an amount representing the unearned profit in the group of contracts (the contractual service margin);

- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;

- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and

- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2021. Earlier application is permitted if both PFRS 15, *Revenue from Contracts with Customers* and PFRS 9, *Financial Instruments* have also been applied.

The management of the Group is still evaluating the impact of the new standard.

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

<u>General Risk Management Approach</u>

The Group 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 Group'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 Group. The Group 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 Group 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 Group'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 Group's operations. The Group 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 Group'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 Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

<u>Market Risks</u>

The Group is exposed to market risks, such as foreign currency, interest rate and equity price risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group'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 Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of June 30, 2018, there are no revenues denominated in currencies other than the Philippine Peso.

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 Group 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, 2018, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at June 30, 2018 and 2017, the Group 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 Group periodically assesses the financial reliability of customers.

The Group constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Group 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 Group trades only with recognized, credit-worthy third parties. It is the Group'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 Group's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Group, which consist of due from related parties, advances to employees, available for sale (AFS) financial assets, and guarantee and refundable deposits, the Group'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 Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group 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 Group'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 Group 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 Group allows it to make efficient use of the financial markets for financing purposes. As at June 30, 2018, the Group has unutilized credit facilities of ₱10.6 billion.

Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group 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 Group's financial instruments, is equal to their carrying amount as at June 30, 2018 and December 31, 2017. 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, Short-term Financial Receivables, Loans 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 at end of each reporting period.

Derivative Assets and Liabilities. The fair values of the embedded currency forwards with notional amount of EUR€154.8 thousand and USD$5.5 million of derivative assets and liabilities, respectively, 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.

Long-term Financial Receivable and 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 at June 30, 2018 and December 31, 2017, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at June 30, 2018 and December 31, 2017, the Group 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 2018 and 2017.

5. *Segment Reporting*

Operating segments are components of the Group 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 Group), 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 Group 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, Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group'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, 2018 and 2017 are presented below:

	2018				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱17,427,459**	**₱1,232,801**	**₱18,660,260**	**₱90,701**	**₱18,750,961**
Inter-segment	**182,410**	**-**	**182,410**	**(182,410)**	**-**
	₱17,609,869	**₱1,232,801**	**₱18,842,670**	**(₱91,709)**	**₱18,750,961**
Operating EBITDA	**₱3,406,572**	**₱215,220**	**₱3,621,792**	**(₱853,718)**	**₱2,768,074**
Segment assets	**30,880,596**	**211,776**	**31,092,372**	**8,296,801**	**39,389,173**
Segment liabilities	**9,473,662**	**275,683**	**9,749,345**	**8,429,190**	**18,178,535**

	2017				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱16,311,496	₱1,031,963	₱17,343,459	₱54,027	₱17,397,486
Inter-segment	410,210	-	410,210	(410,210)	-
	₱16,721,706	₱1,031,963	₱17,753,669	(₱356,183)	₱17,397,486
Operating EBITDA	₱4,528,639	₱121,980	₱4,650,619	(₱988,935)	₱3,661,684
Segment assets	26,792,850	718,138	27,510,988	8,817,907	36,328,895
Segment liabilities	6,356,954	451,246	6,808,200	7,483,915	14,292,115

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

6. ***Retained Earnings***

On May 18, 2018, the BOD declared cash dividends in the amount of Php0.42 per share to all stockholders of record as of June 15, 2018 with payment date of not later than July 10, 2018.

Interim Disclosures

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

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group 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 Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group 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 Group'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 Group, 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

28% increase in Cash and cash equivalents
Mainly due to higher cash flows from operations net of CAPEX and loan payments.

6% increase in Trade and other receivables - net
Primarily due to higher sales outstanding at the end of quarter compared with year-end.

42% increase in Inventories
The increase was driven by higher clinker and cement production volumes and fuel purchases. Spare parts also increased due to scheduled plant shutdowns during and in preparation for the next quarter.

1,386% increase in Short-term financial receivables
Mainly due to short-term intercompany financial receivable entered with one of its parent holding company.

72% increase in Other current assets
Mostly from the increase in prepayments for real property and other business taxes, insurance, rentals, time-chartered services and deferred expenses.

5% increase in Other noncurrent assets
Due to increase in guarantee deposits which was slightly mitigated by the decrease in deferred input value-added taxes due to amortization.

6% increase in Loan payables
Due to additional short-term loan agreements with external party, associates and parent company.

25,455% increase in Dividends Payable
Due to cash dividends declared during the quarter. Refer to discussion on Retained Earnings for details.

24% increase in Trade and other payables
Largely due to higher shipping / distribution costs, importations alongside with higher purchases of fuels and spare parts.

70% increase in Income tax payable
Mainly due to additional taxable income for the period and outstanding tax payable from previous year’s net income.

6% decrease in Retirement benefits liabilities
Attributable to contributions made during the period.

9% decrease in Provisions
Due to payment of tax provisions during the period.

132% increase in Other reserves
Due to accrual of share-based remuneration for the period.

15% decrease in Retained earnings
The decrease was mainly due to dividend declaration net of income recognized for the period. Refer to discussion on Retained Earnings for details.

Material Changes in Income Statement Accounts

8% increase in Net sales
The increase was a result of increasing demand from accelerated government construction projects. Refer to Management Discussion and Analysis for details.

16% increase in Cost of sales
Mostly due to higher fuel, energy and distribution costs.

16% increase in Operating expenses
Driven largely by higher expenses in line with commercial strategy transformation.

8% decrease in Depreciation and amortization
Mainly due to impact from disposal of property, plant and equipment under RMX business.

123% decrease in Other income (expenses) - net
Mainly due to higher interest expenses recognized during the period from existing short-term loan payables offset by the increase in undistributed earnings from associates.

40% decrease in Provision for income tax
Due to lower taxable income for the first half of the year.

8% increase in Noncontrolling interest in net income
Increase was mainly due to higher profit of subsidiaries compared to same period last year.

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

Financial KPI	Definition	For the six (6) Months Ended June 30	
		2018	2017
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	77.6%	83.0%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	11.8%	(12.0%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	185.7%	164.9%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	26.9 times	(520.8) times
Profitability Ratios			
Return on Assets	Net Income / Average Total Assets	4.2%	6.0%
Return on Equity	Net Income / Average Total Equity	7.2%	8.7%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Jesusa Natividad L. Rojas
Chief Financial Officer
Date:

110252018000807

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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Industry Classification	
Company Type	Stock Corporation

Document Information

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COVER SHEET

2 6 1 2 6

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)

Alexander V. Taar

(Contact Person)

(3rd Quarter 2018)

459-3333

(Company Telephone Number)

0 9 | 3 0

Month *Day*

(Fiscal Year)

SEC FORM 17-Q

For the quarter ended September 30, 2018

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

–

Amended Articles Number/Section

Total Amount of Borrowings

5,407

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 September 30, 2018

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 459-3333
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

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

    Yes [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, 2018 and December 31, 2017
Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2018 and 2017 and for the nine (9) months ended September 30, 2018 and 2017
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2018 and 2017 and for the nine (9) months ended September 30, 2018 and 2017
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the nine (9) months ended September 30, 2018 and 2017
Exhibit V – Consolidated Statements of Cash Flows for the nine (9) months ended September 30, 2018 and 2017
Exhibit VI – Aging of Trade and Other Receivables as of September 30, 2018

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2018 and December 31, 2017
(In Thousands)

	30 Sep 2018	31 Dec 2017
ASSETS		
Current Assets		
Cash and cash equivalents	₱1,273,384	₱1,945,797
Trade and other receivables – net	3,371,731	3,439,049
Inventories	5,791,027	3,800,792
Short-term financial receivables	4,165	37,048
Other current assets	1,155,394	798,510
Total Current Assets	**11,595,701**	**10,021,196**
Noncurrent Assets		
Investments	4,484,008	4,468,357
Property, plant and equipment – net	18,325,401	17,599,838
Goodwill	2,635,738	2,635,738
Intangibles – net	27,889	28,714
Deferred tax assets – net	468,327	455,242
Other noncurrent assets	784,289	378,487
Total Noncurrent Assets	**26,725,652**	**25,566,376**
	38,321,353	**35,587,572**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loan payables	6,885,889	4,177,902
Trade and other payables	9,033,018	7,862,742
Income tax payable	172,948	265,684
Total Current Liabilities	**16,091,854**	**12,306,328**
Noncurrent Liabilities		
Retirement benefits liabilities	768,099	845,154
Provisions	74,255	81,342
Total Noncurrent Liabilities	**842,354**	**926,496**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	(350,987)	(350,987)
Other reserves	1,400	(1,430)
Retained earnings	6,803,627	7,773,468
	21,382,141	**22,349,152**
Noncontrolling Interest	**5,004**	**5,596**
Total Stockholders' Equity	**21,387,145**	**22,354,748**
	38,321,353	**₱35,587,572**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended September 30, 2018 and 2017
And for the nine (9) months ended September 30, 2018 and 2017
(In Thousands, Except Per Share Data)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net Sales	**₱ 8,516,826**	**₱ 8,264,976**	**₱27,267,788**	**₱25,663,801**
Cost of sales	7,329,108	6,621,988	22,171,141	19,575,177
Gross Profit	**1,187,718**	**1,642,988**	**5,096,647**	**6,088,624**
Operating expenses	553,149	669,863	1,694,003	1,652,357
Operating EBITDA	**634,569**	**973,125**	**3,402,644**	**4,436,267**
Depreciation and amortization	286,295	337,295	882,187	986,244
Profit from Operations	**348,274**	**635,830**	**2,520,457**	**3,450,023**
Other income (expenses)				
Net financial income (expense)	(40,163)	(2,839)	(117,913)	15,920
Other income (expense)	(30,200)	80,119	30,190	135,906
Total	(70,363)	77,280	(87,723)	151,826
Profit before Income Tax	**277,911**	**713,110**	**2,432,734**	**3,601,849**
Provision for income tax				
Current	100,687	368,319	704,182	1,255,683
Deferred	343	7,362	(12,256)	45,678
	101,030	375,681	691,926	1,301,361
Profit for the Period	**176,881**	**337,429**	**1,740,808**	**2,300,488**
Noncontrolling interest	(137)	(249)	(768)	(834)
Profit for the Period Attributable to Equity Holders of the Parent Company	**₱176,744**	**₱337,180**	**₱1,740,040**	**₱2,299,654**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Profit for the period attributable to Equity holders of the parent company	**₱176,744**	**₱337,180**	**₱1,740,040**	**₱ 2,299,654**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.027**	**₱0.052**	**₱0.270**	**₱0.356**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended September 30, 2018 and 2017
And for the nine (9) months ended September 30, 2018 and 2017
(In Thousands)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2018	**Jul-Sep 2017**	**Jan-Sep 2018**	**Jan-Sep 2017**
Profit for the Period	**₱176,881**	**₱337,429**	**₱1,740,808**	**₱2,300,488**
Other Comprehensive Income	**943**	**1,258**	**2,830**	**2,201**
Total Comprehensive Income	**₱177,824**	**₱338,687**	**₱1,743,638**	**₱2,302,689**
Attributable to:				
Equity holders of Parent Company	₱ 179,005	₱ 338,438	₱1,744,230	₱2,301,855
Noncontrolling interest	(1,181)	249	(592)	834
	₱ 177,824	**₱338,687**	**₱1,743,638**	**₱2,302,689**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the nine (9) months ended September 30, 2018 and 2017
(In Thousands)

