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G L O B A L   F E R R O N I C K E L
H O L D I N G S ,   I N C .

(F o r m e r l y   S O U T H E A S T   A S I A
C E M E N T   H O L D I N G S ,   I N C .)

(Company's Full Name)

7 T H   F L O O R   C O R P O R A T E
B U S I N E S S   C T R ,   1 5 1   P A S E O
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M A K A T I   C I T Y

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

ATTY. NOEL B. LAZARO
Contact Person

519-7888
Company Telephone Number

Month *Day*
FISCAL YEAR

1 7 - 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

GENERAL INSTRUCTIONS

(a) Use of Form 17-Q

This SEC Form 17-Q shall be used for quarterly reports under Section 17 of the Code, filed pursuant to paragraph (2)(b) of SRC Rule 17 thereunder and shall be filed within 45 calendar days after the end of each of the first three fiscal quarters of each fiscal year. The first quarterly report of the issuer shall be filed either within 45 calendar days after the effective date of the registration statement or on or before the date on which such report would have been required to be filed if the issuer had been required previously to file reports on SEC Form 17-Q, whichever is later. No report need be filed for the fourth quarter of any fiscal year.

(b) Application of SRC Rule 72.1: Requirements for Filing Forms

SRC Rule 72.1 contains general rules and regulations which are applicable to reports on forms to be filed with the Commission. SRC Rule 68 contains requirements for the content of financial statements to be filed with the Commission as part of this report. These Rules should be carefully read and observed in the preparation and filing of reports on this Form.

(c) Preparation of Report

(1) This is not a blank form to be filled in. It is a guide to be used in preparing the report in accordance with SRC Rule 72.1. The Commission does not furnish blank copies of this Form to be filled in for filing.

(2) These general instructions are not to be filed with the report. The instructions to the various captions of the form are also to be omitted from the report as filed. The report shall contain the numbers and captions of all applicable items, but the text of such items may be omitted, provided the answers thereto are prepared in the manner specified in SRC Rule 72.1. All items that are not required to be answered in a particular report may be omitted and no reference thereto need be made in the report. All instructions should also be omitted.

(d) Incorporation by Reference

In accordance with the provisions of SRC Rule 12-2, if the issuer makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this Form, the information called for may be incorporated by reference from such published document or statement, in answer or partial answer to any item or items of Part I of this Form, provided copies thereof are filed as an exhibit to Part I, and all information called for in this Form is supplied.

(e) Integrated Reports to Security Holders

Quarterly reports to security holders may be combined with the required information of Form 17-Q and will be suitable for filing with the Commission if the combined report contains full and complete answers to all items required by this Form. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made.

(f) Signature and Filing of Report

(1) Five complete copies of the report, including any financial statements, exhibit or other paper or document filed as a part thereof shall be filed with the Commission. At least one complete

copy of the report, including any financial statements, exhibit or other paper or document filed as a part thereof, shall, if any class of the issuer's securities are listed in a stock exchange, be filed with that Exchange.

(2) At least one complete copy of the report filed with the Commission and, when applicable, one copy filed with the Exchange shall be manually signed on the issuer's behalf by a duly authorized officer of the issuer and by the principal financial or chief accounting officer of the issuer. Copies not manually signed shall bear typed or printed signatures. In the case where the principal financial officer or chief accounting officer is also duly authorized to sign on behalf of the issuer, one signature is acceptable provided the issuer clearly indicates the dual responsibilities of the signatory. See also paragraph (2) and (3) of SRC Rule 72.1concerning copies, binding, signatures, paper, printing, language, and pagination.

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 – **JUNE 30, 2015**

2. Commission Identification Number - ASO**94-003992**

3. BIR Tax Identification Number – **003-871-592**

4. Exact name of issuer as specified in its charter
   GLOBAL FERRONICKEL 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, 151 Paseo de Roxas cor. Arnaiz St., Makati City — 1228

8. Issuer's telephone number, including area code
   (632)-5197888

9. Former name, former address and former fiscal year, if changed since last report
   NA

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
Amount of Debt Outstanding	₱1,592,195,595

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

    Yes [xx] 7,003,913,681 Common Shares 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 [ ]

PART I--FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

The Unaudited Interim Consolidated Financial Statements as at June 30, 2015 and for the three-month period ended June 30, 2015 and 2014 (with Comparative Audited Statement of Financial Position as at December 31, 2014) are hereto attached.

The following tables set forth the summary financial information for the three-month period ended June 30, 2015 and 2014 and as of June 30, 2015 and December 31, 2014:

1.a. Summary Consolidated Statements of Financial Position

	June 30, 2015 Unaudited	December 31, 2014 Audited	Increase/ (Decrease)	Percent Inc (Dec)
	(In Thousand Pesos)			
ASSETS				
Current Assets	4,348,641	3,181,492	1,167,149	36.7%
Non-Current Assets	4,246,670	4,473,379	(226,709)	-5.1%
TOTAL ASSETS	8,595,311	7,654,871	940,440	12.3%
LIABILITIES AND EQUITY				
Current Liabilities	2,907,977	2,076,816	831,161	40.0%
Non-Current Liabilities	108,630	152,025	(43,395)	-28.5%
Total Liabilities	3,016,607	2,228,841	787,766	35.3%
Equity				
Attributable to the equity holders of the Parent Co	5,571,092	5,418,652	152,440	2.8%
Non-controlling interest (NCI)	7,612	7,378	234	3.2%
Total Equity	5,578,704	5,426,030	152,674	2.8%
TOTAL LIABILITIES AND EQUITY	8,595,311	7,654,871	940,440	12.3%

1.b. Summary Consolidated Statements of Comprehensive Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
	(In Thousand Pesos)			
Revenues	1,793,100	2,932,202	1,793,100	2,932,202
Cost and Expenses	(1,295,868)	(1,805,962)	(1,500,899)	(1,967,324)
Finance Cost and Other Income (Charges) - net	(66,393)	(18,437)	(125,415)	(56,519)
Income (Loss) Before Income Tax	430,839	1,107,803	166,786	908,359
Provision for Income Tax	13,817	10,205	13,817	10,205
Net Income	417,022	1,097,598	152,969	898,154
Other Comprehensive Income	0	(584)	(295)	3,289
Total Comprehensive Income (Loss)	**417,022**	**1,097,014**	**152,674**	**901,443**
Basic and Diluted Earnings Per Share	0.02	0.16	0.01	0.13

1.c. Consolidated Statements of Changes in Equity

	June 2015	As at December 2014	June 2014
	(In Thousand Pesos)		
Capital Stock			
Common Stock	6,113,455	6,113,455	2,451,372
Additional Paid-in-Capital	441,064	441,064	127,171
Valuation Gain on AFS Financial Assets	211	506	842
Gain on Remeasurement of Retirement Obligation	1,675	1,675	6,025
Equity Reserve	(5,829,579)	(5,829,579)	(1,878,341)
Retained Earnings:			
Balance, beginning	4,691,549	964,764	5,129,312
Dividend declaration	-	(1,082,896)	
Profit (Loss) for the period	152,735	4,809,681	896,781
Balance, end	4,844,284	4,691,549	6,026,093
Treasury Stock - at cost	(18)	(18)	(18)
Equity Attributable to the Equity Holders of the Parent Co	5,571,092	5,418,652	6,733,144
Non-controlling Interest (NCI)	7,612	7,378	9,427
Total	5,578,704	5,426,030	6,742,571

1.d. Summary Consolidated Statements of Cash Flow

	Six Months Ended June 30 2015	2014
	(In Thousand Pesos)	
NET CASH FLOWS FROM (USED IN):		
Operating activities	(610,230)	1,475,792
Investing activities	(510,722)	(1,562,002)
Financing activities	1,039,162	212,159
NET DECREASE IN CASH	(81,790)	125,949
Effect of exchange rate changes on cash	8,078	1,935
CASH and EQUIVALENT, AT BEGINNING	691,869	105,280
CASH and CASH EQUIVALENT, AT END	618,157	233,164

Basis of Preparation of Interim Financial Statements

The consolidated statements of financial position of Global Ferronickel Holdings, Inc. as at June 30, 2015 and December 31, 2014, respectively, and the related statements of comprehensive income, cash flows and changes in equity for the periods ended June 30, 2015 and 2014 were prepared in accordance with generally accepted accounting principles in the Philippines. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

The accounting principles followed in the preparation of the Group's most recent annual financial statements were similarly applied in the preparation of the interim financial statements. There were no significant changes in the Group's accounting policies, practices and methods of estimates from the Group's last interim financial statements.

