102242015000649

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	AS94003992
Company Name	SOUTHEAST ASIA CEMENT HOLDINGS, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

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COVER SHEET

CS 094-003992

S.E.C. Registration Number

GLOBAL FERRONICKEL HOLDINGS, INC

(Company's Full Name)

7TH FLOOR CORPORATE BUSINESS CENTRE 151 PASEO DE ROXAS MKTI

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

ATTY. NOEL B. LAZARO

Contact Person

519-7888

Company Telephone Number

Month Day

Fiscal Year

17-Q

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-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 – **DECEMBER 31, 2014**

2. Commission identification number – AS**094-003992**

3. BIR Tax Identification No – 003-871-592

4. Exact name of issuer as specified in its charter
   GLOBAL FERRONICKEL HOLDINGS, INC.
   (Formerly SOUTHEAST ASIA CEMENT HOLDINGS, INC.)

5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines

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

7. Address of issuer's principal office — Postal Code
   7th Floor Corporate Business Center, 1514 Paseo de Roxas cor. Arnaiz St., Makati City — **1228**

8. Issuer's telephone number, including area code
   (632)511-8229

9. Former name, former address and former fiscal year, if changed since last report
   25th Floor The Salcedo Tower, 169 H.V. dela Costa St., Salcedo Village, Makati City 1227

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

    Common Shares **17,467,014,310**

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

    Yes [xx] No [ ]

12. 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 [xx] No [ ]

13. Has been subject to such filing requirements for the past ninety (90) days.

    Yes [xx] No [ ]

Global Ferronickel Holdings, Inc. and Subsidiaries
(Formerly Southeast Asia Cement Holdings, Inc. and Subsidiaries)

Consolidated Financial Statements
as at December 31, 2014 and June 30, 2014
and for the Six Months Ended December 31, 2014

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
ASSETS		
Current Assets		
Cash	**₱691,797**	₱233,164
Trade and other receivables	**324,713**	888,703
Current portion of finance lease receivable	**95,910**	122,053
Advances to related parties	**1,833,691**	5,023,979
Inventories - at cost	**246,042**	297,108
Prepayments and other current assets	**104,734**	137,169
Total Current Assets	**3,296,887**	6,702,176
Noncurrent Assets		
Property and equipment	**2,311,267**	2,308,624
Finance lease receivable - net of current portion	**770,814**	798,783
Mining rights	**396,500**	396,500
Investment properties	**319,865**	367,506
Mine exploration costs	**140,659**	140,659
Deferred income tax assets - net	**31,084**	1,420
Available-for-sale (AFS) financial assets	**8,854**	9,191
Other noncurrent assets	**414,451**	417,552
Total Noncurrent Assets	**4,393,494**	4,440,235
TOTAL ASSETS	**₱7,690,381**	₱11,142,411

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱1,125,081**	₱2,246,571
Current portion of bank loans	**573,865**	1,077,889
Amounts owed to related parties	**344,252**	360,318
Advances from customers	**27,145**	288,431
Current portion of finance lease liabilities	**26,451**	32,670
Dividends payable	**20,287**	5,069,050
Income tax payable	**5,374**	314
Total Current Liabilities	**2,122,455**	9,075,243
Noncurrent Liabilities		
Bank loans - net of current portion	**46,361**	258,680
Provision for mine rehabilitation and decommissioning	**60,212**	59,663
Retirement obligation	**30,101**	23,860
Finance lease liabilities - net of current portion	**14,994**	25,801
Amounts owed to related parties	**–**	24,998
Other noncurrent liabilities	**350**	673
Total Noncurrent Liabilities	**152,018**	393,675
Total Liabilities	**2,274,473**	9,468,918

(Forward)

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
Equity		
Capital stock	**₱6,113,455**	₱2,451,372
Additional paid-in capital	**443,196**	127,171
Valuation gain (loss) on AFS financial assets	**506**	842
Gain on remeasurement of retirement obligation	**1,675**	6,025
Equity reserve	**(5,829,125)**	(1,878,341)
Retained earnings	**4,678,860**	964,764
Treasury stock	**(18)**	(18)
Equity attributable to the equity holders of the Parent Company	**5,408,549**	1,671,815
Non-controlling interest (NCI)	**7,359**	1,678
Total Equity	**5,415,908**	1,673,493
TOTAL LIABILITIES AND EQUITY	**₱7,690,381**	₱11,142,411

