COVER SHEET

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SEC Registration Number

NICKEL ASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

28th Floor NAC Tower, 32nd Street Bonifacio Global City, Taguig City

(Business Address: No. Street City/Town/Province)7

EMMANUEL L. SAMSON

(Contact Person)

892-6669 / 892-4177

(Company Telephone Number)

1 2	3 1	17-Q	0 6	1st Friday
Month	*Day*	(Form Type)	*Month*	*Day*
(Calendar Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

84	₱4,527.0 million	₱45.2 million
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number CS200811530
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

28th Floor NAC Tower, 32nd Street,
Bonifacio Global City, Taguig 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, 2017
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, 2017**
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
   28th Floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City — **1634**
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.
   N/A
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	**7,602,928,954 shares**
Long-term Debt	**Php4,572.2 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.

August 8, 2017

Ms. Janet A. Encarnacion
Disclosure Department
The Philippine Stock Exchange Inc.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Atty. Justina F. Callangan
Corporation Finance Department
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills
Mandaluyong City

Re : SEC Form 17-Q 2017 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, 2017.

We trust everything is in order.

Very truly yours,

Emmanuel L. Samson
SVP - Chief Financial Officer

28th Floor NAC Tower, 32nd St., Bonifacio Global City, Taguig City, Philippines 1634
Tel. No. +632 798-7622 I +632 892-6669 I Fax No. +632 892-5344

NICKEL ASIA CORPORATION

17-Q QUARTERLY REPORT

JUNE 30, 2017

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at June 30, 2017 (with Comparative Audited Statement of Financial Position as at December 31, 2016) and for the six-month period ended June 30, 2017 and 2016 are hereto attached.

The following tables set forth the summary financial information for the six-month period ended June 30, 2017 and 2016 and as at June 30, 2017 and December 31, 2016:

Summary Consolidated Statements of Income

	For the Quarter Ended June 30		Increase	Percent
	2017	**2016**	**(Decrease)**	**Inc (Dec)**
	(In Thousand Pesos)			
Revenues	7,821,482	5,516,982	2,304,500	42%
Costs	(3,319,548)	(2,891,471)	428,077	15%
Operating expenses	(1,663,712)	(1,599,806)	63,906	4%
Finance income	151,168	105,865	45,303	43%
Finance expenses	(127,004)	(149,841)	(22,837)	-15%
Equity in net income (losses) of associates	55,420	(484,345)	(539,765)	-111%
Other income - net	213,976	124,794	89,182	-71%
Provision for income tax - net	(934,249)	(370,980)	563,269	152%
Net income	2,197,533	251,198	1,946,335	-775%
Net income attributable to:				
Equity holders of the parent	1,535,149	24,421	1,510,728	-6186%
Non-controlling interests	662,384	226,777	435,607	192%
	2,197,533	251,198	1,946,335	-775%

Summary Consolidated Statements of Financial Position

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)	Increase (Decrease)	Percent Inc (Dec)
	(In Thousand Pesos)			
Current assets	21,910,442	20,522,768	1,387,674	7%
Noncurrent assets	25,211,902	24,828,748	383,154	2%
Total assets	47,122,344	45,351,516	1,770,828	4%
Current liabilities	8,897,765	7,945,838	951,927	12%
Noncurrent liabilities	6,021,595	6,206,025	(184,430)	-3%
Equity attributable to equity holders of the Parent	28,191,438	27,020,491	1,170,947	4%
Non-controlling interests	4,011,546	4,179,162	(167,616)	-4%
Total liabilities and equity	47,122,344	45,351,516	1,770,828	4%
	-	-		

Summary Consolidated Statements of Cash Flows

	For the Quarter Ended June 30		Increase	Percent
	2017	2016	(Decrease)	Inc (Dec)
	(In Thousand Pesos)			
Net cash flows from (used in):				
Operating activities	3,090,500	1,189,071	1,901,429	-160%
Investing activities	(1,295,348)	(2,141,367)	(846,019)	-40%
Financing activities	(1,288,193)	(20,318)	1,267,875	-6240%
Net increase (decrease) in cash and cash equivalents	506,959	(972,614)	1,479,573	152%
Cash and cash equivalents, beginning	9,647,943	7,073,171	2,574,772	36%
Cash and cash equivalents, end	10,154,902	6,100,557	4,054,345	66%

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, 2017 and 2016, 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, 2017 compared with six months ended June 30, 2016

Revenues

Our total revenues were ₱7,821.5 million for the six months ended June 30, 2017 compared to ₱5,517.0 million for the six months ended June 30, 2016, an increase of ₱2,304.5 million or 42%.

Sale of ore

The Group's estimated value of shipments from sale of beneficiated nickel ore during the first half of 2017 rose by 41% to ₱7,158.0 million from ₱5,075.3 million during the same period last year. The increase was mainly due to higher prices for its nickel ore sales combined with higher shipment volumes and a weaker peso exchange rate.

The Group sold an aggregate 8,924.6 thousand wet metric tons (WMT) of nickel ore from its four operating mines during the first half of 2017 compared to 8,540.0 thousand WMT achieved the previous year.

The estimated realized nickel price on 4,683.3 thousand WMT of ore sales to Japanese and Chinese customers in the first six months of the year averaged $25.88 per WMT compared to an average of $18.24 per WMT on 5,144.4 thousand WMT of ore sales realized during the same period last year. It will be recalled that during the first half of last year nickel prices were at much lower levels due to weak demand brought about by an economic slowdown in China.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito processing plants, which are linked to London Metal Exchange (LME) prices, the Group realized an average of $4.40 per pound of payable nickel on 4,241.3 thousand WMT sold during the first half of the year. This compares to an average price of $3.92 per pound of payable nickel on 3,395.6 thousand WMT sold during the comparable period last year.

The realized Peso / U.S. dollar exchange rate for ore sales was ₱49.95 during the first half of the year compared to ₱46.75 in the same period last year.

On a per mine basis, Taganito mine accounted for 45% of total shipments during the first half of 2017. The mine shipped a total of 1,451.3 thousand WMT of saprolite ore and delivered 2,545.8 thousand WMT of limonite ore to the Taganito HPAL plant. The comparable figures for last year were 799.7 thousand WMT of saprolite ore and 2,742.7 thousand WMT of limonite ore, including 1,745.6 thousand WMT delivered to the Taganito plant.

The Rio Tuba mine accounted for 37% of total shipments, which consisted of 1,424.4 thousand WMT of saprolite ore and 1,866.6 thousand WMT of limonite ore, including 1,695.5 thousand WMT of ore delivered to the Coral Bay HPAL plant. The comparable figures for last year were 1,073.5 thousand WMT, 2,084.7 thousand WMT and 1,649.9 thousand WMT, respectively.

Shipments from the Hinatuan mine amounted to 934.7 thousand WMT compared to 999.3 thousand WMT in 2016. The Cagdianao mine, which experienced a late start of its shipment season due to prolonged heavy rainfalls, shipped 701.8 thousand WMT versus 840.1 thousand WMT last year.

Rio Tuba's revenue from sale of limestone was ₱241.7 million for the first half of 2017 compared to ₱177.0 million during the same period last year, an increase of ₱64.7 million or 37%. The increase was attributable to the 16.2 thousand WMT or 6% increase in limestone sales during the first half of 2017 compared to the same period last year.

Services and Others

Our revenue from services and others was ₱320.4 million for the first half of 2017 compared to ₱259.7 million for the same period last year, an increase of ₱60.7 million or 23%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that Rio Tuba Nickel Mining Corporation (RTN) and Taganito Mining Corporation (TMC) provides to Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THNC), respectively, and usage fee charged by TMC to THNC for the use of its pier facility. The increase in service revenue was significantly attributable to the higher volume handled by TMC for THNC, which increased by 46%, which led to the increase in service revenue by ₱50.5 million.

Sale of Power

During the first half of 2017, the Group generated revenue from its power generation activities, primarily from solar power, amounting to ₱101.3 million whereas there was only ₱5.0 million in the first half of 2016 since the operations started only in May 2016.

<u>*Costs*</u>

Our costs amounted to ₱3,319.5 million for the six months ended June 30, 2017 compared to ₱2,891.5 million for the six months ended June 30, 2016, an increase of ₱428.0 million or 15%.

Cost of Sales

For the first six months of 2017, our cost of sales was ₱3,047.9 million compared to ₱2,725.3 million in the same period last year, an increase of ₱322.6 million or 12%, mainly due to 5% increase in shipment volume. Relative to this, personnel cost was higher by ₱80.7 million due to annual salary adjustment and new regularized employees, production overhead was higher by ₱96.4 million due to increase in fuel cost and equipment rental, and outside services was higher by ₱38.8 million since mining activities were mostly done in-house.

Cost of Services
Cost of services were ₽176.8 million for the first half of 2017 compared to ₽159.0 million for the same period last year, an increase of ₽17.8 million or 11%. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services to CBNC and THNC, plus the costs of maintaining the pier facility used by THNC. The increase in cost of services was attributable mainly to higher volume handled by TMC for THNC which increased by 46%.

Cost of Power Generation
Cost of power generation amounted to ₽94.8 million for the first half of 2017 and ₽7.2 million for the same period last year since the power activities of the Group started only in May 2016.

<u>Operating Expenses</u>
Shipping and Loading
Shipping and loading costs were ₱749.8 million for the six months ended June 30, 2017 compared to ₱810.7 million for the same comparable period last year, a decrease of ₱60.9 million or 8% due to the 9% decline in volume of ore export. The decrease was attributable mainly from decrease in contract fees by ₱113.7 million, since most of the shipments were handled in-house, and due to the expiration of the long-term Landing Craft Transport (LCT) charter contracts at the end of the first quarter of 2016. The Group has since entered into short-term LCT charters on a per need basis.

General and Administrative
General and administrative expenses were ₱375.2 million in the first half of 2017 compared to ₱389.6 million in the first half of 2016, a decrease of ₱14.4 million or 4%. The movements in general and administrative expenses pertain to the increase in personnel cost by ₱12.0 million and decrease in taxes and licenses by ₱15.1 million and other general and administrative expenses, which are composed of numerous transactions with minimal amounts, by ₱12.5 million.

Excise Taxes and Royalties
Our excise taxes and royalties were ₱501.8 million for the six months ended June 30, 2017 compared to ₱369.9 million in the same period last year, an increase of ₱131.9 million or 36%. The increase in excise taxes and royalties was attributable to higher revenue from sale of nickel ore and limestone during the period.

<u>Finance Income</u>
Our finance income were ₽151.2 million for the first half of 2017 compared to ₽105.9 million for the first half of 2016, an increase of ₽45.3 million or 43%, due to increase in interest income from cash and cash equivalents by ₽29.0 million or 62% and from AFS debt securities by ₽8.4 million or 14% during the first half of 2017 compared to the same period last year. Also, a gain of ₽7.8 million was recognized from the sale of AFS financial assets in 2017 compared to a loss of ₽8.4 million in 2016.