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

Statement of Financial Condition

As at June 30, 2015, total assets of the Company stood at ₱8,595.3 million, an increase by ₱940.4 million or 12%, from ₱ 7,654.9 million as of December 31, 2014. The increase was due primarily to the increase in Current assets by ₱1,167.1 million from ₱3,181.5 million to ₱4,348.6 million, because of the increase in trade and other receivables by ₱500.3 million, from ₱324.5 million to ₱824.8 million resulting from the shift of terms of payment by the nickel ore buyers to letters of credit from cash deposit basis. In addition, advances to related parties increased by ₱377.4 million from ₱1,467.9 million to ₱1,845.2 million.

Total liabilities of the Company stood at ₱3,016.6 million, an increase by ₱787.8 million or 35%, from ₱2,228.8 million as of December 31, 2014. The increase was brought about mainly by the rise in current liabilities to ₱2,908.0 million from ₱2,076.8 million as result of availment of short-term bank loan (export packing credit line) amounting to ₱2,121.6 million minus the payment of the maturing loan totaling ₱1,162.7 million.

Results of Operations

The Company's revenues came substantially from the nickel ore shipments to the Company's customers under short term contracts.

Export Revenues

The total export revenues were ₱1,793.1 million in the six months ended June 30, 2015 as compared to ₱2,932.2 million in the six months ended June 30, 2014, a decrease of ₱1,139.1 million or 39% due to the decrease in the volume shipped and decline in the selling price of nickel ore.

The sale of nickel ore for the six months ended June 30, 2015 was 1.561 million wet metric tons ("WMT") of nickel ore, compared to 2.110 million WMT of nickel ore in the six months ended June 30, 2014. The reduction in volume shipped of 0.549 million WMT or 26% was brought about by persisting rainy weather conditions in June 2015 as we were able to finish loading of only seven (7) vessels as against sixteen (16) vessels in June last year. During the six months period ending June 2015, we shipped 29 vessels of nickel ore as against 39 vessels during the same period last year. All our shipments during the first six months period of 2015 and 2014 were all bound to China.

The decrease in the export revenues was aggravated by the decline of nickel ore price from last year's average of US$43.89/WMT to only US$26.84/WMT average for the first semester of 2015, lower by US$17.05/WMT or 39%.

Service Revenues

The service income realized for the LCT charter by PGMC from its subsidiary, PGMC CNEP, amounted to ₱37.2 million for the six months period ended June 30, 2105 as compared to ₱29.9 million for the same period last year.

Costs and Expenses

The costs and expenses amounted to ₱1,500.9 million for the six months ended June 30, 2015 compared to ₱1,967.3 million for the six months ended June 30, 2014, a decrease of ₱466.4 million, or 24%.

The movement in cost and expenses was attributable to the net effect of the decrease in the cost of sales from ₱1,297.9 million for the six months ended June 30, 2104 to ₱889.0 million for the same period this year, a decrease by ₱408.9 and of the excise taxes and royalties from P417.603 million to P248.701 million, a decrease of P168.9 million. The decrease in cost of sales and excise taxes and royalties was attributable mainly to the decline in volume shipped and in nickel ore price as mentioned earlier.

Net Income

As a result of the foregoing, the Company's net income decreased by ₱748.8 million, from ₱901.4 million for the first half of 2014 to ₱152.7 million for the same period of 2015.

Statement of Cash Flows

The net cash from operating activities resulted to minus ₱610.2 million for the six months ended June 30, 2015 compared to ₱1,475.8 million generated during the six months ended June 30, 2014. Basically, the movement pertains to lower cash generated from operations as a result of the decrease in sales revenue in the current period as a result of the softening of nickel ore price in the world market and the change of mode of payment from our buyers from cash basis to letters of credit. Net cash used in investing activities for the six months ended June 30, 2015 and for the six months period ended June 30, 2014 amounted to ₱510.7 million and ₱1,562.03 million, respectively. The lower cash outflow from the investing activities in 2015 was attributable mainly to lower advances to related parties by ₱927.8 million, ₱402.7 million in 2015 compared to ₱1,330.5 million 2014. For the six months ended June 30, 2015 the net cash derived in financing activities amounted to ₱1,039.2 million compared to net cash derived in financing activities of ₱212.2 million for the six months period ended June 30, 2014 arising mainly from net availment of short term loan amounting to of P958.9 million in 2015 to finance working capital. As at June 30, 2015 and June 30, 2014, cash and cash equivalents amounted to ₱618.2 million and ₱233.2 million, respectively.

Material off-balance sheet transactions

The Group is not aware of any material off-balance sheet transaction, arrangement, obligation (including contingent obligation), and other relationship of the Group with unconsolidated entities or other persons created during the reported period other than those discussed in this report and disclosures under Form 17-C.

Material commitments for capital expenditures

The Group does not have any outstanding commitment for capital expenditures as at June 30, 2015.

Key Performance Indicators

The Company considers the following as the significant Key Performance Indicators as at June 30:

Indicators	Formula	2015	2014
Earnings per share	Profit for the period/Weighted Number of shares outstanding	0.01	0.13
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.54:1	0.41:1
Asset-to-Equity Ratio	Total Assets/Total Equity	1.54:1	1.41:1
Current Ratio	Current Assets/Current Liabilities	1.50:1	1.53:1

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.**

Signature and Title: **ATTY. DANTE R. BRAVO**
President

Date: 8/14/15

Signature and Title: **MARY BELLE D. BITUIN**
Chief Finance Officer

Date: 8/14

Annex A

Aging of Receivables*
As of June 30, 2015
(In Thousand Pesos)

	Days Outstanding						
	1-90	91-180	181-270	271-360	Over 360	Total	Remarks
Trade:							
MINECORE RESOURCES INC.			114,049			114,049	
QUEENSLAND NICKEL PTY LTD.			37,566			37,566	
HYSS HOLDINGS LIMITED			1,787		8,327	10,114	On dispute due to ore assay discrepancy, 2012 shipments
SECO (Hongkong) Co., Ltd					26,919	26,919	On dispute due to ore assay discrepancy, 2012 shipments
EVERLITE INTERNATIONAL					2,028	2,028	Due to related transaction on smelter works in 2010
Current Buyers	294,551					294,551	
Advances to Contractors:							
4K Development Corp	220,388					220,388	
Frasec Ventures Corp	70,219					70,219	
JL Earthmoving	60,037					60,037	
Advances to Officers and Employees	6,268					6,268	

**PGMC Related Transactions*

Global Ferronickel Holdings, Inc.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash	₱618,156	₱691,869
Trade and other receivables	824,780	324,468
Current portion of finance lease receivable	186,331	95,910
Advances to related parties	1,845,214	1,467,858
Inventories - at cost	425,553	246,042
Prepayments and other current assets	448,607	355,345
Total Current Assets	4,348,641	3,181,492
Noncurrent Assets		
Property and equipment	2,472,860	2,306,893
Finance lease receivable - net of current portion	393,535	770,814
Mining rights	335,758	396,500
Investment properties	319,865	319,865
Mine exploration costs	141,975	140,659
Deferred income tax assets - net	29,678	43,263
Available-for-sale (AFS) financial assets	8,559	8,854
Other noncurrent assets	544,440	486,531
Total Noncurrent Assets	4,246,670	4,473,379
TOTAL ASSETS	₱8,595,311	₱7,654,871

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	₱887,552	₱1,080,674
Current portion of bank loans	1,572,743	573,865
Amounts owed to related parties	382,256	344,293
Advances from customers	26,933	27,145
Current portion of finance lease liabilities	18,206	26,451
Dividends payable	20,287	20,287
Income tax payable	0	4,101
Total Current Liabilities	2,907,977	2,076,816
Noncurrent Liabilities		
Bank loans - net of current portion	5,950	46,361
Provision for mine rehabilitation and decommissioning	60,770	60,212
Retirement obligation	33,713	30,101
Finance lease liabilities - net of current portion	7,595	14,994
Amounts owed to related parties	–	–
Other noncurrent liabilities	602	357
Total Noncurrent Liabilities	108,630	152,025
Total Liabilities	3,016,607	2,228,841
Equity		
Capital stock	6,113,455	6,113,455
Additional paid-in capital	441,064	441,064
Valuation gain on AFS financial assets	211	506
Gain on remeasurement of retirement obligation	1,675	1,675
Equity reserve	(5,829,579)	(5,829,579)
Retained earnings	4,844,284	4,691,549
Treasury stock	(18)	(18)
Equity attributable to the equity holders of the Parent Company	5,571,092	5,418,652
Non-controlling interest (NCI)	7,612	7,378
Total Equity	5,578,704	5,426,030
TOTAL LIABILITIES AND EQUITY	₱8,595,311	₱7,654,871