	Jan-Sep 2018	Jan-Sep 2017
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	**(350,987)**	**(79,978)**
Other reserves	**1,400**	**(2,687)**
Retained Earnings		
Balance at beginning of period	7,773,469	11,409,043
Cash Dividends	(2,709,882)	(6,323,057)
Profit for the Period	1,740,040	2,299,654
Balance at end of period	**6,803,627**	**7,385,640**
Noncontrolling Interest	**5,004**	**5,341**
	₱21,387,145	**₱22,236,417**

Exhibit V

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine (9) months ended September 30, 2018 and 2017
(In Thousands)

	Jan-Sep 2018	Jan-Sep 2017
Operating Activities		
Profit before Income Tax	**₱ 2,432,734**	**₱ 3,601,849**
Adjustments to reconcile profit to cash		
Depreciation and amortization	882,187	986,244
Other items (net)	(773,008)	(1,629,663)
Changes in current assets and liabilities	(1,458,148)	(567,310)
Cash provided by operating activities	**1,083,765**	**2,110,890**
Investing Activities		
Net additions to plant, property and equipment	(1,498,188)	(1,112,645)
Increase in other investing activities	(26,457)	(62,323)
Cash used in investing activities	**(1,524,645)**	**(1,174,968)**
Financing Activities		
Dividends Paid	(2,653,388)	(3,867,155)
Proceeds from short-term loan	5,044,775	-
Payment of short-term loans	(2,280,560)	3,580,456
Increase in short-term financial receivables	(701,393)	-
Decrease in short-term financial receivables	355,462	-
Cash used in financing activities	**(235,104)**	**(286,699)**
Net increase(decrease) in cash and cash equivalents	**(675,983)**	**929,453**
Cash and cash equivalents, beginning	**1,945,797**	**2,125,116**
Effect of exchange rate changes on cash and cash equivalents	**3,570**	**2,546**
Cash and cash equivalents, end	**₱ 1,273,384**	**₱ 3,057,115**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of September 30, 2018
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱2,214,852**	**₱2,142,667**	**₱10,647**	**₱6,981**	**₱54,557**
Other Receivables	**1,386,221**	**18,925**	**75,570**	**4,087**	**1,287,639**
Total	**3,601,073**	**₱2,161,592**	**₱ 86,217**	**₱ 11,068**	**₱1,342,196**
Allowance for Doubtful Accounts	**(229,342)**				
Net Receivables	**₱3,371,731**				

Certified correct:

Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

Market remains strong largely driven by government infrastructure projects. For the quarter, the Company's net sales improved from the same period last year despite lower cement prices from aggressive market competition and lower sales from other business associates. Net sales as at end of third quarter was Php27.3 billion, higher by 6.3% as compared to Php25.7 billion reported in the same period last year.

Company's production volumes as of the first three quarters of the year continued to improve compared to the same period last year from improved productivity across all plants. Cost of sales was higher driven by increasing cost of fuel, power and distribution coupled with the impact of peso depreciation on imported materials. The Company achieved a total operating EBITDA of Php3.4 billion for the first three quarters compared to the Php4.4 billion reported on the same period last year. The Company also incurred interest expenses on its short-term loans. Net income after tax stood at Php1.7 billion with earnings per share of Php0.27.

Financial Position

The Group's financial position has remained healthy with very liquid cash position and strong asset utilization ratio as it still continues to generate high revenues. Total assets stood at ₱38.3 billion, 8% higher from end of 2017.

Cash Flow Generation

The Group's cash requirements have been mainly sourced from operating activities.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended September 30, 2018 and 2017 were as follows:

Financial KPI	Definition	For the period ended September 30	
		2018	2017
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	8.0%	9.5%
Return on Asset (ROA)	Net Income / Average Total Assets	4.7%	6.6%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	12.5%	17.3%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	28.8%	4.5%
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	25.9 times	(393.8) times

Profitability and Efficiency

Both profitability and efficiency indicators have slightly decreased as compared to the same period of last year due to lower income generated from operations.

Liquidity

The Group'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 Group's annual financial statements as at December 31, 2017.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2017:

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 include:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

   - On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.

   - Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment transactions that contain a performance condition.

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

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to OCI, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and

- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018.

The management of the Group assessed that the application of the amendments will not have impact on the Group's consolidated financial statements as the Group does not have any insurance contracts.

PFRS 9, Financial Instruments (2014)

This standard consists of the following three phases:

<u>Phase 1: Classification and measurement of financial assets and financial liabilities</u>

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset five rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.

- All other debt instruments must be measured at FVTPL.

- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

  This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in other comprehensive income (OCI), unless the presentation of the effect of the change in the liability credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

  The management of the Group assessed that the application of this phase of PFRS 9 will not have a significant impact on its consolidated statement of financial position as its current financial assets carried at fair value are not significant.

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

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

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

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The Group assessed that the application of this phase of PFRS 9 will not have a significant impact as it does not apply hedge accounting on any existing hedge relationships.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group plans to adopt the new standard on the required effective date. Based on the preliminary assessment, the Group expects no significant impact to its consolidated statement of financial position.

PFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

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

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

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

(a) Sale of goods

The Group is primarily involved in the delivery at a point in time of cement, aggregates and other construction materials. Contracts with customers in which the sale of these products is generally expected to be the only performance obligations are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Variable consideration

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

(c) Disclosure requirements

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

Amendments to PFRS 15, *Clarifications to PFRS 15*

The amendments in the standard addresses three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.

- Clarification on how to assess control in in determining whether a party providing goods or services is a principal or an agent

- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the amendments will not have a significant impact on the Group's consolidated financial statements, as the Group does not have complex revenue transactions.

PIC Q&A No. 2016-04, *Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts*

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

The interpretation is effective on the same date as the effective date of PFRS 15, *Revenue from Contracts with Customers*.

The management of the Group does not anticipate that the application of the new interpretation will have an impact on the Group's consolidated financial statements, as the Group does not sell any residential properties.

PFRS 16, *Leases*

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted only if PFRS 15, *Revenue from Contracts with Customers*, is also adopted.

The management of the Group will adopt this standard when it becomes effective and the management of the Group is still evaluating the impact of the new standard.

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements as the Group is neither a first time adopter of IFRS nor a venture capital organization. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

Amendments to PAS 40, *Investment Property - Transfers of Investment Property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The interpretation is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the interpretation will not have a significant impact on the Group's consolidated financial statements. This is because the Group already accounts for the transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

The amendments include:

Changes regarding symmetric prepayment options

Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The final amendments also contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group will adopt the amendments when they become effective and the management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have complex financial instruments.

Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments are:

Clarification that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group will adopt this amendment when it becomes effective and the management of the Group does not anticipate that the amendment will have a significant impact on the Group's consolidated financial statements as the Group does not have long-term interests in associates or joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2017 - Adopted by FRSC but pending publication by the Board of Accountancy

The Group will adopt the following once these become effective.

Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, *Income Taxes*.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the new Interpretation on the Group's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

Amendments to PAS 19, Plan Amendment, Curtailment or Settlement

The amendments in Plan Amendment, Curtailment or Settlement are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendment.

Annual Improvements to PFRSs 2015-2017 Cycle

Amendments to PFRS 3 and PFRS 11, *Previously held interest in a joint operation*

The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to PAS 12, *Income tax consequences of payments on financial instruments classified as equity*

The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

Amendments to PAS 23, *Borrowing costs eligible for capitalization*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendments.

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that

contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2021. Earlier application is permitted if both PFRS 15, *Revenue from Contracts with Customers* and PFRS 9, *Financial Instruments* have also been applied.

The management of the Group is still evaluating the impact of the new standard.

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

The Group 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 Group'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 Group. The Group 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 Group 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 Group'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 Group's operations. The Group 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 Group'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 Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

The Group is exposed to market risks, such as foreign currency, interest rate and equity price risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group'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 Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of September 30, 2018, there are no revenues denominated in currencies other than the Philippine Peso.

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 Group 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, 2018, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at September 30, 2018 and 2017, the Group 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 Group periodically assesses the financial reliability of customers.

The Group constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Group 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 Group trades only with recognized, credit-worthy third parties. It is the Group'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 Group's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Group, which consist of due from related parties, advances to employees, available for sale (AFS) financial assets, and guarantee and refundable deposits, the Group'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 Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group 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 Group'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 Group 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 Group allows it to make efficient use of the financial markets for financing purposes. As at September 30, 2018, the Group has unutilized credit facilities of ₱12.7 billion.

Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group 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 Group's financial instruments, is equal to their carrying amount as at September 30, 2018 and December 31, 2017. 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, Short-term Financial Receivables, Loans 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 at end of each reporting period.

Derivative Assets and Liabilities. The fair values of the embedded currency forwards with notional amount of EUR€154.8 thousand and USD$5.5 million of derivative assets and liabilities, respectively, 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.

Long-term Financial Receivable and 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 at September 30, 2018 and December 31, 2017, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at September 30, 2018 and December 31, 2017, the Group 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 2018 and 2017.

5. *Segment Reporting*

Operating segments are components of the Group 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 Group), 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 Group 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, Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group'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, 2018 and 2017 are presented below:

	2018				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱25,323,941**	**₱1,805,001**	**₱27,128,942**	**₱138,846**	**₱27,267,788**
Inter-segment	**209,516**	**-**	**209,516**	**(209,516)**	**-**
	₱25,533,457	**₱1,805,001**	**₱27,338,458**	**(₱70,670)**	**₱27,267,788**
Operating EBITDA	**₱4,541,327**	**₱295,180**	**₱4,836,507**	**(₱1,433,863)**	**₱3,402,644**
Segment assets	**31,167,423**	**185,021**	**31,352,444**	**6,968,909**	**38,321,353**
Segment liabilities	**8,610,693**	**229,076**	**8,839,769**	**8,094,439**	**16,934,208**

	2017				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱24,108,920	₱1,473,686	₱25,582,606	₱81,195	₱25,663,801
Inter-segment	568,881	-	568,881	(568,881)	-
	₱24,677,801	₱1,473,686	₱26,151,487	(₱487,686)	₱25,663,801
Operating EBITDA	₱5,603,321	₱198,904	₱5,802,225	(₱1,365,958)	₱4,436,267
Segment assets	26,549,167	623,277	27,172,444	8,865,611	36,038,055
Segment liabilities	6,009,959	541,960	6,551,919	7,249,719	13,801,638

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

6. ***Retained Earnings***

On May 18, 2018, the BOD declared cash dividends in the amount of Php0.42 per share to all stockholders of record as of June 15, 2018 with payment date of not later than July 10, 2018.

Interim Disclosures

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

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group 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 Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group 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 Group'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 Group, 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

35% decrease in Cash and cash equivalents
Mainly due to lower cash flows from operations and higher spending for capital expenditures.

2% decrease in Trade and other receivables - net
Primarily due to lower sales outstanding at the end of quarter compared with year-end and collection of outstanding receivables from related parties.

52% increase in Inventories
The increase was driven by higher local clinker production volumes and purchases of imported production inputs. Spare parts also increased due to scheduled plant shutdowns during and in preparation for the next periods.

89% decrease in Short-term financial receivables
Mainly due to receipt of payment of short-term financial receivable from related party.

45% increase in Other current assets
Mostly from the increase in prepayments for real property and other business taxes, insurance, rentals, time-chartered services, creditable withholding taxes and deferred expenses.

