NICKEL ASIA CORP.

August 8, 2013

THE PHILIPPINE STOCK EXCHANGE INC.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Re : SEC Form 17-Q 2013 2nd Quarter Report

x ==x

Dear Madam:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended June 30, 2013.

We trust everything is in order.

Very truly yours,

Emmanuel L. Samson
SVP - Chief Financial Officer

COVER SHEET

CS200811530

SEC Registration Number

NICKEL ASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

6th Floor NAC Centre 143 Dela Rosa Street, Legaspi Village Makati City

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

EMMANUEL L. SAMSON

(Contact Person)

892-6669 / 892-4177

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Calendar Year)

17-Q

(Form Type)

0 6	1st Friday
Month	*Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

41

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number CS200811530
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

6th Floor NAC Centre, 143 Dela Rosa Street,
Legaspi Village, Makati City
(Company's Address)

+63 2 892 6669 / +63 2 892 4177
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month& day)

SEC FORM 17-Q Quarterly Report
Form Type

____
Amendment Delegation (If applicable)

For the Quarter Ended
June 30, 2013
Period Ended Date

____
(Secondary License Type and File Number)

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, 2013**
2. SEC Identification Number: **CS200811530**
3. BIR Tax Identification No.: **007-085-191-000**
4. Exact name of issuer as specified in its charter: **NICKEL ASIA CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: ______ (SEC Use Only)
7. Address of principal office — Postal Code
   6th Floor NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City — **1229**
8. Issuer's telephone number, including area code: **+63 2 892 6669 / +63 2 892 4177**
9. Former name, former address, and former fiscal year, if changed since last report.
   Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**2,015,327,481 Shares**
Long-term Debt	**Php1,558.55 million**

11. Are any or all of these securities listed on a Stock Exchange.
    Yes [**X**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    PHILIPPINE STOCK EXCHANGE **Common Stock**

12. Check whether the issuer:
    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**X**] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [**X**] No [ ]

NICKEL ASIA CORP.

NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
JUNE 30, 2013

TABLE OF CONTENTS	Page No.

PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at June 30, 2013 and for the six-month period ended June 30, 2013 and 2012 (with Comparative Audited Statement of Financial Position as at December 31, 2012) are hereto attached.

The following table sets forth the summary financial information for the six-month period ended June 30, 2013 and 2012 and as at June 30, 2013 and December 31, 2012:

Summary Consolidated Statements of Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
	(In thousand pesos)		*(In thousand pesos)*	
Revenues	2,978,822	3,559,605	4,383,706	5,306,434
Cost and expenses	(2,146,974)	(2,111,140)	(3,242,057)	(3,172,603)
Finance income	34,350	52,035	91,134	119,947
Finance expenses	(1,812)	(3,071)	(3,643)	(9,015)
Other income - net	91,376	182,788	47,728	130,337
Provision for income tax - net	(265,520)	(372,947)	(368,667)	(550,491)
Net income	690,242	1,307,270	908,201	1,824,609
Net income attributable to:				
Equity holders of the Parent	545,304	989,127	645,604	1,275,092
Non-controlling interests	144,938	318,143	262,597	549,517
	690,242	1,307,270	908,201	1,824,609

Summary Consolidated Statements of Financial Position

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)	Increase (Decrease)	Percent Inc (Dec)
	(In Thousand Pesos)			
Current assets	13,374,053	13,442,423	(68,370)	(2.0%)
Asset held for sale	65,503	-	65,503	INF
Noncurrent assets	14,499,106	13,721,492	777,614	5.7%
Total assets	27,938,662	27,163,915	774,747	2.9%
Current liabilities	1,593,889	1,275,729	318,160	24.9%
Noncurrent liabilities	2,365,496	2,321,634	43,862	(5.7%)
Non-controlling interests	4,962,717	4,700,120	262,597	(1.2%)
Equity attributable to equity holders of the Parent	19,016,560	18,866,432	150,128	0.8%
Total liabilities and equity	27,938,662	27,163,915	774,747	2.9%
	-	-		

Summary Consolidated Statements of Cash Flows

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
	(In Thousand Pesos)		*(In Thousand Pesos)*	
Net cash flows generated from (used in):				
Operating activities	986,132	(4,452)	1,127,659	570,205
Investing activities	(742,651)	(721,154)	(1,400,349)	(1,257,795)
Financing activities	(726,363)	(1,688,481)	(750,276)	(1,701,619)
Net decrease in cash and cash equivalents	(482,882)	(2,414,087)	(1,022,966)	(2,389,209)
Cash and cash equivalents, beginning	8,723,367	10,375,470	9,263,451	10,350,592
Cash and cash equivalents, end	8,240,485	7,961,383	8,240,485	7,961,383

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

Results of Operations

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the six months ended June 30, 2013 and 2012, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Six months ended June 30, 2013 compared with six months ended June 30, 2012

Revenues

Our total revenues were ₱4,383.7 million in the six months ended June 30, 2013 as compared to ₱5,306.4 million in the six months ended June 30, 2012, a decrease of ₱922.7 million or 17%.

Sale of ore

We sold an aggregate 5,537.5 thousand wet metric tonnes (“WMT”) of nickel ore in the six months ended June 30, 2013, an increase of 10% compared to 5,019.8 thousand WMT of nickel ore in the six months ended June 30, 2012. Our sales for the first half of this year included 507.2 thousand WMT of saprolite ore to Japanese customers, 3,392.4 thousand WMT of saprolite and limonite ore to our Chinese customers and 1,637.9 thousand WMT of limonite ore to Coral Bay Nickel Corporation (“CBNC”) and Taganito HPAL Nickel Corporation (THNC), compared to sales of 644.3 thousand WMT, 2,707.7 thousand WMT and 1,667.9 thousand WMT, respectively, for the same period last year.

Our revenue from sale of ore was ₱4,143.3 million in the six months ended June 30, 2013 compared to ₱5,072.2 million in the six months ended June 30, 2012, a decrease of ₱928.9 million or 18%, mainly as a result of lower London Metal Exchange (“LME”) nickel prices despite a higher sales volume achieved and appreciation of peso as against US dollar starting April 2013.

Our realized LME nickel price in 2013, applicable to sales of high grade saprolite ore sold to our Japanese customers and sales of limonite ore to CBNC and THNC, averaged $7.54 per pound of payable nickel compared to $8.60 per pound of payable nickel in 2012. The weighted average price per WMT of saprolite and limonite ore sold to our Japanese and Chinese customers in 2013 amounted to $20.14 compared to $26.41 in 2012.

We own 60% of Rio Tuba Nickel Mining Corporation ("RTN"), which owns and operates the Rio Tuba mining operations. RTN's revenue from sale of nickel ore was ₱1,658.3 million in the six months ended June 30, 2013 compared to ₱2,174.4 million in the six months ended June 30, 2012, a decrease of ₱516.1 million, or 24%. RTN sold an aggregate 2,937.8 thousand WMT of nickel ore in the first six months of this year compared to an aggregate 2,781.2 thousand WMT of nickel ore sold in the same period last year. The volume of saprolite ore sold to Japanese customers increased by 35.8 thousand WMT or 16% and the volume of saprolite and limonite ore sold to Chinese customers increased by 182.8 thousand WMT or 21%. Further, the volume of limonite ore sold to CBNC decreased by 61.9 thousand WMT or 4%. Limonite ore sold to CBNC during the first half of 2013 had an average nickel grade of 1.21% compared to 1.28% for the same period last year.

RTN's revenue from sale of limestone ore was ₱68.4 million in the six months ended June 30, 2013, as compared to ₱19.9 million in the same period last year, an increase of ₱48.5 million or 244%. The increase in limestone revenue was due mainly to the 228% increase in limestone ore deliveries to CBNC, or from 31.3 thousand WMT during the first half of 2012 to 102.8 thousand WMT for the same period this year.

We own 65% of Taganito Mining Corporation ("TMC"), which owns and operates the Taganito mining operations. TMC's revenue from sale of ore was ₱1,012.3 million in the six months ended June 30, 2013 as compared to ₱1,383.8 million in the six months ended June 30, 2012, a decrease of ₱371.5 million, or 27%. TMC sold an aggregate 1,076.9 thousand WMT of nickel ore in the first six months of this year as compared to an aggregate 1,045.3 thousand WMT of nickel ore in the same period last year. The volume of saprolite ore sold to Japanese customers decreased by 83.4 thousand WMT or 25%. In addition, TMC sold 798.7 thousand WMT of low-grade saprolite and limonite ore to Chinese customers in the six months ended June 30, 2013, an increase of 83.0 thousand WMT or 12% compared to 715.7 thousand WMT in the comparable period last year. Significant decrease in sales revenue of TMC was attributable to decrease in limonite sales as a result of the reduced volume and price per WMT.

We own 100% of CMC, which owns and operates the Cagdianao mining operations. CMC's revenue from sale of ore was ₱84.4 million in the six months ended June 30, 2013 as compared to ₱371.0 million in the six months ended June 30, 2012, a decrease of ₱286.6 million, or 77%. CMC sold an aggregate 177.5 thousand WMT of nickel ore in the first six months of this year as compared to an aggregate 299.0 thousand WMT of nickel ore in the same period last year. Significant decrease in sales revenue of CMC was mainly the result of lower volume of ore shipped in 2013. Aside from the significant drop in nickel price, the unusual rain in the site was also a factor in the decline in revenue of CMC.

We own 100% of HMC, which owns and operates the Taganaan mining operations. HMC's revenue from sale of ore was ₱1,319.8 million in the six months ended June 30, 2013 as compared to ₱1,123.2 million in the six months ended June 30, 2012, an increase of ₱196.6 million, or 18%. In 2013, HMC managed to sell an aggregate 1,331.2 thousand WMT of limonite ore to Chinese customers in the first six months of this year as compared to 894.3 thousand WMT in the same period last year. Moreover, HMC sold 14.0 thousand WMT of saprolite ore to its Chinese customers in the first half of 2013 while there was none in the same period last year.

