

S.E.C. Number CS200811530

File Number _____

NICKEL ASIA CORPORATION

(Company's Full Name)

**NAC Tower 32nd Street,
Bonifacio Global City, Taguig**

(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

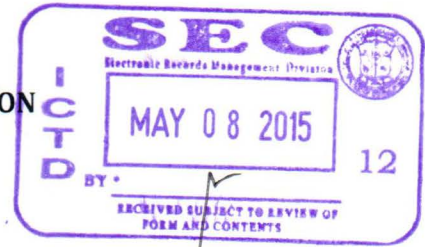
March 31, 2015

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: MARCH 31, 2015
- 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: NAC Tower 32nd Street, Bonifacio Global City, Taguig Postal Code: 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	3,795,885,515 shares
Long-term Debt	Php1,410.9 million

- 11. Are any or all of these securities listed on a Stock Exchange.
Yes 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 No

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

Yes No



May 8, 2015

Ms. Janet A. Encarnacion

Disclosure Department
The Philippine Stock Exchange Inc.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Ms. Justina F. Callangan

Corporation Finance Department
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills
Mandaluyong City

Re : SEC Form 17-Q 2015 1st 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 March 31, 2015.

We trust everything is in order.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Emmanuel L. Samson', with a stylized flourish at the end.

Emmanuel L. Samson
SVP - Chief Financial Officer



NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
MARCH 31, 2015

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

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

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

Summary Consolidated Statements of Income

	For the Quarter Ended March 31		Increase (Decrease)	Percent Inc (Dec)
	2015	2014		
	<i>(In thousand pesos)</i>			
Revenues	3,120,728	1,698,176	1,422,552	84%
Cost and expenses	(1,950,407)	(1,272,670)	677,737	53%
Finance income	56,877	35,212	21,665	62%
Finance expenses	(32,965)	(42,536)	(9,571)	-23%
Equity in net income of associates	212,791	11,656	201,135	-1726%
Other income - net	15,834	44,066	(28,232)	-64%
Provision for income tax - net	(385,400)	(134,579)	250,821	186%
Net income	<u>1,037,458</u>	<u>339,325</u>	<u>698,133</u>	<u>206%</u>
Net income attributable to:				
Equity holders of the parent	675,767	177,138	498,629	281%
Non-controlling interests	<u>361,691</u>	<u>162,187</u>	<u>199,504</u>	<u>123%</u>
	<u>1,037,458</u>	<u>339,325</u>	<u>698,133</u>	<u>206%</u>

Summary Consolidated Statements of Financial Position

	March 31,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2015	2014		
	<i>(Unaudited)</i>	<i>(Audited)</i>		
	<i>(In Thousand Pesos)</i>			
Current assets	21,534,863	20,611,470	923,393	4%
Noncurrent assets	14,917,356	14,572,438	344,918	2%
Total assets	<u>36,452,219</u>	<u>35,183,908</u>	<u>1,268,311</u>	<u>4%</u>
Current liabilities	2,353,887	2,114,567	239,320	11%
Noncurrent liabilities	2,165,125	2,166,995	(1,870)	0%
Equity attributable to				
equity holders of the Parent	27,854,801	27,185,631	669,170	2%
Non-controlling interests	<u>4,078,406</u>	<u>3,716,715</u>	<u>361,691</u>	<u>10%</u>
Total liabilities and equity	<u>36,452,219</u>	<u>35,183,908</u>	<u>1,268,311</u>	<u>4%</u>

Summary Consolidated Statements of Cash Flows

	For the Quarter Ended March 31		Increase (Decrease)	Percent Inc (Dec)
	2015	2014		
	<i>(In Thousand Pesos)</i>			
Net cash flows from (used in):				
Operating activities	339,066	286,953	52,113	18%
Investing activities	(3,802,539)	(430,437)	3,372,102	783%
Financing activities	(20,413)	(921,868)	(901,455)	-98%
Net decrease in cash and cash equivalents	<u>(3,483,886)</u>	<u>(1,065,352)</u>	<u>(2,418,534)</u>	<u>227%</u>
Cash and cash equivalents, beginning	13,561,803	10,234,336	3,327,467	33%
Cash and cash equivalents, end	<u>10,077,917</u>	<u>9,168,984</u>	<u>908,933</u>	<u>10%</u>

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 three months ended March 31, 2015 and 2014, 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.

Three months ended March 31, 2015 compared with three months ended March 31, 2014

Revenues

Our total revenues were ₱3,120.7 million for the three months ended March 31, 2015 compared to ₱1,698.2 million for the three months ended March 31, 2014, an increase of ₱1,422.5 million or 84%.

Sale of ore

We sold an aggregate 3,490.9 thousand wet metric tons (WMT) of nickel ore in the first quarter of 2015, an increase of 32% compared to 2,646.4 thousand WMT of nickel ore in the first quarter of 2014. Our sales for this period included 1,341.1 thousand WMT of saprolite ore sold to our customers in Japan, China and Australia, 160.5 thousand WMT of limonite ore to our Chinese customers and 1,989.3 thousand WMT of limonite ore to Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THNC) compared to sales of 676.6 thousand WMT, 167.8 thousand WMT and 1,802.0 thousand WMT, respectively, in the same period last year.

Our revenue from sale of nickel ore was ₱2,838.9 million in the first quarter of 2015 compared to ₱1,448.9 million in the first quarter of 2014, an increase of ₱1,390.0 million or 96%. With respect to export sales, the Group achieved an average price of \$32.44 per WMT in the first quarter of 2015, much higher compared to \$21.98 realized nickel price in the same period last year. It will be recalled that last year, nickel prices were at fairly low levels during the early part, since the effect of the Indonesian ore ban only started to impact ore prices beginning in the second quarter.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito processing plants, which remain linked to London Metal Exchange (LME) prices, the Group realized an average of \$6.50 per pound of payable nickel on 1,989.3 thousand WMT sold during the first three months of the year. This compares to an average price of \$6.68 per pound of payable nickel on 1,802.0 thousand WMT sold during the same period last year.

Typically, low shipment volumes occur during the first quarter of the year since operations at the Company's Taganaan and Cagdianao mines do not commence until the second quarter, following the rainy season in the south of the country. However, due to more favorable weather condition in the current period, the Taganaan mine managed to ship 160.5 thousand WMT of limonite ore, while the Cagdianao mine shipped 53.4 thousand WMT of saprolite ore in the first quarter of 2015 compared to no shipments from both mines during the same period last year.

The Company's two other larger mines continue to perform well. The Rio Tuba mine shipped 1,086.8 thousand WMT of saprolite ore and 840.9 thousand WMT of limonite ore to the Coral Bay plant during the first quarter of 2015 compared to 474.5 thousand WMT of saprolite ore and 1,039.1 thousand WMT of limonite ore to China and CBNC in the same period last year. The Taganito mine shipped 200.8 thousand WMT of saprolite ore and 1,148.5 thousand WMT of limonite ore to the Taganito HPAL plant in the first quarter of 2015 as against 202.2 thousand WMT of saprolite ore and 930.6 thousand WMT of limonite ore shipments for the comparable period last year.

We own 60% of Rio Tuba Nickel Mining Corporation (RTN), which owns and operates the Rio Tuba mine. RTN's revenue from sale of nickel ore was ₱1,900.3 million in the first quarter of 2015 compared to ₱926.5 million in the first quarter of 2014, an increase of ₱973.8 million or 105%. RTN sold an aggregate 1,927.7 thousand WMT of nickel ore in the first three months of 2015 compared to an aggregate 1,513.6 thousand WMT of nickel ore sold in the same comparable period last year. The volume of saprolite ore sold to Japanese customers decreased by 148.2 thousand WMT or 41%, the volume of saprolite and limonite ore sold to Chinese customers increased by 481.3 thousand WMT or 173% and the volume of limonite ore sold to CBNC decreased by 30.5 thousand WMT or 3%. Moreover, RTN managed to ship a total of 111.5 thousand WMT of saprolite ore to Australia in the first quarter of 2015 whereas there was none in same period last year.

RTN's revenue from sale of limestone ore was ₱114.9 million in the first quarter of 2015 compared to ₱79.0 million in the first quarter of 2014, an increase of ₱35.9 million or 45%. There was an increase of 56.3 thousand WMT or 53% in limestone sales during the first quarter of 2015 due to deliveries to Unichamp Mineral Philippines Inc., which started in August 2014 only.