107% increase in Other noncurrent assets
Due to increase in long-term financial receivables from a related party and guarantee deposits, offset by decrease in deferred input value-added taxes due to amortization.

65% increase in Loan payables
Due to additional short-term loan agreements with external and related parties.

15% increase in Trade and other payables
Largely due to higher shipping / distribution costs and importations of clinker, fuel and spare parts.

35% decrease in Income tax payable
Mainly due to payment of income taxes this year.

9% decrease in Retirement benefits liabilities
Attributable to contributions made during the period.

9% decrease in Provisions
Due to settlement of tax provisions during the period.

198% decrease in Other reserves
Due to accrual of share-based remuneration for the period.

12% decrease in Retained earnings
The decrease was mainly due to dividend declaration net of income recognized for the period. Refer to discussion on Retained Earnings for details.

Material Changes in Income Statement Accounts

6% increase in Net sales
The increase was a result of increasing demand from accelerated government construction projects.

13% increase in Cost of sales
Mostly due to higher fuel, energy and distribution costs.

11% decrease in Depreciation and amortization
Mainly due to impact from disposal of property, plant and equipment under other business associates.

158% decrease in Other income (expenses) - net
Mainly due to higher interest expenses recognized during the period from existing short-term loans.

47% decrease in Provision for income tax
Due to lower taxable income from first to third quarter of the year.

8% decrease in Noncontrolling interest in net income
Decrease was mainly due to lower profit of subsidiaries compared to same period last year and a declaration of dividends during the year.

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

Financial KPI	Definition	For the nine (9) Months Ended September 30	
		2018	2017
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	72.1%	75.4%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	28.8%	(23.3%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	179.2%	181.0%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	18.5 times	28.2 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	4.7%	4.3%
Return on Equity	Net Income / Average Total Equity	8.0%	7.3%

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.

Jesa Rojas

Jesusa Natividad L. Rojas
Chief Financial Officer
Date:

COVER SHEET

2	6	1	2	6

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)

Alexander V. Taar
(Contact Person)

(3rd Quarter 2018)

459-3333
(Company Telephone Number)

0	9		3	0

Month *Day*
(Fiscal Year)

SEC FORM 17-Q, *AS AMENDED*
For the quarter ended September 30, 2018
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

Domestic Foreign

5,407
Total No. of Stockholders

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, *AS AMENDED*

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, 2018

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634

8. Issuer's telephone number, including area code (632) 459-3333
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

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

Yes [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, 2018 and December 31, 2017
Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2018 and 2017 and for the nine (9) months ended September 30, 2018 and 2017
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2018 and 2017 and for the nine (9) months ended September 30, 2018 and 2017
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the nine (9) months ended September 30, 2018 and 2017
Exhibit V – Consolidated Statements of Cash Flows for the nine (9) months ended September 30, 2018 and 2017
Exhibit VI – Aging of Trade and Other Receivables as of September 30, 2018

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2018 and December 31, 2017
(In Thousands)

	30 Sep 2018	31 Dec 2017
ASSETS		
Current Assets		
Cash and cash equivalents	₱1,273,384	₱1,945,797
Trade and other receivables – net	3,371,731	3,439,049
Inventories	5,791,027	3,800,792
Short-term financial receivables	4,165	37,048
Other current assets	1,155,394	798,510
Total Current Assets	**11,595,701**	**10,021,196**
Noncurrent Assets		
Investments	4,484,008	4,468,357
Property, plant and equipment – net	18,325,401	17,599,838
Goodwill	2,635,738	2,635,738
Intangibles – net	27,889	28,714
Deferred tax assets – net	468,327	455,242
Other noncurrent assets	784,289	378,487
Total Noncurrent Assets	**26,725,652**	**25,566,376**
	38,321,353	**35,587,572**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loan payables	6,885,889	4,177,902
Trade and other payables	9,033,018	7,862,742
Income tax payable	172,948	265,684
Total Current Liabilities	**16,091,854**	**12,306,328**
Noncurrent Liabilities		
Retirement benefits liabilities	768,099	845,154
Provisions	74,255	81,342
Total Noncurrent Liabilities	**842,354**	**926,496**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	(350,987)	(350,987)
Other reserves	1,400	(1,430)
Retained earnings	6,803,627	7,773,468
	21,382,141	**22,349,152**
Noncontrolling Interest	**5,004**	**5,596**
Total Stockholders' Equity	**21,387,145**	**22,354,748**
	38,321,353	**₱35,587,572**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended September 30, 2018 and 2017
And for the nine (9) months ended September 30, 2018 and 2017
(In Thousands, Except Per Share Data)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2018	**Jul-Sep 2017**	**Jan-Sep 2018**	**Jan-Sep 2017**
Net Sales	**₱ 8,516,826**	**₱ 8,264,976**	**₱27,267,788**	**₱25,663,801**
Cost of sales	7,329,108	6,621,988	22,171,141	19,575,177
Gross Profit	**1,187,718**	**1,642,988**	**5,096,647**	**6,088,624**
Operating expenses	553,149	669,863	1,694,003	1,652,357
Operating EBITDA	**634,569**	**973,125**	**3,402,644**	**4,436,267**
Depreciation and amortization	286,295	337,295	882,187	986,244
Profit from Operations	**348,274**	**635,830**	**2,520,457**	**3,450,023**
Other income (expenses)				
Net financial income (expense)	(40,163)	(2,839)	(117,913)	15,920
Other income (expense)	(30,200)	80,119	30,190	135,906
Total	(70,363)	77,280	(87,723)	151,826
Profit before Income Tax	**277,911**	**713,110**	**2,432,734**	**3,601,849**
Provision for income tax				
Current	100,687	368,319	704,182	1,255,683
Deferred	343	7,362	(12,256)	45,678
	101,030	375,681	691,926	1,301,361
Profit for the Period	**176,881**	**337,429**	**1,740,808**	**2,300,488**
Noncontrolling interest	(137)	(249)	(768)	(834)
Profit for the Period Attributable to Equity Holders of the Parent Company	**₱176,744**	**₱337,180**	**₱1,740,040**	**₱2,299,654**
Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Profit for the period attributable to Equity holders of the parent company	**₱176,744**	**₱337,180**	**₱1,740,040**	**₱ 2,299,654**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.027**	**₱0.052**	**₱0.270**	**₱0.356**

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended September 30, 2018 and 2017
And for the nine (9) months ended September 30, 2018 and 2017
(In Thousands)

	Quarter Ended		Nine (9) Months Ended	
	Jul-Sep 2018	**Jul-Sep 2017**	**Jan-Sep 2018**	**Jan-Sep 2017**
Profit for the Period	**₱176,881**	**₱337,429**	**₱1,740,808**	**₱2,300,488**
Other Comprehensive Income	**943**	**1,258**	**2,830**	**2,201**
Total Comprehensive Income	**₱177,824**	**₱338,687**	**₱1,743,638**	**₱2,302,689**
Attributable to:				
Equity holders of Parent Company	₱ 179,005	₱ 338,438	₱1,744,230	₱2,301,855
Noncontrolling interest	(1,181)	249	(592)	834
	₱ 177,824	**₱338,687**	**₱1,743,638**	**₱2,302,689**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the nine (9) months ended September 30, 2018 and 2017
(In Thousands)

	Jan-Sep 2018	Jan-Sep 2017
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	**(350,987)**	**(79,978)**
Other reserves	**1,400**	**(2,687)**
Retained Earnings		
Balance at beginning of period	7,773,469	11,409,043
Cash Dividends	(2,709,882)	(6,323,057)
Profit for the Period	1,740,040	2,299,654
Balance at end of period	**6,803,627**	**7,385,640**
Noncontrolling Interest	**5,004**	**5,341**
	₱21,387,145	**₱22,236,417**

Exhibit V

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine (9) months ended September 30, 2018 and 2017
(In Thousands)

	Jan-Sep 2018	Jan-Sep 2017
Operating Activities		
Profit before Income Tax	**₱ 2,432,734**	**₱ 3,601,849**
Adjustments to reconcile profit to cash		
Depreciation and amortization	882,187	986,244
Other items (net)	(773,008)	(1,629,663)
Changes in current assets and liabilities	(1,458,148)	(567,310)
Cash provided by operating activities	**1,083,765**	**2,391,120**
Investing Activities		
Net additions to plant, property and equipment	(1,498,188)	(1,112,645)
Increase in other investing activities	(26,457)	(62,323)
Cash used in investing activities	**(1,524,645)**	**(1,174,968)**
Financing Activities		
Dividends Paid	(2,653,388)	(3,867,155)
Proceeds from short-term loan	5,044,775	-
Payment of short-term loans	(2,280,560)	3,580,456
Increase in short-term financial receivables	(701,393)	-
Decrease in short-term financial receivables	355,462	-
Cash used in financing activities	**(235,104)**	**(286,699)**
Net increase(decrease) in cash and cash equivalents	**(675,983)**	**929,453**
Cash and cash equivalents, beginning	**1,945,797**	**2,125,116**
Effect of exchange rate changes on cash and cash equivalents	**3,570**	**2,546**
Cash and cash equivalents, end	**₱ 1,273,384**	**₱ 3,057,115**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of September 30, 2018
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	**₱2,214,852**	**₱2,142,667**	**₱10,647**	**₱6,981**	**₱54,557**
Other Receivables	**1,386,221**	**18,925**	**75,570**	**4,087**	**1,287,639**
Total	**3,601,073**	**₱2,161,592**	**₱ 86,217**	**₱ 11,068**	**₱1,342,196**
Allowance for Doubtful Accounts	**(229,342)**				
Net Receivables	**₱3,371,731**				

Certified correct:

Jesusa Natividad L. Rojas
Chief Financial Officer

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

Results of Operations

Market remains strong largely driven by government infrastructure projects. For the quarter, the Company's net sales improved from the same period last year despite lower cement prices from aggressive market competition and lower sales from other business associates. Net sales as at end of third quarter was Php27.3 billion, higher by 6.3% as compared to Php25.7 billion reported in the same period last year.

Company's production volumes as of the first three quarters of the year continued to improve compared to the same period last year from improved productivity across all plants. Cost of sales was higher driven by increasing cost of fuel, power and distribution coupled with the impact of peso depreciation on imported materials. The Company achieved a total operating EBITDA of Php3.4 billion for the first three quarters compared to the Php4.4 billion reported on the same period last year. The Company also incurred interest expenses on its short-term loans. Net income after tax stood at Php1.7 billion with earnings per share of Php0.27.

Financial Position

The Group's financial position has remained healthy with very liquid cash position and strong asset utilization ratio as it still continues to generate high revenues. Total assets stood at ₱38.3 billion, 8% higher from end of 2017.

Cash Flow Generation

The Group's cash requirements have been mainly sourced from operating activities.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended September 30, 2018 and 2017 were as follows:

Financial KPI	Definition	For the period ended September 30 2018	For the period ended September 30 2017
<u>Profitability</u>			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	8.0%	9.5%
Return on Asset (ROA)	Net Income / Average Total Assets	4.7%	6.6%
<u>Efficiency</u>			
EBITDA Margin	Operating EBITDA / Net Sales	12.5%	17.3%
<u>Liquidity</u>			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	28.8%	4.5%
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	25.9 times	(393.8) times

Profitability and Efficiency

Both profitability and efficiency indicators have slightly decreased as compared to the same period of last year due to lower income generated from operations.