<u>Finance Expenses</u>
Our finance expenses were ₽127.0 million for the first half of 2017 compared to ₽149.8 million for the first half of 2016, a decrease of ₽22.8 million or 15%. The decrease in finance expenses arises mainly from the reduction in guarantee service fee by ₽35.1 million due to reduction in the Group's share in net loss of an associate from 22.5% to 10%. However, the decrease was partially offset by the increase in interest expense by ₽17.6 million, particularly from loan from Security Bank Corporation (SBC).

Equity in Net Income (Losses) of Associates
Our equity in net income (losses) of THNC and CBNC was ₱55.4 million income and ₱484.3 million loss in the first half of 2017 and 2016, respectively. The net income (loss) of THNC and CBNC's operations in the first half of 2017 was US$13.9 million income and US$2.8 million loss, respectively, compared to a loss of US$36.0 million and US$22.3 million, respectively, in the first half of 2016. The increase in equity in net income of associates was due to lower operating costs and higher cobalt prices, a by-product of both plants.

Other Income - Net
Our other income - net for the six months ended June 30, 2017 were ₱214.0 million compared to ₱124.8 million in the same period last year, an increase of ₱89.2 million or 72%. The increase was primarily due to the effect of changes in foreign exchange rate which increased by ₱124.6 million due to weaker peso exchange rate (average of ₱49.94/US$1 for the first half of 2017 compared to an average of ₱46.88/US$1 for the first half of 2016). Normally, the Group is in net asset position, thus the impact of weaker peso exchange rate is an income to the Group.

Provision for Income Tax
The provision for income tax was ₱934.2 million for the six months ended June 30, 2017 compared to ₱371.0 million in the same period last year, an increase of ₱563.2 million or 152%.

Our current provision for income tax for the first half of 2017 was ₱994.3 million compared to ₱409.4 million in the same period last year, an increase of ₱584.9 million or 143%, primarily due to the increase in our taxable income brought by higher sales revenue in 2017.

Net Income
As a result of the foregoing, our consolidated net income was ₱2,197.5 million for the first half of 2017 compared to ₱251.2 million for the first half of 2016. Net of non-controlling interests, our net income was ₱1,535.1 million for the first half of 2017 compared to ₱24.4 million for the first half of 2016, an increase of ₱1,510.7 million.

Statement of Financial Position
As at June 30, 2017, total assets increased to ₱47,122.3 million from ₱45,351.5 million as of the end of 2016. Current assets increased to ₱21,910.4 million from ₱20,522.8 million mainly because of the increase in trade and other receivables by ₱459.1 million, prepaid royalty by ₱111.6 million and net acquisitions of AFS financial assets of ₱164.6 million. Moreover, cash and cash equivalents, mainly from operations, increased by ₱507.0 million due to higher value of shipments in the first half of 2017 compared to the same period last year.

The increase in noncurrent assets from ₱24,828.7 million to ₱25,211.9 million arise mainly from the additional investment in geothermal exploration and evaluation assets of ₱43.8 million and other project development cost of Jobin SQM, Inc. (Jobin) of ₱86.6 million, and increase in investment in associates by ₱55.4 million due to favorable results of operations of THNC plus the effect of our share in cumulative translation adjustment.

Total current liabilities increased to ₱8,897.8 million as at June 30, 2017 from ₱7,945.8 million as at December 31, 2016 due to increase in trade and other payables as a result of the cash dividends declared to Pacific Metals Co., Ltd. (PAMCO) and Sojitz amounting to a total of ₱830.0 million which are payable in August 2017, increase in income tax payable by ₱114.1 million and other current liability by ₱28.0 million. The increase was partially offset by the payment of Emerging Power Inc.'s

(EPI) short-term debt to Manta Equities Inc. amounting to ₱180.0 million. Total noncurrent liabilities decreased to ₱6,021.6 million as at June 30, 2017 from ₱6,206.0 million as at December 31, 2016 primarily due to decrease in deferred income tax liabilities by ₱184.1 million.

Our equity net of non-controlling interests as at June 30, 2017 increased to ₱28,191.4 million from ₱27,020.5 million as of year-end 2016, primarily due to the Group's share in net income in the first half of 2017.

Statement of Cash Flows

Net cash from operating activities in the first half of 2017 amounted to ₱3,090.5 million compared to ₱1,189.1 million in the first half of 2016. In 2017, cash from operations arise from higher sales revenue due to higher prices for nickel ore sales combined with higher shipment volumes and a weaker peso exchange rate contrary to the first half of 2016 wherein nickel prices are low and average peso exchange rate were significantly lower.

Net cash used in investing activities in the first half of 2017 and 2016 amounted to ₱1,295.3 million and ₱2,141.4 million, respectively. The net cash outflows in 2017 arise mainly from the net acquisitions of AFS financial assets and property and equipment which amounted to ₱245.2 million and ₱1,079.9 million, respectively, and this compares to ₱203.6 million and ₱621.0 million, respectively, for the same period last year. Also, in 2017 and 2016, ₱109.7 million and ₱981.1 million, respectively, were spent for project development costs of Jobin and EPI and ₱43.8 million and ₱501.1 million, respectively, for geothermal exploration and evaluation assets of Biliran Geothermal Inc. (BGI) and Mindoro Geothermal Power Corporation (MGPC).

In first half of 2017 and 2016, the net cash flows used in financing activities arise mainly from payments of cash dividends, long-term debt and interest amounting to a total of ₱1,314.1 million and ₱1,302.5 million, respectively. However, the cash outflows were offset by the ₱28.0 million increase in other current liability in 2017; and by the ₱1,190.0 million loan proceeds received by EPI and ₱90.9 million additional investments from non-controlling shareholders in 2016.

As at June 30, 2017 and 2016, cash and cash equivalents amounted to ₱10,154.9 million and ₱6,100.6 million, respectively.

TOP FIVE KEY PERFORMANCE INDICATORS

1) ***SALES VOLUME***

   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 and lately, carbon steel, in China. Our sales of high-grade saprolite ore are mainly to PAMCO, which 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 and our customers in China, we sell limonite ore from our Rio Tuba mine to the Coral Bay HPAL facility and from our Taganito mine to the Taganito HPAL facility, in which we both have a 10% equity 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 20,000 tonnes of contained nickel in the second half of 2009, resulting in a higher volume of limonite ore sales from RTN. In 2010, the Coral Bay HPAL facility was able to attain an annual capacity of 23,000 tonnes as a result of the facility's expansion in 2009 which became fully operational in 2010. The Taganito HPAL facility has an annual capacity of 30,000 tonnes of contained nickel over an estimated 30-year Project life.

Type and Grade of Ore that We Mine

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.

For the first half of 2017 and 2016, we sold an aggregate of 8,924.6 thousand WMT and 8,540.0 thousand WMT, respectively.

2) *CASH OPERATING COST PER VOLUME SOLD*

The cash operating 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 period to period.

The cash operating cost includes production, shipping and loading costs, excise taxes and royalties, marketing and general and administrative expenses incurred by the Group.

The average cash operating cost per volume sold for the first half of 2017 was ₱420.92 per WMT on the basis of aggregate cash costs of ₱3,756.5 million and a total sales volume of 8,924.6 thousand WMT of ore. This compares to ₱402.60 per WMT during the same period in 2016 on the basis of aggregate cash costs of ₱3,438.2 million and a total sales volume of 8,540.0 thousand WMT of ore.

3) *ATTRIBUTABLE NET INCOME*

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The net income attributable to equity holders of the Parent Company for the first half of 2017 was ₱1,535.1 million compared to ₱24.4 million in the same period last year.

4) *NUMBER OF HECTARES REHABILITATED/REFORESTED*

We adhere to the principles and practices of sustainable development. We are committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. To manage environmental impacts, the Company's subsidiaries have an Environmental Protection and Enhancement Program (EPEP). This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment. A major component under our EPEP is the rehabilitation and reforestation of the areas affected by our mining operations. We also participate in the government's National Greening Program where we plant trees and/or donate seedlings outside of our mining properties. For the first half of 2017 and 2016, the Group has rehabilitated and reforested a total of 47.21 hectares and 53.93 hectares, respectively, with corresponding number of trees planted of about 101,552 and 135,493, respectively.

5) ***FREQUENCY RATE***

Health and safety are integral parts of our personnel policies. Our comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to our operations. We measure our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total man-hours worked for the period. Our frequency rate was 0.16 and nil for the first half of 2017 and 2016, respectively.

Liquidity and Capital Resources

As of June 30, 2017 and December 31, 2016, 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 the 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. In addition, we also incurred long-term debt to finance the solar project of Jobin and the geothermal exploration and evaluation assets of MGPC and BGI. Any revenue that will be earned by Jobin, MGPC and BGI upon start of their commercial operations will be used to pay-off the debt.

As of June 30, 2017 and December 31, 2016, our working capital, defined as the difference between our current assets and current liabilities, was ₱13.0 billion and ₱12.6 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 and to finance EPI's project development costs. 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 driven primarily by changes in global demand and global production of similar and competitive mineral products. This therefore required us to change the pricing mechanism on our sales of saprolite ore to our Japanese customers, which was traditionally linked to LME prices. Effective April 1, 2014, the pricing of saprolite ore to Japan was therefore changed to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to international iron ore price index. The prices of nickel ore delivered to CBNC and THNC are determined based on a payable percentage of the nickel contained in the ore delivered and a formula related to LME prices over the period the nickel ore was delivered. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

Foreign Currency Risk

Our foreign currency risk results primarily from movements of the peso against the US$ on 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 US$. Because almost all of our revenues are earned in US$ while most of our expenses are paid in Peso, appreciation of the peso against the US$ 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 US$, the appreciation of the peso against the US$ 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.

Nickel Ore Trade
Early this year, the Indonesian government announced the relaxation of nickel ore export ban and it resulted to a downward trend in LME nickel price.

However, ore export from Indonesia has been minimal in the first half of the year therefore; the demand for Philippine nickel ore became strong.

As of now, the Indonesian government issued export permit for 8 million WMT of below 1.7% nickel grade, and we expect that 5 million WMT will be shipped out within this year.

Chinese stainless steel production in first half of the year resulted to 12.3 million ton, which is up by 6.8% y-o-y basis. We see strong nickel demand; however, there is uncertainty in the export volume from Indonesia, which eventually will give a downward pressure on LME nickel price.

Seasonality of Operations
Mining operations at the majority of the Group's mines are suspended and we 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.

Material Commitment for Capital Expenditures
Jobin entered into Engineering, Procurement, and Construction Management contract with SunSource Energy Private Limited (SSEPL) for the implementation of the entire 92.86 MW phase of the Sta. Rita Solar Power Project. The scope of the service agreement between Jobin and SSEPL covers the designing, planning, engineering, procurement (manufacturing/supply), construction/erection management, testing and commissioning of the utility scale solar photovoltaic plant under Phase II. Funding to finance this project will come from internally generated funds, advances from related parties and/or borrowings from banks.