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Three Months ended June 30		Six Months ended June 30	
	2015	2014	2015	2014
SALE OF ORE	₱1,793,100	₱2,932,202	₱1,793,100	₱2,932,202
COST OF SALES	889,031	1,297,943	889,031	1,297,943
GROSS PROFIT	904,069	1,634,259	904,069	1,634,259
OPERATING EXPENSES				
Excise taxes and royalties	248,701	417,603	248,701	417,603
General and administrative	89,672	44,554	294,703	205,916
Shipping and distribution	68,464	45,862	68,464	45,862
TOTAL OPERATING EXPENSES	406,837	508,019	611,868	669,381
FINANCE INCOME	276	165	4,780	222
FINANCE COSTS	(29,624)	(57,390)	(53,452)	(112,247)
OTHER INCOME (CHARGES) - net	(37,045)	38,788	(76,743)	48,192
INCOME BEFORE INCOME TAX	430,839	1,107,803	166,786	908,359
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	232	283	232	283
Deferred	13,585	9,922	13,585	9,922
	13,817	10,205	13,817	10,205
NET INCOME	417,022	1,097,598	152,969	898,154
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that may be reclassified to profit or loss in subsequent periods:				
Valuation gain (loss) on AFS financial assets	0	(548)	(295)	3,289
Item that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement gain (loss) on retirement obligation	0	(51)	0	0
Income tax effect	0	15	0	0
	0	(36)	0	0
	0	(584)	0	0
TOTAL COMPREHENSIVE INCOME	₱417,022	₱1,097,014	₱152,674	₱901,443
Net Income Attributable To:				
Equity holders of the Parent Company	₱417,528	₱1,095,706	₱152,735	₱896,781
NCI	494	1,892	234	1,373
	₱417,022	₱1,097,598	₱152,969	₱898,154
Total Comprehensive Income Attributable To:				
Equity holders of the Parent Company	₱416,528	₱1,095,123	₱152,377	₱900,065
NCI	494	1,891	297	1,378
	₱417,022	₱1,097,014	₱152,674	₱901,443
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company	₱0.02	₱0.07	₱0.01	₱0.13

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2015 and 2014
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company								NCI					
	Capital Stock (Note 19)	Additional Paid-in Capital	Treasury Stock (Note 19)	Valuation Gain (Loss) on AFS Financial Assets (Note 12)	Gain on Remeasure-ment of Retirement Obligation	Equity Reserve (Note 19)	Retained Earnings (Note 19)	Total	Capital Stock (Note 19)	Retained Earnings (Note 19)	Valuation Gain (Loss) on AFS Financial Assets (Note 12)	Gain on Remeasure-ment of Retirement Obligation	Total	Total Equity
Balances at December 31, 2014	₱6,113,455	₱441,064	(₱18)	₱506	₱1,675	(₱5,829,579)	₱4,691,549	₱5,418,652	₱191	₱7,185	₱–	₱2	₱7,378	₱5,426,030
Net income	–	–	–	–	–	–	152,735	152,735	–	234	–	–	234	152,969
Other comprehensive income - net of tax	–	–	–	(295)	-	–		(295)	–					(295)
Total comprehensive income	–	–	–	(295)	-	–				234				152,674
Dividend declaration	–	–	–	–	–	–	–	–	–		–	–		–
Balances at June 30, 2015	₱6,113,455	₱441,064	(₱18)	₱211	₱1,675	(₱5,829,579)	₱4,844,284	₱5,571,092	₱191	₱7,419	₱–	₱2	₱7,612	₱5,578,704

	Equity Attributable to Equity Holders of the Parent Company								NCI					
	Capital Stock (Note 19)	Additional Paid-in Capital	Treasury Stock (Note 19)	Valuation Gain (Loss) on AFS Financial Assets (Note 12)	Gain on Remeasure-ment of Retirement Obligation	Equity Reserve (Note 19)	Retained Earnings (Note 19)	Total	Capital Stock (Note 19)	Retained Earnings (Note 19)	Valuation Gain (Loss) on AFS Financial Assets (Note 12)	Gain on Remeasure-ment of Retirement Obligation	Total	Total Equity
Balances at December 31, 2013	2,451,372	127,171	(18)	(2,441)	6,025	(1,878,341)	5,129,312	5,833,080	191	7,853	(4)	9	8,049	5,841,129
Net income	–	–	–	–	–	–	896,781	896,781	–	1,373	–	–	1,373	898,154
Other comprehensive income - net of tax	–	–	–	3,284		–	–	3,284	–	–	5	–	5	3,289
Total comprehensive income	–	–	–	4,168	143	–	896,781	900,065	–	1,373	6	–	1,378	901,443
Balances at June 30, 2014	₱2,451,372	₱127,171	(₱18)	₱842	₱6,025	(₱1,878,341)	₱964,764	₱6,733,145	₱191	₱9,226	₱1	₱9	₱9,427	₱6,742,572

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	June 30 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱166,786	₱908,359
Adjustments for:		
Depreciation and depletion	149,678	88,303
Interest expense	46,321	95,973
Unrealized foreign exchange losses (gains) - net	(8,504)	(36,130)
Amortization of discount on bank loans	1,980	10,100
Loss on modification of finance lease	41,394	
Interest income	(8,361)	(7,536)
Retirement benefits costs	3,151	3,108
Accretion interest on provision for mine rehabilitation and decommissioning	558	,548
Levelization of rental expense	246	
Operating income before changes in working capital	393,249	1,062,725
Decrease (increase) in:		
Trade and other receivables	(528,023)	(889,417)
Inventories - at cost	(179,511)	94,093
Prepayments and other current assets	(95,017)	(121,179)
Increase (decrease) in:		
Trade and other payables	(159,008)	1,428,983
Net cash generated from operations	(568,310)	1,575,205
Interest paid	(41,638)	(97,405)
Retirement benefits paid	(270)	(2,400)
Income taxes paid	(4,075)	-
Interest received	4,063	392
Net cash flows from operating activities	(610,230)	1,475,792
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	(30,092)	(65,280)
Mine exploration costs	(1,316)	(63,785)
Proceeds from insurance of assets	937	--
Decrease (increase) in:		
Advances to related parties	(402,732)	(1,330,488)
Other noncurrent assets	(55,019)	(147,916)
Investment in subsidiaries	(22,500)	45,467
Net cash flows used in investing activities	(510,722)	(1,562,002)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bank loans	(1,162,712)	(86,341)
Proceeds from:		
Availment of bank loans	2,121,631	79,145
Issuance of capital stock		
Increase (decrease) in:		
Advances from customers	-	224,532
Finance lease receivable	26,518	
Subscribed capital stock	22,500	
Subscription receivable	(13,000)	

Finance lease liabilities	(15,801)	(11,786)
Amounts owed to related parties	60,026	6,609
Net cash flows from (used in) financing activities	1,039,162	212,159
NET INCREASE (DECREASE) IN CASH	(81,790)	125,949
EFFECT OF EXCHANGE RATE CHANGES ON CASH	8,078	1,935
CASH AT BEGINNING OF YEAR	691,869	105,280
CASH AT END OF YEAR	₱618,157	₱233,164

See accompanying Notes to Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Southeast Asia Cement Holdings, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

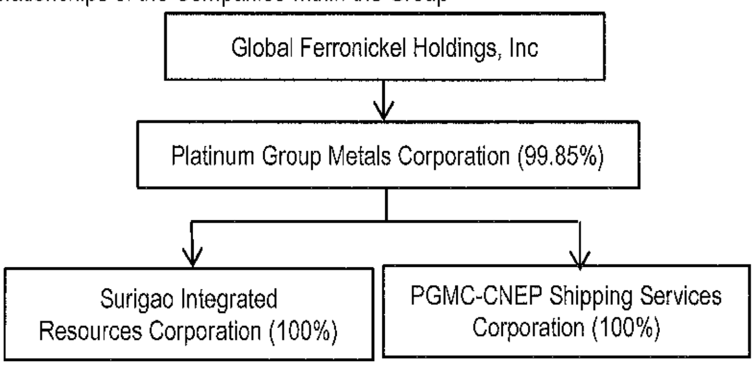
1. Corporate Information

The Parent Company, Global Ferronickel Holdings, Inc. (formerly Southeast Asia Cement Holdings, Inc) 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.

On October 23, 2014, GFHI executed a Deed of Exchange for a Share Swap with the Thirteen Stockholders of PGMC. GFHI will issue 10,463,093,371 common shares to the Thirteen Stockholders in exchange for the 99.85% outstanding shares of PGMC and cancel the ₱2,591.9 million receivables of GFHI assumed by the Thirteen Stockholders from IHoldings Group pursuant to the Share Purchase Agreement dated July 9, 2014, as amended on September 4, 2014. The total par value of the 10,463,093,371 common shares to be issued by GFHI to the Thirteen Stockholders amounted to ₱3,662.1 million.

The shares issued by GFHI to the Thirteen Stockholders of PGMC came from the increase in authorized capital stock. The increase in the authorized capital stock was approved by the SEC on December 22, 2014.