Services and Others

Our revenue from services and others was ₱240.4 million in the six months ended June 30, 2013 as compared to ₱234.2 million in the six months ended June 30, 2012, an increase of ₱6.2 million, or 3%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN provides to CBNC and usage fee charged by TMC to THNC for the use of its pier facility.

Costs and Expenses

Our costs and expenses amounted to ₱3,242.1 million in the six months ended June 30, 2013 as compared to ₱3,172.6 million in the six months ended June 30, 2012, an increase of ₱69.5 million, or 2%.

Cost of Sales

In 2013, our cost of sales was ₱2,025.3 million as compared to ₱1,826.8 million in 2012, an increase of ₱198.5 million, or 11%. The increase in cost of sales was due largely to higher volume handled and sold in 2013 which increased by 10% from 5,019.8 thousand WMT in six months of 2012 to 5,537.5 thousand WMT in six months of 2013.

Cost of Services

Cost of services was ₱130.3 million in the six months ended June 30, 2013 as compared to ₱124.2 million in the six months ended June 30, 2012, an increase of ₱6.1 million, or 5%. Costs of services largely consist of the cost of providing hauling, manpower and other ancillary services by RTN to CBNC and costs of maintaining the pier facility used by THNC. The increase in cost of rendering services arise mainly from depreciation and depletion which increased by ₱7.9 million due to utilization of newly acquired equipments.

Shipping and Loading

Shipping and loading costs were ₱542.5 million in the first half of 2013 as compared to ₱622.1 million in the first half of 2012, a decrease of ₱79.6 million, or 13%. The decline in shipping and loading costs was highly attributable to the improved average loading rate per day of TMC which posted a 62% improvement. In addition, RTN's jetty was already operational in 2013 whereas in 2012 it undergone major repairs resulting to increase LCT rentals from other parties. The foregoing also resulted to lower contract fees which moved from ₱350.6 million to ₱186.8 million, decrease in personnel costs, from ₱57.8 million to ₱29.0 million, and materials and supplies, from ₱46.0 million to ₱31.7 million. However, the decrease was partially reduced by the increase in depreciation and depletion from ₱61.0 million to ₱74.6 million due to utilization of newly acquired equipments. On the other hand, the movement in other services and fees from ₱29.9 million to ₱137.6 million was attributable to the increase in shipments of HMC which resulted to higher LCT rental, stevedoring, mooring and wharfage fees.

General and Administrative

General and administrative expenses were ₱322.7 million in the six months ended June 30, 2013 compared to ₱307.8 million in the six months ended June 30, 2012, an increase of ₱14.9 million, or 5%. The increase in guarantee fee by ₱5.5 million, which is related to the Taganito HPAL project, and professional fees by ₱12.3 million, due to payments made to an accounting software provider and to a consultant regarding the ferronickel project study, caused the increase in the account.

Excise Taxes and Royalties

Our excise taxes and royalties were ₱221.2 million in the six months ended June 30, 2013 as compared to ₱291.6 million in the six months ended June 30, 2012, a decrease of ₱70.4 million, or 24%. The decrease in excise taxes and royalties was brought mainly by the decline in our sales revenue from RTN, TMC and CMC in 2013; however this was partially offset by the increase in sales revenue of HMC.

Finance Income

Our finance income, which primarily consists of interest income on our cash balances and other investments, was ₱90.4 million in the first half of 2013 compared to ₱119.6 million in the first half of 2012, a decrease of ₱29.2 million, or 24%. The decrease was brought mainly by lower interest rates from time deposits and other investments in 2013.

Finance Expense

Our finance expense was ₱3.6 million in the first half of 2013 compared to ₱9.0 million in the same period last year, a decrease of ₱5.4 million, or 60%. Our finance expense primarily consists of interest expense on our long-term debt, which decreased from ₱3.2 million to ₱2.6 million due to reduced principal, and accretion interest on mine rehabilitation and decommissioning, which decreased from ₱3.5 million to ₱1.0 million as a result of the revision and changes in the assumptions used in computing the estimated mine rehabilitation and decommissioning cost of the Group. In 2012, the Group also recognized provision for impairment loss on trade and other receivables of ₱2.3 million whereas there was none in 2013.

Other Income - Net

Our other income - net in the first half of 2013 was ₱47.7 million compared to ₱130.3 million in the first half of 2012, a decrease of ₱82.6 million, or 63%. Our other income - net primarily consists of changes in foreign exchange which moved from a loss of ₱99.7 million in 2012 to a gain of ₱19.6 million in 2013 due to appreciation of peso as against the U.S. dollar; and our share in pre-operating loss of THNC which increased from ₱49.6 million to ₱104.4 million resulting from non-capitalizable supplies, equipments and workshop tools incurred by THNC during the period. Dividend income earned by RTN from CBNC also decreased from ₱191.9 million in 2012 to ₱60.5 million in 2013.

Provision for (Benefit from) Income Tax

Net provision for income tax was ₱368.7 million in the first half of 2013 compared to ₱550.5 million in the same period last year, a decrease of ₱181.8 million, or 33%.

Current

Our current provision for income tax in the six months ended June 30, 2013 was ₱409.4 million compared to ₱651.7 million in the six months ended June 30, 2012, a decrease of ₱242.3 million, or 37% due to decline in our sales revenue.

Deferred
Our deferred benefit from income tax in the six months ended June 30, 2013 was ₱40.7 million as compared to ₱101.2 million in the six months ended June 30, 2012, a decrease of ₱60.5 million, or 60%. Deferred benefit from income tax for the first half of 2012 was higher compared to the first half of 2013 due to the decrease in net operating loss carryover in 2013 by ₱43.6 million. Also for the six months ended June 30, 2013, the Group recognized a net unrealized foreign exchange gains of ₱4.3 million whereas in the same period last year, the Group has net unrealized foreign exchange losses of ₱28.9 million. Movement in 2012 also arise from the realization of 2011 unrealized foreign exchange gains amounting to ₱49.8 million whereas in 2013 the amount realized from 2012 unrealized foreign exchange was a loss of around ₱27.6 million.

Net Income
As a result of the foregoing, our net income was ₱908.2 million in the six months ended June 30, 2013 compared to ₱1,824.6 million in the six months ended June 30, 2012. Net of non-controlling interests, our net income was ₱645.6 million in the six months ended June 30, 2013 compared to a net income of ₱1,275.1 million in the same period last year.

Statement of Financial Position
As of June 30, 2013, Total Assets increased to ₱27,938.7 million from ₱27,163.9 million as of the end of 2012. Current Assets decreased to ₱13,374.1 million from ₱13,442.4 million primarily due to decrease in cash and cash equivalents resulting from payment of cash dividends and acquisitions of various property and equipments. The decrease in cash and cash equivalents was reduced by the increase in trade and other receivables from ₱937.9 million to ₱1,665.9 million; and increase in inventories from ₱2,004.2 million to ₱2,121.4 million arising from the sale of ores and services. Other current assets also increased from ₱150.8 million to ₱263.3 million due to additional input tax claimed from purchases of goods and services, creditable withholding taxes and deposits to suppliers.

Asset held for sale pertains to the condominiums sold by the Group and the increase in the account was mainly the result of reclassification made from noncurrent assets (property and equipment and investment property) to asset held for sale.

The increase in Noncurrent Assets from ₱13,721.5 million to ₱14,499.1 million was brought mainly by the acquisitions of various property and equipments such as tractors, dump trucks and conveyor belt. The increase was also attributable to additional input taxes claimed from purchases of goods and services and additional deferred mine exploration costs incurred during the period.

Total current liabilities increased to ₱1,593.9 million as of June 30, 2013 from ₱1,275.7 million as of December 31, 2012 due to increase in trade and other payables from ₱864.0 million to ₱1,200.5 million. Total noncurrent liabilities increased to ₱2,365.5 million as of June 30, 2013 from ₱2,321.6 million as of December 31, 2012 due to depreciation of peso as against US dollar, thus the outstanding balance of long-term debt, which is denominated in US dollar, increased. In addition, accruals for additional pension liability were recognized in the first half of 2013.

Our equity net of non-controlling interests as of June 30, 2013 increased to ₱19,016.6 million from ₱18,866.4 million as of year-end 2012, as a result of the gain on cumulative translation adjustment which increased from a loss of ₱136.9 million to a gain of ₱41.7 million, exercise of employee stock options which amounted to ₱16.7 million, additional gain on valuation of AFS financial assets of ₱12.9 million and share in the net earnings for the first half of 2013 amounting to ₱645.6 million. However, the increase was partially reduced by payments of cash dividends amounting to ₱705.3 million.

Statement of Cash Flows

The net cash from operating activities amounted to ₱1,127.7 million for the six months ended June 30, 2013 compared to ₱570.2 million for the same period last year. The increase arise from a combination of lower production cost and higher volume shipped in the first half of 2013 than in 2012 as a result proceeds from the sale of ore was higher in 2013 compared to 2012.

Net cash used in investing activities for the six months ended June 30, 2013 amounted to ₱1,400.3 million compared to ₱1,257.8 million for the six months ended June 30, 2012. The higher cash outflow in 2013 was mainly the result of acquisitions of various property and equipments which is higher by ₱124.0 million than in 2012. Moreover, the additional input tax, deferred mine exploration costs and prepaid royalties in 2013 amounted to ₱221.6 million compared to ₱153.5 million in 2012. On the other hand, the dividends received in 2012, which is higher by ₱131.6 million than in 2013, were offset by the acquisitions of AFS financial assets, which is also higher by ₱188.2 million than in 2013.

In the first half of 2013 and 2012, the net cash used in financing activities amounting to ₱750.3 million and ₱1,701.6 million, respectively, arising from payments of cash dividends and partial settlement of long-term debt less the proceeds received from exercise of stock options. As of June 30, 2013 and 2012, cash and cash equivalents amounted to ₱8,240.5 million and ₱7,961.4 million, respectively.