Off-balance Sheet Arrangements

Under the Suretyship Agreement executed by and between the Parent Company and SBC on August 4, 2015, the Parent Company solidarily with EPI guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC.

Other than the Suretyship Agreement mentioned above, we have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

Known Trends, Events, or Uncertainties

On February 13, 2017, Hinatuan Mining Corporation (HMC) a wholly owned subsidiary of the Parent Company and whose tonnage consists of 10% of the Group's total production, received a letter from DENR stating that MPSA in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 or the Philippine Mining Act of 1995 as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA. The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its Mineral Production Sharing Agreement.

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

Other than as discussed above, there are no known significant trends, demands, commitments, or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way.

There were no other significant elements of income or loss that did not arise from the Company's continuing operations.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
PART II - FINANCIAL SOUNDNESS INDICATORS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	2017	2016
A. *Liquidity analysis ratios*		
Current ratio or working capital ratio	**2.46**	2.24
Quick ratio	**1.99**	1.72
Solvency ratio	**3.16**	3.22
B. *Financial leverage ratios*		
Debt ratio	**0.32**	0.31
Debt-to-equity ratio	**0.46**	0.45
Asset-to-equity ratio	**1.46**	1.45
Interest coverage ratio	**29.38**	8.00
C. *Profitability ratios*		
Net profit margin	**0.28**	0.05
Return on assets	**0.05**	0.01
Return on equity	**0.07**	0.01
Gross profit margin	**0.58**	0.48
Price/earnings ratio	**32.00**	0.00

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, 2017

Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

August 8, 2017

NICKEL ASIA CORPORATION
SEC FORM 17-Q
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2017

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at June 30, 2017 and December 31, 2016

Interim Consolidated Statements of Income for the three-month period ended June 30, 2017 and 2016

Interim Consolidated Statements of Income for the six-month period ended June 30, 2017 and 2016

Interim Consolidated Statements of Comprehensive Income for the six-month period ended June 30, 2017 and 2016

Interim Consolidated Statements of Changes in Equity for the six-month period ended June 30, 2017 and 2016

Interim Consolidated Statements of Cash Flows for the six-month period ended June 30, 2017 and 2016

Notes to Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017
(With Comparative Audited Figures as at December 31, 2016)
(Amounts in Thousands)

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱10,154,902**	₱9,647,943
Trade and other receivables (Note 5)	**1,604,322**	1,145,271
Inventories (Note 6)	**3,208,589**	3,210,838
Available-for-sale (AFS) financial assets (Note 7)	**5,914,574**	5,572,285
Prepayments and other current assets	**1,028,055**	946,431
Total Current Assets	**21,910,442**	20,522,768
Noncurrent Assets		
Property and equipment (Note 8)	**15,745,145**	15,566,425
Investments in associates (Note 9)	**2,859,015**	2,582,087
Geothermal exploration and evaluation assets (Note 10)	**1,819,599**	1,775,799
AFS financial assets - net of current portion (Note 7)	**767,910**	746,793
Long-term stockpile inventory - net of current portion (Note 11)	**272,717**	367,244
Deferred income tax assets - net	**187,185**	370,052
Other noncurrent assets	**3,560,331**	3,420,348
Total Noncurrent Assets	**25,211,902**	24,828,748
TOTAL ASSETS	**₱47,122,344**	₱45,351,516
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 12 and 29)	**₱8,027,091**	₱7,016,683
Income tax payable	**540,947**	426,802
Other current liability	**197,079**	169,079
Current portion of:		
Long-term debt (Note 13)	**127,648**	148,274
Long-term payable	**5,000**	5,000
Short-term debt (Note 13)	**–**	180,000
Total Current Liabilities	**8,897,765**	7,945,838
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	**4,444,598**	4,468,059
Deferred income tax liabilities - net	**692,395**	876,467
Provision for mine rehabilitation and decommissioning (Note 14)	**447,263**	442,484
Pension liability	**352,078**	332,320
Deferred income - net of current portion	**60,754**	62,849
Long-term payable	**24,507**	23,846
Total Noncurrent Liabilities	**6,021,595**	6,206,025
Total Liabilities	**14,919,360**	14,151,863
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	**3,808,665**	3,808,665
Additional paid-in capital	**8,300,002**	8,300,002
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	**608,643**	409,286
Cost of share-based payment plan (Note 16)	**133,589**	126,622
Net valuation gains on AFS financial assets (Note 7)	**50,662**	12,954
Asset revaluation surplus	**32,289**	32,480
Retained earnings		
Unappropriated	**14,148,632**	13,221,526
Appropriated (Note 15)	**1,108,956**	1,108,956
	28,191,438	27,020,491
Non-controlling Interests (NCI)	**4,011,546**	4,179,162
Total Equity	**32,202,984**	31,199,653
TOTAL LIABILITIES AND EQUITY	**₱47,122,344**	₱45,351,516

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016

(Amounts in Thousands, Except Earnings per Share)

	2017	2016
	(Unaudited)	
REVENUES (Note 29)		
Sale of ore	**₱5,092,161**	₱3,706,560
Services and others	**171,834**	104,075
Sale of power	**64,639**	4,955
	5,328,634	3,815,590
COSTS		
Sale of ore (Note 18)	**2,064,920**	1,760,148
Services (Note 19)	**91,270**	72,203
Power generation (Note 20)	**75,837**	7,223
	2,232,027	1,839,574
OPERATING EXPENSES		
Shipping and loading costs (Note 21)	**558,879**	542,231
General and administrative (Note 22)	**199,538**	210,463
Excise taxes and royalties (Note 23)	**396,176**	287,991
Marketing	**36,937**	29,501
	1,191,530	1,070,186
FINANCE INCOME (Note 26)	**91,595**	51,459
FINANCE EXPENSES (Note 27)	**(62,527)**	(73,452)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES (Note 9)	**65,669**	(258,489)
OTHER INCOME - Net (Note 28)	**128,919**	161,421
INCOME BEFORE INCOME TAX	**2,128,733**	786,769
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	**604,779**	276,609
Deferred	**(18,605)**	28,721
	586,174	305,330
NET INCOME	**₱1,542,559**	₱481,439
Net income attributable to:		
Equity holders of the parent	**₱1,157,640**	₱325,198
NCI	**384,919**	156,241
	₱1,542,559	₱481,439
Basic/Diluted Earnings Per Share (EPS; Note 17)	**₱0.15**	₱0.04

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(Amounts in Thousands, Except Earnings per Share)

	2017	2016
	(Unaudited)	
REVENUES (Note 29)		
Sale of ore	**₱7,399,724**	₱5,252,300
Services and others	**320,411**	259,727
Sale of power	**101,347**	4,955
	7,821,482	5,516,982
COSTS		
Sale of ore (Note 18)	**3,047,939**	2,725,279
Services (Note 19)	**176,830**	158,969
Power generation (Note 20)	**94,779**	7,223
	3,319,548	2,891,471
OPERATING EXPENSES		
Shipping and loading costs (Note 21)	**749,801**	810,738
General and administrative (Note 22)	**375,160**	389,629
Excise taxes and royalties (Note 23)	**501,814**	369,938
Marketing	**36,937**	29,501
	1,663,712	1,599,806
FINANCE INCOME (Note 26)	**151,168**	105,865
FINANCE EXPENSES (Note 27)	**(127,004)**	(149,841)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES (Note 9)	**55,420**	(484,345)
OTHER INCOME - Net (Note 28)	**213,976**	124,794
INCOME BEFORE INCOME TAX	**3,131,782**	622,178
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	**994,273**	409,413
Deferred	**(60,024)**	(38,433)
	934,249	370,980
NET INCOME	**₱2,197,533**	₱251,198
Net income attributable to:		
Equity holders of the parent	**₱1,535,149**	₱24,421
NCI	**662,384**	226,777
	₱2,197,533	₱251,198
Basic/Diluted EPS (Note 17)	**₱0.20**	₱0.00

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(Amounts in Thousands)

	2017	2016
	(Unaudited)	
NET INCOME	**₱2,197,533**	₱251,198
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:		
Share in translation adjustment of associates	**199,357**	(1,650)
Net valuation gains on AFS financial assets	**37,708**	114,918
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	**237,065**	113,268
Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:		
Asset revaluation surplus	**(191)**	(191)
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	**236,874**	113,077
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱2,434,407**	₱364,275
Total comprehensive income attributable to:		
Equity holders of the parent	**₱1,772,023**	₱137,498
NCI	**662,384**	226,777
	₱2,434,407	₱364,275

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										
							Retained Earnings				
	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 (Note 9)	Asset Revaluation Surplus	Unappropriated	Appropriated (Note 15)	Total	NCI	Total
Balances at December 31, 2016	**₱3,808,665**	**₱8,300,002**	**₱126,622**	**₱12,954**	**₱409,286**	**₱32,480**	**₱13,221,526**	**₱1,108,956**	**₱27,020,491**	**₱4,179,162**	**₱31,199,653**
Net income	–	–	–	–	–	–	**1,535,149**	–	**1,535,149**	**662,384**	**2,197,533**
Other comprehensive income (loss)	–	–	–	**37,708**	**199,357**	**(191)**	–	–	**236,874**	–	**236,874**
Total comprehensive income (loss)	–	–	–	**37,708**	**199,357**	**(191)**	**1,535,149**	–	**1,772,023**	**662,384**	**2,434,407**
Cost of share-based payment plan (Note 16)	–	–	**6,967**	–	–	–	–	–	**6,967**	–	**6,967**
Cash dividends - ₱0.08 per common share (Note 15)	–	–	–	–	–	–	**(608,234)**	–	**(608,234)**	–	**(608,234)**
Cash dividends to NCI	–	–	–	–	–	–	–	–	–	**(830,000)**	**(830,000)**
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	**191**	–	**191**	–	**191**
Balances at June 30, 2017 (Unaudited)	**₱3,808,665**	**₱8,300,002**	**₱133,589**	**₱50,662**	**₱608,643**	**₱32,289**	**₱14,148,632**	**₱1,108,956**	**₱28,191,438**	**₱4,011,546**	**₱32,202,984**

See accompanying Notes to Unaudited Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock	Additional Paid-in Capital	Cost of Share-based Payment Plan	Net Valuation Gains (Losses) on AFS Financial Assets	Share in Cumulative Translation Adjustment	Asset Revaluation Surplus	Retained Earnings Unappropriated	Retained Earnings Appropriated	Total	NCI	Total
Balances at December 31, 2015	₱3,805,670	₱8,284,767	₱104,824	(₱134,467)	₱406,609	₱32,863	₱11,300,347	₱1,711,260	₱25,511,873	₱3,901,315	₱29,413,188
Net income	–	–	–	–	–	–	24,421	–	24,421	226,777	251,198
Other comprehensive income (loss)	–	–	–	114,918	(1,650)	(191)	–	–	113,077	–	113,077
Total comprehensive income (loss)	–	–	–	114,918	(1,650)	(191)	24,421	–	137,498	226,777	364,275
Cost of share-based payment plan	–	–	15,232	–	–	–	–	–	15,232	–	15,232
Cash dividends - ₱0.08 per common share (Note 15)	–	–	–	–	–	–	(607,755)	–	(607,755)	–	(607,755)
Investments from non-controlling shareholders	–	–	–	–	–	–	–	–	–	90,900	90,900
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	191	–	191	–	191
Balances at June 30, 2016 (Unaudited)	₱3,805,670	₱8,284,767	₱120,056	(₱19,549)	₱404,959	₱32,672	₱10,717,204	₱1,711,260	₱25,057,039	₱4,218,992	₱29,276,031