We own 65% of Taganito Mining Corporation (TMC), which owns and operates the Taganito mine. TMC's revenue from sale of nickel ore was ₱743.7 million in the first quarter of 2015 compared to ₱522.4 million in the first quarter of 2014, an increase of ₱221.3 million, or 42%. TMC sold an aggregate 1,349.2 thousand WMT of nickel ore in the first quarter of 2015 compared to an aggregate 1,132.8 thousand WMT of nickel ore in the same period last year. The volume of saprolite ore sold to Japanese customers decreased by 105.7 thousand WMT or 52% and the volume of saprolite and limonite ore sold to Chinese customers increased by 104.3 thousand WMT or 100%. Further, TMC was able to deliver 1,148.5 thousand WMT of limonite ore to THNC plant in the first quarter of 2015 as against 930.6 thousand WMT in the first quarter of 2014.

We own 100% of CMC and HMC, which owns and operates the Cagdianao and Taganaan mining operations, respectively. Typically CMC and HMC do not have shipments during the early part of the year due to unfavorable weather condition but in the first quarter of 2015, both mines managed to ship and earn revenue from sale of nickel ore amounting to ₱86.0 million for 53.4 thousand WMT for Cagdianao mine and ₱109.0 million for 160.5 thousand WMT for Taganaan mine. Both mines had no shipment in 2014.

Services and Others

Our revenue from services and others was ₱166.9 million for the first three months of 2015 compared to ₱170.2 million for the same period in 2014, a decrease of ₱3.3 million, or 2%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN and TMC provides to CBNC and THNC, respectively, and usage fee charged by TMC to THNC for the use of its pier facility.

Costs and Expenses

Our costs and expenses amounted to ₱1,950.4 million in the first quarter of 2015 compared to ₱1,272.7 million in the first quarter of 2014, an increase of ₱677.7 million, or 53%.

Cost of Sales

In the first quarter of 2015, our cost of sales was ₱1,260.6 million compared to ₱766.2 million in the same period last year, an increase of ₱494.4 million, or 65% due to 32% increase in volume of shipments. The movement in cost of sales was attributable to the net effect of increase in production overhead from ₱463.0 million to ₱619.0 million and outside services from ₱89.6 million to ₱345.9 million. Increase in cost of sales was partly attributable to the cost incurred by HMC and CMC for their shipments amounting to a total of ₱101.4 million in the first quarter of 2015 whereas there was none in the same period last year. Aside from this, the favorable weather also allowed saprolite mining activities in TMC mine wherein the in-house resources were used and as such outside contractors were hired for the limonite mining. RTN also hired contractors for its hauling activities.

Cost of Services

Cost of services was ₱94.0 million for the first three months of 2015 compared to ₱93.7 million for the first three months of 2014, an increase of ₱0.3 million, or 0.3%. 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.

Shipping and Loading

Shipping and loading costs were ₱283.0 million for the three months ended March 31, 2015 compared to ₱177.4 million in the same comparable period last year, an increase of ₱105.6 million, or 60%. Aside from the 78% increase in volume of our direct export of ores to Japan, China and Australia, the increment in shipping and loading costs was also brought by the use of outside contractors to haul ore materials to the barge because a number of dump trucks were under repair.

Excise Taxes and Royalties

Our excise taxes and royalties were ₱141.1 million in the first quarter of 2015 compared to ₱61.9 million in the first quarter of 2014, an increase of ₱79.2 million, or 128%. The increase in excise taxes and royalties was attributable to the 93% growth in our sales revenue in the first quarter of 2015 compared to the same period last year.

Marketing

Marketing costs were ₱6.2 million and nil for the three months ended March 31, 2015 and 2014, respectively. Basically, the marketing cost incurred in the first quarter of 2015 pertains to the marketing fee charged by Mitsubishi Corporation and commission paid by CMC to its claim owner, which is based on a certain percentage of its sales revenue.

General and Administrative

General and administrative expenses were ₱165.5 million in the first three months of 2015 compared to ₱173.5 million in the first three months of 2014, a decrease of ₱8.0 million, or 5%. In the first quarter of 2015, taxes and licenses is lower by ₱17.3 million because no stock options were exercised during the period compared to the same period last year wherein a total of 6.6 million shares were exercised and the related fringe benefit tax amounting to around ₱32.0 million was accrued. The decrease in taxes and licenses was partially offset by the increase in local business taxes paid. The 2015 local business taxes were based on the revenue earned in the year 2014 which was significantly higher than the revenue earned in the year 2013.

Finance Income

Our finance income was ₱56.9 million in the first three months of 2015 compared to ₱35.2 million in the first three months of 2014, an increase of ₱21.7 million, or 62%. Aside from higher interest income earned from short-term cash investments and AFS financial assets, the Group also sold some of its AFS financial assets at a gain of ₱11.1 million in the first quarter of 2015. There were no disposals of AFS financial assets during the first quarter of 2014.

Finance Expenses

Our finance expense was ₱33.0 million in the first three months of 2015 compared to ₱42.5 million in the first three months of 2014, a decrease of ₱9.5 million, or 22%. Basically, the movement in our finance expense arises from the decrease in our loan guarantee service fee, which moved from ₱40.4 million to ₱30.8 million, due to partial payment by THNC of its loan. The guarantee service fee is related to the Taganito HPAL project.

Equity in Net Income of Associates

Our equity in net income of THNC and CBNC was ₱212.8 million and ₱11.7 million in the first quarter of 2015 and 2014, respectively. The result of THNC and CBNC's operations in the first three months of 2015 was a net income of US\$14.0 million and US\$16.3 million, respectively. During the same period last year, THNC 's operations resulted to a net income of US\$1.2 million, as the newly commissioned plant was undergoing fine-tuning, while there was no equity contribution from CBNC since the Parent Company's direct equity interest took effect in April 2014.

Other Income - Net

Our other income - net in the first quarter of 2015 was ₱15.8 million compared to ₱44.1 million in the same period last year, a decrease of ₱28.3 million, or 64%. The significant decrease in our other income - net was brought mainly by the movement in foreign exchange from a gain of ₱15.8 million in the first quarter of 2014 to a loss of ₱8.5 million in the first quarter of 2015. In both periods, the Group was in net foreign currency denominated financial asset position but the average value of peso to dollar in the first quarter of 2015 of ₱44.42 was lower compared to ₱44.88 in the first quarter of 2014, thus the increase in foreign exchange losses.

Provision for (Benefit from) Income Tax - Net

Net provision for income tax was ₱385.4 million in the first quarter of 2015 compared to ₱134.6 million in the first quarter of 2014, an increase of ₱250.8 million, or 186%. Our current provision for income tax in the first quarter of 2015 was ₱442.5 million compared to ₱163.9 million in the first quarter of 2014, an increase of ₱278.6 million, or 170% primarily due to the increase in our taxable income in 2015 resulting from higher sales revenue. Our benefit from deferred income tax in the first quarter of 2015 was ₱57.1 million compared to ₱29.3 million in the first quarter of 2014, an increase of ₱27.8 million, or 95%. The benefit from deferred income tax in 2015 was higher compared to 2014 due to unrealized foreign exchange gains of TMC and HMC in 2014 that was realized in the first quarter of 2015 amounting to ₱65.2 million and with tax effect of ₱19.6 million and other nondeductible expenses such as pension expense, accretion interest on provision for mine rehabilitation and decommissioning, cost of share-based payment and unrealized foreign exchange losses.

Net Income

As a result of the foregoing, our consolidated net income was ₱1,037.5 million in the first quarter of 2015 compared to ₱339.3 million in the first quarter of 2014. Net of non-controlling interests, our net income was ₱675.8 million in the first quarter of 2015 compared to ₱177.1 million in the first quarter of 2014, an increase of ₱498.7 million, or 282%.

Statement of Financial Position

As at March 31, 2015, total assets increased to ₱36,452.2 million from ₱35,183.9 million as of the end of 2014. Current assets increased to ₱21,534.9 million from ₱20,611.5 million mainly because of the increase in trade and other receivables from ₱1,431.1 million to ₱2,137.6 million as a result of the increase in sales revenue for the period. In addition, inventories increased from ₱2,863.2 million to ₱3,063.5 million due to increase in production volume, and prepayments and other current assets increased from ₱473.8 million to ₱676.1 million due to deposits for materials in-transit and prepaid taxes and licenses.

The increase in noncurrent assets from ₱14,572.4 million to ₱14,917.4 million arise from investments in associates which increased from ₱5,304.0 million to ₱5,515.0 million due to favorable results of THNC and CBNC's operations in the first quarter of 2015 wherein the Parent Company's share in net income of its associates amounted to \$3.2 million and \$1.6 million, respectively.

Total current liabilities increased to ₱2,353.9 million as at March 31, 2015 from ₱2,114.6 million as at December 31, 2014 due to income taxes payable, which increased from ₱513.6 million to ₱954.4 million. The increase in income taxes payable was attributable to the income tax due for the first quarter of 2015. The current period income tax due was added to the income tax payable for the year 2014 which was paid and remitted in April 2015. Total noncurrent liabilities decreased to ₱2,165.1 million as at March 31, 2015 from ₱2,167.0 million as at December 31, 2014 due to the net effect of decrease in deferred income tax liabilities from ₱421.1 million to ₱404.8 million and accrual of current period's pension expense.