Top Five (5) Key Performance Indicators

LME price

We typically sell high-grade saprolite ore to various Japanese and Chinese customers under long-term agreements and we are the exclusive supplier of limonite ore, under a long-term agreement, to the Coral Bay HPAL facility. The price of high-grade saprolite nickel ore sold to our customers and limonite ore to the Coral Bay HPAL facility is determined based on a payable percentage of the nickel contained in the ore, multiplied by average LME nickel prices over specified quotational periods. The payable percentage of the nickel contained in the ore is correlated, in a non-linear manner, with LME nickel prices, with higher LME prices resulting in a higher payable percentage of nickel and vice versa. Accordingly, higher LME nickel prices results both in a higher percentage of payable nickel in our ore to these customers as well as in higher prices, and can therefore have a substantial effect on our overall revenue. Nickel prices and demand for nickel typically increase during periods of high global demand for stainless steel.

Nickel prices have historically exhibited considerable volatility. Nickel prices climbed from as low as US$4.25 per pound in March 2009 to a high of US$13.17 per pound in February 2011. The average LME nickel prices per pound in 2009, 2010, 2011 and 2012 were US$6.67, US$9.89, US$10.35 and US$7.95, respectively. The average LME nickel prices (per pound) for the first half of 2012 is US$7.32 per pound compared to US$8.36 per pound in the same period last year.

The sensitivity of our revenues to LME nickel prices is not completely linear, because, in our experience, when nickel prices reach certain levels, the demand for our limonite ore increases. As a result of this effect, very high nickel prices have, in the past, resulted in increased volumes of nickel ore sold, as well as increased prices for our recurring sales of saprolite ore to PAMCO and limonite ore to the Coral Bay HPAL facility under long-term contracts. Increases and decreases in the LME nickel price will have a broadly proportional effect on our revenues from these sales.

<u>Volume</u>

The volume of saprolite ore that we sell largely depends on the grade of saprolite ore that we mine. The volume of limonite ore that we sell to our customers in China largely depends on the demand for nickel pig iron (NPI) carbon steel in China. Our sales of high-grade saprolite ore are mainly to PAMCO, who purchases our high-grade saprolite ore that we are able to extract and ship at any given time. With respect to our low-grade saprolite and limonite ore, in periods when we are able to extract more ore than we are able to ship, we generally continue our mining operations and stockpile such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of our low-grade saprolite ore and limonite ore sales to our Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO, SMM and our customers in China, we sell limonite ore from our Rio Tuba mine to the Coral Bay HPAL facility, in which we have a minority interest. CBNC purchases an amount of limonite ore from us sufficient to meet its ore requirements. The annual capacity of its Coral Bay HPAL facility was originally 10,000 tonnes of contained nickel and was expanded to 24,000 tonnes of contained nickel in 2012, resulting in a higher volume of limonite ore sales from RTN.

<u>The type and grade of ore that we mine</u>

We realize higher sales prices for our saprolite ore than for our limonite ore. Accordingly, the type and grade (which is a factor of nickel content) of the ore that we mine affects our revenues from year to year. The quantity of saprolite ore that we mine annually depends on the customer demand and the availability of such ore at our mine sites. The mix between high-and low-grade saprolite ore at our mine sites coupled with our long-term mining plan determines the quantities of each that we extract on an annual basis. The quantity of limonite ore that we mine on an annual basis depends on the amount of such ore that needs to be removed in order to extract the saprolite ore, as well as market demand.

<u>Mine Site Cash Cost per Volume Sold</u>

The mine site cash cost per volume of ore sold provides a cost profile for each operating mine and allows us to measure and compare operating performance as well as changes in per unit costs from year to year.

The mine site cash cost includes production and shipping and loading costs incurred by the Company in mining, handling and barging ore to customer’s vessels, and excludes excise taxes and royalties.

The average mine site cash cost per volume sold in 2013 is ₱380.03 per WMT on the basis of aggregate cash costs of ₱2,143.5 million. This compares to ₱475.06 per WMT during the same period in 2012 on the basis of aggregate cash costs of ₱2,399.6 million.

To augment our operations in 2013 in order to meet the surge in demand for our ore, the Company engaged third party contractors to assist in the hauling and loading of ore Typically, the unit cost associated with the use of outside services is higher compared to costs incurred when volume handling is done by the Company.

Currency exchange rates

We earn substantially all of our revenues in U.S. dollars while most of our expenses are paid in peso. The appreciation of the peso against the U.S. dollar reduces our revenue in peso terms. Accordingly, appreciation of the peso against the U.S. dollar effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash and cash equivalents and other portfolio investments are denominated in U.S. dollars, the appreciation of the peso against the U.S. dollar reduces the value of these assets in peso terms in our financial statements. Our current policy is not to hedge our exposure to foreign currency exchange risk.

The Company's average realized peso-to-dollar rates for the six-month period ended June 30, 2013 and 2012 are ₱41.48 and ₱42.85, respectively.

Liquidity and Capital Resources

As of June 30, 2013 and December 31, 2012, our principal source of liquidity was cash from our operations. We incurred long-term debt to finance the construction of our Rio Tuba and Taganito pier facilities. We receive income from CBNC and THNC under throughput agreements whereby amounts are payable by CBNC and THNC to RTN and TMC, respectively, for use of the pier facilities. The revenues that we receive from CBNC and THNC under the throughput agreements have typically been sufficient to service our long-term debt.

As of June 30, 2013 and December 31, 2012, our working capital, defined as the difference between our current assets and current liabilities, was ₱11.8 billion and ₱12.2 billion, respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations and as well as debt that we have incurred to finance the construction of pier facilities at our Rio Tuba and Taganito properties. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations due to factors such as government policies, changes in global demand and global production of similar and competitive mineral products. We are exposed to commodity price risk based on fluctuations in the price of nickel on the LME. The amounts payable under the contracts that govern our saprolite ore sales to PAMCO and SMM and limonite ore sales to CBNC are based upon payable nickel delivered with the nickel ore. The percentage varies depending on the customer, the ore type and nickel grade. This payable nickel is priced using an average of LME spot prices over a period preceding delivery. In addition, the payable percentage of the nickel contained in the ore is correlated, in a non-linear manner, with LME nickel prices, with higher LME prices tending to result in a higher payable percentage of nickel and vice versa. Accordingly, increases or decreases in the price of nickel on the LME can have a significant effect on our revenues. In addition, although the payments that we receive from sales of saprolite ore and limonite ore to our Chinese customers is not directly correlated with the market price of nickel, high or low nickel prices can increase or decrease their demand for our limonite ore and thus also have an effect on our revenues. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

We are also subject to risk with respect to the market price of coking coal and prevailing shipping rates. The production of NPI using limonite ore requires the use of blast furnaces which use large amounts of coking coal. Accordingly, high world-wide demand for coal can result in an increase in the market price of coking coal which can decrease the demand for limonite ore from our Chinese customers. Similarly, during periods when dry bulk shipping rates are relatively high, the increased cost of shipping our saprolite ore or limonite ore to China can make the use of our nickel ore by Chinese customers uneconomical for them which may also result in a reduction of nickel ore sales to our Chinese customers.

Foreign Currency Risk
Our foreign currency risk results primarily from movements of the peso against the U.S. dollar and results primarily from the transaction exposure associated with transactions in currencies other than Peso. Such exposure arises from cash and cash equivalents, AFS financial assets, long-term debt and sales of beneficiated nickel ore denominated in U.S. dollar. Because almost all of our revenues are earned in U.S. dollar while most of our expenses are paid in Peso, appreciation of the peso against the U.S. dollar effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash and cash equivalents, AFS financial assets and long-term debt are denominated in U.S. dollar, the appreciation of the peso against the U.S. dollar reduces the value of our total assets and liabilities in peso terms in our consolidated financial statements. We are not currently a party to any foreign currency swap agreements and our policy is not to hedge foreign currency exchange risk.

To mitigate the effect of foreign currency risk, the Company will seek to accelerate the collection of foreign currency-denominated receivables and the settlement of foreign-currency denominated payables, whenever practicable. Also, foreign exchange movements are monitored on a daily basis.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock prices relating to the quoted equity securities that we own. Our exposure to equity price risk relates primarily to our AFS financial assets in various stocks of listed companies.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price and market value of the assets are monitored regularly to determine impact on our financial position.

Off-balance sheet arrangements
We have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

PART II – FINANCIAL SOUNDNESS INDICATORS

Please refer to the attached schedule.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
FOR THE SIX-MONTHS ENDED JUNE 30, 2013 AND 2012

	2013	2012
A. Current/liquidity ratios		
Current ratio	**8.39**	6.71
Quick ratio	**7.06**	5.27
Cash ratio	**5.17**	3.83
Cash conversion cycle	**332.09**	468.04
B. Solvency ratio/Debt-to-equity ratio		
Solvency ratio	**0.38**	0.51
Debt-to-equity ratio	**0.17**	0.20
C. Asset-to-equity ratios or Equity multiplier	**1.17**	1.20
D. Interest rate coverage ratio	**484.54**	752.15
E. Profitability ratios		
Net profit margin analysis	**21%**	34%
Return on assets	**3%**	7%
Return on equity	**4%**	8%
Return on capital employed	**3%**	7%

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **NICKEL ASIA CORPORATION**

By:

Gerard H. Brimo
President and Chief Executive Officer

August 8, 2013

Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

August 8, 2013

NICKEL ASIA CORPORATION
SEC FORM 17-Q
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2013

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2013
(With Comparative Audited Figures as at December 31, 2012)
(Amounts in Thousands)