Map of Relationships of the Companies within the Group



The Parent Company's principal stockholders as at June 30, 2015 and 2014 are as follows:

As at June 30, 2015:

List of Top 20 Stockholders

Name	Citizenship	Holdings	Percentage
PCD NOMINEE CORP. – FILIPINO	Filipino	5,622,625,502	32.19%
HUATAI INVESTMENT PTY. LTD	Australian	2,923,430,140	16.74%
SOHOTON SYNERGY, INC.	Filipino	1,983,111,939	11.35%
REGULUS BEST NICKEL HOLDINGS INC.	Filipino	1,569,464,006	08.99%
PCD NOMINEE CORP.- NON-FILIPINO	Foreign	1,340,131,257	07.67%
BLUE EAGLE ELITE VENTURE INC	Filipino	1,046,309,337	05.99%
ULTIMATE HORIZON CAPITAL, INC.	Filipino	1,046,309,337	05.99%
BELLATRIX STAR, INC.	Filipino	563,856,102	03.23%
ALPHA CENTAURI FORTUNE GROUP INC.	Filipino	563,856,102	03.23%
ANTARES NICKEL CAPITAL, INC.	Filipino	274,028,415	01.57%
RED LION FORTUNE GROUP INC.	Filipino	172,766,598	00.99%
WEI TING	Chinese	148,785,188	00.85%
GREAT SOUTH GROUP VENTURES INC.	Filipino	97,934,554	00.56%
DANTE R. BRAVO	Filipino	41,852,374	00.24%
SENG GAY CHAN	Singaporean	31,389,280	00.18%
ORION-SQUIRE CAPITAL, INC. A/C-0459	Filipino	6,461,622	00.04%
SQUIRE SECURITIES, INC	Filipino	2,454,733	00.01%
GEORGE L. GO	Filipino	1,534,593	00.01%
KUOK PHILIPPINES PROPERTIES INC.	Filipino	1,313,076	00.01%
GABRIEL TONG	Filipino	1,189,200	00.01%

Total Top 20 Shareholders : 17,438,803,355 99.84%

Total Outstanding Shares 17,467,014,310

As at June 30, 2014:

	Percentage of Ownership
IHoldings, Inc. (the New Ultimate and Parent Company)	74.80%
Kwantlen Development Corp.	10.17%
Januarius Resources Realty Corp.	4.85%

The SUBSIDIARIES

PLATINUM GROUP METALS CORPORATION (PGMC)

PGMC was registered with the SEC on February 10, 1983. PGMC's primary purpose is "to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold, and other precious and non-precious minerals; to acquire and dispose of mining claims and rights, and to conduct and carry on the business of preparing, milling, concentrating, smelting, treating or preparing for market; and to 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 February 17, 2015, 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 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 Basis of Consolidation

Basis of Preparation

The accompanying interim consolidated financial statements have been prepared on a historical cost basis, except for quoted AFS financial assets, which are carried at fair value, 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. Further, the unaudited consolidated financial statements do not include all the information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with the audited Company's annual consolidated financial statements as at December 31, 2014.

Acquisition of PGMC Group
As discussed in Note 1, 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 Share Swap transaction was a transaction between entities under common control since at acquisition date on December 22, 2014, GFHI and PGMC are under the common control of the Thirteen Stockholders.

The comparative June 30, 2015 and 2014 information presented in the consolidated statements of comprehensive income is that of PGMC Group, not originally presented in the previous financial statements of the legal parent (the Parent Company –accounting acquiree).

Statement of Compliance
The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (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.

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 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.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine peso. The Philippine peso is the currency that most faithfully represents the economic substance of the Group's underlying transactions, events and conditions. It is the currency that mainly influences labor, material and other costs of providing goods.

Classifying Financial Instruments
The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

The Group classified its equity instruments as AFS financial assets and classified under noncurrent assets since management does not intend to dispose the investments within twelve (12) months from the end of the reporting period.

Distinction Between Investment Property and Owner-occupied Property
The Group determines whether a property is classified as investment property or owner-occupied property:

- Investment property comprises land which is not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.

Operating Lease Commitments - Group as Lessee
The Group has entered into leases on its mine site and facility, and administrative office locations. The Group has determined that it does not retain all the significant risks and rewards of ownership of these properties which are leased on operating leases.

Finance Lease Commitments - Group as Lessor
The Group has entered into a mining contract with Frasec Ventures Corporation (FVC) to undertake mining operations within the mining property of the Group, wherein the latter shall be allowed to the use of all the Group's transportation and handling equipment subject to reimbursement based on the book value and estimated useful life. In the contract, the Group transfers all the risk and rewards incidental to the ownership of the equipment at the end of the lease term. At the inception of the lease, the present value of the minimum lease payment that the Group will receive amounts to at least substantially the fair value of the leased asset.

Finance Lease Commitments - Group as Lessee
The Group has entered into Master Finance Lease Agreement with the Caterpillar Financial Services Philippines, Inc. (CFSPI) and SBM Leasing Inc. (SBML) on its equipment. In the lease contract with CFSPI, the Group has determined that the lease transfers substantially all the risks and rewards incidental to the ownership of the contractor's equipment at the end of the lease term. At the inception of the lease, the Group has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the period the option becomes exercisable. In the lease contract with SBML, the present value of all minimum lease payment amounts to at least substantially the fair value of the leased asset at the inception of the lease.

Assessing Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:

- The level of capital expenditure compared to construction or development cost estimates;
- Completion of a reasonable period of testing of the property and equipment;
- Ability to produce ore in saleable form; and
- Ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction or development costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements or mineable reserve development. It is also at this point that depreciation or depletion commences.

Assessing UOP Depletion
Estimated recoverable reserves are used in determining the depletion of mine assets. This results in a depletion charge proportional to the depletion of the anticipated remaining mine life. Each item's life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates of future capital expenditure. The Group uses the tons of ore produced as the basis for depletion. Any change in estimates is accounted for prospectively.

<u>Estimates and Assumptions</u>
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Estimating Allowance for Impairment Losses on Trade and Other Receivables and Advances to Related Parties
The provision for impairment losses on trade and other receivables and advances to related parties is based on the Group's assessment of the collectibility of payments from customers, contractors, related parties and others. This assessment requires judgment regarding the outcome of disputes and the ability of each of the debtors to pay the amounts owed to the Group. The Group assesses individually the receivable based on factors that affect the collectibility of the receivables, such as the length of the relationship of the Group with the debtor, the historical payment behavior, a review of the age and status of its receivable, the probability of insolvency of the counterparty, as well as its significant financial difficulties.

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 collective allowance is based on any deterioration in the Group's assessment of the accounts since their inception. The Group's assessments take into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows. The Group used specific impairment on its loans and receivables. The Group did not assess its loans and receivables for collective impairment due to the few counterparties which can be specifically identified.

Estimating Allowance for Inventory Losses
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs.

Estimating Mineral Reserves and Resources
Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves based on information compiled by appropriately qualified persons

relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may affect the carrying value of mine exploration costs, property and equipment, provision for mine rehabilitation and decommissioning, recognition of deferred income tax assets, and depreciation and depletion charges.

Estimating Useful Lives of Property and Equipment
The Group estimates the useful lives of property and equipment, except land, based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the noncurrent assets. There is no change in the estimated useful lives of property and equipment as at June 30 30, 2015 and December 31, 2014.

Estimating Impairment of Property and Equipment and Investment Properties
The Group assesses impairment of property and equipment and investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use and ultimate disposition of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no impairment losses recognized during the period.

Assessing Recoverability of Mining Rights and Mine Exploration Costs
The application of the Group's accounting policy for mining rights and mine exploration costs requires judgment in determining whether it is likely that future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after mining rights and mine exploration costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the consolidated statement of comprehensive income in the period when the new information becomes available. An impairment loss is recognized when the carrying value of these assets do not exceed their fair value.

Assessing Recoverability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is probable that taxable income will be available against which these can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

Estimating Impairment Losses on AFS Financial Assets
The Group follows the guidance of PAS 39 in determining when an AFS financial asset is other-than-temporarily impaired. The determination of what is significant or prolonged requires judgment. The Group treats "Significant" generally as twenty percent (20%) or more and "Prolonged" as greater than six (6) months. Also, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its

cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

Estimating Allowance for Impairment Losses on Other Noncurrent Assets
The Group provides allowance for impairment losses on other noncurrent assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other noncurrent assets.

Estimating Provision for Mine Rehabilitation and Decommissioning
The Group assesses its provision for mine rehabilitation and decommissioning annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation and decommissioning as there are numerous factors that will affect the provision. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation asset and liability.

Estimating Retirement Benefits Costs
The cost of defined benefit retirement and the present value of the retirement 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 retirement expenses. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit retirement obligation are highly sensitive to changes in these assumptions. All assumptions are reviewed at each end of the annual reporting period.
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 retirement obligation.