Our equity net of non-controlling interests as at March 31, 2015 increased to ₱27,854.8 million from ₱27,185.6 million as of year-end 2014, due to net earnings for the period.

Statement of Cash Flows

The net cash from operating activities amounted to ₱339.1 million for the three months ended March 31, 2015 compared to ₱287.0 million for the same period last year. Basically, the movement pertains to higher cash generated from operations as a result of the significant increase in sales revenue in the current period.

Net cash used in investing activities for the three months ended March 31, 2015 and 2014 amounted to ₱3,802.5 million and ₱430.4 million, respectively. In the first quarter of 2015, the net acquisitions of additional AFS financial assets, mostly investments in managed funds, were higher by ₱3,210.3 million compared to the first quarter of 2014 due to cash dividends received by the Parent Company from its subsidiaries in December 2014.

In the first quarter of 2015 and 2014, the net cash used in financing activities amounting to ₱20.4 million and ₱921.9 million arises mainly from payments of long-term debt and cash dividends, respectively.

As at March 31, 2015 and 2014, cash and cash equivalents amounted to ₱10,077.9 million and ₱9,169.0 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 Pacific Metals Co. Ltd. (PAMCO), who purchases our high-grade saprolite ore that we are able to extract and ship at any given time. With respect to our low-grade saprolite and limonite ore, in periods when we are able to extract more ore than we are able to ship, we generally continue our mining operations and stockpile such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of our low-grade saprolite ore and limonite ore sales to our Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO, Sumitomo Metal Mining Co., Ltd. and our customers in China, we sell limonite ore from our Rio Tuba mine to the Coral Bay HPAL facility, in which we have a 10% interest, and from our Taganito mine to the Taganito HPAL facility, in which we have a 22.5% 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 51,000 tonnes of mixed nickel-cobalt sulfide 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.

In the first quarter of 2015 and 2014, we sold an aggregate of 3,490.9 thousand WMT and 2,646.4 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 in the first quarter of 2015 was ₱486.17 per WMT on the basis of aggregate cash costs of ₱1,697.1 million and a total sales volume of 3,490.9 thousand WMT of ore. This compares to ₱401.51 per WMT during the same period in 2014 on the basis of aggregate cash costs of ₱1,062.6 million and a total sales volume of 2,646.4 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 in the first quarter of 2015 was ₱675.8 million compared to ₱177.1 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 (NGP) where we plant trees and/or donate seedlings outside of our mining properties. In the first quarter of 2015 and 2014, the Group has rehabilitated a total of 54.81 hectares and 60.01 hectares, respectively, of mine disturbed/mined out areas within their Mineral Production Sharing Agreement (MPSA) areas with corresponding number of trees planted of about 100,578 and 124,725, respectively. Planting outside the MPSA areas were also conducted in compliance with DENR's thrust of massive reforestation project nationwide known as NGP and contributing about 3.37 hectares and 5.00 hectares in the first quarter of 2015 and 2014, respectively, of areas planted of various endemic tree species and seedling donations to local government units and other NGP participating institution numbering to about 13,602 trees and seedlings and 7,035 trees and seedlings, 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. In the first quarter of 2015 and 2014, our frequency rate was 0.23 and 0.28, respectively.

Liquidity and Capital Resources

As of March 31, 2015 and December 31, 2014, 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.

As of March 31, 2015 and December 31, 2014, our working capital, defined as the difference between our current assets and current liabilities, was ₱19.2 billion and ₱18.5 billion, respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations and as well as debt that we have incurred to finance the construction of pier facilities at our Rio Tuba and Taganito properties. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations due to factors such as government policies, changes in global demand and global production of similar and competitive mineral products. 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 amounts payable under the contracts that govern our limonite ore sales to CBNC and THNC are based upon payable nickel delivered with the nickel ore. This payable nickel is priced using an average of LME spot prices over the period at which 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 U.S. dollar and results primarily from the transaction exposure associated with transactions in currencies other than Peso. Such exposure arises from cash and cash equivalents, AFS financial assets, long-term debt and sales of beneficiated nickel ore denominated in 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 and Currency Exchange Rates

Nickel ore trade turned into a new phase in 2014 due to the Indonesian export ban and the price collapse in the iron ore market. The former brought about higher pricing in the middle/high grade nickel ore, consistent with the law of supply and demand, while the latter resulted in lower pricing and demand in the low grade nickel ore, which is mainly used for Chinese carbon steel mill as iron ore substitute.

Moreover, we earn substantially all of our revenues in U.S. dollars while most of our expenses are paid in peso. The appreciation of the peso against the U.S. dollar reduces our revenue in peso terms without a corresponding reduction in our expenses and can result in a reduction in our net income.

Aside from the volatility of the nickel price and changes in currency exchange rates, there were no other known trends, events or uncertainties which may have a material impact on our revenue.

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.

Material Commitment for Capital Expenditures

The Parent Company contracted Bussbarr Corporation for the construction of its 10 MW bunker-fired diesel power station including the civil and electro-mechanical works, construction of the substation, transmission line and SCADA and supply of the engine generator sets. The project will be financed using the Parent Company's short-term cash investments.

Off-balance sheet arrangements

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

Known Trends, Events, or Uncertainties

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.

PART II – FINANCIAL SOUNDNESS INDICATORS

Please refer to the attached schedule.

**NICKEL ASIA CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**

	2015	2014
<i>A. Liquidity analysis ratios</i>		
Current ratio or working capital ratio	9.15	9.67
Quick ratio	7.56	7.89
Solvency ratio	8.07	7.41
<i>B. Financial leverage ratios</i>		
Debt ratio	0.12	0.13
Debt-to-equity ratio	0.14	0.16
Interest coverage ratio	161.14	50.67
Asset-to-equity ratio	1.14	1.16
<i>C. Profitability ratios</i>		
Gross profit margin	0.57	0.49
Net profit margin	0.33	0.20
Return on assets	0.03	0.01
Return on equity	0.03	0.01
Price/earnings ratio	133.33	263.80

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

May 8, 2015



Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

May 8, 2015

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at March 31, 2015 and
December 31, 2014

Interim Consolidated Statements of Income for the three-month period ended
March 31, 2015 and 2014

Interim Consolidated Statements of Comprehensive Income for the three-month period
ended March 31, 2015 and 2014

Interim Consolidated Statements of Changes in Equity for the three-month period ended
March 31, 2015 and 2014

Interim Consolidated Statements of Cash Flows for the three-month period ended
March 31, 2015 and 2014

Notes to Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2015
(With Comparative Audited Figures as at December 31, 2014)
(Amounts in Thousands)

	March 31, 2015	December 31, 2014
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P10,077,917	P13,561,803
Trade and other receivables (Note 5)	2,137,593	1,431,080
Inventories (Notes 6 and 10)	3,063,508	2,863,181
Available-for-sale (AFS) financial assets (Note 7)	5,579,744	2,281,632
Prepayments and other current assets	676,101	473,774
Total Current Assets	21,534,863	20,611,470
Noncurrent Assets		
AFS financial assets - net of current portion (Note 7)	522,797	522,797
Property and equipment (Note 8)	6,669,981	6,598,993
Investment properties	29,000	29,000
Investments in associates (Note 9)	5,515,037	5,304,040
Long-term stockpile inventory - net of current portion (Note 10)	761,632	812,760
Deferred income tax assets - net	252,424	207,967
Other noncurrent assets (Note 4)	1,166,485	1,096,881
Total Noncurrent Assets	14,917,356	14,572,438
TOTAL ASSETS	P36,452,219	P35,183,908
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	P1,301,239	P1,482,640
Income tax payable	954,397	513,598
Current portion of long-term debt (Note 12)	98,251	118,329
Total Current Liabilities	2,353,887	2,114,567
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	1,312,616	1,313,203
Deferred income tax liabilities - net	404,759	421,050
Deferred income - net of current portion	73,564	71,229
Provision for mine rehabilitation and decommissioning (Note 13)	130,359	130,175
Pension liability	243,827	231,338
Total Noncurrent Liabilities	2,165,125	2,166,995
Total Liabilities	4,519,012	4,281,562
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	1,905,143	1,272,495
Stock dividends distributable		632,648
Additional paid-in capital	8,273,655	8,273,655
Other components of equity:		
Net valuation gains on AFS financial assets (Note 7)	153,995	171,322
Share in cumulative translation adjustment (Note 9)	80,466	82,154
Cost of share-based payment plan (Note 15)	59,478	47,060
Asset revaluation surplus	33,151	33,246
Retained earnings		
Unappropriated	16,348,913	15,673,051
Appropriated (Note 14)	1,000,000	1,000,000
	27,854,801	27,185,631
Non-controlling Interests	4,078,406	3,716,715
Total Equity	31,933,207	30,902,346
TOTAL LIABILITIES AND EQUITY	P36,452,219	P35,183,908