	June 30, 2013 (Unaudited)	December 31, 2012 (As restated, see Note 32) (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱8,240,485**	₱9,263,451
Trade and other receivables (Note 5)	**1,665,871**	937,860
Inventories (Notes 6 and 11)	**2,121,435**	2,004,188
Available-for-sale (AFS) financial assets (Note 7)	**1,082,997**	1,086,104
Other current assets	**263,265**	150,820
Total Current Assets	**13,374,053**	13,442,423
Asset held for sale (Note 8)	**65,503**	–
Noncurrent Assets		
AFS financial assets (Note 7)	**1,044,851**	1,041,934
Property and equipment (Note 9)	**6,511,900**	5,949,928
Investment property	**29,000**	72,191
Investment in an associate (Note 10)	**4,083,017**	3,988,929
Long-term stock pile inventory - net of current portion (Note 11)	**1,196,472**	1,266,010
Deferred income tax assets - net (Note 32)	**377,095**	368,015
Other noncurrent assets (Note 4)	**1,256,771**	1,034,485
Total Noncurrent Assets	**14,499,106**	13,721,492
TOTAL ASSETS	**₱27,938,662**	₱27,163,915
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	**₱1,200,503**	₱864,015
Income tax payable	**292,848**	295,095
Current portion of long-term debt (Note 13)	**100,538**	116,619
Total Current Liabilities	**1,593,889**	1,275,729
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	**1,458,008**	1,422,670
Deferred income tax liabilities - net	**541,018**	547,075
Deferred income (Note 28)	**82,426**	79,609
Provision for mine rehabilitation and decommissioning (Note 14)	**133,524**	132,522
Pension liability (Note 32)	**150,520**	139,758
Total Noncurrent Liabilities	**2,365,496**	2,321,634
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	**1,014,864**	1,013,938
Additional paid-in capital	**8,151,603**	8,117,558
Other components of equity:		
Cost of share-based payment plan (Note 16)	**40,779**	57,464
Net valuation gains on AFS financial assets (Note 7)	**78,071**	65,199
Share in cumulative translation adjustment (Note 10)	**41,709**	(136,909)
Asset revaluation surplus	**33,821**	34,012
Retained earnings	**9,655,713**	9,715,170
	19,016,560	18,866,432
Non-controlling Interests	**4,962,717**	4,700,120
Total Equity	**23,979,277**	23,566,552
TOTAL LIABILITIES AND EQUITY	**₱27,938,662**	₱27,163,915

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2013 and 2012
(Amounts in Thousands, Except Earnings per Share)

	2013	2012 (As restated, see Note 32)
	(Unaudited)	
REVENUES (Note 28)		
Sale of ore	**₱2,864,215**	₱3,431,368
Services and others	**114,607**	128,287
	2,978,822	3,559,655
COSTS AND EXPENSES		
Cost of sales (Note 18)	**1,330,329**	1,194,849
Cost of services (Note 19)	**64,817**	122,057
Shipping and loading costs (Note 20)	**405,562**	366,722
Excise taxes and royalties (Note 21)	**179,970**	231,499
General and administrative (Note 22)	**166,296**	195,577
	2,146,974	2,110,704
FINANCE INCOME (Note 25)	**34,350**	52,035
FINANCE EXPENSES (Note 26)	**(1,812)**	(3,244)
OTHER INCOME – Net (Note 27)	**91,376**	182,915
INCOME BEFORE INCOME TAX	**955,762**	1,680,657
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)		
Current	**299,054**	434,132
Deferred	**(33,534)**	(61,053)
	265,520	373,079
NET INCOME	**₱690,242**	₱1,307,578
Net income attributable to:		
Equity holders of the parent	**₱545,304**	₱989,328
Non-controlling interests	**144,938**	318,250
	₱690,242	₱1,307,578
Basic and diluted earnings per share (Note 17)	**₱0.22**	₱0.39

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2013 and 2012
(Amounts in Thousands, Except Earnings per Share)

	2013	2012 (As restated, see Note 32)
	(Unaudited)	
REVENUES (Note 28)		
Sale of ore	**₱4,143,267**	₱5,072,210
Services and others	**240,439**	234,224
	4,383,706	5,306,434
COSTS AND EXPENSES		
Cost of sales (Note 18)	**2,025,280**	1,826,792
Cost of services (Note 19)	**130,333**	124,249
Shipping and loading costs (Note 20)	**542,539**	622,082
Excise taxes and royalties (Note 21)	**221,204**	291,637
General and administrative (Note 22)	**322,701**	307,843
	3,242,057	3,172,603
FINANCE INCOME (Note 25)	**91,134**	119,947
FINANCE EXPENSES (Note 26)	**(3,643)**	(9,015)
OTHER INCOME – Net (Note 27)	**47,728**	130,337
INCOME BEFORE INCOME TAX	**1,276,868**	2,375,100
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)		
Current	**409,378**	651,675
Deferred	**(40,711)**	(101,184)
	368,667	550,491
NET INCOME	**₱908,201**	₱1,824,609
Net income attributable to:		
Equity holders of the parent	**₱645,604**	₱1,275,092
Non-controlling interests	**262,597**	549,517
	₱908,201	₱1,824,609
Basic and diluted earnings per share (Note 17)	**₱0.26**	₱0.51

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2013 and 2012
(Amounts in Thousands)

	2013	2012 (As restated, see Note 32)
	(Unaudited)	
NET INCOME	**₱908,201**	₱1,824,609
OTHER COMPREHENSIVE INCOME (LOSS)		
Share in translation adjustment of an associate	**178,618**	(149,838)
Net valuation gains on AFS financial assets	**12,872**	12,977
Re-measurement of retirement obligation (Note 32)	**–**	1,207
Asset revaluation surplus	**(191)**	(40)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**191,299**	(135,694)
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱1,099,500**	₱1,688,915
Total comprehensive income attributable to:		
Equity holders of the parent	**₱836,903**	₱1,138,976
Non-controlling interests	**262,597**	549,939
	₱1,099,500	₱1,688,915

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013 and 2012
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent									
	Capital Stock (Note 15)	Additional Paid-in Capital	Cost of Share-based Payment Plan (Note 16)	Net Valuation Gains on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment of an Associate (Note 10)	Asset Revaluation Surplus	Retained Earnings	Total	Non-controlling Interests	Total
Balances at December 31, 2012	**₱1,013,938**	**₱8,117,558**	**₱57,464**	**₱65,199**	**(₱136,909)**	**₱34,012**	**₱9,737,447**	**₱18,888,709**	**₱4,712,116**	**₱23,600,825**
Re-measurement of retirement obligation	–	–	–	–	–	–	(22,277)	(22,277)	(11,996)	(34,273)
Balances at December 31, 2012, as restated	1,013,938	8,117,558	57,464	65,199	(136,909)	34,012	9,715,170	18,866,432	4,700,120	23,566,552
Net income	–	–	–	–	–	–	645,604	645,604	262,597	908,201
Other comprehensive income (loss)	–	–	–	12,872	178,618	(191)	–	191,299	–	191,299
Total comprehensive income (loss)	–	–	–	12,872	178,618	(191)	645,604	836,903	262,597	1,099,500
Exercise of stock options (Note 16)	926	34,045	(18,309)	–	–	–	–	16,662	–	16,662
Cost of share-based payment (Note 16)	–	–	1,624	–	–	–	–	1,624	–	1,624
Cash dividends - ₱0.35 per share (Note 15)	–	–	–	–	–	–	(705,252)	(705,252)	–	(705,252)
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	191	191	–	191
Balances at June 30, 2013 (Unaudited)	**₱1,014,864**	**₱8,151,603**	**₱40,779**	**₱78,071**	**₱41,709**	**₱33,821**	**₱9,655,713**	**₱19,016,560**	**₱4,962,717**	**₱23,979,277**

- 2 –

	Equity Attributable to Equity Holders of the Parent									
	Capital Stock (Note 15)	Additional Paid-in Capital	Cost of Share-based Payment Plan (Note 16)	Net Valuation Gains on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment of an Associate (Note 10)	Asset Revaluation Surplus	Retained Earnings	Total	Non-controlling Interests	Total
Balances at December 31, 2011	₱677,116	₱8,075,641	₱64,308	₱20,889	₱118,251	₱34,395	₱8,920,976	₱17,911,576	₱4,381,233	₱22,292,809
Re-measurement of retirement obligation	–	–	–	–	–	–	(24,621)	(24,621)	(13,257)	(37,878)
Balances at December 31, 2011, as restated	677,116	8,075,641	64,308	20,889	118,251	34,395	8,896,355	17,886,955	4,367,976	22,254,931
Net income	–	–	–	–	–	–	1,275,092	1,275,092	549,517	1,824,609
Other comprehensive income (loss)	–	–	–	12,977	(149,838)	(40)	785	(136,116)	422	(135,694)
Total comprehensive income (loss)	–	–	–	12,977	(149,838)	(40)	1,275,877	1,138,976	549,939	1,688,915
Exercise of stock options (Note 16)	1,206	31,361	–	–	–	–	–	32,567	–	32,567
Cost of share-based payment (Note 16)	–	–	10,565	–	–	–	–	10,565	–	10,565
Cash dividends - ₱0.80 per share (Note 15)	–	–	–	–	–	–	(1,073,452)	(1,073,452)	–	(1,073,452)
Share of non-controlling interests in cash dividends of a subsidiary	–	–	–	–	–	–	–	–	(600,000)	(600,000)
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	40	40	–	40
Balances at June 30, 2012 (Unaudited)	₱678,322	₱8,107,002	₱74,873	₱33,866	(₱31,587)	₱34,355	₱9,098,820	₱17,995,651	₱4,317,915	₱22,313,566

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013 and 2012
(Amounts in Thousands)