Determining Fair Values of Financial Instruments
Where the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation.

4. Cash

	June 30, 2015	December 31, 2014
Cash on hand	₱649	₱620
Cash with banks	617,507	691,249
	₱618,156	₱691,869

Cash with banks earn interest at the respective bank deposit rates.
The Group has United States dollar (US$)-denominated cash with banks amounting to US$11.6 million and US$.9 million as at June 30, 2015 and December 31, 2014, respectively.

5. Trade and Other Receivables

	June 30, 2015	December 31, 2014
Trade	₱485,227	₱337,544
Advances to:		
Contractors	350,644	1,347
Officers, employees and others	6,268	2,936

	842,139	341,827
Less allowance for impairment losses	17,359	17,359
	₱824,780	₱324,468

Trade receivables arising from shipment of nickel ore are noninterest-bearing and are generally collectible within thirty (30) to ninety (90) days. The Group has US$-denominated trade receivables amounting to US$10.7 million and US$7.8 million as at June 30, 2015 and December 31, 2014, respectively.

Advances to contractors are advanced payment for contract hire fee. These advances will be offset against the contract hire billings upon completion of future ore loading to vessel shipments by the contractors.

The Group provides cash advances to its officers and employees for various business related expenses incurred which are subject for liquidation. Other advances include advances to third party companies which are collectible upon demand and advances to claim-owners which are deductible from the royalty payments from shipments.

Movements of allowance for impairment losses follow:

	June 30, 2015	December 31, 2014
Beginning balance	₱17,359	₱21,834
Provision	–	–
Write-off		(4,475)
Ending balance	₱17,359	₱17,359

As at June 30, 2015, the Group considered ₱17.4 million of trade receivables as impaired in which an allowance was provided. Advances to claim-owners under "Advances - others" amounting to ₱4.5 million were written-off as at December 31, 2014 and were fully provided with allowance for impairment losses as at June 30, 2014 and 2013.

6. Inventories - at cost

	June 30, 2015	December 31, 2014
Beneficiated nickel ore	₱354,195	₱166,893
Materials and supplies	71,358	79,149
	₱425,553	₱246,042

Change in the beneficiated nickel ore charged to "Cost of sales" amounted to ₱187.3 million and ₱104.4 million for the six months ended June 30, 2015 and 2014, respectively.

Materials and supplies consist of tires, spare parts, and fuel and lubricants which were valued at cost.

7. Prepayments and Other Current Assets

	June 30, 2015	December 31, 2014
Deferred transaction costs	₱350,178	₱350,179
Prepaid insurance	16,318	2,288
Prepaid taxes and licenses	80,916	1,957
Prepaid rent and others	1,195	921
	₱448,607	₱355,345

Deferred transaction costs pertain to actual offer expenses incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, in relation to the follow-on offering of new shares. This account also includes the advances to the Thirteen Stockholders for the cost of the acquisition of the listed shell company which will be waived upon completion of the transaction and will form part of the transaction cost to be deducted from the follow-on offering proceeds in the equity. These are expected to be realized within twelve (12) months after the end of reporting period.

Prepaid taxes and licenses represent advance payments made to Mines and Geosciences Bureau (MGB) and BIR necessary for the processing of shipments. These are expected to be realized within twelve (12) months after the end of reporting period.

Prepaid insurance, rent and others represent advance payments made for the insurance of the Group's property and equipment and for the rent of the Group's registered office address.

8. Property and Equipment

	June 30, 2015								
	Land	Building and Land Improvements	Machineries and Other Equipment	Furniture and Fixtures	Equipment and Supplies	Mining Properties	Roads and Bridges	CIP	Total
Cost:									
Balances at January 1, 2015	₱10,435	₱46,014	₱543,482	₱6,844	₱4,134	₱1,396,257	₱592,545	₱17,104	₱2,616,815
Additions	–	7,976	19,860	397		–	3,067	853	32,153
Reclassification	–	–	222,752	–	–	–	–	–	222,752
Balances at June 30, 2015	10,435	53,990	786,094	7,241	4,134	1,396,257	595,612	17,957	2,871,720
Accumulated depreciation and depletion:									
Balances at January 1, 2015	–	13,400	102,081	4,532	1,742	119,893	68,274	–	309,922
Depreciation and depletion (see Note 26)	–	2,875	33,543	445	360	36,107	15,607	–	88,937
Disposals	–	–	-	–	–	–	–	–	-
Balances at June 30, 2015	–	16,275	135,625	4,977	2,102	156,000	83,881	–	398,860
Net book values	₱10,435	₱37,715	₱650,469	₱2,264	₱2,032	₱1,240,257	₱511,731	₱17,957	₱2,472,860

	December 31, 2014								
	Land	Building and Land Improvements	Machineries and Other Equipment	Furniture and Fixtures	Equipment and Supplies	Mining Properties	Roads and Bridges	CIP	Total
Cost:									
Balances at July 1, 2014	₱10,435	₱38,490	₱476,340	₱6,386	₱2,927	₱1,396,257	₱590,045	₱17,073	₱2,537,953
Additions	–	7,524	79,981	679	1,207	–	2,500	159	92,050
Disposals	–	–	(12,839)	(221)	–	–	–	(128)	(13,188)
Balances at December 31, 2014	10,435	46,014	543,482	6,844	4,134	1,396,257	592,545	17,104	2,616,815
Accumulated depreciation and depletion:									
Balances at July 1, 2014	–	11,153	85,804	4,363	1,477	72,268	54,264	–	229,329
Depreciation and depletion (see Note 26)	–	2,247	28,146	390	265	47,625	14,010	–	92,683
Disposals	–	–	(11,869)	(221)	–	–	–	–	(12,090)
Balances at December 31, 2014	–	13,400	102,081	4,532	1,742	119,893	68,274	–	309,922
Net book values	₱10,435	₱32,614	₱441,401	₱2,312	₱2,392	₱1,276,364	₱524,271	₱17,104	₱2,306,893

The CIP balance in the books of the Group pertains to the construction of roads, fences and improvements in the mine site and ongoing construction of shipping equipment. The estimated completion of the CIP for the mine site improvements is ninety-five percent (95%) and ninety percent (90%) as at June 30, 2015 and December 31, 2014, respectively, for the mine site improvements and eighty percent (80%) for the ongoing construction of shipping equipment.

The Group received an updated Joint Ore Reserves Committee (JORC) Mineral Resource Estimate Competent Person's Report (JORC report) by Runge Pincock Minarco (RPM) on February 20, 2013 and indicated a mineral resource estimate of 77.7 million dry metric tons (DMT).

On February 20, 2015, the Group received a final draft JORC report from RPM indicating a mineral resource estimate of 72.7 million DMT.

On March 7, 2014, the Group entered into a contract with FVC that resulted into the recognition of finance lease of transportation and handling equipment. Accordingly, the book value of transportation and handling equipment subjected to finance lease amounted to ₱954.3 million.

On January 2015, the Group entered into a mining contract with JL Earthmoving Corporation with the same terms with FVC by transferring some transportation and handling equipment originally and previously transferred to FVC.

9. Mining Rights

Mining rights refer to the right of the Group as the holder of MPSA No. 007-92-X located in Cagdianao, Claver, Surigao del Norte acquired through the assignment of MPSA from CMDC to SIRC, a wholly owned subsidiary, under the Deed of Assignment executed on March 3, 2004. Pursuant to the Deed of Assignment, CMDC transferred to SIRC all its rights, interest and obligations relating to the MPSA.

Total cost of mining rights amounted to ₱335.8 million as at June 30, 2015 and ₱396.5 million as at December 31, 2014. There were no provisions for impairment loss on mining rights recognized for the six months ended June 30, 2015 and 2014.

10. Investment Properties

Portal Holdings, Inc. (PHI)

In June 2012, the Group acquired a parcel of land (Aseana Property) from PHI amounting to ₱319.9 million located in Paranaque. The land was held for capital appreciation. As at June 30, 2015 and December 31, 2014, related borrowings amounting to ₱80.0 million and ₱120.0 million, respectively, are presented as "Bank loans".

Total investment properties amounted to ₱319.9 million as at June 30, 2015 and December 31, 2014. The fair value of investment properties based on latest appraisal report dated June 19, 2014 is ₱367.0 million as at June 30, 2015 and December 31, 2014.

No income earned and direct operating expenses incurred related to the investment properties for the six months ended June 30, 2015 and 2014.

11. Mine Exploration Costs

	June 30, 2015	December 31, 2014
Beginning balance	₱140,659	₱68,638
Exploration expenditures incurred	1,316	72,021
Ending balance	₱141,975	₱140,659

The Group operates the Cagdianao mineral tenements by virtue of the twenty-five (25)-year Operating Agreement executed by and between the PGMC and SIRC.