Liquidity

The Group'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 Group's annual financial statements as at December 31, 2017.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments effective after the reporting period ended December 31, 2017:

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 include:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

   - On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.
   - Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment transactions that contain a performance condition.

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

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to OCI, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and

- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018.

The management of the Group assessed that the application of the amendments will not have impact on the Group's consolidated financial statements as the Group does not have any insurance contracts.

PFRS 9, Financial Instruments (2014)

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset five rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.

- All other debt instruments must be measured at FVTPL.

- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

  This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in other comprehensive income (OCI), unless the presentation of the effect of the change in the liability credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

  The management of the Group assessed that the application of this phase of PFRS 9 will not have a significant impact on its consolidated statement of financial position as its current financial assets carried at fair value are not significant.

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

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

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

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The Group assessed that the application of this phase of PFRS 9 will not have a significant impact as it does not apply hedge accounting on any existing hedge relationships.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group plans to adopt the new standard on the required effective date. Based on the preliminary assessment, the Group expects no significant impact to its consolidated statement of financial position.

PFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

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

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

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

(a) Sale of goods

The Group is primarily involved in the delivery at a point in time of cement, aggregates and other construction materials. Contracts with customers in which the sale of these products is generally expected to be the only performance obligations are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Variable consideration

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

(c) Disclosure requirements

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

Amendments to PFRS 15, *Clarifications to PFRS 15*

The amendments in the standard addresses three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.

- Clarification on how to assess control in in determining whether a party providing goods or services is a principal or an agent

- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the amendments will not have a significant impact on the Group's consolidated financial statements, as the Group does not have complex revenue transactions.

PIC Q&A No. 2016-04, *Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts*

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

The interpretation is effective on the same date as the effective date of PFRS 15, *Revenue from Contracts with Customers*

The management of the Group does not anticipate that the application of the new interpretation will have an impact on the Group's consolidated financial statements, as the Group does not sell any residential properties.

PFRS 16, *Leases*

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted only if PFRS 15, *Revenue from Contracts with Customers*, is also adopted.

The management of the Group will adopt this standard when it becomes effective and the management of the Group is still evaluating the impact of the new standard.

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The management of the Group assessed that the application of the amendments will not have an impact on the Group's consolidated financial statements as the Group is neither a first time adopter of IFRS nor a venture capital organization. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

Amendments to PAS 40, *Investment Property - Transfers of Investment Property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The interpretation is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The management of the Group assessed that the application of the interpretation will not have a significant impact on the Group's consolidated financial statements. This is because the Group already accounts for the transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

The amendments include:

Changes regarding symmetric prepayment options

Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

Clarification regarding the modification of financial liabilities

The final amendments also contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group will adopt the amendments when they become effective and the management of the Group does not anticipate that the amendments will have a significant impact on the Group's consolidated financial statements as the Group does not have complex financial instruments.

Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments are:

Clarification that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendment is effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group will adopt this amendment when it becomes effective and the management of the Group does not anticipate that the amendment will have a significant impact on the Group's consolidated financial statements as the Group does not have long-term interests in associates or joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2017 - Adopted by FRSC but pending publication by the Board of Accountancy

The Group will adopt the following once these become effective.

Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, *Income Taxes*.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the new Interpretation on the Group's determination of taxable profit/loss, unused tax losses, unused tax credit and tax rate.

Amendments to PAS 19, Plan Amendment, Curtailment or Settlement

The amendments in Plan Amendment, Curtailment or Settlement are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendment.

Annual Improvements to PFRSs 2015-2017 Cycle

Amendments to PFRS 3 and PFRS 11, *Previously held interest in a joint operation*

The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to PAS 12, *Income tax consequences of payments on financial instruments classified as equity*

The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

Amendments to PAS 23, *Borrowing costs eligible for capitalization*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The management of the Group is still evaluating the impact of the amendments.

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that

contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2021. Earlier application is permitted if both PFRS 15, *Revenue from Contracts with Customers* and PFRS 9, *Financial Instruments* have also been applied.

The management of the Group is still evaluating the impact of the new standard.

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

The Group 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 Group'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 Group. The Group 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 Group 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 Group'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 Group's operations. The Group 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 Group'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 Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

The Group is exposed to market risks, such as foreign currency, interest rate and equity price risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group'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 Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of September 30, 2018, there are no revenues denominated in currencies other than the Philippine Peso.

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 Group 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, 2018, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at September 30, 2018 and 2017, the Group 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 Group periodically assesses the financial reliability of customers.

The Group constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Group 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 Group trades only with recognized, credit-worthy third parties. It is the Group'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 Group's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Group, which consist of due from related parties, advances to employees, available for sale (AFS) financial assets, and guarantee and refundable deposits, the Group'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 Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group 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 Group'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 Group 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 Group allows it to make efficient use of the financial markets for financing purposes. As at September 30, 2018, the Group has unutilized credit facilities of ₱12.7 billion.

Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group 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 Group's financial instruments, is equal to their carrying amount as at September 30, 2018 and December 31, 2017. 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, Short-term Financial Receivables, Loans 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 at end of each reporting period.

Derivative Assets and Liabilities. The fair values of the embedded currency forwards with notional amount of EUR€154.8 thousand and USD$5.5 million of derivative assets and liabilities, respectively, 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.

Long-term Financial Receivable and 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 at September 30, 2018 and December 31, 2017, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as AFS financial assets (Level 1).

As at September 30, 2018 and December 31, 2017, the Group 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 2018 and 2017.

5. *Segment Reporting*

Operating segments are components of the Group 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 Group), 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 Group 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, Helps-U-Build-Better (HUBB), Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group'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, 2018 and 2017 are presented below:

	2018				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	**₱25,323,941**	**₱1,805,001**	**₱27,128,942**	**₱138,846**	**₱27,267,788**
Inter-segment	**209,516**	**-**	**209,516**	**(209,516)**	**-**
	₱25,533,457	**₱1,805,001**	**₱27,338,458**	**(₱70,670)**	**₱27,267,788**
Operating EBITDA	**₱4,541,327**	**₱295,180**	**₱4,836,507**	**(₱1,433,863)**	**₱3,402,644**
Segment assets	**31,167,423**	**185,021**	**31,352,444**	**6,968,909**	**38,321,353**
Segment liabilities	**8,610,693**	**229,076**	**8,839,769**	**8,094,439**	**16,934,208**

	2017				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱24,108,920	₱1,473,686	₱25,582,606	₱81,195	₱25,663,801
Inter-segment	568,881	-	568,881	(568,881)	-
	₱24,677,801	₱1,473,686	₱26,151,487	(₱487,686)	₱25,663,801
Operating EBITDA	₱5,603,321	₱198,904	₱5,802,225	(₱1,365,958)	₱4,436,267
Segment assets	26,549,167	623,277	27,172,444	8,865,611	36,038,055
Segment liabilities	6,009,959	541,960	6,551,919	7,249,719	13,801,638

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

6. *Retained Earnings*

On May 18, 2018, the BOD declared cash dividends in the amount of Php0.42 per share to all stockholders of record as of June 15, 2018 with payment date of not later than July 10, 2018.

Interim Disclosures

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

1. Unusual items that materially affect the Group's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group 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 Group.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Group 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 Group'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 Group, 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

35% decrease in Cash and cash equivalents
Mainly due to lower cash flows from operations and higher spending for capital expenditures.

2% decrease in Trade and other receivables - net
Primarily due to lower sales outstanding at the end of quarter compared with year-end and collection of outstanding receivables from related parties.

52% increase in Inventories
The increase was driven by higher local clinker production volumes and purchases of imported production inputs. Spare parts also increased due to scheduled plant shutdowns during and in preparation for the next periods.

89% decrease in Short-term financial receivables
Mainly due to receipt of payment of short-term financial receivable from related party.

45% increase in Other current assets
Mostly from the increase in prepayments for real property and other business taxes, insurance, rentals, time-chartered services, creditable withholding taxes and deferred expenses.

107% increase in Other noncurrent assets
Due to increase in long-term financial receivables from a related party and guarantee deposits, offset by decrease in deferred input value-added taxes due to amortization.

65% increase in Loan payables
Due to additional short-term loan agreements with external and related parties.

15% increase in Trade and other payables
Largely due to higher shipping / distribution costs and importations of clinker, fuel and spare parts.

35% decrease in Income tax payable
Mainly due to payment of income taxes this year.

9% decrease in Retirement benefits liabilities
Attributable to contributions made during the period.

9% decrease in Provisions
Due to settlement of tax provisions during the period.

198% decrease in Other reserves
Due to accrual of share-based remuneration for the period.

12% decrease in Retained earnings
The decrease was mainly due to dividend declaration net of income recognized for the period. Refer to discussion on Retained Earnings for details.

Material Changes in Income Statement Accounts

6% increase in Net sales
The increase was a result of increasing demand from accelerated government construction projects. Refer to Management Discussion and Analysis for details.

13% increase in Cost of sales
Mostly due to higher fuel, energy and distribution costs.

11% decrease in Depreciation and amortization
Mainly due to impact from disposal of property, plant and equipment under other associated businesses.

158% decrease in Other income (expenses) - net
Mainly due to higher interest expenses recognized during the period from existing short-term loans.

47% decrease in Provision for income tax
Due to lower taxable income from first to third quarter of the year.

8% decrease in Noncontrolling interest in net income
Decrease was mainly due to lower profit of subsidiaries compared to same period last year and a declaration of dividends during the year.

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

Financial KPI	Definition	For the nine (9) Months Ended September 30	
		2018	2017
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	72.1%	75.4%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	28.8%	(23.3%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	179.2%	181.0%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	18.5 times	28.2 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	4.7%	4.3%
Return on Equity	Net Income / Average Total Equity	8.0%	7.3%

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.

Jena Rojas
Jesusa Natividad L. Rojas
Chief Financial Officer
Date:

Exhibit 4

Schedule of Pending Material Legal Proceedings

MATERIAL LEGAL PROCEEDINGS

1. **In Re: Petition for Interim Measure of Protection under Rule 5 of the Special Rules of Court on Alternative Dispute Resolution; Seasia Nectar Port Services, Inc. vs. Holcim Philippines, Inc.; SP Proc Case No. 377-ML; Branch 95 of the Regional Trial Court in Mariveles, Bataan**

   In the Matter of an Arbitration under the 2015 Arbitration Rules of the Philippine Dispute Resolution Center, Inc.; Seasia Nectar Port Services, Inc. vs. Holcim Philippines, Inc.; PDRCI Case No. 95-2018

   Seasia Nectar Port Services, Inc. ("*Seasia*") filed a petition for interim measure of protection with the Regional Trial Court in Mariveles, Bataan ("*Bataan RTC*") against the Company for the alleged purpose of securing any judgment Seasia may secure from the arbitration case it will supposedly file against the Company with the Philippine Dispute Resolution Center, Inc. ("*PDRCI*"), questioning the Company's termination of their Port Services Agreement effective 22 September 2018. In an Order dated 22 November 2018, the Bataan RTC granted Seasia's petition and issued a writ of preliminary attachment of the Company's properties. The Company's motion for reconsideration is pending resolution.

   On 14 December 2018, the Company filed a notice of arbitration with the PDRCI for a declaration that the termination of the Port Services Agreement is valid and the reversal of the Bataan RTC's Order dated 22 November 2018. Upon application of the Company for the appointment of an Emergency Arbitrator, the PDRCI appointed Atty. Trina Prodigalidad.