	2013	2012 (As restated, see Note 32)
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,276,868**	₱2,375,100
Adjustments for:		
Depreciation and depletion (Note 24)	**605,064**	431,696
Equity in net losses of an associate (Notes 10 and 27)	**104,378**	49,612
Interest income (Note 25)	**(90,406)**	(119,647)
Unrealized foreign exchange gains	**74,922**	(68,445)
Dividend income (Note 27)	**(60,763)**	(192,368)
Movements in pension liability	**10,762**	7,256
Gain on sale of property and equipment (Note 27)	**(3,855)**	–
Interest expense (Notes 13 and 26)	**2,641**	5,108
Cost of share-based payment plan (Notes 16 and 23)	**1,624**	10,565
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 14 and 26)	**1,002**	3,509
Gain on transfer from equity to profit or loss of AFS financial assets - net (Notes 7 and 25)	**(728)**	(300)
Operating income before working capital changes	**1,921,509**	2,502,086
Increase in:		
Trade and other receivables	**(739,359)**	(980,815)
Inventories	**(47,709)**	(870,637)
Other current assets	**(38,832)**	(25,352)
Trade and other payables	**346,183**	317,465
Net cash generated from operations	**1,441,792**	942,747
Interest received	**101,754**	124,924
Interest paid	**(4,188)**	(5,432)
Income taxes paid	**(411,625)**	(492,034)
Net cash flows from operating activities	**1,127,733**	570,205
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 9)	**(1,264,153)**	(1,140,188)
AFS financial assets (Note 7)	**(20,000)**	(208,246)
Proceeds from:		
Sale of AFS financial assets	**45,614**	51,207
Sale of property and equipment	**4,911**	231
Increase (decrease) in deferred income	**(5,860)**	367
Increase in other noncurrent assets	**(221,624)**	(153,534)
Dividends received	**60,763**	192,368
Net cash flows used in investing activities	**(1,400,349)**	(1,257,795)

(Forward)

	2013	2012
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	**(₱705,252)**	(₱1,673,418)
Long-term debt	**(61,686)**	(60,768)
Proceeds from exercise of stock options	**16,662**	32,567
Net cash flows used in financing activities	**(750,276)**	(1,701,619)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,022,892)**	(2,389,209)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(74)**	–
CASH AND CASH EQUIVALENTS AT JANUARY 1	**9,263,451**	10,350,592
CASH AND CASH EQUIVALENTS AT JUNE 30 (Note 4)	**₱8,240,485**	₱7,961,383

See accompanying Notes to Consolidated Financial Statements.

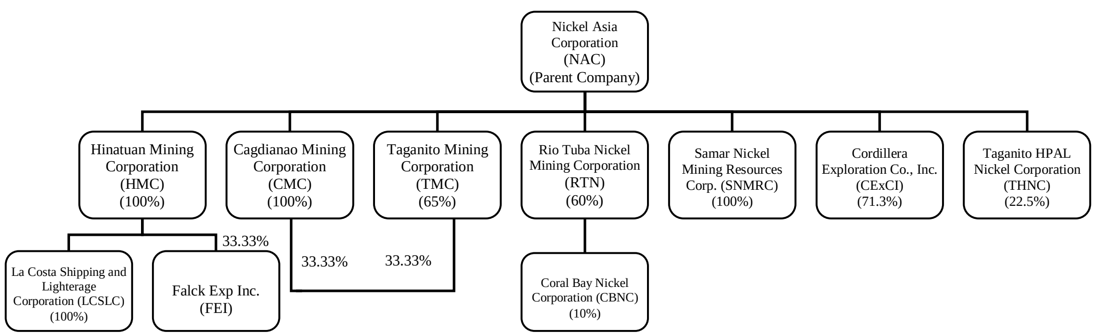
NICKEL ASIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. **Corporate Information**

Nickel Asia Corporation (the Company, the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Company is primarily engaged in investing in and holding of assets of every kind and description and wherever situated, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of mining of all kinds of ore, metals and minerals.

On November 22, 2010, the Company was listed on the Philippine Stock Exchange with an initial public offering of 304,500,000 common shares (consisting of 132,991,182 shares held in treasury and new common shares of 171,508,818) with an offer price of ₱15.00 per share, which is equivalent to ₱8.00 per share after the stock dividends (see Note 15).

Parent Company Ownership Map



The Subsidiaries

HMC

HMC was registered with the SEC on October 9, 1979, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan, Surigao del Norte and Manicani Island, Eastern Samar. The registered office address of HMC is 4th Floor, NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

CMC

CMC was registered with the SEC on July 25, 1997, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Island. The registered office address of CMC is 4th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

TMC

TMC was registered with the SEC on March 4, 1987, is a sixty-five percent (65%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. The registered office address of TMC is

4th Floor, NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

RTN
RTN was registered with the SEC on July 15, 1965, is a sixty percent (60%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting nickel ore and providing non-mining services located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. The registered office address of RTN is 2nd Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

FEI
FEI was registered with the SEC on November 22, 2005, is an eighty-eight percent (88%) owned subsidiary of the Company through HMC, CMC and TMC, and is primarily engaged in the business of exploring, prospecting, and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. FEI is dormant until the Company decides to resume its operations. The registered office address of FEI is 3rd Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

LCSLC
LCSLC was registered with the SEC on October 23, 1992, is a one hundred percent (100%) owned subsidiary of the Company through HMC, and is primarily engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services. The registered office address of LCSLC is 4th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines. LCSLC was acquired by HMC in April 2010.

SNMRC
SNMRC was registered with the SEC on May 11, 2010, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations. The registered office address of SNMRC is 4th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

CEXCI
CEXCI was registered with the SEC on October 19, 1994, is a seventy-one percent (71%) owned subsidiary of the Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CEXCI has a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities. The registered office address of CEXCI is 7th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

The Parent Company's registered office address is at 6th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City.

The interim consolidated financial statements as at June 30, 2013 and December 31, 2012 and for the six-month period ended June 30, 2013 and 2012, were authorized for issuance by the Parent Company's Board of Directors (BOD) on July 30, 2013.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying interim consolidated financial statements of the Group as at June 30, 2013 and for the six-month period ended June 30, 2013 and 2012 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2012.

Basis of Consolidation

The interim consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred to as the Group):

	Country of Domicile	Nature of Business	Effective Ownership
HMC	Philippines	Mining	100%
CMC	Philippines	Mining	100%
SNMRC	Philippines	Mining	100%
CEXCI	Philippines	Mining	71%
LCSLC*	Philippines	Services	100%
FEI*	Philippines	Mining	88%
TMC	Philippines	Mining and Services	65%
RTN	Philippines	Mining and Services	60%

*Direct and indirect ownership

Subsidiaries

Subsidiaries are entities over which the Parent Company has the power to govern the financial and operating policies of the entities, or generally has an interest of more than one half of the voting rights of the entities.

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. The financial statements of the Subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Non-controlling Interest

Non-controlling interest represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company and to the non-controlling interest. Total comprehensive income is attributed to the equity holders of the Parent Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest represents the portion of profit or loss and the net assets not held by the Group. Transactions with non-controlling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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 non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent company's share of components previously recognized in other comprehensive income to profit or loss.

<u>Changes in Accounting Policies</u>
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2012, except for the adoption of new standards and interpretations as of January 1, 2013, noted below:

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are currently recognized in OCI, nor do they impact the determination of whether items of OCI are classified through profit or loss in the future periods. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.

- PAS 19, *Employee Benefits* (Revised)
  The revised standard includes a number of amendments that range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk.
  The Group reviewed its existing employee benefits and determined that the amended standard has an impact on its accounting for retirement benefits. The Group obtained

the services of an external actuary to compute the impact to the Group's financial statements upon adoption of the standard.

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the new PFRS 10, *Consolidated Financial Statement* and
  PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The standard has no significant impact on the Group's financial position or performance.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The standard has no significant impact on the Group's financial position or performance.

- PFRS 7, *Financial Instruments: Disclosures - Offsetting of Financial Assets and Financial Liabilities* (Amendments)
  The amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or "similar agreement", irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendments to PFRS 7 are to be retrospectively applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, which addresses the accounting for consolidated financial statements. It also addresses the issues raised in Standing Interpretations Committee (SIC) 12, *Consolidation - Special Purpose Entities*, resulting to SIC being withdrawn. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The new standard will be applied retrospectively. The adoption of PFRS 10 affects disclosure only and have no impact on the Group's financial position or performance.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The adoption of PFRS 11 will have no impact on the Group's financial position or performance.

- PFRS 12, *Disclosure of Interests in Other Entities*
  PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The adoption of PFRS 12 affects disclosure only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13.

  The Group does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance.

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 20, *Stripping Costs in the Production Phase of a Surface Mine*
  This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). The interpretation addresses the accounting for the benefit from the stripping activity.

Annual Improvements to PFRSs (2009-2011 cycles)

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
  The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
  The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required.

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*
  The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise.

- PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*
  The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*.

- PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*
  The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment.

Future Changes in Accounting Policies

The Group will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on its financial statements.

Effective in 2014:

- PAS 32, *Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities*
  This standard is effective for annual periods beginning on or after January 1, 2014. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be applied retrospectively.

Effective in 2015:

- PFRS 9, *Financial Instruments*
  This standard is effective for annual periods beginning on or after January 1, 2015.
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39, *Financial Instruments: Recognition and Measurement* and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss (FVPL). All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

To be Determined:

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

After consideration of the result of the impact evaluation using the outstanding balances of financial statements as of December 31, 2012, the Group did not early adopt any standard, interpretation or amendment that has been issued but is not yet effective. The Group will, however, continue to evaluate the impact of the standards, interpretations and amendments in our financial statements for the year 2013.

3. Seasonality of Operations

Mining operations at the majority of the Group's mines are suspended and are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

4. Cash and Cash Equivalents

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Cash on hand and with banks	**₱1,428,257**	₱637,617
Short-term cash investments	**6,812,228**	8,625,834
	₱8,240,485	₱9,263,451

Cash with banks amounting to ₱64.6 million and ₱64.2 million as at June 30, 2013 and December 31, 2012, respectively, representing proceeds from the Initial Public Offering, were deposited in escrow and are restricted as to withdrawal for specified purpose and thus, classified as "Other noncurrent assets".

5. **Trade and Other Receivables**

Receivables amounting to ₱44.9 million and ₱43.7 million as at June 30, 2013 and December 31, 2012, respectively, were impaired and fully provided for with allowance for impairment losses.