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Six Months Ended December 31, 2014 and Year Ended June 30, 2014
(Amounts in Thousands)

	December 31,2014 (Unaudited)	June 30, 2014 (Audited)
SALE OF ORE	**₱9,047,476**	₱5,667,768
COST OF SALES	**2,479,258**	2,575,454
GROSS PROFIT	**6,568,218**	3,092,314
OPERATING EXPENSES		
Excise taxes and royalties	**1,304,466**	795,893
General and administrative	**311,929**	360,368
Shipping and distribution	**66,469**	211,697
	1,682,864	1,367,958
FINANCE INCOME	**3,465**	7,956
FINANCE COSTS	**(73,323)**	(202,058)
OTHER INCOME (CHARGES) - net	**(31,010)**	209,052
INCOME BEFORE INCOME TAX	**4,784,486**	1,739,306
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**7,945**	142
Deferred	**(27,797)**	68,835
	(19,852)	68,977
NET INCOME	**4,804,338**	1,670,329
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that may be reclassified to profit or loss in subsequent periods:		
Valuation gain (loss) on AFS financial assets	**(337)**	4,174
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on retirement obligation	**(6,224)**	204
Income tax effect	**1,867**	(61)
	(4,357)	143
	(4,694)	4,317
TOTAL COMPREHENSIVE INCOME	**₱4,799,644**	₱1,674,646
Net Income Attributable To:		
Equity holders of the Parent Company	**₱4,796,991**	₱1,667,776
NCI	**7,347**	2,553
	₱4,804,338	₱1,670,329
Total Comprehensive Income Attributable To:		
Equity holders of the Parent Company	**₱4,792,304**	₱1,667,769
NCI	**7,340**	2,560
	₱4,799,644	₱1,670,329
Basic/Diluted Earnings (Loss) Per Share on Net Income Attributable to Equity Holders of the Parent Company	**₱0.66**	₱0.24

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended December 31, 2014 and Year Ended June 30, 2014
(Amounts in Thousands)

	Equity Attributable to Equity Holders of Global Ferronickel Holdings, Inc.								Equity attributable to NCI					
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Valuation Gain (Loss) on AFS Financial Assets	Gain on Remeasure-ment of Retirement Obligation	Equity Reserve	Retained Earnings	Total	Capital Stock	Retained Earnings	Valuation Gain (Loss) on AFS Financial Assets	Gain on Remeasure-ment of Retirement Obligation	Total	Total Equity
Balances at June 30, 2014	₱2,451,372	₱127,171	(₱18)	₱842	₱6,025	(₱1,878,341)	₱964,764	₱1,671,815	₱191	₱1,477	₱1	₱9	₱1,678	₱1,673,493
Net income	–	–	–	–	–	–	4,796,991	4,796,991	–	7,347	–	–	7,347	4,804,338
Other comprehensive income - net of tax	–	–	–	(336)	(4,350)	–	–	(4,686)	–	–	(1)	(7)	(8)	(4,694)
Total comprehensive income	–	–	–	(336)	(4,350)	–	4,796,991	4,792,305	–	7,347	(1)	(7)	7,339	4,799,644
Issuance of shares through share swap	3,662,083	313,893	–	–	–	(3,975,976)	–	–	–	–	–	–	–	–
Assumption and cancellation of GFHI receivables	–	2,132	–	–	–	(2,591,855)	–	(2,589,723)	–	–	–	–	–	(2,589,723)
Effect of acquisition of net assets of the accounting acquiree	–	–	–	–	–	2,608,047	–	2,608,047	–	–	–	–	–	2,608,047
Issued shares by a subsidiary	–	–	–	–	–	9,000	–	9,000	–	–	–	–	–	9,000
Dividend declaration	–	–	–	–	–	–	(1,082,896)	(1,082,896)	–	(1,658)	–	–	(1,658)	(1,084,554)
Balances at December 31, 2014	₱6,113,455	₱443,196	(₱18)	₱506	₱1,675	(₱5,829,125)	₱4,678,859	₱5,408,548	₱191	₱7,166	₱–	₱2	₱7,359	₱5,415,908
Balances at June 30, 2013	2,451,372	127,171	(18)	(3,326)	5,882	(1,878,341)	4,358,289	5,061,029	191	6,673	(5)	9	6,868	5,067,897
Net income	–	–	–	–	–	–	1,667,776	1,667,776	–	2,553	–	–	2,553	1,670,329
Other comprehensive income - net of tax	–	–	–	4,168	143	–	–	4,311	–	–	6	–	6	4,317
Total comprehensive income	–	–	–	4,168	143	–	1,667,776	1,672,087	–	2,553	6	–	2,559	1,674,646
Dividend declaration	–	–	–	–	–	–	(5,061,301)	(5,061,301)	–	(7,749)	–	–	(7,749)	(5,069,050)
Balances at June 30, 2014	₱2,451,372	₱127,171	(₱18)	₱842	₱6,025	(₱1,878,341)	₱964,764	₱1,671,815	₱191	₱1,477	₱1	₱9	₱1,678	₱1,673,493