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Thousands, Except Earnings per Share)

	2015	2014
	(Unaudited)	
REVENUES (Note 27)		
Sale of ore	₱2,953,834	₱1,527,962
Services and others	166,894	170,214
	3,120,728	1,698,176
COSTS AND EXPENSES		
Cost of sales (Note 17)	1,260,638	766,240
Cost of services (Note 18)	93,951	93,677
Shipping and loading costs (Note 19)	283,009	177,385
Excise taxes and royalties (Note 20)	141,118	61,906
General and administrative (Note 21)	165,489	173,462
Marketing	6,202	-
	1,950,407	1,272,670
FINANCE INCOME (Note 24)	56,877	35,212
FINANCE EXPENSES (Note 25)	(32,965)	(42,536)
EQUITY IN NET INCOME OF ASSOCIATES (Note 9)	212,791	11,656
OTHER INCOME - Net (Note 26)	15,834	44,066
INCOME BEFORE INCOME TAX	1,422,858	473,904
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)		
Current	442,531	163,899
Deferred	(57,131)	(29,320)
	385,400	134,579
NET INCOME	₱1,037,458	₱339,325
Net income attributable to:		
Equity holders of the parent	₱675,767	₱177,138
Non-controlling interests	361,691	162,187
	₱1,037,458	₱339,325
Earnings per share:		
Basic	₱0.18	₱0.05
Diluted	₱0.18	₱0.05

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Thousands)

	2015	2014
	(Unaudited)	
NET INCOME	₱1,037,458	₱339,325
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>		
Share in translation adjustment of associates	(1,688)	34,101
Net valuation gains (loss) on AFS financial assets	(17,327)	17,565
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	(19,015)	51,666
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(95)	(95)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	(19,110)	51,571
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱1,018,348	₱390,896
Total comprehensive income attributable to:		
Equity holders of the parent	₱656,657	₱228,709
Non-controlling interests	361,691	162,187
	₱1,018,348	₱390,896

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										Non-controlling Interests	Total
	Capital Stock (Note 14)	Stock Dividend Distributable	Additional Paid-in Capital	Cost of Share-based Payment Plan (Note 15)	Net Valuation Gains on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment (Note 9)	Asset Revaluation Surplus	Retained Earnings		Total		
							Unappropriated	Appropriated (Note 14)				
Balances at December 31, 2014	₱1,272,495	₱632,648	₱8,273,655	₱47,060	₱171,322	₱82,154	₱33,246	₱15,673,051	₱1,000,000	₱27,185,631	₱3,716,715	₱30,902,346
Net income	-	-	-	-	-	-	-	675,767	-	675,767	361,691	1,037,458
Other comprehensive loss	-	-	-	-	(17,327)	(1,688)	(95)	-	-	(19,110)	-	(19,110)
Total comprehensive income (loss)	-	-	-	-	(17,327)	(1,688)	(95)	675,767	-	656,657	361,691	1,018,348
Cost of share-based payment plan (Note 15)	-	-	-	12,418	-	-	-	-	-	12,418	-	12,418
Distribution of stock dividends	632,648	(632,648)	-	-	-	-	-	-	-	-	-	-
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	-	95	-	95	-	95
Balances at March 31, 2015 (Unaudited)	₱1,905,143	₱-	₱8,273,655	₱59,478	₱153,995	₱80,466	₱33,151	₱16,348,913	₱1,000,000	₱27,854,801	₱4,078,406	₱31,933,207

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	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 14)	Additional Paid-in Capital	Cost of Share- based Payment Plan (Note 15)	Net Valuation Gains on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment (Note 9)	Asset Revaluation Surplus	Retained Earnings		Total	Non-controlling Interests	Total
Balances at December 31, 2013	₱1,266,780	₱8,151,603	₱49,524	₱99,506	₱140,201	₱33,629	₱9,748,905	₱1,000,000	₱20,490,148	₱4,721,640	₱25,211,788
Net income	-	-	-	-	-	-	177,138	-	177,138	162,187	339,325
Other comprehensive income (loss)	-	-	-	17,565	34,101	(95)	-	-	51,571	-	51,571
Total comprehensive income (loss)	-	-	-	17,565	34,101	(95)	177,138	-	228,709	162,187	390,896
Exercise of stock options (Note 15)	3,299	74,056	(29,845)	-	-	-	-	-	47,510	-	47,510
Cost of share-based payment (Note 15)	-	-	1,263	-	-	-	-	-	1,263	-	1,263
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	95	-	95	-	95
Share of non-controlling interest in cash dividends of a subsidiary	-	-	-	-	-	-	-	-	-	(945,815)	(945,815)
Balances at March 31, 2014 (Unaudited)	₱1,270,079	₱8,225,659	₱20,942	₱117,071	₱174,302	₱33,534	₱9,926,138	₱1,000,000	₱20,767,725	₱3,938,012	₱24,705,737

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Thousands)

	2015	2014
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P1,422,858	P473,904
Adjustments for:		
Depreciation, amortization and depletion (Note 23)	351,856	329,275
Equity in net income of associates (Note 9)	(212,791)	(11,656)
Interest income (Note 24)	(42,986)	(35,212)
Interest expense (Notes 12, 18 and 25)	8,885	9,540
Unrealized foreign exchange losses - net	1,261	12,809
Gain on sale of property and equipment (Note 26)	(2)	(7,993)
Dividend income (Note 26)	-	(941)
Cost of share-based payment plan (Notes 15 and 22)	12,418	1,263
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 13 and 25)	772	726
Movements in pension liability	11,840	(2,639)
Day 1 gain (Note 24)	(800)	-
Accretion income (Note 24)	(1,947)	-
Gain on transfer from equity to profit or loss of AFS financial assets (Note 24)	(11,144)	-
Operating income before working capital changes	1,540,220	769,076
Increase in:		
Trade and other receivables	(724,862)	(236,936)
Inventories	(149,199)	(203,364)
Prepayments and other current assets	(194,064)	(84,995)
Increase (decrease) in trade and other payables	(184,272)	13,791
Net cash generated from operations	287,823	257,572
Interest received	55,820	40,090
Income taxes paid	(1,732)	(6,926)
Interest paid	(2,845)	(3,783)
Net cash flows from operating activities	339,066	286,953
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 8)	(423,688)	(355,031)
AFS financial assets (Note 7)	(4,612,390)	(99,817)
Proceeds from:		
Sale of property and equipment	846	11,315
Sale of AFS financial assets	1,302,297	-
Dividends received	-	941
Decrease (increase) in other noncurrent assets	(69,604)	12,155
Net cash flows used in investing activities	(3,802,539)	(430,437)

(Forward)

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	2015	2014
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	(P2,520)	(P945,815)
Long-term debt	(19,640)	(19,640)
Rehabilitation cost	(588)	(3,573)
Increase (decrease) in deferred income	2,335	(350)
Proceeds from exercise of stock options	-	47,510
Net cash flows used in financing activities	(20,413)	(921,868)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,483,886)	(1,065,352)
CASH AND CASH EQUIVALENTS AT JANUARY 1	13,561,803	10,234,336
CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)	P10,077,917	P9,168,984

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

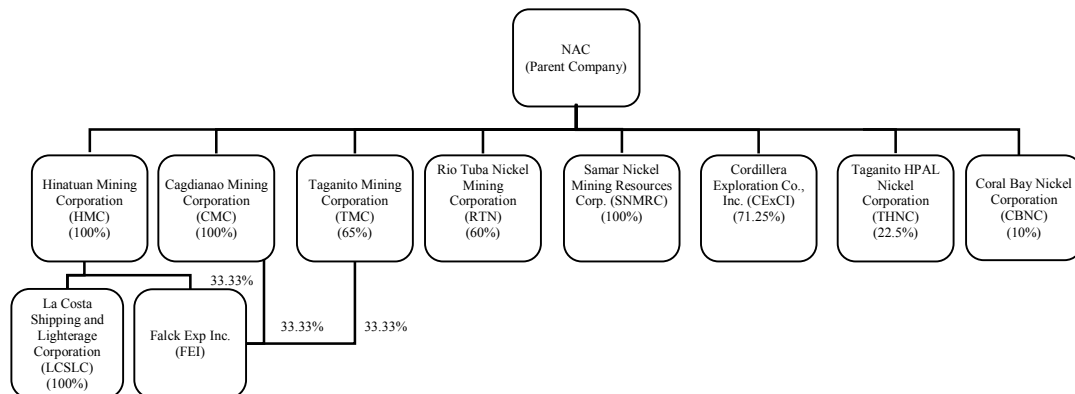
(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. Corporate Information

Nickel Asia Corporation (NAC, Parent Company, 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.