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

(Amounts in Thousands)

	2017	2016
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱3,131,782**	₱622,178
Adjustments for:		
Depreciation, amortization and depletion (Note 25)	**753,974**	738,331
Interest income (Note 26)	**(143,354)**	(105,865)
Interest expense (Notes 13, 19 and 27)	**110,349**	88,905
Equity in net losses (income) of associates (Note 9)	**(55,420)**	484,345
Dividend income (Note 28)	**(26,671)**	(25,989)
Unrealized foreign exchange losses (gains) - net	**(19,073)**	1,405
Movements in pension liability	**17,322**	17,024
Loss (gain) on:		
Sale of AFS financial assets (Notes 26 and 27)	**(7,814)**	8,449
Sale of property and equipment (Note 28)	**5,620**	(3,225)
Reversal of allowance for impairment losses on property and equipment (Note 28)	**(12,825)**	–
Cost of share-based payment plan (Notes 16 and 24)	**6,967**	15,232
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 14 and 27)	**4,779**	1,643
Operating income before working capital changes	**3,765,636**	1,842,433
Decrease (increase) in:		
Trade and other receivables	**(332,447)**	(376,491)
Inventories	**96,776**	(20,788)
Prepayments and other current assets	**(79,588)**	(149,013)
Increase in trade and other payables	**520,251**	140,703
Net cash generated from operations	**3,970,628**	1,436,844
Income taxes paid	**(880,128)**	(247,773)
Net cash flows from operating activities	**3,090,500**	1,189,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
AFS financial assets (Note 7)	**(2,962,101)**	(5,194,339)
Property and equipment (Note 8)	**(1,092,496)**	(624,700)
Proceeds from sale of:		
AFS financial assets	**2,716,887**	4,990,780
Property and equipment	**12,605**	3,669
Interest received	**140,003**	109,981
Increase in:		
Other noncurrent assets	**(93,152)**	(951,649)
Geothermal exploration and evaluation assets	**(43,800)**	(501,088)
Dividends received	**26,706**	25,979
Net cash flows used in investing activities	**(1,295,348)**	(2,141,367)

(Forward)

	2017	2016
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	**(₱970,734)**	(₱1,157,755)
Short-term debt	**(180,000)**	–
Long-term debt	**(57,413)**	(57,413)
Interest paid	**(105,951)**	(87,358)
Increase (decrease) in:		
Other current liability	**28,000**	21
Deferred income	**(2,095)**	1,287
Investments from non-controlling shareholders	–	90,900
Proceeds from availment of long-term debt	–	1,190,000
Net cash flows used in financing activities	**(1,288,193)**	(20,318)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**506,959**	(972,614)
CASH AND CASH EQUIVALENTS AT JANUARY 1	**9,647,943**	7,073,171
CASH AND CASH EQUIVALENTS AT JUNE 30 (Note 4)	**₱10,154,902**	₱6,100,557

See accompanying Notes to Unaudited 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 (NAC; Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Parent 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 and in the business of generation, transmission, distribution and supply of electricity to cities and other localities and to the public in general.

The common shares of the Parent Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010. The registered office address of the Parent Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

The Subsidiaries

Hinatuan Mining Corporation (HMC)
HMC was registered with the SEC on October 9, 1979, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan and Nonoc Islands, Surigao del Norte and Manicani Island, Eastern Samar. HMC is also engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services.

Cagdianao Mining Corporation (CMC)
CMC was registered with the SEC on July 25, 1997, is a 100% owned subsidiary of the Parent 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.

Samar Nickel Mining Resources Corporation (SNMRC)
SNMRC was registered with the SEC on March 11, 2010, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations.

La Costa Shipping and Lighterage Corporation (LCSLC)
LCSLC was registered with the SEC on October 23, 1992, is a 100% owned subsidiary of the Parent Company through HMC, and is primarily engaged in the chartering out of LCT and providing complete marine services. LCSLC was acquired by HMC in April 2010. In a resolution dated May 6, 2014, the Board of Directors (BOD) of LCSLC authorized the sale of all of its LCT to HMC for a consideration.

Geogen Corporation (Geogen)
Geogen was registered with the SEC on October 9, 1998, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite and other associated mineral deposits. Currently, Geogen is under development stage.

Falck Exp Inc. (FEI)
FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (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. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going-concern to liquidation basis of accounting. Final dissolution will take place after the approval of FEI's application with the SEC. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved.

Cordillera Exploration Co., Inc. (CExCI)
CExCI was registered with the SEC on October 19, 1994, is a 71.25% owned subsidiary of the Parent 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.

Newminco Pacific Mining Corporation (Newminco)
Newminco was registered with the SEC on October 9, 2006, is a 71.25% owned subsidiary of the Parent Company through CExCI, and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. It is currently not engaged in any development or commercial production activities.

Taganito Mining Corporation
TMC was registered with the SEC on March 4, 1987, is a 65% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. TMC also provides services which involves the handling, hauling and transportation of materials required in the processing operations of Taganito HPAL Nickel Corporation (THNC).

Rio Tuba Nickel Mining Corporation (RTN)
RTN was registered with the SEC on July 15, 1969, is a 60% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan and providing non-mining services required in the processing operations of Coral Bay Nickel Corporation (CBNC).

Emerging Power Inc. (EPI)
EPI was registered with the SEC on October 16, 2007, is a 70.92% owned subsidiary of the Parent Company and is primarily engaged in the renewable energy business.

Mindoro Geothermal Power Corporation (MGPC)
MGPC was registered with the SEC on May 7, 2014, is a 70.92% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business. By virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract No. 2010-02-013 on November 24, 2014, MGPC

acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro. The project is estimated to supply 40 megawatts (MW) of power over twenty-five (25) years.

Manta Energy Inc. (MEI)
MEI was registered with the SEC on May 21, 2007, is a 70.92% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. On July 5, 2016, the Energy Regulatory Commission (ERC) approved MEI's registration as Registered Electric Supplier for a period of five (5) years, and renewable thereafter.

Biliran Holdings Inc. (BHI)
BHI was registered with the SEC on July 31, 2015, is a 70.92% owned subsidiary of the Parent Company through EPI, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidences of indebtedness or securities of this or any other corporation.

Jobin-SQM, Inc. (Jobin)
Jobin was registered with the SEC on January 6, 2010, is a 70.92% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. Jobin was acquired by EPI on September 11, 2015. On May 23, 2016, Jobin entered into the testing and commissioning phase for the 7.14 MW Sta. Rita Solar Power Project. In November 2016, ERC granted Jobin a Provisional Authority to Operate (PAO) to transition from testing and commissioning phase to actual production and operation phase for a period of six (6) months for its 7.14 MW Sta. Rita Solar Power Project pending approval of Jobin's dedicated point to point limited facilities to connect to the transmission system. This PAO was subsequently renewed by the ERC for another six (6) months from May 15, 2017 or up to November 14, 2017. On March 7, 2017, Jobin completed the 25.19 MW Sta. Rita Solar Power Project and initiated the testing and commissioning phase the following day. The PAO for the 25.19 MW is in process with ERC.

Biliran Geothermal Inc. (BGI)
BGI was registered with the SEC on October 31, 2007, is a 42.55% owned subsidiary of the Parent Company through EPI. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. BGI's project, the Biliran Geothermal twenty five (25)-year concession was estimated to supply 50 MW of power to the grid but according to research conducted by BGI, it can further produce up to 60 MW. On December 28, 2014, BGI received the Confirmation of Commerciality for the Biliran Geothermal Project from the Philippine Government through the Department of Energy. BGI was acquired by BHI on December 17, 2015.

Mantex Services Inc. (Mantex)
Mantex was registered with the SEC on March 26, 2012, is a 35.46% owned subsidiary of the Parent Company through EPI. Mantex is established primarily to provide technical, financial and public relations advisory, management and investments services for infrastructure projects.

The interim consolidated financial statements as at June 30, 2017 and December 31, 2016 and for the six-month period ended June 30, 2017 and 2016, were authorized for issuance by the Parent Company's BOD on August 4, 2017.

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, 2017 and for the six-month period ended June 30, 2017 and 2016 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, 2016.

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

	Principal Place of Business	Principal Activities	Effective Ownership	
			June 30, 2017	June 30, 2016
Subsidiaries				
HMC	Philippines	Mining and Services	**100.00%**	100.00%
CMC	Philippines	Mining	**100.00%**	100.00%
SNMRC	Philippines	Mining	**100.00%**	100.00%
LCSLC [a]	Philippines	Services	**100.00%**	100.00%
Geogen	Philippines	Mining	**100.00%**	100.00%
FEI [b]	Philippines	Mining	**88.00%**	88.00%
CExCI	Philippines	Mining	**71.25%**	71.25%
Newminco [c]	Philippines	Mining	**71.25%**	71.25%
TMC	Philippines	Mining and Services	**65.00%**	65.00%
RTN	Philippines	Mining and Services	**60.00%**	60.00%
EPI	Philippines	Renewable Energy Developer	**70.92%**	66.00%
MGPC [d]	Philippines	Renewable Energy Developer	**70.92%**	66.00%
MEI [d]	Philippines	Power Generation, Trading and Services	**70.92%**	66.00%
BHI [d]	Philippines	Services	**70.92%**	66.00%
Jobin [d]	Philippines	Power Generation	**70.92%**	66.00%
BGI [d]	Philippines	Power Generation	**42.55%**	39.60%
Mantex [d]	Philippines	Management and Advisory Services	**35.46%**	33.00%

	Principal Place of Business	Principal Activities	Effective Ownership June 30, 2017	June 30, 2016
Associates				
THNC	Philippines	Manufacturing	**10.00%**	22.50%
CBNC	Philippines	Manufacturing	**10.00%**	10.00%

(a) Indirect ownership through HMC
(b) Indirect ownership through HMC, CMC and TMC
(c) Indirect ownership through CExCI
(d) Indirect ownership through EPI

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Subsidiaries
Subsidiaries are entities over which the Parent Company has control.

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

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Consolidated statement of income and each component of consolidated statement of comprehensive income are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance.

NCI
NCI represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- 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 the consolidated statement of income; and
- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

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

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

Changes in Accounting Policies
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, 2016, except for the adoption of the following amendments and improvements to existing standards and interpretations, which were effective beginning January 1, 2017.

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are not expected to have any impact on the Group's financial position and results of operation.

- Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative*
  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

Effective January 1, 2018:

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  The Group is assessing the potential effect of the amendments on its consolidated financial statements.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard on its consolidated financial statements.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The Group is currently assessing the impact of PFRS 15.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss (FVPL). They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted. The amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Philippine Interpretation based on International Financial Reporting Interpretations Committee 22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The interpretation is not expected to have any significant impact on the consolidated financial statements of the Group.

Effective January 1, 2019:

- PFRS 16, *Leases*
  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of twelve (12) months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Group is currently assessing the impact of adopting PFRS 16.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The Group is currently assessing the impact of adopting the amendments to this standard on its consolidated financial statements.

After consideration of the result of the impact evaluation using the outstanding balances of financial statements as at December 31, 2016, 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 its financial statements for the year 2017.

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, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on hand and with banks	**₱1,397,197**	₱1,213,398
Cash under managed funds	**221,554**	188,508
Short-term cash investments	**8,536,151**	8,246,037
	₱10,154,902	₱9,647,943

5. Trade and Other Receivables

Trade and other receivables amounting to ₱45.8 million and ₱45.7 million as at June 30, 2017 and December 31, 2016 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, 2017 and December 31, 2016 are summarized below:

June 30, 2017 (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 (see Note 29)	**₱939,163**	**₱345,505**	**₱41,115**	**₱1,325,783**
Current portion of loan receivable	**80,397**	**–**	**–**	**80,397**
Advances to officers and employees	**44,430**	**12,301**	**123**	**56,854**
Receivable from CBNC (see Note 29)	**19,890**	**33,273**	**–**	**53,163**
Interest receivable	**50,668**	**–**	**–**	**50,668**
Amounts owed by related parties (see Note 29)	**9,332**	**–**	**–**	**9,332**
Others	**59,275**	**10,088**	**4,593**	**73,956**
Total	**₱1,203,155**	**₱401,167**	**₱45,831**	**₱1,650,153**

December 31, 2016 (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 (see Note 29)	₱740,581	₱83,998	₱41,029	₱865,608
Current portion of loan receivable	98,161	–	–	98,161
Advances to officers and employees	51,233	–	124	51,357
Receivable from CBNC (see Note 29)	33,343	14,227	–	47,570
Interest receivable	47,317	–	–	47,317
Amounts owed by related parties (see Note 29)	6,489	–	–	6,489
Others	69,922	–	4,593	74,515
Total	₱1,047,046	₱98,225	₱45,746	₱1,191,017

6. Inventories

As at June 30, 2017 and December 31, 2016, inventories amounting to ₱82.4 million and ₱84.4 million, respectively, were assessed to be impaired and were provided for with allowance for impairment losses. For the six-month period ended June 30, 2017 and 2016, provision for impairment losses on inventories were nil and reversal of allowance for impairment losses on inventories amounted to ₱2.0 million and ₱7.2 million, respectively.

The cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱2,840.5 million and ₱2,904.0 million as at June 30, 2017 and December 31, 2016, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱450.4 million and ₱391.2 million as at June 30, 2017 and December 31, 2016, respectively.

7. AFS Financial Assets

The movements in AFS financial assets as at June 30, 2017 and December 31, 2016 are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at January 1	**₱6,319,078**	₱5,831,037
Additions	**2,991,441**	8,651,980
Disposals	**(2,726,825)**	(8,308,106)
Effect of changes in foreign exchange rate	**29,752**	113,263
Valuation gains on AFS financial assets	**69,038**	153,124
	6,682,484	6,441,298
Less:		
Provision for impairment losses	**–**	119,220
Write-off	**–**	3,000
Balances at end of period	**₱6,682,484**	₱6,319,078

AFS financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, mutual funds, golf club shares and debt securities which are either unquoted or with quoted market prices.

During the six-month period ended June 30, 2017 and 2016, the Group acquired various AFS financial assets amounting to ₱2,991.4 million and ₱5,218.6 million, respectively, and disposed AFS financial assets amounting to ₱2,726.8 million and ₱4,993.3 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱26.7 million and ₱26.0 million for the six-month period ended June 30, 2017 and 2016, respectively (see Note 28).

Interest income earned from AFS financial assets amounted to ₱66.1 million and ₱56.5 million for the six-month period ended June 30, 2017 and 2016, respectively (see Note 26).

8. Property and Equipment

During the six-month period ended June 30, 2017 and 2016, the Group acquired assets with a cost of ₱1,092.5 million and ₱624.7 million, respectively, including construction in-progress.

Pier facilities (included under "Buildings and Improvements") with a carrying value of ₱18.8 million and ₱37.6 million as at June 30, 2017 and December 31, 2016, respectively, were mortgaged as collateral for the long-term debt of RTN mentioned in Note 13.

Depreciation, amortization and depletion expense for the six-month period ended June 30, 2017 and 2016 amounted to ₱754.0 million and ₱738.3 million, respectively (see Note 25).

9. Investments in Associates

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
THNC	**₱2,077,313**	₱1,825,096
CBNC	**781,702**	756,991
	₱2,859,015	₱2,582,087

The movements in investments in associates follow:

	June 30, 2017 (Unaudited)			December 31, 2016 (Audited)		
	THNC	**CBNC**	**Total**	THNC	CBNC	Total
Acquisition cost	**₱1,974,700**	**₱724,410**	**₱2,699,110**	₱4,443,075	₱724,410	₱5,167,485
Disposal	–	–	–	(2,468,375)	–	(2,468,375)
	1,974,700	**724,410**	**2,699,110**	1,974,700	724,410	2,699,110
Accumulated equity in net earnings (losses):						
Balances at January 1	**(467,168)**	**(155,746)**	**(622,914)**	(827,611)	(52,408)	(880,019)
Equity in net income (losses)	**69,532**	**(14,112)**	**55,420**	(310,364)	(103,338)	(413,702)
Disposal	–	–	–	670,807	–	670,807
	(397,636)	**(169,858)**	**(567,494)**	(467,168)	(155,746)	(622,914)
Share in cumulative translation adjustment:						
Balances at January 1	**317,564**	**188,327**	**505,891**	427,427	49,194	476,621
Movements	**182,685**	**38,823**	**221,508**	126,798	139,133	265,931
Reclassification adjustments for income included in the consolidated statements of income	–	–	–	(236,661)	–	(236,661)
	500,249	**227,150**	**727,399**	317,564	188,327	505,891
Balances at end of period	**₱2,077,313**	**₱781,702**	**₱2,859,015**	₱1,825,096	₱756,991	₱2,582,087

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱118.8 million and ₱96.6 million as at June 30, 2017 and December 31, 2016, respectively.

THNC

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any and all ingredient and products and by-products, wherein TMC has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Taganito High Pressure Acid Leach (HPAL) facility. TMC also provides services related to the handling, hauling and transportation of materials required in the processing operations of THNC. THNC started commercial operations in October 2013.

On October 17, 2016, the Parent Company sold a portion of its shareholdings in THNC, equivalent to 511,875,000 shares or 12.5% interest in THNC, to Sumitomo Metal Mining Co. Inc. (SMM) for US$42.0 million, which is equivalent to ₱2,037.2 million. A net gain of ₱239.6 million was recognized on the sale of its investment interest in THNC. As at June 30, 2017 and December 31, 2016, the Parent Company's equity interest in THNC is at 10%. Due to the change in the nature of the Parent Company's involvement in THNC, the Parent Company evaluated various factors and assessed that significant influence exists.

CBNC

CBNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN also supplies limestone and provide ancillary services to Coral Bay HPAL facility.

The net assets of THNC and CBNC amounted to ₱18,392.1 million and ₱26,084.1 million, respectively, as at June 30, 2017 and ₱17,426.5 million and ₱25,837.0 million, respectively, as at December 31, 2016. The results of THNC and CBNC's operations were net income of ₱695.3 million and net loss of ₱141.1 million, respectively, for the six months ended June 30, 2017 and net loss of ₱1,688.2 million and ₱1,045.0 million, respectively, for the six months ended June 30, 2016. The Parent Company's share in cumulative translation adjustment amounted to ₱608.6 million and ₱409.3 million as at June 30, 2017 and December 31, 2016, respectively, and its equity in net income or losses of associates amounted to ₱55.4 million income and ₱484.3 million loss for the six months ended June 30, 2017 and 2016, respectively.

10. Geothermal Exploration and Evaluation Assets

Geothermal exploration and evaluation assets represent the accumulated costs incurred in connection with the exploration and development activities for the Montelago and Biliran Geothermal Project. The recovery of these costs depends upon determination of technical feasibility, success of exploration activities and discovery of geothermal resource that can be produced in commercial quantities.

As at June 30, 2017 and December 31, 2016, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

11. Long-term Stock Pile Inventory

The long-term stockpile 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 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 stockpile inventory. The fair value of the inventory in August 2006 amounted to ₱2,036.7 million.

A portion amounting to ₱175.8 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next financial reporting period, were shown as part of "Inventories" as at June 30, 2017 and December 31, 2016, and the cost of long-term stockpile inventory delivered to CBNC for the six months ended June 30, 2017 and 2016 of ₱94.5 million and ₱96.9 million, respectively, were charged to "Cost of sales" (see Note 18).

The carrying value of long-term stockpile inventory - net of current portion amounted to ₱272.7 million and ₱367.2 million as at June 30, 2017 and December 31, 2016, respectively.

12. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, excluding amounts due to Orka Geothermal Investments Pte. Ltd (OGI) and Biliran Geothermal Holdings Inc. (BGHI), which has no fixed repayment date (see Note 29), are noninterest-bearing and are generally settled within one (1) year. Government payables include withholding taxes which are normally settled within fifteen (15) days after the end of each financial reporting month and fringe benefit tax which are normally settled within fifteen (15) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone were shipped. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.

13. Short-term and Long-term Debts

Short-term debt with Manta Equities Inc. (Manta)
On June 8, 2015, EPI entered into a one (1) year loan agreement with Manta amounting to ₱180.0 million to finance the development expenses of EPI's geothermal power project. The loan bears an annual interest of 5%. The principal and interest is payable at the end of the loan agreement. On June 6, 2016, EPI and Manta extended the loan for another year or up to June 7, 2017 under the same terms of the original loan. The loan was paid in June 2017.

Interest expense which formed part of "Finance expense" amounted to ₱4.3 million and ₱4.5 million for the six months ended June 30, 2017 and 2016, respectively (see Note 27).

Long-term debt
Long-term debt consists of:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
EPI	**₱2,992,797**	₱2,990,338
TMC	**1,236,516**	1,261,645
Jobin	**297,712**	297,526
RTN	**45,221**	66,824
	4,572,246	4,616,333
Less noncurrent portion:		
EPI	**2,992,797**	2,990,338
TMC	**1,148,193**	1,174,635
Jobin	**280,997**	280,811
RTN	**22,611**	22,275
	4,444,598	4,468,059
Current portion	**₱127,648**	₱148,274

<u>EPI Loan</u>
On July 15, 2015, Security Bank Corporation (SBC) approved the loan facility of EPI amounting to ₱3,000.0 million which will be used by EPI in funding its investments and working capital requirements. Staggered releases of loans are allowed up to August 31, 2016 with terms of up to three (3) years from date of every drawdown and payable upon maturity. In the event of default, the loans, together with accrued interest and any other sums payable under the promissory notes will immediately become due and payable.