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱4,784,486	₱1,739,306
Adjustments for:		
Depreciation and depletion	92,683	216,890
Interest expense	55,348	150,732
Amortization of discount on bank loans	6,650	20,805
Interest income	(3,469)	(7,956)
Retirement benefits costs	3,195	6,215
Unrealized foreign exchange losses (gains) - net	3,045	(233,640)
Accretion interest on provision for mine rehabilitation and decommissioning	548	1,279
Loss (gain) on disposals of property and equipment	(91)	159
Levelization of rental expense	(28)	323
Casualty losses	–	–
Net gain on sale of AFS financial assets	–	–
Change in estimate of asset retirement obligation	–	–
Gain on derecognition of provision for mine rehabilitation and decommissioning	–	–
Operating income before changes in working capital	4,942,367	1,894,113
Decrease (increase) in:		
Trade and other receivables	564,101	(599,416)
Inventories - at cost	51,065	(58,088)
Prepayments and other current assets	97,969	(98,807)
Increase (decrease) in:		
Trade and other payables	(1,680,779)	730,233
Advances from customers	–	42,169
Net cash generated from operations	3,974,723	1,910,204
Interest paid	(58,304)	(144,739)
Retirement benefits paid	(3,819)	(4,201)
Income taxes paid	(2,856)	(66)
Interest received	1,046	813
Net cash flows from operating activities	3,910,790	1,762,011

(Forward)

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	**(₱90,572)**	(₱803,778)
Mine exploration costs	–	(72,021)
Investment properties	–	–
Insurance proceeds	**227**	
Proceeds from sale of:		
Investment properties	–	31,952
AFS financial assets	–	–
Decrease (increase) in:		
Advances to related parties	**(2,357,450)**	(804,226)
Other noncurrent assets	**5,100**	149,894
Net cash flows used in investing activities	**(2,442,695)**	(1,498,179)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bank loans	**(1,074,621)**	(632,449)
Proceeds from:		
Availment of bank loans	**302,935**	432,400
Issuance of capital stock	**9,000**	–
Increase (decrease) in:		
Advances from customers	**(271,925)**	–
Finance lease liabilities	**(19,597)**	(28,707)
Amounts owed to related parties	**13,133**	78,693
Other noncurrent liabilities	**(294)**	–
Net cash flows from (used in) financing activities	**(1,041,369)**	(150,063)
NET INCREASE (DECREASE) IN CASH	**426,726**	113,769
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**11,593**	14,048
CASH AT BEGINNING OF YEAR	**253,478**	105,347
CASH AT END OF YEAR	**₱691,797**	₱233,164

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The Parent Company

Global Ferronickel Holdings, Inc. (formerly Southeast Asia Cement Holdings, Inc.; the Parent Company) is a corporation listed in the Philippine Stock Exchange (PSE). It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 3, 1994. The principal activities of the Parent Company are to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, and other securities or obligations of any corporation.

As at June 30, 2014, the Parent Company is 74.80%, 10.17% and 4.85% owned by IHoldings, Inc., Kwantlen Development Corp. and Januarius Resources Realty Corp. (collectively, the IHoldings Group), respectively.

On July 9, 2014, IHoldings Group entered into a Share Purchase Agreement, as amended on September 4, 2014, with Huatai Investment Holding Pty. Ltd. (HIHPTL), Regulus Best Nickel Holdings, Inc., Bellatrix Star, Inc., Alpha Centauri Fortune Group, Inc. (ACFGI), Antares Nickel Capital, Inc. (ANCI), Blue Eagle Elite Ventures, Inc., Ultimate Horizon Capital, Inc., Sohoton Energy, Inc., Great South Group Ventures, Inc., Red Lion Fortune Group, Inc., and three (3) individuals (collectively the Thirteen Stockholders) pursuant to which IHoldings Group will sell to the Thirteen Stockholders 6,291,132,047 common shares of GFHI (the Subject Shares), comprising the entirety of their respective shareholdings and representing 89.82% of the total issued and outstanding capital stock of GFHI.