The aging analysis of the Group's trade and other receivables as at June 30, 2013 and December 31, 2012 are summarized in the following tables:

June 30, 2013 (Unaudited)	**Neither Past Due Nor Impaired (High)**	**Past Due But Not Impaired (30-180 days)**	**Past Due and Individually Impaired**	**Total**
Trade and other receivables:				
Trade	**₱863,911**	**₱158,299**	**₱33,627**	**₱1,055,837**
Receivable from Coral Bay Nickel Corporation (CBNC)	**70,216**	**172,228**	**–**	**242,444**
Amounts owed by related parties	**12,109**	**–**	**–**	**12,109**
Dividends receivable	**60,480**	**–**	**–**	**60,480**
Others	**287,831**	**40,797**	**11,306**	**339,934**
Total	**₱1,294,547**	**₱371,324**	**₱44,933**	**₱1,710,804**

December 31, 2012 (Audited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade	₱238,794	₱96,899	₱32,491	₱368,184
Receivable from CBNC	66,662	209,732	–	276,394
Amounts owed by related parties	6,611	–	–	6,611
Others	316,279	2,883	11,250	330,412
Total	₱628,346	₱309,514	₱43,741	₱981,601

6. **Inventories**

As at June 30, 2013 and December 31, 2012, inventories amounting to ₱375.9 million and ₱383.4 million, respectively, were assessed to be impaired and were provided for with allowance. No provision for inventory losses were recognized for the six-month period ended June 30, 2013 and 2012.

The cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱595.2 million and ₱671.3 million as at June 30, 2013 and December 31, 2012, respectively, while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱377.2 million and ₱395.5 million as at June 30, 2013 and December 31, 2012, respectively.

7. **AFS Financial Assets**

AFS financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, golf club shares and debt securities.

During the six-month period ended June 30, 2013 and 2012, the Group acquired various AFS financial assets amounting to ₱20.0 million and ₱208.2 million, respectively, and disposed AFS financial assets amounting to ₱44.9 million and ₱50.9 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱0.3 million and ₱0.5 million for the six-month period ended June 30, 2013 and 2012, respectively (see Note 27).

8. **Asset Held for Sale**

On June 3, 2013, the BOD of HMC, RTN, TMC and CMC authorized the sale and transfer of their condominium units in NAC Centre/Solid Mills Building.

The carrying amount of the asset held for sale amounted to ₱65.5 million and ₱68.8 million as at June 30, 2013 and December 31, 2012 (prior to reclassification), respectively. The purchase price of the building amounted to ₱331.0 million.

9. **Property and Equipment**

During the six-month period ended June 30, 2013 and 2012, the Group acquired assets with a cost of ₱1,264.2 million and ₱1,140.2 million, respectively, including construction in-progress.

Pier facilities (included under “Buildings and Improvements”) with a carrying value of ₱171.9 million and ₱195.6 million as at June 30, 2013 and December 31, 2012, respectively, were mortgaged as collateral for the long-term debt of RTN mentioned in Note 13.

Depreciation expense for the six-month period ended June 30, 2013 and 2012 amounted to ₱605.1 million and ₱431.7 million, respectively (see Note 24).

10. **Investment in an Associate**

The investment in an associate pertains to the Parent Company’s 22.5% interest in Taganito HPAL Nickel Corporation (THNC) with an acquisition cost of ₱4,443.1 million.

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. Its principal activities, once operational, consist of the manufacture and export of nickel/cobalt mixed sulfide. THNC is currently undertaking construction and has not yet started commercial operations as at June 30, 2013.

The net assets and net loss of THNC amounted to ₱17.7 billion and ₱463.9 million, respectively, as at June 30, 2013, and ₱18.0 billion and ₱220.5 million, respectively, as at June 30, 2012. The Parent Company's share in cumulative translation adjustment amounted to ₱41.7 million gain and ₱136.9 million loss as at June 30, 2013 and December 31, 2012, respectively, and its equity in net losses amounted to ₱104.4 million and ₱49.6 million for the period ended June 30, 2013 and 2012, respectively (see Note 27).

11. Long-term Stock Pile Inventory

The long-term stock pile inventory pertains to low grade ore extracted from RTN's minesite. This amount was not recognized in RTN's books but was recognized by the Parent Company when it acquired the controlling interest in RTN. The low grade ore inventory was initially recognized and valued at fair value. The fair value of the long-term stockpile inventory was computed using the present value of the estimated future cash flows of RTN which it will derive from the long-term Nickel Ore Supply Agreement with CBNC. Subsequently, this fair value represented the cost of the long-term stock pile inventory. The fair value of the inventory as at the date of acquisition amounted to ₱2,036.7 million.

A portion amounting to ₱69.5 million and ₱139.1 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next accounting period, were shown as part of "Inventories" as at June 30, 2013 and December 31, 2012, respectively, and the cost of the inventory delivered to CBNC for the period ended June 30, 2013 and 2012 of ₱85.0 million and ₱104.4 million, respectively, was included as part of "Cost of sales" (see Note 18).

The carrying value of long-term stock pile - net of current portion amounted to ₱1,196.5 million and ₱1,266.0 million as at June 30, 2013 and December 31, 2012, respectively.

12. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, excise, withholding and other taxes payable and other payables. Trade, accrued expenses and other payables are noninterest-bearing and are generally settled in less than thirty (30) days' term. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone ore were shipped. Withholding taxes are payable ten (10) days after the end of each month. Output tax is derived from other revenues which can be offset against input tax.

13. **Long-term Debt**

	June 30, 2013	December 31, 2012
	(Unaudited)	(Audited)
TMC	**₱1,360,800**	₱1,328,994
RTN	**197,746**	210,295
	1,558,546	1,539,289
Less current portion:		
TMC	**75,600**	71,838
RTN	**24,938**	44,781
	100,538	116,619
	₱1,458,008	₱1,422,670

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to $35.0 million at a prevailing 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus two percent (2%) spread, to finance the construction of the Pier Facilities.

Starting 2011, the interest on the loans is payable semi-annually on October 10 and April 10. The total principal is payable in semi-annual installments of $875,000, starting on October 10, 2011 up to April 10, 2031.

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the Pier Facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all governmental approvals necessary to perform the obligations. As at June 30, 2013 and December 31, 2012, TMC is in compliance with the restrictions.

TMC settled ₱37.8 million (or US$0.9 million) of long-term debt which became due in April 2013.

RTN Loan

On November 25, 2002, RTN entered into an Omnibus Agreement with Sumitomo Metal Mining Co. Inc. (SMM), wherein the latter granted the former a loan facility amounting to US$1.8 million at prevailing 180-day LIBOR plus two percent (2%) spread, for the construction of the Pier Facilities. In July 2003, an additional loan amounting to US$0.2 million was granted by SMM. Starting 2003, the interest on the original and additional loans is payable semi-annually on February 28 and August 31.

The total principal is payable in 20 equal semi-annual installments starting February 28, 2004 up to August 31, 2013. In February 2007, RTN and SMM agreed to an additional loan facility amounting to US$9.0 million. Of the total loan facility, the remaining US$0.5 million was drawn during February and March 2008. The additional loan facility is payable in semi-annual installments starting August 31, 2008 up to February 28, 2018.

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN's rights, title, and interest over its future receivable from CBNC under the Throughput Agreement. RTN also constituted a first ranking Mortgage on the Pier Facilities.

RTN settled ₱23.9 million (or US$0.5 million) of long-term debt which became due in February 2013.

Interest expense which formed part of "Finance expense" amounted to ₱2.6 million and ₱3.2 million for the six-month period ended June 30, 2013 and 2012, respectively (see Note 26).

14. Provision for Mine Rehabilitation and Decommissioning

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 a full provision for the future cost of rehabilitating mine site 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 a 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.

For the six-month period ended June 30, 2013 and 2012, accretion expense amounted to ₱1.0 million and ₱3.5 million, respectively (see Note 26).

15. **Equity**

Capital Stock

The capital structure of the Parent Company as at June 30, 2013 and December 31, 2012 follows:

	June 30, 2013	December 31, 2012
Common Stock - ₱0.50 par value		
Authorized - 4,265,000,000 shares		
Issued - 2,015,327,481 shares in 2013 and 2,013,476,263 in 2012	**₱1,007,664**	₱1,006,738
Preferred Stock - ₱0.01 par value		
Authorized - 720,000,000 shares		
Issued - 720,000,000 shares	**7,200**	7,200
Total	**₱1,014,864**	₱1,013,938

Dividends

On April 5, 2013, the Parent Company's BOD declared cash dividends amounting to ₱705.3 million, equivalent to ₱0.35 per share to stockholders of record as of April 22, 2013. The dividends were paid on May 14, 2013.

On the same date, the Parent Company's BOD authorized and approved the declaration of twenty five percent (25%) stock dividends to stockholders of record as of June 18, 2013. The stock dividends correspond to 503.8 million common shares at the issue price equivalent to the par value of ₱0.50 per share.

On March 28, 2012, the Parent Company's BOD declared cash dividends amounting to ₱1,073.5 million, equivalent to ₱0.80 per share to stockholders of record as at April 16, 2012. The dividends were paid on May 11, 2012.

On the same date, the Parent Company's BOD authorized and approved the declaration of fifty percent (50%) stock dividends to stockholders of record as of August 29, 2012 to support the increase in authorized capital stock from ₱800.0 million to ₱2,139.7 million. The stock dividends correspond to 671.2 million common shares at the issue price equivalent to the par value of ₱0.50 per share.

As at June 30, 2013, a total of 641,806,772 or 32% of the outstanding common shares of the company are registered in the name of 39 shareholders, while the balance of 1,373,520,709 common shares or 68% are lodged with the Philippine Central Depository, Inc.