The loans are secured by a continuing suretyship of the Parent Company. Under the Suretyship Agreement executed by and between the Parent Company and SBC on August 4, 2015, the Parent Company solidarily with EPI, guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC.

The carrying amount of long-term debt with SBC, net of unamortized debt issue cost, follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Loans payable	**₱3,000,000**	₱3,000,000
Less unamortized debt issue cost	**(7,203)**	(9,662)
Balances at end of period	**₱2,992,797**	₱2,990,338

Interest expense which formed part of "Finance expense" amounted to ₱73.8 million and ₱61.8 million for the six months ended June 30, 2017 and 2016, respectively (see Note 27).

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, vis-a-vis such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment and other governmental charges due. As at June 30, 2017 and December 31, 2016, EPI is in compliance with the restrictions.

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 US$35.0 million at a prevailing 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 2% spread, to finance the construction of the pier facilities within the Taganito Special Economic Zone. The loan shall be drawn down in one or multiple times by July 31, 2011.

The interest on the loan is payable semi-annually, on October 10 and April 10. The total principal is payable in semi-annual installments of US$0.9 million 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, 2017 and December 31, 2016, 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 2017 and 2016.

Interest expense for the six months ended June 30, 2017 and 2016 which amounted to ₱20.9 million and ₱17.0 million, respectively, were included in equipment operating cost under "Cost of services" (see Notes 19 and 29).

As at June 30, 2017 and December 31, 2016, the carrying amount of long-term debt with THNC amounted to ₱1,236.5 million and ₱1,261.6 million, respectively (see Note 29).

Jobin Loan

On April 26, 2016, Jobin entered into a twelve-year (12) term loan agreement with Land Bank of the Philippines (LBP) amounting to ₱300.0 million to partially finance the construction and development of a 7.14 MW Sta. Rita Solar Power Plant and inter-connection assets located in Subic Bay Freeport Zone (SBFZ). The loan bears an annual floating interest rate of at least 4.75%. The loan is payable in forty-four (44) equal quarterly payments, starting at the end of the fifth (5th) quarter from the date of the initial loan and interest is payable quarterly in arrears from the date of initial loan. Jobin is also required to pay gross receipt tax equal to 1% of each interest payment.

The loan shall be secured by the following:

a) Chattel mortgage on all project assets of Jobin
b) Corporate guarantee of EPI
c) Assignment of leasehold rights between Jobin and Subic Bay Metropolitan Authority on the lot at Mt. Sta. Rita, SBFZ, and 2,300 square meter (sq.m.) lot and 280 sq.m. building located near the National Grid Corporation of the Philippines facility, Subic Gateway Park, SBFZ
d) Pledge of shares of stock of Jobin

The loan agreement contains positive, negative and financial covenants which include, among others, payment of interest, strict compliance with regulatory provisions regarding internal revenue taxes and environmental requirements, the maintenance of certain financial and project ratios such as:

a) debt-to-equity ratio of 70:30
b) debt service coverage ratio of at least 1.10x; and
c) current ratio of at least 1.0

As at June 30, 2017 and December 31, 2016, Jobin is in compliance with the covenants contained in the loan agreement.

The carrying amount of long-term debt with LBP, net of unamortized debt issue cost, follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Loans payable	**₱300,000**	₱300,000
Less unamortized debt issue cost	**(2,288)**	(2,474)
Balances at end of period	**₱297,712**	₱297,526

Interest expense which formed part of "Finance expense" amounted to ₱7.4 million and ₱1.7 million for the six months ended June 30, 2017 and 2016, respectively (see Note 27).

RTN Loan

On November 25, 2002, RTN entered into an Omnibus Agreement with SMM, wherein the latter granted the former a loan facility amounting to US$1.8 million at prevailing 180-day LIBOR plus 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 (see Note 8).

The Omnibus Agreement provides for restrictions with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all RTN'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 RTN's corporate existence, rights, privileges and licenses, prompt submission of written notice to SMM of any and all litigations or administrative or arbitration proceedings before any governmental authority affecting RTN. As at June 30, 2017 and December 31, 2016, RTN is in compliance with the restrictions.

RTN settled ₱19.6 million (or US$0.4 million) of long-term debt which became due in February 2017 and 2016.

Interest expense which formed part of "Finance expense" amounted to ₱0.9 million and ₱1.2 million for the six months ended June 30, 2017 and 2016, respectively (see Notes 27 and 29).

As at June 30, 2017 and December 31, 2016, the carrying amount of long-term debt with SMM amounted to ₱45.2 million and ₱66.8 million, respectively (see Note 29).

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 months ended June 30, 2017 and 2016, accretion interest on provision for mine rehabilitation and decommissioning amounted to ₱4.8 million and ₱1.6 million respectively (see Note 27).

15. Equity

Capital Stock
The capital structure of the Parent Company follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 7,602,928,954 shares	**₱3,801,465**	₱3,801,465
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	**7,200**	7,200
Total	**₱3,808,665**	₱3,808,665

Preferred share is voting, non-participating but with a fixed cumulative dividend rate of 7% per annum.

Issued Capital Stock
Beginning November 22, 2010, the common shares of the Parent Company were listed and traded in PSE 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 ₱2.67 per share after the stock dividends.

As at June 30, 2017 and December 31, 2016, the Parent Company has eighty-four (84) and eighty-two (82) stockholders, respectively.

As at June 30, 2017 and December 31, 2016, 29% or a total of 2,216,848,949 and 2,217,481,524, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-two (82) and eighty (80) shareholders, respectively, while the balance of 71% or a total of 5,386,080,005 common shares and 5,385,447,430 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

Dividends

Dividends declared and/or paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2017	***Cash Dividends***	**March 15, 2017**	**March 29, 2017**	**₱608,234**	**₱0.08**	**April 11, 2017**
2016	*Cash Dividends*	March 15, 2016	March 31, 2016	₱607,755	₱0.08	April 12, 2016

Appropriated Retained Earnings

On November 5, 2013, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,000.0 million, for the construction, operation and maintenance of a bunker-fired diesel power station. The project is expected to be completed within the year.

On November 7, 2016, the BOD of HMC approved the appropriation of retained earnings amounting to ₱41.5 million for the final mine rehabilitation and decommissioning plan and ₱67.5 million for the capital expenditures for the year 2017.

16. Executive Stock Option Plan (ESOP)

2014 ESOP

On March 24, 2014, the New Plan was approved by the Parent Company's BOD and was ratified by the stockholders on June 6, 2014. On November 21, 2014, the New Plan was approved by the SEC. The basic terms and conditions of the New Plan are as follows:

1. The New Plan covers up to 32.0 million shares allocated to the 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 positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱25.52, which is equivalent to ₱8.51 after the effect of stock dividends.
4. The New Plan was partially granted on June 6, 2014 and January 13, 2015.
5. The term of the New Plan shall be five (5) years and the shares will vest to the participant at the rate of 25% per year after the first year of the New Plan or July 18, 2015.
6. The participant can exercise the vested options by giving notice within the term of the New 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 fair value of the stock option are ₱7.53 and ₱8.42 which was estimated as at grant date, June 6, 2014 and January 13, 2015, respectively, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

2010 ESOP

On June 16, 2010, the Parent Company's BOD and stockholders approved the 2010 ESOP. On December 20, 2010, the Plan was approved by the SEC. The basic terms and conditions of the Plan are as follows:

1. The Plan covers up to 12.0 million shares allocated to the 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 positions 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 ₱2.40 after the effect of stock dividends.
4. The grant date of the Plan is January 3, 2011 as determined by the Compensation Committee.
5. The term of the Plan shall be six (6) years and the shares will vest to the participant at the rate of 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 3, 2011 between the Parent Company and the option grantees. The fair value of the stock options is ₱6.44, which was estimated as at grant date, January 3, 2011, using the Black Scholes-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:

	2014 ESOP		2010 ESOP
Grant date	January 13, 2015	June 6, 2014	January 3, 2011
Spot price per share	₱15.63	₱28.55	₱15.00
Exercise price	₱8.51	₱25.52	₱13.50
Expected volatility	33.52%	33.28%	53.42%
Option life	4.40 years	5.00 years	3.97 years
Dividend yield	0.58%	3.88%	2.06%
Risk-free rate	3.23%	3.30%	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.

Except for the effect of stock dividends, there have been no modifications or cancellations in 2017 and 2016.

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

	Number of Options	
	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
2014 ESOP		
Balances at January 1	**56,222,764**	57,442,278
Forfeited	**–**	(1,219,514)
Balances at end of period	**56,222,764**	56,222,764
2010 ESOP		
Balances at January 1	**–**	5,989,498
Exercised	**–**	(5,989,498)
Balances at end of period	**–**	–

On November 10, 2016, the SEC approved the exemption from registration of 31,523,262 common shares which shall form part of the ESOP.

The movements in the cost of share-based payment plan included in equity are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at January 1	**₱126,622**	₱104,824
Stock option expense (see Note 24)	**6,967**	25,653
Cost of share-based payment recognized as capital upon exercise	**–**	(3,855)
Movements during the period	**6,967**	21,798
Balances at end of period	**₱133,589**	₱126,622

17. Earnings Per Share

Basic EPS were computed as follows:

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	**₱1,535,149**	₱24,421
b. Weighted average number of common shares for basic EPS (in thousands)	**7,602,929**	7,596,939
Basic EPS (a/b)	**₱0.20**	₱0.00

Diluted EPS were computed as follows:

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
c. Net income attributable to equity holders of the Parent	**₱1,535,149**	₱24,421
d. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	**7,602,929**	7,596,939
Diluted EPS (a/b)	**₱0.20**	₱0.00

18. Cost of Sales

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Production overhead	**₱1,174,443**	₱1,078,001
Outside services	**755,116**	716,283
Depreciation, amortization and depletion (see Note 25)	**502,871**	565,894
Personnel costs (see Note 24)	**457,525**	376,861
Long-term stockpile inventory sold (see Note 11)	**94,526**	96,855
	2,984,481	2,833,894
Net changes in beneficiated nickel ore and limestone	**63,458**	(108,615)
	₱3,047,939	₱2,725,279

Production overhead consists of fuel, oil and lubricants, materials and supplies, equipment rentals and other miscellaneous charges.