On September 5, 2014, as a requirement under the Securities Regulation Code, the Thirteen Stockholders have launched a mandatory tender offer to acquire the shares of the minority stockholders holding 712,781,634 common shares of GFHI and filed a Tender Offer Report with the SEC and PSE. The Tender Offer period lapsed last October 10, 2014 where 204,264 common shares were tendered to the Thirteen Stockholders (the Tendered Shares). After the lapse of the tender offer period, the Thirteen Stockholders completed the purchase of the Subject Shares in accordance with the Share Purchase Agreement. The Subject and Tendered Shares were crossed through the PSE on October 15, 2014.

On September 10, 2014 and October 22, 2014, the Board of Directors (BOD) and stockholders of the Parent Company, respectively, approved the following amendments to the Articles of Incorporation (AOI) and By-laws:

- Change in the Parent Company's name from Southeast Asia Cement Holdings, Inc. to Global Ferronickel Holdings, Inc.;
- Change in the registered and principal address from Room 1104, Liberty Center Building, 104 H.V. dela Costa corner Leviste Streets, Salcedo Village, Makati City to 7th Floor, Corporate Business Centre, 151 Paseo de Roxas corner Arnaiz Street, Makati City;
- Increase in the number of directors from nine (9) to ten (10) members;
- Increase in the authorized capital stock of the Parent Company from ₱2,555.0 million divided into 7,300,000,000 common shares with a par value of ₱0.35 per share to ₱12,555.0 million divided into 35,871,428,572 common shares with a par value of ₱0.35 per share ; and
- Change in the reporting period from June 30 to December 31.

market, sell, exchange or otherwise deal in chromite, copper, manganese, magnesite, silver, gold and other mineral products". Pursuant to this purpose, PGMC acquired control and currently operates the mining tenement containing nickel ore located in Surigao del Norte. The registered office address of PGMC is 7th Floor Corporate Business Center, 151 Paseo de Roxas, Cor. Pasay Road, Makati City.

Registration with the Board of Investments (BOI)
On November 16, 2007, PGMC was registered with the BOI as a new producer of beneficiated nickel ore on a non-pioneer status on its Surigao registered nickel project.

PGMC has been certified by BOI as a qualified enterprise for the purpose of value-added tax (VAT) zero-rating of its transactions pursuant to the terms and conditions set forth by the BOI. On January 30, 2014, PGMC received the renewed certification of BOI for the VAT zero-rated status.

On July 23, 2014, PGMC received the approval for the extension of its one (1) year income tax holiday (ITH) starting November 16, 2014 to November 15, 2015.

Surigao Integrated Resources Corporation (SIRC)
SIRC is a one hundred percent (100%)-owned subsidiary of PGMC and was organized in July 1999 and duly registered with the SEC on July 16, 1999. Its primary purposes are to engage in the exploration and processing of minerals, petroleum and other mineral oils, to enter into financial and technical assistance agreements for the large scale exploration, development and utilization of mineral resources or otherwise engage in mining activities or enter into agreements as may be allowed by law. The registered address of the SIRC is 7th Floor Corporate Business Center, 151 Paseo de Roxas, Cor. Pasay Road, Makati City.

PGMC-CNEP Shipping Services Corp. (CNEP)
On June 4, 2013, PGMC incorporated CNEP, its wholly owned subsidiary. It was registered with the SEC, primarily to conduct and carry on the business of inter-island shipping, including chartering, hiring, leasing, or otherwise acquiring tug and barge, self-propelled barges or landing craft transport or other ships or vessels, together with equipment, appurtenances and furniture therefor; and to employ the same in the conveyance and carriage of ores, minerals, goods, wares and merchandise of every kind and description. The registered address of CNEP is 7th Floor Corporate Business Center, 151 Paseo de Roxas, Cor. Pasay Road, Makati City.

PGMC, SIRC and CNEP are hereinafter collectively referred to as PGMC Group.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical cost basis, except for quoted AFS financial assets, which are carried at fair value. The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousand (₱000), except number of shares, per share data and as indicated.

Acquisition of PGMC Group
As discussed, GFHI and the Thirteen Stockholders of PGMC entered into a Share Swap that resulted to GFHI owning 99.85% of PGMC.