On February 20, 2015, the Group received a final draft JORC report by RPM for the Cagdianao Area (CAGA) 1, 2, 3, 4 and 5 of the Cagdianao mining property. CAGA 2 and 4 are operating areas while CAGA 1, 3, and 5 are under exploration activities. The Group is yet to conduct its exploration activities for CAGA 6 and 7.

The Group incurred costs for the deferred exploration activities and feasibility study of the Cagdianao Nickel Expansion Project in CAGA 1, 3 and 5.

12. AFS Financial Assets

As at June 30, 2015 and December 31, 2014, the Group holds 4,216,100 shares of stock of Oriental Peninsula Resources Group, Inc. (OPRGI), a publicly listed company in the Philippines. The fair value of quoted equity instrument is based on the exit market price as at June 30, 2015 and December 31, 2014.

Movements in fair value of quoted equity instrument follow:

	June 30, 2015	December 31, 2014
Beginning balance	₱8,854	₱9,191
Valuation gain (loss)	(295)	(337)
Ending balance	₱8,559	₱8,854

Movements in the "Valuation gain (loss) on AFS financial assets" presented as a separate component in the consolidated statements of changes in equity follow:

	June 30, 2015	December 31, 2014
Beginning balance	₱506	₱843
Increase (decrease) in fair value of AFS financial assets	(295)	(337)
Ending balance	₱211	₱506

13. Other Noncurrent Assets

	June 30, 2015	December 31, 2014
Restricted cash	₱138,319	₱196,708
Input VAT	193,859	185,029
Advances to suppliers	173,107	66,368
MRF	39,155	38,426
	₱544,440	₱486,531

Restricted cash includes Debt Service Reserve Account (DSRA) with Amsterdam Trade Bank (ATB), Bank of China (BOC) and Taiwan Cooperative Bank (TCB) for the FRI loans. These will be utilized for application against the Group's outstanding loans for principal, interest and fees with the banks.

Input VAT represents the VAT paid on purchases of applicable goods and services, net of output tax liabilities, if any, which may be recovered as tax credit against future tax liability of the Group upon approval by the Philippine BIR and/or the Philippine Bureau of Customs.

Advances to suppliers pertain to miscellaneous deposits on Group's purchase of property and equipment from various suppliers.

Pursuant to Section 181 of the Implementing Rules and Regulations of the Republic Act (RA) No. 7492, better known as the Philippine Mining Act of 1995, mining companies have to maintain Mine Rehabilitation Fund (MRF) deposit with any government bank. The Group has a deposit for the MRF at the Development Bank of the Philippines- Surigao City Branch.

The funds are to be used for physical and social rehabilitation, reforestation and restoration of areas and communities affected by mining activities, for pollution control and integrated community development. The funds earned interest based on the prevailing market rate.

14. Trade and Other Payables

	June 30, 2015	December 31, 2014
Trade	₱433,065	₱225,007
Accrued expenses and taxes	192,006	629,809
Advances from customers	201,520	119,126
Nontrade	56,514	106,079
Interest payables	4,447	653
	₱887,552	₱1,080,674

Trade payables are noninterest-bearing and generally settled within thirty (30) days. Trade payables relate to payables to suppliers and relate to transactions in the ordinary course of business.

Details of the accrued expenses and taxes are summarized below:

	June 30, 2015	December 31, 2014
Business and other taxes	₱53,548	₱537,827
Excise taxes and royalties payable (see Note 22)	125,306	64,924
Government dues	4,062	4,007
Provision for Indigenous Cultural Communities (ICC)	1,632	3,056
Accrued payroll	3,784	245
Others	3,674	19,750
	₱192,006	₱629,809

Mining companies are mandated to establish a provision for IP that would enhance the quality of life and ultimately develop a progressive and self-reliant host and neighboring communities. The program includes community development projects and activities such as establishment, construction, and maintenance of infrastructures including schools, hospitals, roads, and the like; establishment of livelihood industries; and programs on education and health. The Group is required to allot annually a minimum of 1.5% of the operating costs based on the Administrative Order No. 2010-13 issued by the DENR.

Accrued payroll and royalty fees to claim owners are noninterest-bearing and are payable on demand and/or generally settled within thirty (30) days' term. Royalty and excise taxes are payable immediately upon receipt from DENR-MGB of the Order of Payment and before every shipment of beneficiated nickel ores. Government dues consist of employer contributions normally payable fifteen (15) to thirty (30) days after the end of each month.

Other payables substantially consist of outside services and purchases of supplies which are usual in the business operations of the Group. Other payables are noninterest-bearing and are payable on demand and/or normally settled within thirty (30) days' term.

Advances from customers refer to amount received from customers before a service has been provided or before goods have been shipped. Advances from customers are settled by deducting the payments from collections based on the schedule of shipments.
Nontrade payables are normally settled within thirty (30) to ninety (90)-day term. This account includes purchases of machineries and equipment and land held for capital appreciation

Interest payables arise from bank loans and finance lease obligations of the Group.

The Group has US$-denominated trade and other payables amounting to US$2.3 million and US$3.9 million as at June 30, 2015 and December 31, 2014, respectively.

15. Bank Loans

	June 30, 2015	December 31, 2014
ATB	₱--	₱281,426
TCB	958,088	166,543
Banco de Oro (BDO)	380,301	128,950
Trade and Investment Development Corporation of the Philippines (PhilEXIM)	21,888	43,775
Unionbank of the Philippines (UnionBank)	461	1,528
EastWest Bank (EastWest)	445	961
BOC	217,586	--
	1,578,769	623,183
Less unamortized discount on bank loans	75	2,957
	1,578,694	620,226
Less current portion		
ATB	₱--	₱279,626
TCB	958,013	165,385
BDO	374,375	82,804
PhilEXIM	21,888	43,775
UnionBank	461	1,314
EastWest	420	961
BOC	217,586	-
Total current portion	1,572,743	573,865
Bank loan- non-current portion	₱5,951	₱46,361

ATB and PhilEXIM

On June 30, 2015, the ATB loan was fully prepaid, while the PhilEXIM was fully prepaid on July 3, 2015.

TCB

The US$10.0 million term-loan granted by TCB on July 4, 2013 for capital expenditure and general corporate purposes including refinancing of existing obligations was fully paid in July 2015.

On April 17, 2015, the Group was granted by TCB a loan facility in the amount of US$20.0 million for general corporate purposes, with a maturity date of one year from the date of initial borrowing or date of borrowing, in case of there is more than one borrowing.

The interest shall be payable quarterly in arrears. The interest rate for the loan is the aggregate of the reference rate plus spread of three point seventy five percent (3.75%) per annum. The reference rate is the applicable LIBOR displayed on the Bloomberg and Reuters' page for the three (3)-month yield as of approximately 11:15 am on the interest rate setting date. In the event that the LIBOR will be replaced by a new benchmark as determined by the Banker's Association of the Philippines or the Banko Sentral ng Pilipinas, the new benchmark may be adopted as the new reference rate upon mutual agreement of the parties.

The other conditions of the agreement follow:

a. The Group shall maintain a waterfall account with TCB wherein all amounts collected by TCB shall be deposited.
b. The agreement is secured by the proportionate assignment of the Group's receivables from its export orders for nickel ore in an amount equal to twice (2x) the amount of drawdown amounting to US$20.0 million. TCB is irrevocably appointed as the collecting agent for the account receivables from the Group's export orders of nickel ore and as a collecting and advising bank for the import letters of credit opened by the buyers of the nickel ore of the Group. The amount collected shall be deposited in the waterfall account of the Group.
c. If the Group fails to make payment when due of any sum (whether at the stated maturity, by acceleration or otherwise), the Group shall pay penalty on such past due and unpaid amount/s at the rate of eighteen percent (18%) per annum, in addition to the interest rate from due date until the date of payment in full. The penalty shall be payable from time to time and upon demand by the bank.

d. A DSRA shall be opened by the Group which shall have in deposit an amount equal 10% of the facility amount before the first drawdown date and the deposit to be maintained as long as any amount under the Agreement is outstanding.