On November 22, 2010, the Company was listed on the Philippine Stock Exchange with an initial public offering (IPO) 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 ₱5.33 per share after the stock dividends (see Note 14).

Parent Company Ownership Map



On March 24, 2014 and June 6, 2014, the Board of Directors (BOD) of the Parent Company and its stockholders, respectively, approved the amendment of its Articles of Incorporation to reflect the change in its principal office address from 6th floor NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City to NAC Tower 32nd Street, Bonifacio Global City, Taguig. The amendment of the Parent Company's Articles of Incorporation was approved by the SEC on August 15, 2014.

The Subsidiaries

HMC

HMC was registered with the SEC on October 9, 1979, is a one hundred percent (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. The registered office address of HMC is at 29th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig.

CMC

CMC was registered with the SEC on July 25, 1997, is a one hundred percent (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. The registered office address of CMC is at 29th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig.

TMC

TMC was registered with the SEC on March 4, 1987, is a sixty-five percent (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 THNC. The registered office address of TMC is at 29th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig.

RTN

RTN was registered with the SEC on July 15, 1969, is a sixty percent (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 CBNC. The registered office address of RTN is at 29th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig.

FEI

FEI was registered with the SEC on November 22, 2005, is an eighty-eight percent (88%) owned subsidiary of the Parent Company through HMC, CMC and TMC, and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. 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. The registered office address of FEI is at 3rd floor NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

LCSLC

LCSLC was registered with the SEC on October 23, 1992, is a one hundred percent (100%) owned subsidiary of the Parent Company through HMC, and is primarily engaged in the chartering out of LCT and providing complete marine services. In a resolution dated May 6, 2014, the BOD of LCSLC authorized the disposal of all of its LCT. Accordingly, on the same date, LCSLC entered into a Deed of Absolute Sale with HMC to sell all of its LCT. LCSLC was acquired by HMC in April 2010. The registered office address of the LCSLC is at 29th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig.

SNMRC

SNMRC was registered with the SEC on March 11, 2010, is a one hundred percent (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. The registered office address of SNMRC is at 29th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig.

CExCI

CExCI was registered with the SEC on October 19, 1994, is a seventy-one percent (71%) 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. The registered office address of CExCI is at 7th floor NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

The interim consolidated financial statements as at March 31, 2015 and December 31, 2014 and for the three-month period ended March 31, 2015 and 2014, were authorized for issuance by the Parent Company's BOD on May 5, 2015.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying interim consolidated financial statements of the Group as at March 31, 2015 and for the three-month period ended March 31, 2015 and 2014 have been prepared in accordance with 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, 2014.

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	
			2015	2014
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
LCSLC*	Philippines	Services	100.00%	100.00%
FEI*	Philippines	Mining	88.00%	88.00%
CExCI	Philippines	Mining	71.25%	71.25%
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining and Services	60.00%	60.00%
<i>Associates</i>				
THNC	Philippines	Manufacturing	22.50%	22.50%
CBNC*	Philippines	Manufacturing	10.00%	10.00%

*Direct and indirect ownership

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.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, 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 statement of income 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 non-controlling interests (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 non-controlling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

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 non-controlling interests;
- 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, 2014, except for the adoption of new standards and interpretations as at January 1, 2015, noted below:

- Philippine Accounting Standards (PAS) 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The Group has no contributions from employees or third parties to defined benefit plans. Thus, these amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2010-2012 cycle)

The annual improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
 - A performance condition must contain a service condition.
 - A performance target must be met while the counterparty is rendering service.

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

The amendments affect disclosure only and have no impact on the Group's financial position or performance.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss (FVPL) whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

The amendments are applied retrospectively and clarify that:

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

The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- *PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
 - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
 - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

This is not expected to be relevant to the Group since it has no joint arrangements.

- *PFRS 13, Fair Value Measurement - Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable). The amendment affects disclosure only and has no impact on the Group's financial position or performance.
- *PAS 40, Investment Property*
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Effective Date to be Determined

- *PFRS 9, Financial Instruments - Classification and Measurement (2010 version)*
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The

adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group since it has no agreements for the construction of real estate.

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

Effective January 1, 2016:

- *PFRS 10, Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group is currently assessing the impact of adopting this standard.
- *PFRS 11, Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments)*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes

a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective with early adoption permitted. These amendments are not expected to have any impact to the Group since it has no joint arrangements.

- *PFRS 14, Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.
- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.
- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective with early adoption permitted. These amendments are not expected to have any impact to the Group as it does not have any bearer plants.

- *PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective with early adoption permitted. The Group is currently assessing the impact of adopting this standard.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) contain non-urgent but necessary amendments to the following standards:

- *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The Group shall consider this amendment for future disposal, if there are any.
- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments. These amendments are not expected to have any impact since the Group has no service contracts.
- *PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. These amendments will not have any material impact on the Group's disclosures in the condensed interim consolidated financial statements.
- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no

deep market for high quality corporate bonds in that currency, Government bond rates must be used. The amendments are not expected to have any impact to the Group.

- PAS 34, *Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report"*

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). These amendments will not have any material impact on the Group's disclosures in the interim consolidated financial statements.

Effective January 1, 2018:

- PFRS 9, *Financial Instruments - Hedge Accounting* and Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)

PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 (2013 version) is not expected to have any significant impact on the Group's financial statements since they do not have financial instruments covered by hedge accounting. However, the Group is currently assessing the further impact of adopting this standard.

- PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of 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 adoption will also have an effect on the Group's application of hedge accounting. The Group is currently assessing the impact of adopting this standard.

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

- International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*

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

After consideration of the result of the impact evaluation using the outstanding balances of financial statements as at December 31, 2014, the Group did not early adopt any standard, interpretation or amendment that has been issued but is not yet effective. The Group will, however, continue to evaluate the impact of the standards, interpretations and amendments in our financial statements for the year 2015.

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

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash on hand and with banks	₱1,448,404	₱1,229,212
Short-term cash investments	8,629,513	12,332,591
	₱10,077,917	₱13,561,803

Cash with banks amounting to ₱45.2 million and ₱45.1 million as at March 31, 2015 and December 31, 2014, respectively, representing proceeds from the IPO, were deposited in escrow and are restricted as to withdrawal for specified purpose and thus, classified as “Other noncurrent assets”.

5. Trade and Other Receivables

Receivables amounting to ₱37.8 million as at March 31, 2015 and December 31, 2014 were impaired and fully provided for with allowance for impairment losses.

The aging analysis of the Group’s trade and other receivables as at March 31, 2015 and December 31, 2014 are summarized below:

March 31, 2015 (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 27)	₱1,091,110	₱144,704	₱25,050	₱1,260,864
Notes receivable (see Note 27)	538,425	-	-	538,425
Receivable from CBNC (see Note 27)	7,723	8,915	-	16,638
Interest receivable	11,889	-	-	11,889
Amounts owed by related parties (see Note 27)	9,144	-	-	9,144
Others	244,558	81,125	12,774	338,457
Total	₱1,902,849	₱234,744	₱37,824	₱2,175,417

December 31, 2014 (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 27)	₱756,101	₱98,817	₱25,059	₱879,977
Notes receivable (see Note 27)	276,342	-	-	276,342
Receivable from CBNC (see Note 27)	30,443	8,919	-	39,362
Interest receivable	24,723	-	-	24,723
Amounts owed by related parties (see Note 27)	4,493	-	-	4,493
Others	231,242	-	12,774	244,016
Total	₱1,323,344	₱107,736	₱37,833	₱1,468,913

6. Inventories

As at March 31, 2015 and December 31, 2014, inventories amounting to ₱153.7 million were assessed to be impaired and were provided for with allowance. For the three-month period ended March 31, 2015 and 2014, there were no provision and reversal of allowance for inventory losses.

The cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱518.4 million and ₱376.7 million as at March 31, 2015 and December 31, 2014, respectively, while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱335.9 million and ₱352.1 million as at March 31, 2015 and December 31, 2014, respectively.

7. AFS Financial Assets

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

During the three-month period ended March 31, 2015 and 2014, the Group acquired various AFS financial assets amounting to ₱4,612.4 million and ₱99.8 million, respectively, and disposed AFS financial assets amounting to ₱1,291.2 million and nil, respectively.

Dividend income earned from AFS financial assets amounted to nil and ₱0.9 million for the three-month period ended March 31, 2015 and 2014, respectively (see Note 26).