16. **Executive Stock Option Plan (ESOP)**

On June 16, 2010, the BOD and stockholders of the Parent Company approved the Employee Stock Option Plan (ESOP; the Plan). On December 20, 2010, the Plan was approved by the SEC.

The basic terms and conditions of the ESOP are:

1. The ESOP covers up to 12.0 million shares allocated to Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with a position of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱13.50, which is equivalent to ₱7.20 per share after the stock dividends in June 2013.
4. The grant date of the Plan is January 3, 2011 as determined by the Stock Option Committee.
5. The term of the Plan shall be six (6) years and the shares will vest to the participant at the rate of twenty five percent (25%) per year after the first year of the Plan or December 21, 2011.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The stock option agreement was made and executed on January 31, 2011 between the Parent Company and the option grantees.

The fair value of the stock options was estimated as at grant date, January 3, 2011, using the BlackScholes-Merton model, taking into account the terms and conditions upon which the options were granted.

The following assumptions were used to determine the fair value of the stock options at effective grant date:

Grant Date	January 3, 2011
Spot price per share	₱15.0
Exercise price	₱13.5
Expected volatility	60.34%
Option life	3.967 years
Dividend yield	2.06%
Risk-free rate	4.50%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Cost of share-based payments for the six-month ended June 30, 2013 and 2012 amounted to ₱1.6 million and ₱10.6 million, respectively (see Note 23).

Except for the effect of stock dividends, there have been no cancellations or modifications to the ESOP in 2013 or 2012.

The following table illustrates the number of, and movements in, stock options:

	Number of shares	
	June 30, 2013	December 31, 2012
Outstanding at beginning of year	**13,971,473**	11,503,912
Exercised	**(1,851,218)**	(2,485,683)
Forfeited	**–**	(450,000)
Granted	**–**	746,088
Adjustment for stock dividends	**3,030,058**	4,657,156
Outstanding at end of period	**15,150,313**	13,971,473
Exercisable at end of period	**4,228,445**	5,233,974

On March 19, 2013, the SEC approved the exemption from registration of additional 4,457,156 common shares, which shall form part of the ESOP. The application for the exemption from registration of additional 3,030,064 common shares, which also form part of the ESOP, is still pending.

In 2013 and 2012, the number of shares was adjusted for the effect of the twenty five percent (25%) percent, which is equivalent to 3,030,064 shares, and fifty percent (50%) stock dividends, which is equivalent to 4,657,156 shares (see Note 15).

17. **Basic Earnings Per Share**

Basic earnings per common share (EPS) were computed as follows:

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	**₱645,604**	₱1,275,092
b. Weighted average number of common shares issued and outstanding (in thousands)	**2,517,935**	2,514,811
Basic EPS (a/b)	**₱0.26**	₱0.51

Diluted EPS were computed as follows:

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
c. Net income attributable to equity holders of the Parent	**₱645,604**	₱1,275,092
d. Weighted average number of common shares issued and outstanding (in thousands)	**2,523,935**	2,517,811
Diluted EPS (a/b)	**₱0.26**	₱0.51

18. **Cost of Sales**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Production overhead	**₱956,654**	₱936,162
Outside services	**409,537**	563,443
Depreciation and depletion (see Note 24)	**399,283**	254,415
Personnel costs (see Note 23)	**309,325**	338,883
Long-term stockpile inventory sold (see Note 11)	**85,015**	104,436
	2,159,814	2,197,339
Net changes in beneficiated nickel ore and limestone ore	**(134,534)**	(370,547)
	₱2,025,280	₱1,826,792

Outside services pertain to services offered by the contractors related to the mining activities of the Group. These services include, but not limited to, hauling, maintenance, security and equipment rental.

19. **Cost of Services**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Depreciation and depletion (see Note 24)	**₱55,269**	₱47,402
Equipment operating costs	**37,257**	37,015
Personnel costs (see Note 23)	**22,177**	17,758
Overhead	**9,991**	7,340
Outside services	**5,639**	14,734
	₱130,333	₱124,249

20. **Shipping and Loading Costs**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Contract fees	**₱186,774**	₱350,589
Fuel, oil and lubricants	**82,936**	76,786
Depreciation and depletion (see Note 24)	**74,564**	60,987
Materials and supplies	**31,654**	46,008
Personnel costs (see Note 23)	**29,022**	57,839
Other services and fees	**137,589**	29,873
	₱542,539	₱622,082

21. **Excise Taxes and Royalties**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Excise taxes	**₱82,865**	₱101,444
Royalties	**138,339**	190,193
	₱221,204	₱291,637

22. **General and Administrative Expenses**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Personnel costs (see Note 23)	**₱88,702**	₱102,019
Guarantee fee	**48,792**	43,288
Taxes and licenses	**42,828**	28,915
Depreciation and depletion (see Note 24)	**38,097**	40,017
Professional fees	**25,226**	12,901
Transportation and travel	**7,422**	5,730
Communications, light and water	**6,470**	6,317
Outside services	**4,722**	8,779
Entertainment, amusement and recreation	**3,842**	4,802
Repairs and maintenance	**1,941**	3,696
Others	**54,659**	51,379
	₱322,701	₱307,843

Other general and administrative expenses include materials and supplies used, bank charges and insurance expense.

23. **Personnel Costs**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Salaries, wages and employee benefits	**₱447,602**	₱505,934
Cost of share-based payment plan (see Note 16)	**1,624**	10,565
	₱449,226	₱516,499

The amounts of personnel costs are distributed as follows:

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Cost of sales (see Note 18)	**₱309,325**	₱338,883
General and administrative (see Note 22)	**88,702**	102,019
Cost of services (see Note 19)	**22,177**	17,758
Shipping and loading costs (see Note 20)	**29,022**	57,839
	₱449,226	₱516,499

24. **Depreciation and Depletion**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Property and equipment (see Note 9)	**₱603,014**	₱427,946
Investment property	**2,050**	3,750
	₱605,064	₱431,696

The amounts of depreciation and depletion expense are distributed as follows:

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Cost of sales (see Note 18)	**₱399,283**	₱254,415
Shipping and loading costs (see Note 20)	**74,564**	60,987
Cost of services (see Note 19)	**55,269**	47,402
General and administrative (see Note 22)	**38,097**	40,017
Others	**37,851**	28,875
	₱605,064	₱431,696

25. **Finance Income**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Interest income	**₱90,406**	₱119,647
Gain on transfer from equity to profit or loss of AFS financial assets	**728**	300
	₱91,134	₱119,947

26. **Finance Expenses**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Interest expense (see Note 13)	**₱2,641**	₱3,161
Accretion interest on mine rehabilitation and decommissioning (see Note 14)	**1,002**	3,509
Provision for impairment loss on trade and other receivables	**–**	2,345
	₱3,643	₱9,015

27. **Other Income (Charges)**

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Equity in net losses of an associate (see Note 10)	**(₱104,378)**	(₱49,612)
Dividend income	**60,763**	192,368
Foreign exchange gains (losses) - net	**19,562**	(99,679)
Despatch	**19,152**	21,814
Reversal of impairment loss	**7,486**	–
Other services	**4,686**	5,281
Issuance of fuel, oil and lubricants	**4,421**	14,727
Gain on sale of property and equipment	**3,855**	–
Others	**32,181**	45,438
	₱47,728	₱130,337

28. **Related Party Transactions**

Set out below are the Group's transactions with related parties for the six-month period ended June 30, 2013 and 2012, including the corresponding assets and liabilities arising from the said transactions as at June 30, 2013 (Unaudited) and December 31, 2012 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 13)		Terms	Conditions
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012		
Stockholder										
Pacific Metals Co., Ltd. (PAMCO)										
Sale of ore and services	**₱639,400**	₱1,035,148	**₱27,434**	₱25,576	**₱–**	₱–	**₱–**	₱–	Ninety percent (90%) upon receipt of documents and ten percent (10%) after the final dry weight and applicable assay have been determined; non-interest bearing	Unsecured; no impairment; no guarantee
SMM										
Sale of ore	**73,435**	195,582	**–**	–	**–**	–	**–**	–	Collectible upon billing; non-interest bearing	Unsecured; no impairment; no guarantee
Loan facility	**–**	–	**–**	–	**–**	–	**197,746**	210,295	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; no impairment; with guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 13)		Terms	Conditions
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012		
Affiliate										
CBNC										
Sale of ore and services	**₱791,496**	₱906,138	**₱242,444**	₱276,394	**₱–**	₱–	**₱–**	₱–	Seven (7) to thirty (30) days; non-interest bearing	Unsecured; no impairment; no guarantee
Associate										
THNC										
Sale of ore and services	**73,608**	63,303	**51,201**	28,920	**–**	–	**–**	–	Collectible upon billing; non-interest bearing	Unsecured; no impairment; no guarantee
Short-term advances	**5,498**	–		–	**12,109**	6,611	**–**	–	Collectible upon billing; non-interest bearing	Unsecured; no impairment; no guarantee
Loan facility	**–**	–	**–**	–	**–**	–	**1,360,800**	1,328,994	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; no impairment; with guarantee
Totals			**₱321,079**	₱330,890	**₱12,109**	₱6,611	**₱1,558,546**	₱1,539,289		

Terms and Conditions of Transactions with Related Parties
All sales and purchases from related parties are made at prevailing market prices. Outstanding balances as at June 30, 2013 and December 31, 2012 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash.

Compensation of Key Management Personnel
The Group considers as key management personnel all employees holding managerial positions up to the president. The short-term benefits of key management personnel of the Group for the six-month period ended June 30, 2013 and 2012 amounted to about ₱59.3 million and ₱55.5 million, respectively.

29. **Income Taxes**

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

	For the six-month period ended June 30	
	2013	2012
	(Unaudited)	
Current	**₱409,378**	₱651,675
Deferred	**(40,711)**	(101,184)
	₱368,667	₱550,491

30. **Financial Instruments**

Fair Value Information and Categories of Financial Instruments
Set out below is the fair values of all the Group's financial instruments that are carried in the consolidated financial statements.