The transaction is an asset acquisition because GFHI does not meet the definition of a business. PGMC was deemed to be the accounting acquirer for accounting purposes accounted for under the reverse acquisition method following the guidance provided by the standard. In a reverse acquisition, the legal parent, GFHI is identified as the acquiree for accounting purposes because based on the substance of the transaction, the legal subsidiary PGMC is adjudged to be the entity that gained control over the legal parent. Accordingly, the consolidated financial statements of GFHI have been prepared as a continuation of the financial statements of PGMC Group. PGMC has accounted for the acquisition of GFHI on December 22, 2014, which was the date when PGMC acquired or gained control over GFHI.

The comparative December 31, 2013 and June 30, 2014, 2013 and 2012 information presented in the consolidated financial statements is that of PGMC Group, not originally presented in the previous financial statements of the legal parent (the Parent Company - accounting acquire) and is also retroactively adjusted to reflect the legal capital (i.e., the number and type of Capital stock issued, Additional paid-in capital and Treasury stock) of GFHI. The adjustment, which is the difference between the capital structure of PGMC Group and GFHI, is recognized as part of the "Equity reserve" in the consolidated statements of financial position.

Because the accompanying consolidated financial statements represent a continuation of the financial statements of PGMC Group, exce pt for its capital structure, the consolidation reflects:

a. The consolidated assets and liabilities of PGMC Group (legal subsidiary/accounting acquirer) recognized and measured at their pre-combination carrying amounts and not at fair value, and the assets and liabilities of GFHI (legal parent.accounting acquire) were recognized and measured at acquisition cost;
b. The retained earnings of PGMC Group for full period together with the post-combination results of GFHI from December 22, 2014, the date when GFHI was acquired by PGMC;
c. The total equity will reflect the combined equity of PGMC Group and GFHI. However, the legal capital of PGMC Group will be eliminated as the legal capital that will be reflected would be that of GFHI (legal parent);
d. Any difference between the consideration transferred by GFHI and the legal capital of PGMC Group that is eliminated is reflected as "Equity reserve"; and
e. The consolidated statements of comprehensive income for the comparative six months period December 31, 2013 and for the years ended June 30, 2014, 2013 and 2012 reflects that of the PGMC Group for the full period while the consolidated statement of comprehensive income for the current period from July 1, 2014 to December 31, 2014 reflects that of PGMC Group for the full period together with the post-combination results of GFHI (i.e. for the period from December 22, 2014 to December 31, 2014).

Reverse acquisition applies only to the consolidated financial statements. The Parent Company financial statements will continue to represent GFHI as a stand-alone entity as at December 31, 2014 and June 30, 2014.

Statement of Compliance
The accompanying consolidated financial statements of the Group have been prepared in compliance with PFRS.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its subsidiaries after eliminating significant intercompany balances and transactions. These subsidiaries are all based in the Philippines and are duly registered with the SEC. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform and consistent accounting policies.

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

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income or OCI to profit or loss or retained earnings, as appropriate.

Reverse Acquisition
As discussed, GFHI and the Thirteen Stockholders of PGMC entered into a Share Swap that resulted to GFHI owning 99.85% of PGMC.

Management of the Group assessed that this transaction is an asset acquisition because GFHI does not meet the definition of a business. PGMC was deemed to be the accounting acquirer for accounting purposes accounted for under the reverse acquisition method following the guidance provided by the standard. In a reverse acquisition, the legal parent, GFHI is identified as the acquiree for accounting purposes because based on the substance of the transaction, the legal subsidiary PGMC is adjudged to be the entity that gained control over the legal parent. Accordingly, the consolidated financial statements of GFHI have been prepared as a continuation of the financial statements of PGMC.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) and improvements to PFRS which were adopted as at January 1, 2014.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangement.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of the amendments has no impact on the disclosure in the Group's consolidated financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has no derivatives during the current or prior periods.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2010-2012 cycle)
In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2011-2013 cycle)
In the 2011-2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards-First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first-time PFRS adopter.

Standards and Interpretations Issued but not yet Effective
The Group will adopt the following standards and interpretations enumerated below when these become effective.

- PFRS 9, *Financial Instruments - Classification and Measurement* (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 is adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of this interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval of the BOA.