8. Property and Equipment

During the three-month period ended March 31, 2015 and 2014, the Group acquired assets with a cost of ₱423.7 million and ₱355.0 million, respectively, including construction in-progress.

Pier facilities (included under “Buildings and Improvements”) with a carrying value of ₱103.3 million and ₱112.7 million as at March 31, 2015 and December 31, 2014, respectively, were mortgaged as collateral for the long-term debt of RTN mentioned in Note 12.

Depreciation, amortization and depletion expense for the three-month period ended March 31, 2015 and 2014 amounted to ₱351.9 million and ₱329.3 million, respectively (see Note 23).

9. Investments in Associates

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
THNC	₱4,607,587	₱4,468,336
CBNC	907,450	835,704
	₱5,515,037	₱5,304,040

Movements in the investments in associates as at March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015 (Unaudited)			December 31, 2014 (Audited)		
	THNC	CBNC	Total	THNC	CBNC	Total
Acquisition cost	₱4,443,075	₱724,410	₱5,167,485	₱4,443,075	₱724,410	₱5,167,485
Accumulated equity in net earnings (losses):						
Balances at beginning of year	(177,440)	197,880	20,440	(501,940)	-	(501,940)
Equity in net income	140,313	72,478	212,791	324,500	197,880	522,380
	(37,127)	270,358	233,231	(177,440)	197,880	20,440
Share in cumulative translation adjustment:						
Balances at beginning of year	202,701	(86,586)	116,115	170,991	-	170,991
Movement	(1,062)	(732)	(1,794)	31,710	(86,586)	(54,876)
	201,639	(87,318)	114,321	202,701	(86,586)	116,115
Balances at end of period	₱4,607,587	₱907,450	₱5,515,037	₱4,468,336	₱835,704	₱5,304,040

The investments in associates pertain to the Parent Company's 22.5% interest in THNC and 10% interest in CBNC, with acquisition cost of ₱4,443.1 million and ₱724.4 million, 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. Its principal activities consist of the manufacture and export of nickel/cobalt mixed sulfide. THNC started its commercial operations in October 2013 after the construction of its manufacturing plant in Surigao del Norte.

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 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 supply limestone and provide ancillary services to Coral Bay High Pressure Acid Leach facility.

The net assets of THNC and CBNC amounted to ₱20,009.8 million and ₱27,364.2 million as at March 31, 2015, respectively, and ₱19,390.9 million and ₱26,646.7 million as at December 31, 2014, respectively. The results of THNC and CBNC's operations were ₱623.6 million and ₱724.8 million net income for the three months ended March 31, 2015, respectively, and ₱51.8 million and nil, respectively, for the three months ended March 31, 2014. The Parent Company's share in cumulative translation adjustment amounted to ₱80.5 million and ₱82.2 million as at March 31, 2015 and December 31, 2014, respectively, and its equity in net income of associates amounted to ₱212.8 million and ₱11.7 million for the three months ended March 31, 2015 and 2014, respectively.

10. 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 ₱140.6 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next accounting period, were shown as part of "Inventories" as at March 31, 2015 and December 31, 2014, and the cost of the inventory delivered to CBNC for the period ended March 31, 2015 and 2014 of ₱51.1 million and ₱52.3 million, respectively, was included as part of "Cost of sales" (see Note 17).

The carrying value of long-term stock pile - net of current portion amounted to ₱761.6 million and ₱812.8 million as at March 31, 2015 and December 31, 2014, respectively.

11. 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 are noninterest-bearing and are generally settled in less than thirty (30) days' term. Government payables include withholding taxes which are normally settled within ten (10) days after the end of each reporting month and FBT 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 ore were shipped. Royalties are paid on or before the deadline agreed with the MGB or other parties.

12. Long-term Debt

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
TMC	₱1,290,713	₱1,291,290
RTN	120,154	140,242
	1,410,867	1,431,532
Less noncurrent portion:		
TMC	1,212,488	1,213,030
RTN	100,128	100,173
	1,312,616	1,313,203
	₱98,251	₱118,329

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to \$35.0 million at a prevailing 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus two percent (2%) spread, to finance the construction of the pier facilities within the Taganito Special Economic Zone. The loan shall be drawn down in one or multiple times by July 31, 2011.

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

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all governmental approvals necessary to perform the obligations. As at March 31, 2015 and December 31, 2014, TMC is in compliance with the restrictions.

Interest expense for the three months ended March 31, 2015 and 2014 which amounted to ₱7.5 million and ₱8.1 million, respectively, were included in equipment operating cost under "Cost of services" (see Note 18).

RTN Loan

On November 25, 2002, RTN entered into an Omnibus Agreement with Sumitomo Metal Mining Co. Inc. (SMM), wherein the latter granted the former a loan facility amounting to US\$1.8 million at prevailing 180-day LIBOR plus two percent (2%) spread, for the construction of the pier facilities.

In July 2003, an additional loan amounting to US\$0.2 million was granted by SMM. Starting 2003, the interest on the original and additional loans is payable semi-annually on February 28 and August 31. The total principal is payable in 20 equal semi-annual installments starting February 28, 2004 up to August 31, 2013. In February 2007, RTN and SMM agreed to an additional loan facility amounting to US\$9.0 million. Of the total loan facility, the remaining US\$0.5 million was drawn during February and March 2008. The additional loan facility is payable in semi-annual installments starting August 31, 2008 up to February 28, 2018.

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN's rights, title, and interest over its future receivable from CBNC under the Throughput Agreement. RTN also constituted a first ranking mortgage on the pier facilities (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 March 31, 2015 and December 31, 2014, 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 2015 and 2014.

Interest expense which formed part of "Finance expense" amounted to ₱0.8 million and ₱1.0 million for the three months ended March 31, 2015 and 2014, respectively (see Note 25).

13. 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 three months ended March 31, 2015 and 2014, accretion interest on provision for mine rehabilitation and decommissioning amounted to ₱0.8 million and ₱0.7 million, respectively (see Note 25).

14. Equity

Capital Stock

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

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Common stock - ₱0.50 par value		
Authorized - 4,265,000,000 shares		
Issued - 3,795,885,515 shares in 2015 and 2,530,590,350 shares in 2014	₱1,897,943	₱1,265,295
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	7,200	7,200
Total	₱1,905,143	₱1,272,495

As at March 31, 2015 and December 31, 2014, the Parent Company has forty-nine (49) and fifty-four (54) stockholders, respectively.

As at March 31, 2015 and December 31, 2014, a total of 740,256,102 or 20% and 495,443,935 or 20%, respectively, of the outstanding common shares of the Parent Company are registered in the name of forty-seven (47) and fifty-two (52) shareholders, respectively, while the balance of 3,055,629,413 common shares or 80% and 2,035,146,415 common shares or 80%, respectively, are lodged with the Philippine Depository and Trust Corporation.

Dividends

Dividends paid by the Parent Company follow:

Type of Dividend	Date of declaration	Date of record	Amount declared	Dividend per share	Date of payment/issuance
<i>Cash Dividends</i>					
Regular	March 24, 2014	April 10, 2014	757,727	0.30	May 8, 2014
Special	November 10, 2014	November 24, 2014	₱1,264,000	₱0.50	December 10, 2014
Regular	March 27, 2015	April 15, 2015	2,657,120	0.70	April 27, 2015
Special	March 27, 2015	April 15, 2015	1,138,766	0.30	April 27, 2015
<i>Stock Dividends</i>	December 18, 2014	January 12, 2015	632,648	50%	January 28, 2015

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.

15. 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 on June 6, 2014 by the stockholders. 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 ₱17.01 after the stock dividends.
4. The grant date of the New Plan is June 6, 2014 as determined by the Compensation Committee.
5. The term of the New Plan shall be five (5) years and the shares will vest to the participant at the rate of twenty-five percent (25%) after the first year of the New Plan or June 6, 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 is ₱7.53, which was estimated as at grant date, June 6, 2014, 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 BOD and stockholders of the Parent Company 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 a position of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱13.50, which is equivalent to ₱4.80 after the 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 twenty five-percent (25%) per year after the first year of the Plan or December 21, 2011.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The stock option agreement was made and executed on January 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	June 6, 2014	January 3, 2011
Spot price per share	₱28.55	₱15.00
Exercise price	₱25.52	₱13.50
Expected volatility	33.28%	53.42%
Option life	5.00 years	3.97 years
Dividend yield	3.88%	2.06%
Risk-free rate	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 cancellations or modifications to the ESOP in 2015 and 2014.