   On 11 February 2019, Atty. Prodigalidad issued a decision in HPI's favor: (i) revoking the Bataan RTC's garnishment order; (ii) ordering Seasia to direct Metrobank to release the garnished amounts; (iii) directing HPI and Seasia to jointly move for the termination of the Bataan RTC proceedings once the garnishment has been lifted by Metrobank. The decision of the Emergency Arbitrator is still pending execution.

2. **In the Matter of Waste Pollution Control and Abatement Case vs. Holcim Philippines, Inc.; DENR-PAB Case No. NCR-00909-17**

   On 26 March 2018, the Company received the Pollution Adjudication Board's ("PAB's") Order dated March 8, 2018, directing the Company to cease and desist from undertaking any activity and/or operating machines or equipment generating pollution at its concrete batching plant in Bicutan, Parañaque City.

   Following the Company's completion of the pollution control program approved by the Environmental Management Bureau, presentation of satisfactory proof of the Company's compliance to the wastewater discharge parameters, and satisfaction of its environmental compliance obligation under Republic Act No. 9275, the PAB issued an Order dated 9 October 2018 formally and permanently lifting its March 8, 2018 Order.

TAX CASES (Parent)

1. The Company filed on June 24, 2014, a Complaint before the Regional Trial Court of Malolos, Bulacan for the annulment of the Notice of Assessment of Business Tax on alleged discovered Unreported Cement Sales dated February 24, 2014 issued by the Municipal Treasurer of the Municipality, Bulacan; and, for the reversal of the denial of the Company's Protest letter dated April 23, 2014 questioning the 2014 Assessment Notice.

   While this action was pending, the Company received on October 26, 2015, a 2015 Assessment Notice which assessed the Company for alleged deficiency LBT in the aggregate amount of ₽118.2 Million Pesos for the years 2006 to 2015. Unlike the 2014 Assessment Notice which involves the defendants' assessment of LBT against the Company based on purported undeclared gross sales or receipts for the years <u>2006 to 2012</u>, the 2015 Assessment Notice concerns the Treasurer's assessment of LBT against the Company based on purported undeclared gross sales or receipts for the years <u>2006 to 2015</u>. The Municipal Treasurer did not act on the Company's protest within the 60-day period provided in Section 195 of the LGC, and thus, on March 21, 2016, the Company filed a Complaint/Appeal with the Bulacan RTC which sought the cancellation/nullification of the 2015 Assessment Notice. The two cases were consolidated before Branch 19 of the Regional Trial Court of Bulacan. The Company has completed the presentation of its witnesses and submitted a Formal Offer of Evidence. The consolidated cases are still pending for resolution.

2. The Company received an Assessment from the Provincial Assessor and a Notice of Realty Tax Delinquencies issued by the Provincial and Municipal Treasurers on December 18, 2012, which demanded a total of 80.3 Million Pesos in RPT taxes on Company's machineries and equipment for the years 2011 and 2012. The LBAA granted Company's Motion to Post Bond amounting to 80.3 Million Pesos. The appeal is still pending with the Local Board Assessment Appeals ("<u>LBAA</u>").

   On 23 April 2013, the Provincial Assessor of Bulacan issued a revised tax declaration on machineries and equipment at the Company's Bulacan Plant. Thereafter, on 30 June 2013, the Company received an assessment for the years 2011 to 2013 and a computation of real property taxes for the first and second quarters of 2013. The Company was assessed for additional real property taxes in the total amount of 23.8 Million Pesos. On 13 September 2013, the Company received an assessment from the Municipal Treasurer of Norzagaray, Bulacan for real property taxes dues on its 1998 and Additional Line 2 Properties for the third quarter of 2013. The said assessment also reiterated the previous assessments made for 2011 to 2012 and the first and second quarters of 2013. The Company's supplemental appeals, covering the 2013 1st and 2nd Quarter RPT Assessment and September 2013 Assessment with the Local Board of Assessment Appeals are pending resolution.

On 10 March 2014, the Company received 71 tax declarations and 71 notices of assessment over its machineries for 2014 from the Municipal Assessor of Norzagaray, Bulacan. Thereafter on 9 May 2014, the Company received a notice of assessment from the Provincial Assessor of Norzagaray, Bulacan. On 15 May 2014, the Company also received an assessment from the Municipal Treasurer of Norzagaray, Bulacan requiring it to pay deficiency real property taxes for the years 2011 to 2013 in the total amount of 129 Million. On 9 July 2014, the Company's supplemental appeals with the LBAA covering these assessments are pending resolution.

At the suggestion of the Provincial Governor of Bulacan and the Municipal Mayor of Norzagaray, Bulacan, the Company paid under protest on 9 December 2014 real property taxes in the total amount of 120 Million Pesos, allocated as follows; (a) lands: 8.6 Million Pesos; (b) buildings: 3.3 Million Pesos; and (c) machineries: 107.9 Million Pesos. On 9 January 2015, the Company filed three protests with the Provincial Treasurer. Following the Provincial Treasurer's inaction over the Company's protests, the Company filed its appeal with the LBAA, raising the following issues: (a) whether the Company is entitled to an annual depreciation allowance; (b) what is the correct amount that should be credited in the Company's favor on account of its real property tax payments from 2011 until the third quarter of 2013; and (c) whether it is correct to assess interest, surcharges and penalties on the real property taxes that the Company attempted to pay on time but which the local government officials refused to accept in respect of real property taxes for the fourth quarter of 2013 and 2014. This appeal is pending resolution.

On 30 March 2015, the Company received an assessment for deficiency real property taxes for 2015 in the amount of 49.3 Million Pesos. The Company paid the assessed amount and filed a protest with the Provincial Treasurer of Bulacan. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On 31 March 2016, the Company received from the Municipal Treasurer of Norzagaray, Bulacan an assessment for deficiency real property taxes for 2016 in the total amount of 103 Million Pesos. The Company paid the said amount and filed a protest with the Provincial Treasurer. Thereafter, on 13 May 2016, the Municipal Treasurer of Norzagaray, Bulacan issued a revised computation of the Company's liabilities for 2016 in the total amount of 46.8 Million Pesos. The Company thus filed a supplement to its earlier protest with the Provincial Treasurer. Following the Provincial Treasurer's inaction over the Company's protest, the Company filed an appeal with the LBAA.

On March 29, 2017, the Company received an RPT assessment corresponding to its lands, buildings and machineries located at the Bulacan Plant for the year 2017. The 2017 RPT Assessment and RPT payment amount to 41.1 Million Pesos. On August 17, 2017, the Company filed an appeal with the LBAA in respect of its payment under protest of the 2017 RPT Assessment in the amount of 41.1 Million Pesos. The LBAA has not yet acted on this Appeal.

On March 26, 2018, the Company received a computation of realty taxes in respect of the RPT due on the Company's Bulacan Plant for the year 2018 in the amount of 52 Million Pesos. On the same date, the Company paid the RPT due on machineries under protest in the amount of 41.1 Million Pesos the Company also paid the RPT due on other properties in the Company's Bulacan Plant on March 26, 2018. The LBAA has not yet acted on this Appeal.

The Company's motion for the resolution of all its pending appeals are pending resolution with the LBAA.

TAX CASES (Subsidiaries)

1. HPMC received a termination letter from the BIR in May 2018 relative to the payment of deficiency income tax, value-added tax, expanded withholding tax, withholding tax on compensation and documentary stamp tax for taxable year 2014 in an aggregate amount of 11.68 Million Pesos inclusive of penalties and interest.

2. HPBSC received a final assessment notice from the BIR in February 2018 for alleged deficiency income tax, expanded withholding tax, withholding tax on compensation and documentary stamp tax covering the taxable year 2014 in the aggregate amount of 28.07 Million Pesos inclusive of penalties and interest. The BIR issued its final decision on disputed assessment in August 2018 at an aggregate amount of 3.01 Million Pesos. The Company paid such amount on the same month.

3. SCCC received a final assessment notice from the BIR in July 2018 for alleged deficiency income tax, value-added tax and expanded withholding tax covering the taxable year 2015 in the aggregate amount of 2.04 Million Pesos inclusive of penalties and interest. The BIR released its final decision on disputed assessment on October 8, 2018 at an aggregate amount of 1.2 Million Pesos. The Company paid such amount on the same month.

4. SCCC received a preliminary assessment notice from the BIR in November 2016 for alleged deficiency income tax and value-added tax covering the taxable year 2011 in the amount of 2.5 Million Pesos, inclusive of penalties and interest. SCCC's protest remains pending with the BIR.

5. 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 2.5 Million Pesos, inclusive of penalties and interest. CACI’s protest remains pending with the BIR.

6. MGMC received a final assessment notice from the BIR Revenue Region in September 2018 for alleged deficiency income tax and value-added tax covering the taxable year 2015 in the amount of 16.52 Million Pesos, inclusive of penalties and interest. MGMC submitted its reply to FAN including the additional documents for reinvestigation/reconsideration last October 2018 and December 2018, respectively. MGMC’s protest remains pending with the BIR Revenue Region.

7. CHI has an ongoing tax audit for national taxes in 2017. The BIR has not made any determination of deficiency taxes as at December 31, 2018.

8. ECLI has an ongoing tax audit for national taxes in 2017. The BIR has not made any determination of deficiency taxes as at December 31, 2018.

9. HSSI has an ongoing tax audit for national taxes in 2015, 2016 and 2017. The BIR has not made any determination of deficiency taxes as at December 31, 2018.

10. LHPI has an ongoing tax audit for national taxes in 2017. The BIR has not made any determination of deficiency taxes as at December 31, 2018.

11. MGMC has an ongoing tax audit for national taxes in 2016. The BIR has not made any determination of deficiency taxes as at December 31, 2018.

12. RRI has an ongoing tax audit for national taxes in 2017. The BIR has not made any determination of deficiency taxes as at December 31, 2018.

13. SWCVI has an ongoing tax audit for national taxes in 2017. The BIR has not made any determination of deficiency taxes as at December 31, 2018.

Exhibit 5

SEC Form 17-C

103012018001456

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931to39Fax:(632)725-5293Email:mis@sec.gov.ph

Barcode Page
The following document has been received:

Receiving Officer/Encoder : Buen Jose Mose - COS
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Company Representative

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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	103012018001456
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	February 27, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

2	6	1	2	6

S.E.C. Registration Number

HOLCIM PHILIPPINES, INC.

(Company's Full Name)

7F VENICE CORPORATE CENTER
8 TURIN ST. MCKINLEY TOWN
CENTER FORT BONIFACIO TAGUIG

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

BEATRIX R. GUEVARRA

Contact Person

(02) 4593333

Company Telephone Number

12 31

Month *Day*

Fiscal Year

17C

FORM TYPE

Second Thursday of May

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. February 27, 2018
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 26126 3. BIR Tax Identification No. 000-121-507

4. Holcim Philippines, Inc.
   Exact name of issuer as specified in its charter

5. Philippines 6. [ ] (SEC Use Only)

   Province, country or other jurisdiction of incorporation   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 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	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 the Company's annual stockholders' meeting for 2018, which pursuant to its By-laws should be held on the second Thursday of May of each year, to May 18, 2018.

- The record date for the annual stockholders' meeting is set on April 18, 2018. The Board delegated to the Corporate Secretary the responsibility of confirming the agenda, venue, and time of the annual stockholders meeting.