Effective January 1, 2015:

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have material impact on the Group. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

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

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39

(or PFRS 9 if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:

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

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have material impact on the Group. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

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

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset

or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016:

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group does not expect that these amendments will have material impact in the Group's future consolidated financial statements.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or

not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's consolidated financial statements.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

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

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

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An

entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report"*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018:

- PFRS 9, *Financial Instruments* - Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The adoption of the PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC.

- IFRS 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. This new standard issued by the IASB has yet to be adopted by the FRSC. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

The revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

3. Equity

Capital Stock

The capital structure of the Parent Company as at December 31, 2014 and June 30, 2014 is as follows:

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
Authorized - 35,871,428,572 shares as at December 31, 2014 and 7,300,000,000 as at June 30, 2014 - ₱0.35 par value		
Balance at beginning of period		
Issued - 7,003,920,939 shares	**₱2,451,372**	₱2,451,372
Issuance of 10,463,093,371 shares on December 22, 2014	**3,662,083**	–
Balance at end of period	**₱6,113,455**	₱2,451,372

The Parent Company has only one class of common shares. The common shares do not carry any right to fixed income.

The Parent Company applied for an increase in its authorized capital stock from ₱2,555.0 million divided into 7,300,000,000 common shares with a par value of ₱0.35 per share to ₱12,555.0 million divided into 35,871,428,572 common shares with a par value of ₱0.35 per share. The increase in the authorized capital stock as well as the issuance of the 10,463,093,371 common shares to the Thirteen Stockholders in accordance with the Share Swap transaction was approved by the SEC on December 22, 2014.

All issued shares of GFHI, except for the newly issued 10,463,093,371 common shares to the Thirteen Stockholders, are listed in the PSE. The following table summarizes the track record of registrations of securities under the Securities Regulation Code.

Transaction	Subscribers	Registration Date	Issue/Offer Price	Number of Shares
Initial registration	Various	October 1994	₱1.50	5,000,000,000
Additional registration	Various	September 1996	–	1,150,000,000
Exempt from registration	Various	December 1998	–	305,810,000
Exempt from registration	Two individuals	June 2013	0.35	554,000,000
				7,009,810,000

Treasury Stock
The Company has 7,258 shares in treasury stock amounting to ₱18,440 as at December 31, 2014 and June 30, 2014.

Retained Earnings
On June 15, 2014, the PGMC's BOD approved the declaration of cash dividends amounting to ₱5,069.1 million to stockholders of record as at June 15, 2014. Out of the total dividends declared, ₱4,309.0 million pertains to 16% participating, non-cumulative, preferred stockholders at ₱0.07 per share and the remaining ₱760.1 million pertains to common stockholders at ₱0.06 per share. The dividends will be paid not earlier than December 1, 2014 but not later than December 31, 2014.

On December 29, 2014, the Group settled its cash dividends payable amounting to ₱5,069.1 million declared last June 15, 2014 to stockholders of record as at June 15, 2014. The dividends payable was offset against the cash advances to stockholders classified under "Advances to related parties".

Equity Reserve
As at July 1, 2011, as a result of the reverse acquisition, the "Equity reserve" account represents the difference between the legal capital (i.e., the number and type of Capital stock issued, Additional paid-in capital and Treasury stock) of the legal acquirer (GFHI) and accounting acquirer (PGMC). Subsequent to July 1, 2011 up to the date of the Share Swap transaction, the movements of the equity accounts of PGMC Group are adjusted to "Equity reserve".

Below is the summary of the movements of the "Equity reserve" account:

Legal capital of PGMC (accounting acquirer):	
Capital stock, net of NCI of P191	₱700,184
Legal capital of GFHI (legal acquirer):	
Capital stock	(2,257,472)
Additional paid-in capital	(127,171)
Balance as at June 30, 2011	(₱1,684,459)
Balance as at July 1, 2011	(₱1,684,459)
Nil movement	–
Balance as at June 30, 2012	(₱1,684,459)
Balance as at July 1, 2012	(₱1,684,459)
Issuance of stocks by GFHI	(193,900)
Treasury stock	18
Balance as at June 30, 2013	(₱1,878,341)
Balance as at July 1, 2013	(₱1,878,341)
Nil movement	–
Balance as at December 31, 2013 and June 30, 2014	(₱1,878,341)
Balance as at July 1, 2014	(₱1,878,341)
Issuance of stocks by GFHI through Share Swap	(3,975,975)
Assumption and cancellation of GFHI receivables	(2,591,855)
Acquisition of net assets of the accounting acquire (GFHI)	2,608,046
Issuance of stocks by PGMC	9,000
Balance as at December 31, 2014	(₱5,829,125)

4. EPS

The following reflects the income and share data used in the basic and diluted EPS computations:

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
Net income	**₱4,804,339**	₱1,670,329
Weighted average number of shares for basic earnings per share	**7,261,907,764**	7,003,913,681
Basic/diluted EPS	**₱0.66**	₱0.24

As at December 31, 2014 and June 30, 2014 there are no potentially dilutive common shares.