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

19. Cost of Services

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Depreciation (see Note 25)	**₱54,490**	₱56,123
Personnel costs (see Note 24)	**49,217**	38,002
Overhead	**37,848**	32,477
Equipment operating costs (see Note 13)	**30,851**	25,058
Outside services	**4,424**	7,309
	₱176,830	₱158,969

20. Cost of Power Generation

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Depreciation and amortization (see Note 25)	**₱35,692**	₱3,866
Purchased power	**28,892**	–
Overhead	**18,267**	3,357
Outside services	**6,234**	–
Personnel costs (see Note 24)	**5,336**	–
Materials and supplies	**358**	–
	₱94,779	₱7,223

21. Shipping and Loading Costs

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Contract fees	**₱450,269**	₱563,971
Depreciation and amortization (see Note 25)	**89,963**	66,135
Fuel, oil and lubricants	**81,653**	63,568
Materials and supplies	**51,943**	41,535
Personnel costs (see Note 24)	**34,670**	28,174
Other services and fees	**41,303**	47,355
	₱749,801	₱810,738

22. General and Administrative Expenses

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Personnel costs (see Note 24)	**₱155,650**	₱143,601
Taxes and licenses	**27,541**	42,645
Depreciation and amortization (see Note 25)	**26,989**	25,758
Professional fees	**26,559**	26,213
Outside services	**23,014**	16,150
Repairs and maintenance	**11,407**	11,697
Transportation and travel	**10,799**	16,140
Communications, light and water	**7,026**	5,140
Entertainment, amusement and recreation	**6,038**	9,667
Others	**80,137**	92,618
	₱375,160	₱389,629

Other general and administrative expenses is composed of dues and subscription, rentals, other service fees, materials and supplies used, bank charges, insurance expense and other numerous transactions with minimal amounts.

23. Excise Taxes and Royalties

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Royalties	**₱353,820**	₱264,892
Excise taxes	**147,994**	105,046
	₱501,814	₱369,938

24. Personnel Costs

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Salaries, wages and employee benefits	**₱695,431**	₱571,406
Cost of share-based payment plan (see Note 16)	**6,967**	15,232
	₱702,398	₱586,638

The amounts of personnel costs are distributed as follows:

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Cost of :		
Sale of ore (see Note 18)	**₱457,525**	₱376,861
Services (see Note 19)	**49,217**	38,002
Power generation (see Note 20)	**5,336**	–
General and administrative (see Note 22)	**155,650**	143,601
Shipping and loading costs (see Note 21)	**34,670**	28,174
	₱702,398	₱586,638

25. Depreciation, Amortization and Depletion

The amounts of depreciation, amortization and depletion expense of property and equipment are distributed as follows:

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Cost of:		
Sale of ore (see Note 18)	**₱502,871**	₱565,894
Services (see Note 19)	**54,490**	56,123
Power generation (see Note 20)	**35,692**	3,866
Shipping and loading costs (see Note 21)	**89,963**	66,135
General and administrative (see Note 22)	**26,989**	25,758
Others	**43,969**	20,555
	₱753,974	₱738,331

26. Finance Income

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Interest income	**₱143,354**	₱105,865
Gain on sale of AFS financial assets	**7,814**	–
	₱151,168	₱105,865

27. Finance Expenses

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Interest expense on:		
Long-term debts (see Note 13)	**₱82,039**	₱64,707
Short-term debt (see Note 13)	**4,300**	4,500
Pension	**2,436**	2,062
Long-term payable	**661**	603
Guarantee service fee (see Note 29)	**32,789**	67,877
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 14)	**4,779**	1,643
Loss on sale of AFS financial assets	**–**	8,449
	₱127,004	₱149,841

28. Other Income (Charges) - Net

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Foreign exchange gains - net	**₱166,520**	₱41,947
Dividend income (see Note 7)	**26,671**	25,989
Reversals of allowance for impairment losses on:		
Property and equipment	**12,825**	–
Inventories (see Note 6)	**2,018**	7,247
Management fee	**(11,594)**	(9,314)
Despatch (demurrage)	**(7,758)**	4,065
Rentals and accommodations	**6,420**	5,742
Issuance of fuel, oil and lubricants	**(6,393)**	10,653
Gain (loss) on sale of property and equipment	**(5,620)**	3,225
Other services	**923**	1,230
Loss on write-off of input VAT	**(14)**	–
Others	**29,978**	34,010
	₱213,976	₱124,794

29. Related Party Transactions

Set out below are the Group's transactions with related parties for the six-month period ended June 30, 2017 and 2016, including the corresponding assets and liabilities arising from the said transactions as at June 30, 2017 (Unaudited) and December 31, 2016 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)			
	June 30, 2017	June 30, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	Terms	Conditions
Stockholders														
Pacific Metals Co., Ltd.														
Sale of ore	**₱1,291,339**	₱872,196	**₱168,602**	₱266,297	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	90% upon receipt of documents and 10% after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Draft survey fee	**–**	–	**–**	–	**–**	95	**–**	–	**–**	–	**–**	–	Payable on demand; noninterest-bearing	Unsecured; no guarantee
Despatch	**318**	610	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)			
	June 30, 2017	June 30, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	Terms	Conditions
SMM/Sumitomo Metal Mining Philippine Holdings Corporation														
Guarantee service fee (see Note 27)	**₱32,789**	₱67,877	**₱–**	₱–	**₱40,968**	₱33,262	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Every twenty first (21st) of February, March, August and September	Unsecured
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**45,221**	66,824	Principal is payable in semi-annual installments, interest is based on 180-day British Banker Association LIBOR plus 2% spread	Secured; with guarantee
Short-term advances	**1,269**	1,250	**–**	–	**–**	–	**1,250**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Interest expense on long-term debt (see Note 27)	**923**	1,230	**–**	–	**342**	447	**–**	–	**–**	–	**–**	–	Payable semi-annually on February 28 and August 31	Secured; with guarantee
Nickel Asia Holdings Inc.														
Short-term advances	**1**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Dividends	**–**	–	**–**	–	**–**	–	**–**	–	**–**	504	**–**	–	Payable on demand	Unsecured; no guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)			
	June 30, 2017	June 30, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	Terms	Conditions
With Common Stockholders														
Manta Equities, Inc.														
Rentals, dues and utilities	**₱14,194**	₱13,847	**₱–**	₱–	**₱–**	₱25	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rentals deposits	**10,184**	10,163	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon the end of the lease; noninterest bearing	Unsecured; no guarantee
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	180,000	Principal is payable at the end of loan agreement; interest is at 5%	Unsecured; no guarantee
Interest expense on short-term debt (see Note 27)	**4,300**	4,500	**–**	–	**16**	5,066	**–**	–	**–**	–	**–**	–	Interest is payable at the end of loan agreement	Unsecured; no guarantee
Associates														
CBNC														
Sale of ore and services	**716,575**	570,093	**192,407**	165,838	**–**	–	**–**	–	**–**	–	**–**	–	Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	**25,686**	24,568	**23,607**	35,191	**–**	–	**–**	–	**–**	–	**–**	–	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	**23,971**	18,676	**29,556**	12,379	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)			
	June 30, 2017	June 30, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	Terms	Conditions
CBNC														
Short-term advances	**₱34**	₱–	**₱–**	₱–	**₱–**	₱–	**₱34**	₱–	**₱–**	₱–	**₱–**	₱–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
THNC														
Sale of ore	**657,156**	328,169	**121,913**	102,193	**–**	–	**–**	–	**–**	–	**–**	–	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Materials handling	**148,027**	103,442	**24,450**	37,110	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rendering of service	**67,049**	63,155	**33,795**	33,474	**–**	–	**–**	–	**–**	–	**–**	–	Semi-annual term; noninterest-bearing	Unsecured; no guarantee
Rental income	**1,854**	871	**420**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rental deposit	**3,352**	3,352	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon end of the lease term; noninterest bearing	Unsecured; no guarantee
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,236,516**	1,261,645	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	ecured; with guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)			
	June 30, 2017	June 30, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	**June 30, 2017**	December 31, 2016	Terms	Conditions
THNC														
Rendering of other services	**₱3,992**	₱3,532	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Collectible upon billing; non-interest bearing	Unsecured; no guarantee
Short-term advances	**–**	–	**–**	–	**–**	–	**7,363**	5,842	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Interest expense on long-term debt (see Note 27)	**20,913**	17,022	**–**	–	**7,719**	7,592	**–**	–	**–**	–	**–**	–	Payable semi-annually on April 10 and October 10	Unsecured; no guarantee
Affiliates														
Orka Geothermal Holdings, Inc.														
Short-term advances	**–**	–	**–**	–	**–**	–	**666**	628	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
OGI														
Short-term advances	**–**	–	**–**	–	**–**	–	**–**	–	**1,344,160**	1,344,160	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
BGHI														
Short-term advances	**–**	–	**–**	–	**–**	–	**19**	19	**3,965,529**	3,965,529	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
			₱594,750	₱652,482	**₱49,045**	₱46,487	**₱9,332**	₱6,489	**₱5,309,689**	₱5,310,193	**₱1,281,737**	₱1,508,469		

Terms and Conditions of Transactions with Related Parties
All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at June 30, 2017 and December 31, 2016 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 chairman. The short-term benefits of key management personnel of the Group for the six months ended June 30, 2017 and 2016 amounted to about ₱113.9 million and ₱106.0 million, respectively.

Intercompany Guarantees
As discussed in Note 13, the Parent Company has entered into a Continuing Suretyship Agreement with SBC covering the loan obtained by EPI.

On October 15, 2015, EPI has issued a continuing guarantee to a vendor until the guaranteed amounts as defined in the vendor contract has been paid in full.

Except for the guarantee on the CBNC, THNC Loan Obligations and the EPI loan from SBC, there have been no guarantees received or provided for any related party receivables or payables, respectively.

30. Income Taxes

The provision for (benefit from) income tax shown in the interim consolidated statements of income includes:

	For the six-month period ended June 30	
	2017	2016
	(Unaudited)	
Current	**₱994,273**	₱409,413
Deferred	**(60,024)**	(38,433)
	₱934,249	₱370,980

31. Financial Instruments

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

Cash and Cash Equivalents
The carrying amount of cash and cash equivalents approximates its fair value due to the short-term nature and maturity of this financial instrument.

Trade and Other Receivables, Trade and Other Payables and Short-term Debt
Similarly, the carrying amounts of trade and other receivables, trade and other payables and short-term debt approximate their fair values due to the short-term nature of these accounts.

Loan Receivable
The carrying amount of loan receivable, which is the transaction price, approximates its fair value.

Long-term Negotiable Instrument
The carrying amount long-term negotiable instrument approximates its fair value since it earns interest based on long-term cash investment rate.

AFS Financial Assets
The fair values were determined by reference to market bid quotes as at the end of the financial reporting period. For unquoted equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, less any impairment losses.

Long-term Debt and Long-term Payable
The fair values of long-term debt and long-term payable are based on the present value of future cash flows discounted using applicable risk free rates for similar types of loans adjusted for credit risk.

<u>Fair Value Hierarchy of Financial Instruments</u>
The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Quoted prices in active markets for identical asset or liability (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (as prices) or indirectly (derived from prices; Level 2); and
- Those inputs for assets or liability that are not based on observable market date (unobservable inputs; Level 3).

As at June 30, 2017 and December 31, 2016, the Group's AFS financial assets are classified under Level 1 and 3.

As at June 30, 2017 and December 31, 2016, 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.

32. 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 and limonite ore and limestone.