Nomination of External Auditor

- The nomination of Navarro Amper & Co. as the Company's external auditor for the year 2018.

Approval of Audited Financial Statements

- The Company's Audited Financial Statements for fiscal year 2017, which shall be duly filed with the Commission together with SEC Form 17-A report.

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.	**February 27, 2018**
Issuer	Date

Belinda E. Dugan
Corporate Secretary

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City)SS.

BEFORE ME, a duly commissioned Notary Public in and for Makati City, Philippines, personally appeared:

Name	Gov't Issued ID	Date/Place Issued
Belinda E. Dugan	Passport No. EB9973891	Jan. 11, 2014/ NCR South

personally known to me (or proved to me on the basis of competent evidence of identity) to be the same person who, respectively, executed and accepted the foregoing instruement and acknowledged to me that the same is his free and voluntary act and deed.

Doc. No. 95;
Page No. 20;
Book No. I;
Series of 2018

FLORIAN G. SALCEDO
Appointment No. M-130
Notary Public for Makati City
Until December 31, 2019
Unit 15A, ACT Tower, 135 H.V. Dela Costa St.,
Salcedo Village, Makati City 1226
Roll No. 67818
PTR No. 6615020/Makati City/01-03-2018
IBP No. 022731/Camarines Sur/01-03-2018

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. **April 4, 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. 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**
   Registrant'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
COMMON	*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 company's stockholders for 2017, the undersigned confirms the following details:

Date:	18 May 2018
Time:	10:00 AM
Place:	Ballroom 2, 2nd Level, Fairmont Makati, 1 Raffles Drive, Makati Avenue, 1224 Makati City, Metro Manila
Record Date:	18 April 2018

Agenda:

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 26 May 2017
4. Management Report
5. Approval of the Annual Report and the Audited Financial Statements of the Company as of December 31, 2017
6. Approval and ratification of all acts, contracts, investments and resolutions of the Board of Directors, Committees and Management since the last annual meeting
7. Election of External Auditor
8. Other matters
9. Adjournment

SIGNATURE

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

Holcim Philippines, Inc.
Issuer

04 April 2018
Date

Belinda E. Dugan
Corporate Secretary

COVER SHEET

2 6 1 2 6
S.E.C. Registration Number

HOLCIM PHILIPPINES, INC.

(Company's Full Name)

7TH FLOOR, TWO WORLD SQUARE,
MCKINLEY HILL, FORT BONIFACIO,
TAGUIG CITY

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

BELINDA E. DUGAN	(632) 459-3333
Contact Person	Company Telephone Number

1 2 3 1	17C	any day in May
Month Day Year	FORM TYPE	Month Day
Fiscal Year		Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total no. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = please use **black ink** for scanning purposes

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. **April 20, 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. 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**
   Registrant'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
COMMON	6,452,099,144

11. Indicate the item numbers reported herein: Item 9 (Other Events)

Item 9 (Other Events)

a. **Holcim Philippines appoints John Stull as new President and CEO and Board renewal**

Holcim Philippines announces the appointment of John William Stull as its new President and CEO, effective immediately. He succeeds Sapna Sood who has resigned from Holcim Philippines as Director, CEO and President.

John Stull has been CEO for LafargeHolcim's cement operations in the United States since 2015. In that role he was responsible for all cement product lines, overseeing an organization of approximately 3,200 employees, 13 cement and grinding plants and more than 100 cement terminals. Before that, John Stull served in various leadership positions across the Group which included responsibility for the US as well as markets in sub-Saharan Africa and Latin America.

Tomas Alcantara, Chairman of the Board of Holcim Philippines said: "John Stull is an accomplished leader with deep expertise in the building materials industry, both in mature and emerging markets. He has been instrumental in the successful development of LafargeHolcim's US business over many years. The board believes that John's skills and deep knowledge of our industry will allow him to re-position HPI and successfully develop our business further.

On behalf of the Board I would like to sincerely thank Sapna Sood for her contribution in leading the business in a challenging commercial environment and wish her all the best for the future."

John Stull, newly appointed President and CEO, said: "I am delighted to join Holcim Philippines at this exciting but challenging time. As the market adapts and becomes faster paced, the company needs to be well positioned to play a key role in the future development of the country with innovative and customer-focused solutions. I look forward to building on our already strong foundation and reinforcing Holcim as the leading building materials company in the Philippines."

At its meeting today, the Board of Directors has also paved the way for the Board's further renewal. In addition to John Stull's appointment, and following the resignation of Daniel Bach as a Director, the Board has appointed Mario Gross, CEO of LafargeHolcim in Malaysia and Singapore, as a non-executive Director.

Both John and Mario will stand for re-election as Directors of HPI at the Company's upcoming Annual Stockholders' meeting on 18 May 2018. As is required, all other existing Directors will stand for re-election on 18 May 2018.

The Board of Directors also thanks Daniel Bach for his contribution over many years.

__Experience in the last five years : John William Stull__

In July 2015, John Stull was named Chief Executive Officer for the US Cement organization. Mr. Stull is responsible for all cement product lines, overseeing an organization of approximately 3,200 employees, 13 cement and grinding plants and more than 100 cement terminals.

Prior to the merger, Mr. Stull was president and CEO of Lafarge USA, comprising both cement and aggregate construction materials businesses. During his tenure, he led the formation of a new country structure from multiple divisions to one commercial approach resulting in stronger performance. In this role, he also oversaw the Lafarge aggregates and construction materials operations.

Mr. Stull has worked all over the world for Lafarge. He served as regional president Sub-Saharan Africa in Cairo, Egypt in 2009, and regional president, Latin America, based in Paris, France in 2008. From 2005 to 2008, Mr. Stull served as senior vice president of Marketing and Supply Chain where he designed a global cost efficiency program that resulted in savings of €500 million.

His diverse professional background also includes roles responsible for cement and ready-mixed operations for several US divisions, as well as at the Alpena Cement plant in Michigan as plant manager.

Mr. Stull received his Bachelor of Science in chemical engineering from the University of Akron in Ohio and earned an Advance Management Degree from Harvard University in Massachusetts.

<u>Experience in the last five years: Mario Gross</u>

Mario Gross is the President and Chief Executive Officer of Lafarge Malaysia. He joined Lafarge Malaysia from Sika AG (Sika) and has got 15 years of global experience in the construction material business with roles across Germany, China, Thailand and Switzerland. Mario started his career with Sika in 2002 and was Asia Pacific Head of Procurement from 2007 – 2011 located in Suzhou/P.R. China. In 2011, he was appointed Managing Director of Sika in Thailand, Laos and Myanmar, before assuming in 2013 his most recent role as Head of Global Procurement, Quality & Sustainability of Sika AG, Zurich. He holds a MBA-degree of Strathclyde University, Glasgow.

b. At the Board meeting held today, 20 April 2018, the Board also approved the retirement of Ms. Carmela Dolores Calimbas effective June 30, 2018 and appointed Mr. Richard Cruz as Head of Organizational Health Safety and Security. Below is the professional background of Mr. Cruz in the last five years:

Mr. Richard Cruz joined Holcim Philippines, Inc. in May 2008 as Laboratory Engineer for AFR. In March 2010 he was appointed as Safety Officer responsible for delivering and maintaining safety systems and initiatives across all plants. From 2010 until his nomination for appointment as Head of Corporate Occupational Health and Safety, he served as Safety Manager for HPI's Commercial and Other Sites.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Registrant

BELINDA E. DUGAN
Corporate Secretary

1 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, 2018
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

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, 2018, at the Buenavista Room, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City, the Board approved the following:

a. Declaration of a cash dividend in the amount of Php0.42 per share to all stockholders of record as of June 15, 2018, which cash dividend shall be paid not later than July 10, 2018; and
b. The closure of its wholly-owned subsidiary, HuBB Stores and Services, Inc.

II. Annual Stockholders Meeting

At the Annual Stockholders Meeting of the Company held today, May 21, 2018, at Ballroom 2, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City, the stockholders of the Company:

1. Approved the Minutes of the Annual Meeting held on May 26, 2017;

2. Approved the Annual Report and the Audited Financial Statements of the Company as of December 31, 2017;

3. Approved the Amendment to Article II of the Company's Articles of Incorporation (to provide for an additional secondary purpose)

4. 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 2018-2019 and until their successors shall have been duly elected and qualified;

a. Tomas I. Alcantara
b. Martin Kriegner
c. John William Stull
d. Mario Gross
e. Yasuo Kitamoto (Independent Director)
f. Simeon V. Marcelo (Independent Director)
g. David Lucas B. Balangue (Independent Director)

5. Approved the appointment of Navarro Amper & Co. as External Auditor of the Company for the year 2018-2019.

III. Organizational Meeting of the Board of Directors

At the Organizational Meeting of the Board held today, May 18, 2018, at the Buenavista Room, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City, the Board approved the revision of position titles of officers and elected the following to serve for the year 2018-2019, until their successors shall have been duly elected and qualified:

Chairman	-	Tomas Alcantara
Vice Chairman	-	Martin Kriegner
President & Chief Executive Officer	-	John William Stull
Senior Vice President, Chief Finance Officer/ Treasurer/ Investor Relations Officer	-	Jesusa Natividad L. Rojas
Senior Vice President, Head Manufacturing	-	Roman Menz
Senior Vice President, Head of Sales	-	William C. Sumalinog

Senior Vice President, Head of Aggregates and Construction Materials & Infrastructure	-	Fredric Fabien
Senior Vice President, Head of Marketing and Innovation	-	Paul Vu-Huy-Dat
Senior Vice President, Head of Organization and Human Resources	-	Bernadette Tansingco
Vice President, Plant Manager (Lugait)	-	Bobby Garza
Vice President, Plant Manager (Davao)	-	Xavier Arul Kennedy Savarimuthu
Vice President, Plant Manager (La Union)	-	Eraño Santos
Vice President, Plant Manager (Bulacan)	-	Geert Kuiper
Vice President, Head of Sales Greater Manila Region	-	Edwin Villas
Vice President, Head of Sales Mindanao Area	-	Allan Valencia
Vice President, Head of Sales Central Philippines Region	-	Ernesto Paulo Tan
Vice President, Head of Sales Northern Philippines Region	-	Albert Leoveras
Vice President, General Counsel, Corporate Secretary and Compliance Officer	-	Belinda Dugan
Asst. Vice President, Head of Health, Safety & Security	-	Richard Cruz
Asst. Vice President, Head of Communications	-	Ann Claire Ramirez
Asst. Vice President, Head of Strategy	-	Zoe Verna Sibala
Head- Internal Control and Quality Assurance	-	Victoria Tomelden
Data Privacy Officer	-	Mary Grace Sanchez
Assistant Corporate Secretary	-	Beatrix R. Guevarra

The business experience for the last five years of Bobby Garza, Xavier Arul Kennedy Savarimuthu, Eraño Santos, Geert Kuiper, Edwin Villas, Allan Valencia, Ernesto Paulo Tan, Albert Leoveras are:

Bobby Garza, 61, joined Holcim Philippines, Inc. in 1995 as Manager – Quarry and Motorpool of the La Union Quarry. He was promoted as production manager in January 2011 and as Plant Manager of the Lugait Plant in 2012.