	Fair Values	
	June 30, 2013	December 31, 2012
FINANCIAL ASSETS		
Loans and Receivables		
Cash and cash equivalents	**₱8,240,485**	₱9,263,451
Cash on hand and with banks	1,428,257	637,617
Short-term cash investments	6,812,228	8,625,834
Trade and other receivables	**1,665,871**	937,860
Trade	1,022,156	335,748
Receivable from CBNC	242,444	276,394
Amounts owed by related parties	12,109	6,611
Others	389,162	319,107
Other noncurrent assets	**229,444**	228,516
Mine rehabilitation fund	134,796	134,288
Cash held in escrow	64,648	64,228
Long-term negotiable instrument	30,000	30,000
	10,135,800	10,429,827

	Fair Values	
	June 30, 2013	December 31, 2012
AFS Financial Assets	**₱2,127,848**	₱2,128,038
Quoted equity securities	973,015	926,908
Quoted debt securities	235,930	282,227
Unquoted equity securities	918,903	918,903
	₱12,263,648	₱12,557,865
FINANCIAL LIABILITIES		
Loans and Borrowings		
Trade and other payables	**₱1,045,158**	₱701,733
Trade	551,234	351,881
Accrued expenses	363,440	259,292
Others	130,484	90,560
Long-term debt	**1,558,546**	1,539,289
	₱2,603,704	₱2,241,022

Fair Value Hierarchy of Financial Instruments
All financial instruments carried at fair value are categorized in three categories, defined as follows:

Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observable)

As at June 30, 2013 and December 31, 2012, the Group's AFS financial assets are classified under Level 1 and 3.

As at June 30, 2013 and December 31, 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

31. Business Segment Information

The Group's operating businesses 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, limonite ore and limestone ore.

The services segment is engaged in the chartering out of LCT, construction and rendering of services to CBNC and THNC.

Financial information on the operation of the various business segments are as follows:

	June 30, 2013 (Unaudited)						
	Mining				Services and Others		
	HMC	CMC	TMC	RTN	RTN/TMC/LCSLC	Others	Total
Revenues	1,319,181	84,405	1,012,345	1,726,670	231,086	10,019	4,383,706
Cost of sales	384,377	122,009	512,760	921,119	-	85,015	2,025,280
Cost of services	-	-	-	-	130,333	-	130,333
Shipping and loading costs	166,860	37,593	135,333	145,064	57,689	-	542,539
Excise taxes and royalties	92,389	13,294	80,988	34,533	-	-	221,204
Segment operating earnings (loss)	675,555	(88,491)	283,264	625,954	43,064	(74,996)	1,464,350
General and administrative	29,799	23,012	45,087	49,106	5,514	170,183	322,701
Provision for (benefit from) income tax	176,106	(301)	64,645	174,414	-	(46,197)	368,667
Net income (loss) attributable to equity holders of the parent	535,048	(100,495)	110,736	385,371	(52,986)	(232,070)	645,604
Segment assets	2,245,516	1,075,516	6,165,957	7,444,637	264,873	10,365,068	27,561,567
Deferred income tax assets - net	126,381	76,509	44,128	-	10,333	119,744	377,095
Total assets	2,371,897	1,152,025	6,210,085	7,444,637	275,206	10,484,812	27,938,662
Segment liabilities	566,078	199,860	1,968,853	520,286	63,926	99,364	3,418,367
Deferred income tax liabilities - net	3,444			420,902	33,257	83,415	541,018
Total liabilities	569,522	199,860	1,968,853	941,188	97,183	182,779	3,959,385
Capital expenditures	305,343	92,655	697,169	116,002	20,206	32,778	1,264,153
Depreciation and depletion	48,939	39,623	190,356	274,169	19,992	31,985	605,064

	December 31, 2012 (Audited)						
	Mining				Services		
	HMC	CMC	TMC	RTN	RTN/TMC/ LCSLC	Others	Total
Revenues	2,881,204	1,130,033	3,093,866	4,038,188	444,202	19,414	11,606,907
Cost of sales	713,371	563,897	996,783	2,184,938	–	–	4,458,989
Cost of services	–	–	–	–	334,089	–	334,089
Shipping and loading costs	398,842	250,260	385,542	383,075	–	–	1,417,719
Excise taxes and royalties	201,684	177,980	247,509	80,764	–	–	707,937
Segment operating earnings	1,567,307	137,896	1,464,032	1,389,411	110,113	19,414	4,688,173
General and administrative	74,483	37,940	114,279	76,625	7,686	311,786	622,799
Provision for income tax	455,332	25,053	370,184	394,186	(8,742)	110,348	1,346,361
Net income (loss) attributable to equity holders of the parent	1,106,479	83,656	718,173	844,246	(101,773)	(427,123)	2,223,658
Segment assets	1,564,307	986,111	5,866,492	8,374,105	238,090	9,766,795	26,795,900
Deferred income tax assets - net	128,950	76,208	48,663	–	10,333	103,861	368,015
Total assets	1,693,257	1,062,319	5,915,155	8,374,105	248,423	9,870,656	27,163,915
Segment liabilities	311,808	149,400	1,840,039	642,549	39,320	67,172	3,050,288
Deferred income tax liabilities - net	2,150	–	–	510,242	34,683	–	547,075
Total liabilities	313,958	149,400	1,840,039	1,152,791	74,003	67,172	3,597,363
Capital expenditures	284,377	180,499	841,322	1,372,525	30,972	9,338	2,719,033
Depreciation and depletion	72,606	81,841	300,579	416,531	47,263	63,063	981,883

	June 30, 2012 (Unaudited)						
	Mining				Services and Others		
	HMC	CMC	TMC	RTN	RTN/TMC/LCSLC	Others	Total
Revenues	1,123,221	370,957	1,383,753	2,194,279	225,918	8,306	5,306,434
Cost of sales	224,038	132,391	434,674	1,035,689	-	-	1,826,792
Cost of services	-	-	-	-	124,249	-	124,249
Shipping and loading costs	129,549	69,077	183,981	178,415	61,060	-	622,082
Excise taxes and royalties	78,625	58,426	110,700	43,886	-	-	291,637
Segment operating earnings	691,009	111,063	654,398	936,289	40,609	8,306	2,441,674
General and administrative	31,610	36,209	48,731	30,431	2,333	158,529	307,843
Provision for (benefit from) income tax	187,574	16,697	170,421	224,062	(1,426)	(46,837)	550,491
Net income (loss) attributable to equity							
holders of the parent	489,463	52,073	327,191	604,230	(76,988)	(120,877)	1,275,092
Segment assets	440,493	453,073	3,834,189	7,841,075	198,708	13,430,401	26,197,939
Deferred income tax assets - net	161,435	89,325	22,913	-	4,445	268,826	546,944
Total assets	601,928	542,398	3,857,102	7,841,075	203,153	13,699,227	26,744,883
Segment liabilities	458,678	350,761	2,074,998	949,158	9,188	10,798	3,853,581
Deferred income tax liabilities - net	-	-	-	508,970	36,110	(3,509)	541,571
Total liabilities	458,678	350,761	2,074,998	1,458,128	45,298	7,289	4,395,152
Capital expenditures	152,778	132,278	566,322	248,974	21,614	18,222	1,140,188
Depreciation and depletion	25,830	42,968	139,324	167,357	25,344	30,873	431,696

The Group has revenues from external customers as follows:

	For the six-month period ended June 30	
	2013	2012
Country of Domicile	(Unaudited)	
China	**₱2,788,747**	₱3,096,791
Japan	**712,836**	1,230,729
Local	**882,123**	978,914
	₱4,383,706	₱5,306,434

The revenue information above is based on the location of the customer.

Revenue from two key customers amounted to ₱1,887.8 million and ₱2,053.3 million for the six-month period ended June 30, 2013 and 2012, respectively, arising from sale of ores.

The Group has non-current assets consisting of property and equipment and investment property located in the Parent Company's country of domicile amounting to ₱6,540.9 million and ₱6,022.1 million as at June 30, 2013 and December 31, 2012, respectively.

32. Restatement

Accounting for Pension Liability

The Group adopted Revised PAS 19 on Employee benefits with a date of initial application of January 1, 2013.

For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested.

Upon adoption of the Revised PAS 19, the Group changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The Revised PAS 19 also revised the definition of short-term employee benefits and required employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modified the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

Changes to the definition of short-term employee benefits and timing of recognition for termination benefits do not have any significant impact to the Group's financial position and performance as of June 30, 2013 and December 31, 2012.

The impacts of the revisions of the standard to the consolidated statements of financial position are presented below:

	As at December 31, 2012	As at January 1, 2012	As at January 1, 2011
Increase (decrease) in:			
Retirement obligation	**₱48,961**	₱54,111	₱36,909
Deferred income tax asset	**14,688**	16,233	11,073
Other comprehensive income	**(36,648)**	(39,061)	(25,836)
Retained earnings	**2,375**	1,183	–

The impacts of the revisions to the consolidated statements of income are presented below:

	2012	2011
Increase (decrease) in:		
Retirement costs	**(₱852)**	(₱1,690)
Income tax expense	**255**	507
Net income:		
Attributable to the equity holders of the parent	**388**	769
Attributable to non-controlling interests	**209**	414

The impacts of the revisions to the consolidated statements of comprehensive income are presented below:

	2012	2011
Increase (decrease) in:		
Re-measurement of retirement obligation	**₱1,724**	(₱18,893)
Income tax effects	**(517)**	5,668
Other comprehensive income, net of tax		
Attributable to the equity holders of the parent	**785**	(8,596)
Attributable to non-controlling interests	**422**	(4,629)

33. **Event after the Reporting Period**

On July 15, 2013, CMC, RTN, TMC and HMC entered into a Memorandum of Agreement with Adelantado Corporation to sell their condominium units at a purchase price of ₱331.0 million.

34. **Reclassification**

Certain 2012 expense items were reclassified to conform to the presentation of the 2013 financial statements.