The power segment is engaged in power generation and exploration for geothermal resources.

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

The Group's identified reportable segments are consistent with the segments reported to the BOD, which is the Chief Operating Decision Maker of the Group.

Financial information on the operation of the various business segments are set out on next page.

	June 30, 2017 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	Geogen	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	887,927	845,679	2,694,832	2,971,285	-	101,347	-	320,412	-	-	-	7,821,482
Inter-segment revenues	-	-	-	-	-	-	-	-	3,976	268,757	(272,733)	-
Total revenues	887,927	845,679	2,694,832	2,971,285	-	101,347	-	320,412	3,976	268,757	(272,733)	7,821,482
Cost of sales	381,088	414,905	1,222,297	1,029,649	-	-	-	-	-	-	-	3,047,939
Cost of services	-	-	-	-	-	-	-	176,830	-	-	-	176,830
Cost of power generation	-	-	-	-	-	94,779	-	-	-	-	-	94,779
Shipping and loading costs	174,858	153,207	234,303	182,676	-	-	-	-	4,757	-	-	749,801
Excise taxes and royalties	62,155	133,395	215,587	89,138	-	1,539	-	-	-	-	-	501,814
Marketing	-	29,599	2,589	4,749	-	-	-	-	-	-	-	36,937
Segment operating earnings	269,826	114,573	1,020,056	1,665,073	-	5,029	-	143,582	(781)	268,757	(272,733)	3,213,382
General and administrative	38,699	13,110	55,657	33,417	28,687	56,022	-	-	-	149,568	-	375,160
Finance income	1,379	14,204	14,104	16,091	61	745	-	-	-	104,584	-	151,168
Finance expenses	-	1,181	2,167	3,534	-	85,417	-	-	-	34,705	-	127,004
Provision for (benefit from) income tax	50,014	23,320	303,282	485,642	-	(308)	-	-	(1,427)	73,726	-	934,249
Net income (loss) attributable to equity holders of the parent	183,269	96,577	564,527	786,891	(28,766)	(75,425)	(10,351)	-	-	18,427	-	1,535,149
Segment assets	1,962,945	2,426,630	9,742,617	5,894,389	1,125,662	11,865,898	795,097	-	26,416	13,095,505	-	46,935,159
Deferred income tax assets - net	33,843	23,597	64,527	27,460	37,758	-	-	-	-	-	-	187,185
Total assets	1,996,788	2,450,227	9,807,144	5,921,849	1,163,420	11,865,898	795,097	-	26,416	13,095,505	-	47,122,344
Segment liabilities	435,229	415,883	2,650,669	1,297,100	61,019	8,987,813	1,111	-	-	378,141	-	14,226,965
Deferred income tax liabilities - net	-	-	-	205,554	164,105	124,493	-	-	21,842	176,401	-	692,395
Total liabilities	435,229	415,883	2,650,669	1,502,654	225,124	9,112,306	1,111	-	21,842	554,542	-	14,919,360
Capital expenditures	59,084	171,632	176,528	94,040	53,095	505,678	16,383	-	-	16,056	-	1,092,496
Depreciation, amortization and depletion	133,133	73,344	282,896	186,798	3,320	62,838	473	-	-	11,172	-	753,974

	December 31, 2016 (Audited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	Geogen	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	₱2,280,144	₱2,131,692	₱5,035,283	₱4,127,264	₱–	₱18,010	₱–	₱530,274	₱–	₱–	₱–	₱14,122,667
Inter-segment revenues	–	–	–	–	–	–	–	–	2,243	510,192	(512,435)	–
Total revenues	2,280,144	2,131,692	5,035,283	4,127,264	–	18,010	–	530,274	2,243	510,192	(512,435)	14,122,667
Cost of sales	930,548	764,478	2,051,128	2,161,095	–	–	–	–	–	–	–	5,907,249
Cost of services	–	–	–	–	–	–	–	328,456	–	113,045	–	441,501
Cost of power generation	–	–	–	–	–	38,295	–	–	–	–	–	38,295
Shipping and loading costs	533,574	361,964	634,714	293,297	–	–	–	–	–	–	–	1,823,549
Excise taxes and royalties	151,634	328,437	402,823	123,818	–	–	–	–	–	–	–	1,006,712
Marketing	8,380	74,574	12,915	–	–	–	–	–	–	–	–	95,869
Segment operating earnings	₱656,008	₱602,239	₱1,933,703	₱1,549,054	₱–	(₱20,285)	₱–	₱201,818	₱2,243	₱397,147	(₱512,435)	₱4,809,492
General and administrative	₱97,164	₱29,505	₱107,478	₱67,042	₱86,479	₱148,510	₱–	₱–	₱–	₱201,029	₱–	₱737,207
Finance income	₱2,551	₱31,573	₱25,056	₱14,333	₱98	₱1,873	₱–	₱–	₱–	₱152,946	₱–	₱228,430
Finance expenses	₱2,682	₱5,707	₱9,219	₱5,542	₱–	₱81,344	₱–	₱–	₱–	₱115,439	₱–	₱219,933
Provision for (benefit from) income tax	₱125,509	₱157,175	₱586,400	₱447,992	(₱29,208)	₱32,930	₱–	₱–	(₱2,854)	₱131,534	₱–	₱1,449,478
Net income (loss) attributable to equity holders of the parent	₱431,102	₱444,639	₱1,051,393	₱769,697	(₱57,839)	(₱193,634)	(₱11,671)	₱–	₱–	(₱467,580)	₱–	₱1,966,107
Segment assets	₱1,642,678	₱2,025,461	₱9,316,316	₱5,078,962	₱1,056,496	₱11,972,765	₱795,102	₱–	₱19,239	₱13,074,445	₱–	₱44,981,464
Deferred income tax assets	51,645	45,301	91,647	80,721	44,994	–	–	–	–	55,744	–	370,052
Total assets	₱1,694,323	₱2,070,762	₱9,407,963	₱5,159,683	₱1,101,490	₱11,972,765	₱795,102	₱–	₱19,239	₱13,130,189	₱–	₱45,351,516
Segment liabilities	₱263,564	₱376,084	₱2,121,770	₱999,023	₱68,006	₱9,099,296	₱1,111	₱–	₱–	₱346,542	₱–	₱13,275,396
Deferred income tax liabilities - net	13,165	18,608	56,071	287,323	171,342	124,801	–	–	23,268	181,889	–	876,467
Total liabilities	₱276,729	₱394,692	₱2,177,841	₱1,286,346	₱239,348	₱9,224,097	₱1,111	₱–	₱23,268	₱528,431	₱–	₱14,151,863
Capital expenditures	₱79,707	₱65,344	₱459,023	₱155,350	₱42,301	₱2,418,621	₱109,439	₱–	₱–	₱19,965	₱–	₱3,349,750
Depreciation, amortization and depletion	₱283,703	₱132,653	₱593,872	₱415,237	₱3,502	₱64,337	₱73	₱–	₱–	₱21,892	₱–	₱1,515,269

	June 30, 2016 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	Geogen	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	824,850	658,182	1,985,995	1,783,273	-	4,955	-	259,727	-	-	-	5,516,982
Inter-segment revenues	-	-	-	-	-	-	-	-	1,479	208,985	(210,464)	-
Total revenues	824,850	658,182	1,985,995	1,783,273	-	4,955	-	259,727	1,479	208,985	(210,464)	5,516,982
Cost of sales	340,493	386,023	932,597	1,066,166	-	-	-	-	-	-	-	2,725,279
Cost of services	-	-	-	-	-	-	-	158,969	-	-	-	158,969
Cost of power generation	-	-	-	-	-	7,223	-	-	-	-	-	7,223
Shipping and loading costs	221,737	142,746	290,028	163,402	-	-	-	-	(7,175)	-	-	810,738
Excise taxes and royalties	50,415	107,145	158,880	53,498	-	-	-	-	-	-	-	369,938
Marketing	5,237	23,002	1,262	-	-	-	-	-	-	-	-	29,501
Segment operating earnings	206,968	(734)	603,228	500,207	-	(2,268)	-	100,758	8,654	208,985	(210,464)	1,415,334
General and administrative	54,463	14,057	51,896	31,291	28,274	77,433	-	-	-	132,215	-	389,629
Finance income	1,298	15,242	9,908	7,560	46	266	-	-	-	71,545	-	105,865
Finance expenses	-	1,072	837	2,037	-	67,977	-	-	-	77,918	-	149,841
Provision for (benefit from) income tax	40,651	5,375	171,992	141,241	-	-	-	-	(1,427)	13,148	-	370,980
Net income (loss) attributable to equity holders of the parent	137,476	7,319	355,068	262,518	(88,120)	(84,442)	-	-	-	(565,398)	-	24,421
Segment assets	1,749,721	2,253,037	9,058,461	4,421,510	1,006,941	9,998,440	717,297	-	82,318	12,980,054	-	42,267,779
Deferred income tax assets - net	40,671	19,424	63,187	5,312	8,392	-	-	-	-	-	-	136,986
Total assets	1,790,392	2,272,461	9,121,648	4,426,822	1,015,333	9,998,440	717,297	-	82,318	12,980,054	-	42,404,765
Segment liabilities	359,022	300,647	2,045,501	546,301	51,276	8,878,254	-	-	-	330,942	-	12,511,943
Deferred income tax liabilities - net	-	-	-	265,643	164,105	92,009	-	-	24,695	70,339	-	616,791
Total liabilities	359,022	300,647	2,045,501	811,944	215,381	8,970,263	-	-	24,695	401,281	-	13,128,734
Capital expenditures	49,914	31,482	387,078	79,530	17,318	716	46,242	-	-	12,420	-	624,700
Depreciation, depletion and amortization	134,950	65,789	303,226	210,075	1,193	7,911	-	-	4,756	10,431	-	738,331

The Group has revenues from external customers as follows:

	For the six-month period ended June 30	
	2017	2016
Country of Domicile	(Unaudited)	
China	**₱4,760,895**	₱3,434,398
Japan	**1,291,340**	872,196
Australia	**–**	68,901
Local	**1,769,247**	1,141,487
	₱7,821,482	₱5,516,982

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

Revenue arising from two key customers for the sale of ores amounted to ₱4,336.7 million and ₱2,385.3 million for the six months ended June 30, 2017 and 2016, respectively.

The Group has noncurrent assets consisting of property and equipment and investment properties located in the Parent Company's country of domicile amounting to ₱15,775.8 million and ₱15,597.0 million as at June 30, 2017 and December 31, 2016, respectively.

33. Events after the End of the Financial Reporting Period

On August 4, 2017, the Parent Company's BOD approved the following:

a) Payment of advances to EPI amounting to ₱1,500.0 million to be treated as deposit for future stock subscription;
b) Conversion of the existing loan granted by the Parent Company to EPI amounting to ₱1,500.0 million to equity subject to an application for increase in authorized capital stock with and the approval by the SEC; and
c) Granting of new loan facilities to EPI amounting to ₱200.0 million and ₱250.0 million which is drawable in 2017 and 2018, respectively.