BDO

On February 14, 2013, the Group obtained a term loan amounting to ₱240.0 million from BDO to finance seventy-five percent (75%) of the purchase price of Aseana property located at Brgy. Tambo, Paranaque City. The loan is payable in six (6) semi-annual payments every August and February with an interest of five and a half percent (5.5%) subject to monthly repricing based on the prevailing market rate of interest. The agreement is secured by a real estate mortgage over the Aseana property amounting to ₱319.9 million and other conditions as follow:

a. The Group will not make or permit any material change in the character of its business from that being carried on at the date of agreement, or engage in any business operation or activity other than those for which it is presently authorized by law or corporate charter.
b. The Group will not permit any material change in ownership or control of its business or its capital stock or in the composition of its top level management.
c. The Group will not permit any indebtedness to be secured by or benefit from any lien is at the same time extended equally and ratably to secure the payment of principal, interest and other sums payable.
d. The Group will not declare or pay dividends to its stockholders or partners (other than dividends payable solely in shares of its capital stock) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders or partners upon the occurrence of an event of default.
e. The Group will not sell, lease, transfer or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments therein or consolidate or merge (except where it is the surviving entity) with any other person or acquire all or substantially all of the properties or assets of any other person.
f. The Group will not extend loans, advances or subsidies to any corporation, partnership, firm or entity owned by the Group or in which it may have equity, other than advances in the ordinary course of business.
g. The Group will not extend loans or advances to any of its directors, officers, stockholders, or partners, except duly approved employee benefit loans.
h. The Group will not incur any long-term loan or increase its borrowings or reavail of existing facilities with other banks or financial institutions, except for working capital requirement.
i. The Group will not act as guarantor or surety or otherwise be directly or indirectly or contingently liable for any obligation of any person unless in the ordinary course of business.

In May 2015, the Group was granted by BDO an additional US$10 million on top of its existing US$10 million export packing line. As at June 30, 2015 and December31, 2014, the remaining balance amounted to US9.0 million and nil, respectively.

The Group also entered into several car loans with BDO with a 3-year term at an interest rate ranging from seven percent to nine percent per annum.

BOC

The Group's US$6.0 million short-term credit facility to finance its working capital requirements, composed of US$2.0 million export bills purchase and US$4.0 million export packing credit line, was renewed by BOC with no sub-limit effective May 21, 2015 renewable yearly and payable from the collection proceeds on the assigned sales contract and/or covering letter of credit. The facility has an outstanding balance of US$3.3 million and nil as at June 30, 2015 and December 31, 2014, respectively.

16. Provision for Mine Rehabilitation and Decommissioning

	June 30, 2015	December 31, 2014
Beginning balance	₱60,212	₱59,663
Accretion interest	558	549
Ending balance	₱60,770	₱60,212

Provision for mine rehabilitation and decommissioning pertains to the estimated decommissioning costs to be incurred in the future on the mined-out areas of the Group. The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis on the development of mines or installation of those facilities.

The rehabilitation provision represents the present value of rehabilitation costs. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment, have been made which management believes are reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future ore prices, which are inherently uncertain.

17. Retirement Obligation

The Group has an unfunded, non-contributory defined benefit retirement plan covering substantially all of its regular employees. The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the RA 7641, *Retirement Pay Law* which is of the defined benefit type and provides a retirement benefit equal to twenty-two and a half (22.5) days' pay for every year of credit service. The regulatory benefit is paid in lump sum upon retirement. There was no plan termination, curtailment or settlement for the years ended June 30, 2015 and December 31, 2014.

The latest actuarial valuation report of the retirement plan is as at December 31, 2014.

The Group does not have any plan assets as at June 30, 2015 and December 31, 2014.

The Group does not expect to contribute to the defined benefit pension plan in 2015. The Group does not have a Trustee Bank, and does not currently employ any asset-liability matching.

The Group has eighty-six (86) regular employees, thirteen (13) employees under probationary period, seven hundred sixty-eight (768) on a fixed term and one hundred fifty (150) under project status as of June 30, 2015.

18. Finance Lease

Finance Lease Receivable

The Group entered into an agreement with its contractors that resulted into a finance lease of the Group's transportation and handling equipment (see Note 8).

Finance lease receivable as at June 30, 2015 and December 31, 2014 consists of:

	June 30, 2015		December 31, 2014	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one (1) year	₱193,419	₱186,331	₱109,375	₱95,910
After one (1) year but not more than five (5) years	403,308	770,814	822,902	770,814
Total minimum lease payments	596,727	842,553	932,277	866,724
Less amount representing finance charge	16,861	–	65,553	–
Present value of minimum lease payments	₱579,866	₱579,866	₱866,724	₱866,724

Finance Lease Liabilities

In 2013, the Group entered into finance lease agreements with its suppliers of heavy equipment. These are included as part of "Machineries and other equipment" category under "Property and equipment" as at June 30, 2015 and December31, 2014.

Future annual minimum lease payments under the lease agreements, together with the present value of the minimum lease payments as at December 31, 2014 and June 30, 2014 are as follows:

	June 30, 2015		December 31, 2014	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one (1) year	₱19,927	₱18,206	₱29,434	₱26,451

After one (1) year but not more than five (5) years	7,728	7,595	15,850	14,994
Total minimum lease payments	27,655	25,801	45,284	41,445
Less amount representing finance charge	1,854	–	3,839	–
Present value of minimum lease payments	₱25,801	₱25,801	₱41,445	₱41,445

Interest expense related to finance lease is reported under "Finance costs".

19. Equity

Capital Stock

The capital structure of the Parent Company as at June 30, 2015 and December 31, 2014 is as follows:

	June 30, 2015	December 31, 2014
Authorized - 35,871,428,572 shares as at June 30, 2015 and 35,871,428,572 shares as at December 31, 2014 - ₱0.35 par value		
Balance at beginning of period		
Issued -	₱6,113,455	₱2,451,372
Issuance of 10,463,093,371 shares as at December 31, 2014	-	3,662,083
Balance at end of period		
Issued - 17,467,014,310 shares	₱6,113,455	₱6,113,455

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 SRC.

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 ₱18.4 thousand as at June 30, 2015 and December 31, 2014.

Retained Earnings

The Group has unrestricted retained earnings amounting to ₱4,799.4 million and ₱4,691.5 million as at June 30, 2015 and December 31, 2014, respectively.

Dividends Payable

On May 22, 2013, the BOD of the Parent Company approved the declaration of cash dividends in the amount of ₱1.656 per outstanding common share or ₱10,500 million to stockholders of record as at June 5, 2013, payable on June 12, 2013. As at June 30, 2015 and December 31, 2014, an amount of ₱20.3 million remained outstanding and dividend checks previously issued were considered stale checks. This is still presented as cash dividends payable as at June 30, 2015 and December 31, 2014 and for re-issuance to investor claimants subsequently.

As at June 30, 2015 and December 31, 2014, dividends payable amounted to ₱20.3 million.

On December 1, 2014, the BOD approved the adoption of a dividend policy of declaring dividends equivalent to at least twenty percent (20%) of the unrestricted retained earnings of GFHI for the preceding year as indicated in its audited financial statements.

Equity Reserve

As at June 30, 2015, 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).

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

Balance as at July 1, 2014	(₱1,878,341)
Issuance of stock by GFHI through Share Swap	(3,975,976)
Assumption and cancellation of GFHI receivables	(2,589,722)
Acquisition of net assets of the accounting acquiree (GFHI)	2,605,460
Issuance of stock by PGMC	9,000
Balance as at June 30, 2015 and December 31, 2014	(₱5,829,579)

20. EPS

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

	For the six months period ended June 30	
	2015	2014
		(Unaudited)
Net income (In million)	₱152,735	₱896,781
Weighted average number of shares for basic earnings per share	17,467,014,310	7,003,913,681
Basic/Diluted EPS	₱0.01	₱0.13

As at June 30, 2015 and December 31, 2014, there are no potentially dilutive common shares.

21. Cost of Sales

	For the six months ended June 30	
	2015	2014
		(Unaudited)
Contract hire	₱388,543	₱1,086,748
Fuel and oil	58,677	74,130
Contributions for IP	9,727	29,384
Depreciation and depletion	81,262	82,306
Environmental protection costs	25,851	6,345
Personnel costs	52,278	39,538
Operation overhead	4,021	1,970
Rentals	28,536	30,110
Assaying and laboratory	10,974	15,050
Community relations	26,706	20,370
Repairs and maintenance	7,181	2,745
Other charges	7,973	13,694
	701,729	1,187,681
Net change in beneficiated nickel ore inventory	187,302	(104,458)
	₱889,031	₱1,297,943

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.

22. Excise Taxes and Royalties

	For the six months ended June 30	
	2015 (Unaudited)	2014
Royalties to claim - owners	₱122,364	₱205,665
Royalties to government	90,241	151,406
Excise taxes	36,096	60,532
	₱248,701	₱417,603

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 ₱125.3 million and ₱64.9 million as at June 30, 2015 and December 31, 2014, respectively.