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

	Number of Options	
	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
<i>2014 ESOP</i>		
Outstanding at end of period	17,764,849	17,764,849
<i>2010 ESOP</i>		
Outstanding at beginning of period	3,719,308	15,150,313
Exercised	-	(11,431,005)
Outstanding at end of period	3,719,308	3,719,308

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

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of year	₱47,060	₱49,524
Cost of share-based payment recognized as capital upon exercise	-	(45,464)
Stock option expense (see Note 22)	12,418	43,000
Movements during the period	12,418	(2,464)
Balances at end of period	₱59,478	₱47,060

Cost of share-based payments for the three months ended March 31, 2015 and 2014 amounted to ₱12.4 million and ₱1.3 million, respectively (see Note 22).

16. Basic Earnings Per Share

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

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	₱675,767	₱177,138
b. Weighted average number of common shares issued and outstanding (in thousands)	3,795,886	3,784,580
Basic EPS (a/b)	₱0.18	₱0.05

Diluted EPS were computed as follows:

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
c. Net income attributable to equity holders of the Parent	₱675,767	₱177,138
d. Weighted average number of common shares issued and outstanding (in thousands)	3,802,027	3,793,589
Diluted EPS (a/b)	₱0.18	₱0.05

17. Cost of Sales

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Production overhead	₱618,955	₱462,971
Outside services	345,905	89,609
Depreciation and depletion (see Note 23)	259,350	237,895
Personnel costs (see Note 22)	183,255	144,815
Long-term stockpile inventory sold (see Note 10)	51,128	52,349
	1,458,593	987,639
Net changes in beneficiated nickel ore and limestone ore	(197,955)	(221,399)
	₱1,260,638	₱766,240

Production overhead consists of fuel, oil and lubricants, materials and supplies 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, janitorial, maintenance, security and blasting equipment rental.

18. Cost of Services

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Depreciation and depletion (see Note 23)	₱33,515	₱32,147
Overhead	24,330	20,186
Personnel costs (see Note 22)	19,924	19,581
Equipment operating costs (see Note 12)	12,793	17,044
Outside services	3,389	4,719
	₱93,951	₱93,677

19. Shipping and Loading Costs

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Contract fees	₱189,549	₱85,811
Fuel, oil and lubricants	28,008	28,740
Depreciation and depletion (see Note 23)	24,183	25,779
Materials and supplies	18,759	21,302
Personnel costs (see Note 22)	9,526	10,174
Other services and fees	12,984	5,579
	₱283,009	₱177,385

20. Excise Taxes and Royalties

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Excise taxes	₱59,077	₱30,559
Royalties	82,041	31,347
	₱141,118	₱61,906

21. General and Administrative Expenses

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Personnel costs (see Note 22)	₱62,478	₱39,679
Taxes and licenses	22,909	40,224
Depreciation and depletion (see Note 23)	22,606	21,796
Professional fees	6,903	8,028
Repairs and maintenance	6,036	4,006
Transportation and travel	5,113	4,436
Donations	3,500	21,407
Outside services	3,346	2,066
Entertainment, amusement and recreation	2,642	1,827
Communications, light and water	1,899	2,371
Others	28,057	27,622
	₱165,489	₱173,462

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

22. Personnel Costs

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Salaries, wages and employee benefits	₱262,765	₱212,986
Cost of share-based payment plan (see Note 15)	12,418	1,263
	₱275,183	₱214,249

The amounts of personnel costs are distributed as follows:

For the three-month period ended March 31		
	2015	2014
	(Unaudited)	
Cost of sales (see Note 17)	₱183,255	₱144,815
General and administrative (see Note 21)	62,478	39,679
Cost of services (see Note 18)	19,924	19,581
Shipping and loading costs (see Note 19)	9,526	10,174
	₱275,183	₱214,249

23. Depreciation and Depletion

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

For the three-month period ended March 31		
	2015	2014
	(Unaudited)	
Cost of sales (see Note 17)	₱259,350	₱237,895
Cost of services (see Note 18)	33,515	32,147
Shipping and loading costs (see Note 19)	24,183	25,779
General and administrative (see Note 21)	22,606	21,796
Others	12,202	11,658
	₱351,856	₱329,275

24. Finance Income

For the three-month period ended March 31		
	2015	2014
	(Unaudited)	
Interest income	₱42,986	₱35,212
Gain on transfer from equity to profit or loss of AFS financial assets	11,144	-
Accretion income	1,947	-
Day 1 gain	800	-
	₱56,877	₱35,212

25. Finance Expenses

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Guarantee service fee	₱30,762	₱40,400
Interest expense (see Note 12)	1,431	1,410
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 13)	772	726
	₱32,965	₱42,536

26. Other Income - Net

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Foreign exchange gains (losses) - net	(₱8,524)	₱15,806
Issuance of fuel, oil and lubricants	6,815	1,392
Rentals and accommodations	2,789	4,482
Despatch	1,357	854
Other services	782	1,014
Gain on sale of property and equipment	2	7,993
Provision for impairment losses	-	(1,224)
Dividend income (see Note 7)	-	941
Others	12,613	12,808
	₱15,834	₱44,066

27. Related Party Transactions

Set out below are the Group's transactions with related parties for the three-month period ended March 31, 2015 and 2014, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2015 (Unaudited) and December 31, 2014 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 12)		Terms	Conditions
	March 31, 2015	March 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014		
<i>Stockholders</i>												
Pacific Metals Co., Ltd.												
Sale of ore and services	₱592,657	₱502,029	₱267,387	₱31,717	₱-	₱-	₱-	₱-	₱-	₱-	Ninety percent (90%) upon receipt of documents and ten percent (10%) after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
SMM												
Sale of ore	190,210	68,513	-	2,603	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Guarantee service fee	30,762	40,400	-	-	14,258	43,639	-	-	-	-	Every twenty first (21) of February, March, August and September	Unsecured
Short-term advances	1,250	-	-	-	-	-	1,250	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 12)		Terms	Conditions
	March 31, 2015	March 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014		
	SMM											
Loan facility	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱120,154	₱140,242	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; with guarantee
Nickel Asia Holdings Inc.												
Dividends payable	-	-	-	-	-	2,520	-	-	-	-	Payable on demand; noninterest-bearing	Unsecured; no guarantee
Short-term advances	1	-	-	-	1	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<i>With Common Stockholders</i>												
Manta Equities, Inc.												
Short-term advances	-	64	-	-	-	-	-	3	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Rentals, dues and utilities	6,899	6,049	-	-	-	33	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Rental deposits	9,350	9,842	-	-	-	-	-	-	-	-	Collectible upon end of the lease term; noninterest-bearing	Unsecured; no guarantee
Emerging Power Inc.												
Notes receivable	-	-	538,425	276,342	-	-	-	-	-	-	Collectible within 365 days after the drawdown of the entire second tranche loan; interest is at 2%	Secured; with collateral

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 12)		Terms	Conditions
	March 31, 2015	March 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014		
<i>Associates</i>												
THNC												
Sale of ore	₱346,983	₱272,231	₱115,965	₱121,305	₱-	₱-	₱-	₱-	₱-	₱-	30 days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	32,588	32,908	63,975	31,371	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Materials handling	84,557	49,317	56,287	28,106	-	-	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rental income	3,233	3,371	-	-	-	-	-	-	-	-	Collectible on demand;	Unsecured;
Rental deposit	-	-	-	-	3,382	3,352	-	-	-	-	non-interest bearing Collectible upon end of the lease term; non- interest bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	1,290,713	1,291,290	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; with guarantee
Rendering of other service	732	-	732	2,054	-	-	-	-	-	-	Collectible upon end of the lease term; non- interest bearing	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	7,893	4,490	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 12)		Terms	Conditions
	March 31, 2015	March 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014		
CBNC												
Sale of ore and services	₱440,686	₱512,825	₱177,434	₱203,342	₱-	₱-	₱-	₱-	₱-	₱-	Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	11,831	12,178	3,546	29,418	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	12,806	31,566	13,092	9,944	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
			₱1,236,843	₱736,202	₱17,641	₱49,544	₱9,143	₱4,493	₱1,410,867	₱1,431,532		

Terms and Conditions of Transactions with Related Parties

All sales and purchases from related parties are made at prevailing market prices. Outstanding balances as at March 31, 2015 and December 31, 2014 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash.

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the president. The short-term benefits of key management personnel of the Group for the three months ended March 31, 2015 and 2014 amounted to about ₱49.9 million and ₱28.9 million, respectively.

28. Income Taxes

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

	For the three-month period ended March 31	
	2015	2014
	(Unaudited)	
Current	₱442,531	₱163,899
Deferred	(57,131)	(29,320)
	₱385,400	₱134,579

29. 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 and Short-term Cash Investment

The carrying amount of cash and cash equivalents and short-term cash investment approximate their fair values due to the short-term nature and maturity of these financial instruments.

Trade and Other Receivables, Derivative Asset and Trade and Other Payables

Similarly, the carrying amounts of trade and other receivables, derivative asset and trade and other payables approximate their fair values due to the short-term nature of these accounts.