5. Cost of Sales

	Six Months Ended December 31 2014	Years Ended June 30 2014
Contract hire	**₱1,869,043**	₱1,671,175
Fuel and oil	**170,388**	164,898
Contributions for IP	**92,809**	56,963
Depreciation and depletion	**86,889**	204,893
Personnel costs	**52,866**	153,790
Rentals	**42,009**	69,935
Assaying and laboratory	**28,149**	41,100
Operation overhead	**52,424**	44,492
Community relations	**10,996**	44,630
Environmental protection costs	**7,553**	29,344
Repairs and maintenance	**5,546**	104,588
Other charges	**8,162**	67,053
	2,426,834	2,652,861
Net change in beneficiated nickel ore	**52,424**	(77,407)
	₱2,479,258	₱2,575,454

Contract hire pertains to services offered by the contractors related to the mining operating activities of the Group that include, but not limited to, ore extraction and beneficiation, hauling, barging or stevedoring and equipment rental.

Operation overhead relates to the necessary expenses incurred in the Surigao minesite operations. These expenses include, but not limited to, communication, consultancy and service fee, supplies and travel and transportation expense.

6. Excise Taxes and Royalties

	Six Months Ended December 31, 2014	Years Ended June 30, 2014
Royalties to claim-owners	**₱631,610**	₱395,901
Royalties to government	**476,094**	284,422
Excise taxes	**196,762**	115,570
	₱1,304,466	₱795,893

The Group, in accordance with DENR Administrative Order No. 96-40, Series 1996, on the Revised Implementing Rules and Regulations of RA No. 7942 is required to pay to the Philippine Government the following:

- A royalty tax of five percent (5%) of the market value of the gross output of the minerals/ mineral products extracted or produced from its Surigao mines to DENR-MGB; and
- An excise tax of two percent (2%) of the market value of the gross output of the minerals/ mineral products extracted or produced from its Surigao mines to the BIR.

The Group is paying to CMDC royalty fees of three percent (3%) to seven percent (7%) of gross receipts.

Excise taxes and royalties payable amounted to ₱110.6 million and ₱283.9 million as at December 31, 2014 and 2013, respectively, and ₱409.1 million, ₱456.1 million and ₱318.4 million as at June 30, 2014, 2013 and 2012, respectively.

7. General and Administrative

	Six Months Ended December 31	Years Ended June 30
	2014	2014
Marketing and entertainment	**₱108,494**	₱102,663
Personnel costs	**54,434**	64,640
Taxes and licenses	**49,291**	55,710
Consultancy fees	**20,452**	23,252
Outside services	**18,592**	39,612
Travel and transportation	**18,557**	23,863
Power and utilities	**11,636**	10,324
Depreciation	**5,794**	11,997
Rentals	**2,794**	3,203
Communication	**2,514**	3,578
Provision for impairment losses on trade and other receivables	**–**	–
Other charges	**19,371**	21,526
	₱311,929	₱360,368

Other charges pertain to various expenses such as supplies, repairs and maintenance, insurance, mailing and postage charges, and membership and subscription dues.

8. Shipping and Distribution

	Six Months Ended December 31	Years Ended June 30
	2014	2014
Barging charges	**₱66,423**	₱156,544
Fuel, oil and lubricants	**46**	24,427
Stevedoring charges and shipping expenses	**–**	21,268
Distribution costs	**–**	9,458
	₱66,469	₱211,697

PART II.-OTHER INFORMATION

No disclosures were made other than those under Form 17-C.

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.

Registrant: GLOBAL FERRONICKEL HOLDINGS, INC.
(FORMERLY SOUTHEAST ASIA CEMENT HOLDINGS, INC.)

Signature and Title: ______________________
JOSEPH C. SY
President and CEO

Date: 2/23/15

Signature and Title: ______________________
MARY BELLE D. BITUIN
Treasurer

Date: 2/23