Xavier Arul Kennedy Savarimuthu, 54, Indian National, holds a bachelor's degree from the Indian Institute of Ceramics and an MBA from Alagappa University, Institute of Ceramic Technology. Prior to the merger of Lafarge and Holcim, he was the team leader (Process, operations and automation) of Lafarge Asia Sdn Bhd in Kuala Lumpur, Malaysia and Beijing, China. In 2011, he was assigned as Plant Manager for Bulacan Plant of Lafarge Philippines, Inc. After the merger, he was appointed as the APEC Regional head (Production, Process and Automation) of Holcim Technology in Singapore. Mr. Kennedy was appointed as Plant Manager of the Davao Plant in January 2017.

Eraño Santos, 54, holds a bachelor's degree in Electrical Engineering from the Adamson University. He joined the Company in November 1987 as Superintendent –Electrical. In September 2008, he was promoted as a Manager and served as such until his promotion as Plant Manager of the La union Plant in June 2016.

Geert Kuiper, 54, Australian, has over 20 years of operational experience in maintenance and production management and project engineering in heavy industrial operation. He holds a Bachelor of Engineering from the University of Pretoria, South Africa. Prior to joining the Holcim Group in October 2014, he served as Maintenance and Engineer Manager of Cement Australia, Gladstone and Cement Australia, Brisbane from 2005 to 2014. Prior to his appointment as Plant Manager of the Company's Bulacan Plant in January 2018, he was the Head of Maintenance, Regional Manufacturing Services Organization of Holcim Technology, Singapore from October 2014 to January 2016 and the Maintenance Expert, APAC Cement Industry Performance of LafargeHolcim, Singapore from February 2016- December 2017.

Allan Valencia, 53, holds a Bachelor's degree in Civil Engineering from Marawi State University. He joined the Company in October 1991 as Product Manager for Visayas and Mindanao regions. He was promoted as Head of Regional Sales Channel (Vismin) in September 2015.

Edwin Villas, 45, joined the Company in September 1997 as Strategic Sourcing Specialist. He served as the Company's Procurement Manager from October 20017 to Agust 2010 and was laterally transferred as Area Sales Manager for South Luzon in August 2011. Before his appointment as Head of Insitutional Sales in May 2016, he served as Manager, National Sales, Bulk/ Institutional Sales.

Ernesto Paulo Tan, 41, joined the Company as Head – Regional Commercial Sales of North Luzon in December 2015. Prior to joining the Company, he served as Zone Manager of JT International Philippines, Inc. from February 2012 to November 2015 where he was responsible for overall Luzon general trade performance, and as Sales and Marketing Head and Acting Market Manager from January 2011 to December 2011. He holds a Bachelor of Science in Business Administration from the University of the Philippines.

Albert Leoveras,44, 15 years of experience in managing Sales Team, Distributors & Key Accounts Sales. Prior to joining the Company, hew was Field Operations Manager and Regional Sales Manager of Japan Tobacco International from 2012 to August 2015 and Sales Division Head of the Non- food Division of Wills International Sales Corporation.

In the same meeting, the following members of the Committees of the Board were also elected:

Executive Committee

1) Martin Kriegner	-	Chairman
2) Tomas I. Alcantara	-	Member
3) Mario Gross	-	Member
4) John William Stull	-	Member

Audit Committee

1) David L. Balangue (Independent)	-	Chairman
2) Simeon V. Marcelo (Independent)	-	Member
3) Mario Gross	-	Member

Corporate Governance Committee

1) Martin Kriegner	-	Chairman
2) Tomas I. Alcantara	-	Member
3) Simeon V. Marcelo (Independent)	-	Member
4) Yasuo Kitamoto (Independent)	-	Member
5) David L. Balangue (Independent)	-	Member

Lead Independent Director - David L. Balangue

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

Belinda E. Dugan
Corporate Secretary

May 18, 2018
Date

106072018004202

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

SEC Registration No.	0000026126
Company Name	HOLCIM PHILIPPINES, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	106072018004202
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	June 06, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

24124

S.E.C. Registration Number

HOLCIM Philippines Inc

(Company's Full Name)

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

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

Contact Person

Company Telephone Number

Month Day

Fiscal Year

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **June 6, 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. 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**
   Registrant'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
COMMON	*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 Memorandum Circular No. 20, Series of 2013, the following directors and key officers of Holcim Philippines, Inc. attended a corporate governance seminar held on May 18, 2018 conducted by Risks Opportunities Assessment and Management (ROAM), Inc. at Fairmont Hotel, Makati City:

NAME	POSITION
Tomas I. Alcantara	Director/ Chairman
John William Stull	Director/ President/ CEO
Mario Gross	Director
Simeon Marcelo	Independent Director
Yasuo Kitamoto	Independent Director
David Lucas Balangue	Independent Director
Jesusa Natividad Rojas	Senior Vice President, Chief Finance Officer/ Treasurer/ Investor Relations Officer
Roman Menz	Senior Vice President, Head Manufacturing
William Sumalinog	Senior Vice President, Head of Sales
Fredric Fabien	Senior Vice President, Head of Aggregates and Construction Materials & Infrastructure
Paul Vu-Huy-Dat	Senior Vice President, Head of Marketing and Innovation
Bernadette Tansingco	Senior Vice President, Head of Organization and Human Resources
Belinda Dugan	Vice President, General Counsel, Corporate Secretary and Compliance Officer
Zoe Verna M. Sibala	Assistant Vice President, Head of Strategy
Ann Claire Ramirez	Assistant Vice President, Head of Communications
Victoria Tomelden	Head – Internal Control and Quality Assurance
Beatrix R. Guevarra	Assistant Corporate Secretary

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 registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOLCIM PHILIPPINES, INC.
Issuer

BELINDA E. DUGAN
Corporate Secretary

June 6, 2018
Date

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Tomas I. Alcantara

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

John Stull

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Mario Gross

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Atty. Simeon V. Marcelo

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Yasuo Kitamoto

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

David Lucas L. Balangue

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Jesusa Natividad Rojas

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Roman Menz

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

William C. Sumalinog

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Frederic Fabien

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Paul Vu Huy Dat

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Bernadette Tansingco

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Belinda E. Dugan

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Zoe Verna M. Sibala

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Victoria T. Tomelden

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Ann Claire Ramirez

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

Risks, Opportunities, Assessment and Management (ROAM), Inc.

awards this

CERTIFICATE OF COMPLETION

to

Beatrix R. Guevarra

for having completed the seminar on

CORPORATE GOVERNANCE

held on 18 May 2018 at
Fairmont Hotel, Makati City

Benjamin I. Espiritu, Ph.D.
President

106072018004202

SECURITIES AND EXCHANGE COMMISSION

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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	106072018004202
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	June 06, 2018
No. of Days Late	0
Department	CFD
Remarks	

4

106252018009249

SECURITIES AND EXCHANGE COMMISSION

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Company Representative

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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	106252018009249
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	June 22, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

26126
S.E.C. Registration Number

HOLCIM PHILIPPINES, INC.

(Company's Full Name)

7TH FLR VENICE CORPORATE CENTER
MCKINLEY HILL FORT BONIFACIO
TAGUIG CITY
(Business Address: No. Street City / Town / Province)

BEATRIX R. GUEVARRA
Contact Person

(02) 4593333
Company Telephone Number

12 31
Month *Day*
Fiscal Year

17C
FORM TYPE

any day in April/May
Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **June 22, 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. 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**
   Registrant'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
COMMON	*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 held today, June 22, 2018, the Board:

a. approved the change in designation of Atty. Victoria Tomelden from Head of Internal Control and Quality Assurance to Chief Internal Auditor pursuant to the requirements of the recently approved HPI ICQA Manual;

b. accepted the resignation of the following officers:

NAME	POSITION	EFFECTIVE DATE OF RESIGNATION
Roman Menz	Senior Vice President, Head of Manufacturing	August 30, 2018
Mary Grace Sanchez	Data Privacy Officer	July 6, 2018

c. appointed the following as officers of Holcim Philippines, Inc.

NAME	POSITION	EFFECTIVE DATE OF APPOINTMENT
Ramakrishna Maganti	Senior Vice President, Head of Marketing and Innovation	July 1, 2018*
Frederick Vallat	Vice President, Head of Geocycle and Head of CAPEX	July 1, 2018*
Belinda E. Dugan	Interim Data Privacy Officer	July 6, 2018

**or upon issuance of the necessary work permit and visa, whichever is later.*

Below are the executive profiles of the newly appointed officers:

Ramakrishna Maganti

Mr. Maganti holds a degree in Mechanical Engineering, MBA in Marketing (Indian Institute of Management) and Strategic Marketing Management (Harvard Business School). He has more than 20 years of combined experience in global marketing, brand development, digital transformation, and project management. From 2006 and up to this appointment, he held various leadership and management positions in LafargeHolcim India, Malaysia, France and the most recent in Singapore as Head of Sales and Marketing for Asia Pacific Region. He also worked for a consumer lifestyle and healthcare firm before joining LH in 2005.

Frederic Vallat

Mr. Frederic Vallat has vast experience in business development and waste management. He joined Lafarge Chongqing – People's Republic of China in June 2006 and served as the Chine-Japan-Korea Industrial Ecology Vice President until April 2011. From April 2011 to December 2012, he served as Industry Ecology Technical Director of Lafarge Shui On, People's Republic of China and as West Asia and South East Asia Industrial Ecology Technical Director of Lafarge Asia, Malaysia from January 2013 to October 2015 where he supported the business development of seven countries. Prior to joining Holcim Philippines, Inc., he served as Geocycle APAC Head of Investment and Operation of LafargeHolcim – Singapore.

SIGNATURE

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

HOLCIM PHILIPPINES, INC. Issuer	June 22, 2018 Date

BELINDA E. DUGAN
Corporate Secretary

110182018001689

SECURITIES AND EXCHANGE COMMISSION

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Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No.	0000026126
Company Name	HOLCIM PHILIPPINES, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	110182018001689
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	October 17, 2018
No. of Days Late	0
Department	CFD
Remarks	

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. **17 October 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines** 6. (SEC Use Only)
   Province, country or other jurisdiction of Incorporation 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**
   Registrant'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
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein: *Item 9* (Other Events)

Item 9 (Other Events)

Holcim Philippines, Inc. was ordered by the Securities and Exchange Commission to pay penalty in the amount of Fifty Six Thousand Pesos (Php 56,000.00) in connection with the Company's non-compliance with the SEC prescribed website template for publicly listed companies.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

BELINDA E. DUGAN
Corporate Secretary

October 17, 2018
Date

109032018000955

SECURITIES AND EXCHANGE COMMISSION

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Company Representative

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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	109032018000955
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	August 31, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

2 6 1 2 6

S.E.C. Registration Number

HOLCIM PHILIPPINES, INC.

(Company's Full Name)

7 FLOOR TWO WORLD SQUARE MCKIN
LEY HILL FORT BONIFACIO, TAGUIG

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

BELINDA E. DUGAN

Contact Person

(632) 4593333

Company Telephone Number

Month Day

Fiscal Year

17-C

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

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

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **August 31, 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. Province, country or other jurisdiction of Incorporation 6. (SEC Use Only) Industry Classification Code:

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

8. **(632) 4593333**
   Registrant'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
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein: *Item 9* (Other Events)

Item 9 (Other Events)

Holcim Philippines, Inc. (the "Company") received a letter from the Department of Trade and Industry - BPS (DTI) ordering (i) the forfeiture of the surety bonds in the total amount of Eight Million One Hundred Forty-Five Thousand Nine Hundred Twenty Pesos and Fifty Centavos (Php 8,145,920.50) posted by the Company in connection with its application for issuance of Statements of Confirmation (SOC) for Type 1 cement covered by Bills of Lading No. HPPH 152-1, HPPH 153-1, HPPD 1554-1 and HPPH 158-1, and (ii) issuance of product recall for the aforementioned goods. The foregoing order is based on the DTI's finding that a requirement for the issuance of the SOC under DAO 17-06 Series of 2017 has not been complied with.