23. General and Administrative

	For the six months ended June 30	
	2015 (Unaudited)	2014
Personnel costs	₱ 61,601	₱ 30,173
Taxes and licenses	20,135	23,987
Marketing and entertainment	22,098	93,071
Consultancy fees	54,246	8,669
Outside services	22,457	20,284
Travel and transportation	17,385	8,391
Power and utilities	641	469
Depreciation	68,416	5,996
Repairs and maintenance	4,529	1,434
Office supplies	1523	833
Rentals	3,779	1,408
Communication	3,367	1,533
Insurance	783	123
Other charges	9,963	4,843
	₱294,703	₱205,916

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

24. Shipping and Distribution

	For the six months ended June 30 2015	2014
	(Unaudited)	
Barging charges	₱51,626	₱44,843
Fuel, oil and lubricants	6,573	645
Stevedoring charges and shipping expenses	10,178	340
Government fees	87	34
	₱68,464	₱45,862

25. Personnel Costs

	For the six months ended June 30 2015	2014
	(Unaudited)	
Salaries and wages	₱97,458	₱52,783
Other employee benefits	16,421	16,928
	₱113,879	₱69,711

Other employee benefits are composed of various benefits given to employees that are individually immaterial.

The above amounts were distributed as follows:

	For the six months ended June 30 2015	2014
	(Unaudited)	
Cost of sales	₱52,278	₱39,538
General and administrative	61,601	30,173
	₱113,879	₱69,711

26. Depreciation and Depletion

	For the six months ended June 30 2015	2014
	(Unaudited)	
Cost of sales	₱81,262	₱82,306
General and administrative	68,416	5,996
	₱149,678	₱88,302

27. Finance Costs

	For the six months ended June 30 2015	2014
	(Unaudited)	
Interest expense	₱46,321	₱95,973
Bank charges	4,593	5,626
Amortization of discount on bank loans	1,980	10,100
Accretion interest on provision for mine rehabilitation and decommissioning	558	548
	₱53,452	112,247

28. Other Income (Charges) - net

	For the six months ended June 30 2015	2014
	Unaudited	
Foreign exchange gains (losses) - net	(₱35,277)	₱48,192
Loss on modification of finance lease	(41,394)	-
Others	(72)	-
	(₱76,743)	₱48,192

29. Related Party Disclosures

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors or its stockholders.

Category	Amount/Volume	Advances to related parties	Amounts owed to related parties	Terms	Conditions
Stockholders					
December 31, 2014	₱1,397,150	₱572,871	₱–	Noninterest-bearing; collectible or payable on demand	Unsecured; no guarantee
June 30, 2015	₱365,101	₱937,972	₱-		
Affiliates with common officers, directors and stockholders					
December 31, 2014	1,256,212	894,987	344,293	Interest-bearing; payable in 8 installments	Unsecured; no guarantee
June 30, 2015	50,218	907,242	382,256		
Total		₱1,467,858	₱344,293		
Total		₱1,845,214	₱382,256		

The summary of significant transactions and account balances with related parties are as follows:

a. In March 2014, PGMC entered into a charter agreement with CNEP for the use of five (5) land tank crafts at ₱2.6 million each per month. The charter hire incurred, amounting to ₱50.0 million for the six months ended December 31, 2014 and ₱29.9 million for the year ended June 30, 2014, is recorded as barging charges under "Shipping and distribution".

b. On November 27, 2014, the Parent Company entered into a MOA with the Sellers for the purchase of SPNVI. The transaction costs incurred, amounting to ₱888.9 million, related to the acquisition of SPNVI is recorded as advances to SPNVI under "Advances to related parties".

c. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The compensation of the key management personnel of the Group for the six months period ended June 30, 2015 and 2014 amounted to about ₱27.7 million and ₱13.4 million, respectively.

30. Income Taxes

The current provision for income tax represents MCIT for the six months ended June 30, 2015 and 2014 for taxable income not covered under ITH. Effective November 2007, the Group is entitled to ITH as one of the incentives granted by the BOI as a non-pioneer enterprise.

The provision for current income tax shown in the interim consolidated statements of income follows:

	For the six months ended June 30	
	2015	2014
	(Unaudited)	
Current	₱ 232	₱- 283
Deferred	13,585	9,922
	₱13,817	₱10,205

The components of the Group's net deferred income tax assets follow:

	As at	
	June 30, 2015	December 31, 2014
Deferred income tax assets:		
Unrealized foreign exchange losses - net	₱5,991	₱22,182
Provision for mine rehabilitation and decommissioning	18,231	18,064
Retirement obligation	10,114	9,030
Allowance for impairment losses on trade and other receivables	5,208	5,206
Accrued taxes	3,300	3,300
Rent payable	107	107
NOLCO	840	–
	43,866	57,889
Deferred income tax liabilities:		
Undepleted asset retirement obligation	14,188	14,626
Unrealized foreign exchange gains - net	–	–
	14,626	14,626
	₱29,678	₱43,263

PGMC and SIRC have the following unrecognized NOLCO and excess MCIT that can be claimed as deduction from sufficient future taxable income and income tax due, respectively:

Year Incurred	Year of Expiration	NOLCO	MCIT
June 30, 2015	June 30, 2018	₱118,439	₱232
December 31, 2014	December 31, 2017	₱68,631	₱43
June 30, 2014	June 30, 2017	115,847	142

31. **Operating Segment Information**

The Group's operating business are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in the mining and exploration of nickel saprolite and limonite ore and limestone.

The services segment is engaged in the chartering out of land craft tanks to PGMC.

Financial information on the operation of the various business segments for the six months ended June 30, 2015 and 2014 are as follows:

	June 30, 2015					
	Mining		Service			
	PGMC	SIRC	CNEP	Others	Elimination	Total
External customers	₱1,793,100	₱–	₱37,161	₱–	(₱37,161)	₱1,793,100
Cost of sales	858,715	–	30,316	–	–	889,031
Excise taxes and royalties	248,701	–	–	–	–	248,701
Shipping and distributions	105,625	–	–	–	(37,161)	68,464
Segment operating earnings	580,059	–	6,845	–	–	586,904
General and administrative	₱ 181,058	₱61,864	₱ 9,894	₱41,887	₱–	₱ 294,703
Finance income	4,776	–	4	–	–	4,780
Finance costs	53,452	–	–	–	–	53,452
Other charges - net	76,743	–	–	–	–	76,743
Provision for (benefit from) income tax	14,657	–	(840)	–	–	13,817
Net income attributable to equity holders of GFHI	258,529	(61,769)	(2,202)	(41,823)	–	152,735
Segment assets	8,603,967	344,748	342,915	7,020,565	(7,746,597)	8,565,598
Deferred income tax assets	43,026	–	840	–	–	43,866
Total assets	₱8,646,993	₱344,748	₱343,755	₱7,020,565	(7,746,597)	₱8,609,464
Segment liabilities	₱3,000,684	₱468,337	136	482,893	(935,479)	₱3,016,571
Deferred income tax liabilities	14,188	–	–	–	–	14,188
Total liabilities	₱3,014,872	₱468,337	₱ 136	₱ 482,893	(935,479)	₱3,030,759
Capital expenditures	₱ 17,188	₱–	₱–	₱–	₱–	₱ 17,188
Depreciation, amortization and depletion	₱ 74,345	60,741	₱ 16,572	₱–	₱–	₱ 151,658

	June 30, 2014				
	Mining		Service		
	PGMC	SIRC	CNEP	Elimination	Total
External customers	₱ 2,932,202	₱–	₱29,900	(₱29,900)	₱2,932,202
Cost of sales	1,278,387	–	19,556	–	1,297,943
Excise taxes and royalties	417,603	–	–	–	417,603
Shipping and distributions	75,762	–	–	(29,900)	45,862
Segment operating earnings	1,160,450	–	10,344	–	1,170,794
General and administrative	₱ 196,022	₱ 287	₱8,889	₱–	₱205,198
Finance income	7,536	–	4	–	7,540
Finance costs	112,247	–	–	–	112,247
Other charges - net	(48,192)	–	–	–	(48,192)
Provision for (benefit from) income tax	8,307	–	1,898	–	10,205
Net income attributable to equity holders of GFHI	898,227	(287)	(1,159)	–	896,781
Segment assets	11,068,693	397,531	358,376	(654,258)	11,170,342
Deferred income tax assets	35,004	–	775	–	35,779
Total assets	₱11,103,697	₱397,531	₱359,151	(654,258)	₱11,206,121
Segment liabilities	(₱9,462,483)	(₱468,637)	(35,458)	–	(₱9,966,578)
Deferred income tax liabilities	(34,359)	–	–	–	(34,359)
Total liabilities	(₱9,496,842)	(₱468,637)	(₱35,458)	–	(₱10,000,937)
Capital expenditures	₱ 48,311	₱–	₱24,140	₱–	₱72,451
Depreciation, amortization and depletion	₱ 93,796	₱–	₱ 4,606	₱–	₱98,402

The Group has revenue information from external customers as follows:

	For the six months ended June 30	
	2015	2014
Country of Domicile	(Unaudited)	
China	₱1,793,100	₱2,932,202
Others	-	-
	₱1,793,100	₱2,932,202