Cash held in Escrow, Mine Rehabilitation Fund (MRF), Social Development Management Program (SDMP) Fund and Long-term Negotiable Instrument

The carrying amount of cash held in escrow, MRF and SDMP fund approximate their fair values since they are restricted cash with banks, which earns interest based on prevailing market rates repriced monthly. The long-term negotiable instrument also 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 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

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

Fair Value Hierarchy of Financial Instruments

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 data (unobservable inputs; Level 3).

As at March 31, 2015 and December 31, 2014, the Group's AFS financial assets are classified under Level 1 and 3.

As at March 31, 2015 and December 31, 2014, 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.

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

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

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	March 31, 2015 (Unaudited)								
	Mining				Services and Others			Eliminations	Total
	HMC	CMC	TMC	RTN	RTN/TMC	LCSLC/HMC	Others		
External customers	109,002	85,954	743,669	2,015,210	166,893	-	-	-	3,120,728
Inter-segment revenues	-	-	-	-	-	2,070	80,657	(82,727)	-
Total revenues	109,002	85,954	743,669	2,015,210	166,893	2,070	80,657	(82,727)	3,120,728
Cost of sales	51,319	49,469	413,625	746,225	-	-	-	-	1,260,638
Cost of services	-	-	-	-	93,951	-	-	-	93,951
Shipping and loading costs	94,027	32,617	43,050	110,938	-	2,377	-	-	283,009
Excise taxes and royalties	7,630	13,538	59,493	60,457	-	-	-	-	141,118
Marketing	-	3,183	45	2,974	-	-	-	-	6,202
Segment operating earnings	(43,974)	(12,853)	227,456	1,094,616	72,942	(307)	80,657	(82,727)	1,335,810
General and administrative	20,189	10,857	30,032	17,896	-	96	86,419	-	165,489
Finance income	1,510	3,049	5,413	2,914	-	51	43,940	-	56,877
Finance expenses	-	370	402	1,237	-	-	30,956	-	32,965
Provision for (benefit from) income tax	10,536	(1,780)	67,958	321,760	-	(713)	(12,361)	-	385,400
Net income (loss) attributable to equity holders of the parent	(73,990)	(21,132)	138,538	495,674	-	(1,710)	138,387	-	675,767
Segment assets	1,873,818	1,745,149	8,641,887	5,715,061	-	169,202	18,054,678	-	36,199,795
Deferred income tax assets - net	52,272	30,629	95,600	2,672	-	-	71,251	-	252,424
Total assets	1,926,090	1,775,778	8,737,487	5,717,733	-	169,202	18,125,929	-	36,452,219
Segment liabilities	450,460	372,497	2,050,938	1,144,436	-	3,402	92,520	-	4,114,253
Deferred income tax liabilities - net	-	-	-	342,642	-	28,263	33,854	-	404,759
Total liabilities	450,460	372,497	2,050,938	1,487,078	-	31,665	126,374	-	4,519,012
Capital expenditures	125,374	43,151	199,686	32,480	-	-	22,997	-	423,688
Depreciation, amortization and depletion	47,293	25,914	143,565	114,774	-	2,393	17,917	-	351,856

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	December 31, 2014 (Audited)								
	Mining				Services and Others			Eliminations	Total
	HMC	CMC	TMC	RTN	RTN/TMC	LCSLC/HMC	Others		
External customers	5,051,719	3,595,474	8,478,977	6,926,564	690,664	2,306	-	-	24,745,704
Inter-segment revenues	-	-	-	-	-	76,704	776,902	(853,606)	-
Total revenues	5,051,719	3,595,474	8,478,977	6,926,564	690,664	79,010	776,902	(853,606)	24,745,704
Cost of sales	1,071,477	508,198	1,525,064	2,251,672	-	-	-	-	5,356,411
Cost of services	-	-	-	-	369,004	2,146	-	-	371,150
Shipping and loading costs	579,024	224,525	614,205	396,417	-	23,397	-	-	1,837,568
Excise taxes and royalties	353,620	515,099	678,318	207,797	-	-	-	-	1,754,834
Marketing	28,295	109,298	18,354	12,996	-	-	-	-	168,943
Segment operating earnings	3,019,303	2,238,354	5,643,036	4,057,682	321,660	53,467	776,902	(853,606)	15,256,798
General and administrative	171,481	39,621	160,010	97,182	-	2,655	485,915	-	956,864
Finance income	12,582	8,051	29,391	31,415	-	64	90,601	-	172,104
Finance expenses	6,837	3,751	8,710	7,612	-	-	137,459	-	164,369
Provision for income tax	789,010	652,722	1,600,874	1,210,754	-	21,814	17,653	-	4,292,827
Net income (loss) attributable to equity holders of the parent	2,300,011	1,640,105	2,745,373	1,912,575	-	(47,783)	1,346	-	8,551,627
Segment assets	2,138,830	1,761,437	8,275,250	4,820,612	-	172,138	17,807,674	-	34,975,941
Deferred income tax assets - net	45,704	27,934	73,874	2,672	-	-	57,783	-	207,967
Total assets	2,184,534	1,789,371	8,349,124	4,823,284	-	172,138	17,865,457	-	35,183,908
Segment liabilities	450,858	362,647	1,835,113	996,482	-	3,915	211,497	-	3,860,512
Deferred income tax liabilities - net	-	-	-	358,113	-	28,976	33,961	-	421,050
Total liabilities	450,858	362,647	1,835,113	1,354,595	-	32,891	245,458	-	4,281,562
Capital expenditures	315,869	196,505	594,116	234,072	-	3,225	213,285	-	1,557,072
Depreciation, amortization and depletion	166,658	89,732	550,803	478,070	-	18,060	70,011	-	1,373,334

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	March 31, 2014 (Unaudited)									
	Mining				Services and Others				Eliminations	Total
	HMC	CMC	TMC	RTN	RTN/TMC	LCSLC/HMC	Others			
External customers	-	-	522,440	1,005,521	169,054	-	-	-	1,697,015	
Inter-segment revenues	-	-	-	-	-	30,873	63,929	(93,641)	1,161	
Total revenues	-	-	522,440	1,005,521	169,054	30,873	63,929	(93,641)	1,698,176	
Cost of sales	-	-	247,125	519,115	-	-	-	-	766,240	
Cost of services	-	-	-	-	93,677	-	-	-	93,677	
Shipping and loading costs	52,280	31	47,730	65,354	-	11,990	-	-	177,385	
Excise taxes and royalties	-	-	41,795	20,111	-	-	-	-	61,906	
Marketing	-	-	-	-	-	-	-	-	-	
Segment operating earnings	(52,280)	(31)	185,790	400,941	75,377	18,883	63,929	(93,641)	598,968	
General and administrative	30,008	3,933	33,618	16,953	-	1,179	87,771	-	173,462	
Finance income	2,526	656	3,383	8,633	-	2	20,012	-	35,212	
Finance expense	-	395	386	1,537	-	-	40,218	-	42,536	
Provision for (benefit from) income tax	2,535	(48)	49,011	97,561	-	(713)	(13,767)	-	134,579	
Net income (loss) attributable to equity holders of the parent	(76,265)	7,615	94,046	235,295	-	(12,453)	(71,100)	-	177,138	
Segment assets	1,781,690	947,792	6,894,986	6,583,199	-	249,045	11,753,644	-	28,210,356	
Deferred income tax assets - net	95,104	93,679	59,076	4,709	-	-	96,956	-	349,524	
Total assets	1,876,794	1,041,471	6,954,062	6,587,908	-	249,045	11,850,600	-	28,559,880	
Segment liabilities	340,129	135,501	2,033,205	776,414	-	1,461	93,966	-	3,380,676	
Deferred income tax liabilities - net	-	-	-	407,770	-	31,116	34,581	-	473,467	
Total liabilities	340,129	135,501	2,033,205	1,184,184	-	32,577	128,547	-	3,854,143	
Capital expenditures	69,128	72,841	132,601	62,515	-	2,531	15,415	-	355,031	
Depreciation, amortization and depletion	37,577	17,367	127,252	120,922	-	8,954	17,203	-	329,275	

The Group has revenues from external customers as follows:

For the three-month period ended March 31		
	2015	2014
Country of Domicile	(Unaudited)	
China	₱1,275,071	₱253,555
Japan	782,866	570,541
Australia	109,094	-
Local	953,697	874,080
	₱3,120,728	₱1,698,176

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

Revenue arising from sale of ores from two key customers amounted to ₱1,682.9 million and ₱1,126.9 million for the three months ended March 31, 2015 and 2014, 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 ₱6,699.0 million and ₱6,628.0 million as at March 31, 2015 and December 31, 2014, respectively.