The penalties imposed will not have a material impact on the Company's financials.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

August 31, 2018
Date

BELINDA E. DUGAN
Corporate Secretary

110192018001142

SECURITIES AND EXCHANGE COMMISSION

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Company Representative

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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	110192018001142
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	October 18, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

2 6 1 2 6

S.E.C. Registration Number

H O L C I M P H I L I P P I N E S , I N C .

(Company's Full Name)

7 F V E N I C E C O R P O R A T E C E N T E R

8 T U R I N S T . M C K I N L E Y T O W N

C E N T E R F O R T B O N I F A C I O T A G U I G

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

BEATRIX R. GUEVARRA

Contact Person

(02) 4593333

Company Telephone Number

1 2 3 1

Month *Day*

Fiscal Year

SEC 17C

FORM TYPE

Second Thursday of May

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

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

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **18 October 2018**
Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
Exact name of registrant as specified in its charter

5. **Philippines** (SEC Use Only)
Province, country or other jurisdiction of incorporation 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**
Registrant'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
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein:

Item 5 (Legal proceedings)

Holcim Philippines, Inc. (the "Company") received today, 18 October 2018, a copy of: (i) the petition for interim protection order filed by Seasia Nectar Port Services, Inc. ("Seasia") under A.M. No. 07-11-08 SC or the Special Rules of Court on Alternative Dispute Resolution with Branch 95 of the Regional Trial Court at Mariveles, Bataan ("Bataan RTC"); and (ii) an Order dated 11 October 2018 issued by Bataan RTC granting Seasia's motion for the ex-parte issuance of a temporary protection order in the form of a writ of preliminary attachment. The said petition was filed by Seasia in connection with the Company's port services agreement with Seasia as port operator, which the Company terminated pursuant to its no-fault termination rights under the said agreement.

The issuance of the Order will not have a material impact on the Company's operations

Item 9 (Other Events)

In an order dated 9 October 2018 which Holcim Philippines, Inc. (the "Company") received today, the Pollution adjudication Board required the Company to satisfy an environmental compliance obligation under Republic Act 9275 in the amount of Php 3,600,000.00 in connection with the 17,400 mt of coal that were washed out to the Bagbag shoreline, La Union after the embankment at the stockpile area was breached by the torrential rains.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Registrant

BELINDA E. DUGAN
Corporate Secretary

COVER SHEET

2 6 1 2 6

S.E.C. Registration Number

H O L C I M P H I L I P P I N E S , I N C .

(Company's Full Name)

7 F V E N I C E C O R P O R A T E C E N T E R
8 T U R I N S T . M C K I N L E Y T O W N
C E N T E R F O R T B O N I F A C I O T A G U I G

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

BEATRIX R. GUEVARRA

Contact Person

(02) 4593333

Company Telephone Number

1 2 | 3 1

Month *Day*

Fiscal Year

SEC 17C

FORM TYPE

Second Thursday of May

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

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

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **18 October 2018**
Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
Exact name of registrant as specified in its charter

5. **Philippines** (SEC Use Only)
Province, country or other jurisdiction of Incorporation 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**
Registrant'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
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein:

Item 5 (Legal proceedings)

Holcim Philippines, Inc. (the "Company") received today, 18 October 2018, a copy of: (i) the petition for interim protection order filed by Seasia Nectar Port Services, Inc. ("Seasia") under A.M. No. 07-11-08 SC or the Special Rules of Court on Alternative Dispute Resolution with Branch 95 of the Regional Trial Court at Mariveles, Bataan ("Bataan RTC"); and (ii) an Order dated 11 October 2018 issued by Bataan RTC granting Seasia's motion for the ex-parte issuance of a temporary protection order in the form of a writ of preliminary attachment. The said petition was filed by Seasia in connection with the Company's port services agreement with Seasia as port operator, which the Company terminated pursuant to its no-fault termination rights under the said agreement.

The issuance of the Order will not have a material impact on the Company's operations

Item 9 (Other Events)

In an order dated 9 October 2018 which Holcim Philippines, Inc. (the "Company") received today, the Pollution adjudication Board required the Company to satisfy an environmental compliance obligation under Republic Act 9275 in the amount of Php 3,600,000.00 in connection with the 17,400 mt of coal that were washed out to the Bagbag shoreline, La Union after the embankment at the stockpile area was breached by the torrential rains.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Registrant

BELINDA E. DUGAN
Corporate Secretary

COVER SHEET

2 6 1 2 6

S.E.C. Registration Number

HOLCIM PHILIPPINES, INC.

(Company's Full Name)

7F VENICE CORPORATE CENTER
8 TURIN ST. MCKINLEY TOWN
CENTER FORT BONIFACIO TAGUIG

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

BEATRIX R. GUEVARRA

Contact Person

(02) 4593333

Company Telephone Number

1 2 / 3 1

Month *Day*

Fiscal Year

SEC 17C

FORM TYPE

Second Thursday of May

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

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

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **18 October 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126** 3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines** (SEC Use Only)
   Province, country or other jurisdiction of Incorporation 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**
   Registrant'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
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein:

Item 5 (Legal proceedings)

Holcim Philippines, Inc. (the "Company") received today, 18 October 2018, a copy of: (i) the petition for interim protection order filed by Seasia Nectar Port Services, Inc. ("Seasia") under A.M. No. 07-11-08 SC or the Special Rules of Court on Alternative Dispute Resolution with Branch 95 of the Regional Trial Court at Mariveles, Bataan ("Bataan RTC"); and (ii) an Order dated 11 October 2018 issued by Bataan RTC granting Seasia's motion for the ex-parte issuance of a temporary protection order in the form of a writ of preliminary attachment. The said petition was filed by Seasia in connection with the Company's port services agreement with Seasia as port operator, which the Company terminated pursuant to its no-fault termination rights under the said agreement.

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In an order dated 9 October 2018 which Holcim Philippines, Inc. (the "Company") received today, the Pollution adjudication Board required the Company to satisfy an environmental compliance obligation under Republic Act 9275 in the amount of Php 3,600,000.00 in connection with the 17,400 mt of coal that were washed out to the Bagbag shoreline, La Union after the embankment at the stockpile area was breached by the torrential rains.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Registrant

BELINDA E. DUGAN
Corporate Secretary

112032018000597

SECURITIES AND EXCHANGE COMMISSION

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Receipt Date and Time : December 03, 2018 12:22:07 PM
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Company Representative

Doc Source

Company Information

SEC Registration No.	0000026126
Company Name	HOLCIM PHILIPPINES, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	112032018000597
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	November 29, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

26126

S.E.C. Registration Number

HOLCIM PHILIPPINES, INC.

(Company's Full Name)

7F VENICE CORPORATE CENTER
8 TURIN ST. MCKINLEY TOWN
CENTER FORT BONIFACIO TAGUIG

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

BEATRIX R. GUEVARRA

Contact Person

(02) 4593333

Company Telephone Number

12 31

Month *Day*

Fiscal Year

SEC 17C

FORM TYPE

Second Thursday of May

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **29 November 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **26126**   3. BIR Tax Identification No. **000-121-507**

4. **Holcim Philippines, Inc.**
   Exact name of registrant as specified in its charter

5. **Philippines**   (SEC Use Only)
   Province, country or other jurisdiction of Incorporation   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**
   Registrant'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
COMMON	*6,452,099,144*

11. Indicate the item numbers reported herein: *Item 9 (Other Events)*

At the Regular Meeting of the Board of Directors held today, 29 November 2018, the following matters were approved:

1. Total investment of CHF 297M or close to USD 300M to raise its cement production capacity by 30%;

2. Acceptance of resignation of Mr. Mario Gross as Director of Holcim Philippines, Inc. effective 29 November 2018;

3. Election of Ms. Rajani Kesari as director of Holcim Philippines, Inc. to serve for the unexpired term of Mr. Gross and to serve as such until her successor shall have been duly elected and qualified.

4. Closure and dissolution of the Company's fully-owned subsidiary, Excel Concrete Logistics, Inc;

5. Resignation of Ms. Belinda E. Dugan as Data Protection Officer;

6. Appointment of the following corporate officers:

NAME	POSITION	EFFECTIVE DATE OF APPOINTMENT
NIELS LEDINEK	Senior Vice President, Head of Cement Industrial Performance	January 1, 2019
LEIGHNA KATRINA SITOY-ABARQUEZ	Data Protection Officer	November 29, 2018

7. Change in designation of the following officers:

NAME	FROM	TO
ANN CLAIRE M. RAMIREZ	Asst. Vice President, Head of Communications	Vice President, Head of Communications
RICHARD A. CRUZ	Asst. Vice President, Head of Health and Safety	Vice President, Head of Health and Safety
ZOE VERNA M. SIBALA	Asst. Vice President, Head of Strategy	Vice President, Head of Strategy

Below are the executive profiles of the newly elected director and corporate officers:

RAJANI KESARI

Ms. Kesari is currently the Region Finance Head – Asia for LafargeHolcim managing Finance for India, South-East Asia and Pacific. She is a chartered accountant, cost accountant and a certified public accountant from the USA.

Prior to joining LafargeHolcim in January 2017, she worked for Schneider Electric and served as the CFO Greater India Operations from October 2008 to April 2014, CFO East Asia Operations from April 2014 to December 2015 and CFO East Japan Operations from

January 2016- December 2017. During her tenure with Schneider Electric, she has supported significant growth in India and strong profitability in East Asia and Japan.

NEILS LEDINEK

Niels Ledinek has a diploma in Ing. From Montan Universitaet Leoben, Austria and has earned a degree in Master of Science in Engineering Management from Oakland University in year 2000.

Mr. Ledinek has worked for Lafarge since October 1998 and has served as Cement Plant Manager of Lafarge Cement, Cizvoke Plant, Czech Republic from September 2009-June 2013 and of LafargeHolcim, Ferzikovo Plant, Russia from July 2013 to March 2016. In April 2016, Mr. Ledinek was named Head of Transformation of APAC based in Singapore responsible for managing eight senior managers and subject matter experts including former plant managers, plant production and maintenance managers, and technical experts. As Head of Transformation, he successfully completed a global pilot project resulting to a net benefit of several million USD in an underperforming, sol-out cement plant in Southeast Asia in 2017.

LEIGHNA KATRINA SITOY-ABARQUEZ

Atty. Abarquez has over 10 years of work experience in the fields of corporate and commercial law, intellectual property, immigration, labor and regulatory compliance, government contracts and project financing. Prior to joining HPI in October 2018 as Local Compliance Officer, she was the Regional Compliance Officer of 3M Company handling compliance for 3M's Asia operations.

Atty. Abarquez earned her Juris Doctor from Ateneo De Manila University- School of Law and has a degree of Bachelor of Arts Major in Economics from the same university. She was admitted to the practice of law in 2008.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Registrant

BELINDA E. DUGAN
Corporate Secretary