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SECURITIES AND EXCHANGE COMMISSION

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NICKEL ASIA CORPORATION

(Company's Full Name)

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(Company's Address)

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(Telephone Numbers)

December 31

(Fiscal Year Ending)

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SEC FORM 17-Q Quarterly Report

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For the Quarter Ended

September 30, 2015

Period Ended Date

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarterly period ended: **SEPTEMBER 30, 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,** Postal Code: **1634**
Bonifacio Global City, Taguig
8. Issuer's telephone number, including area code: **+63 2 892 6669 / +63 2 892 4177**
9. Former name, former address, and former fiscal year, if changed since last report.
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	7,596,939,456 shares
Long-term Debt	Php3,303.4 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 []



November 13, 2015

Ms. Janet A. Encarnacion

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

Atty. Justina F. Callangan

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

Re : SEC Form 17-Q 2015 3rd 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 September 30, 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
SEPTEMBER 30, 2015

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

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

The following tables set forth the summary financial information for the nine-month period ended September 30, 2015 and 2014 and as at September 30, 2015 and December 31, 2014:

Summary Consolidated Statements of Income

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2015	2014	2015	2014
	<i>(In thousand pesos)</i>		<i>(In thousand pesos)</i>	
Revenues	5,135,276	11,807,742	13,106,677	21,146,032
Cost and expenses	(3,172,675)	(3,918,729)	(8,393,458)	(8,175,024)
Finance income	51,872	44,532	192,746	106,661
Finance expenses	(45,145)	(32,928)	(112,046)	(109,095)
Equity in net income (losses) of associates	(223,721)	214,492	(163,544)	614,628
Other income - net	259,578	368,809	392,671	466,594
Provision for income tax - net	(703,864)	(2,295,757)	(1,547,431)	(3,829,253)
Net income	1,301,321	6,188,161	3,475,615	10,220,543
Net income attributable to:				
Equity holders of the Parent	1,001,729	5,263,788	2,492,110	7,977,654
Non-controlling interests	299,592	924,373	983,505	2,242,889
	1,301,321	6,188,161	3,475,615	10,220,543

Summary Consolidated Statements of Financial Position

	September 30,	December 31,	Increase	Percent
	2015	2014		
	<i>(Unaudited)</i>	<i>(Audited)</i>		
	<i>(In Thousand Pesos)</i>		(Decrease)	Inc (Dec)
Current assets	19,384,739	20,611,470	(1,226,731)	-6%
Noncurrent assets	17,603,416	14,572,438	3,030,978	21%
Total assets	36,988,155	35,183,908	1,804,247	5%
Current liabilities	2,570,014	2,114,567	455,447	22%
Noncurrent liabilities	3,899,350	2,166,995	1,732,355	80%
Equity attributable to				
equity holders of the Parent	25,954,057	27,185,631	(1,231,574)	-5%
Non-controlling interests	4,564,734	3,716,715	848,019	23%
Total liabilities and equity	36,988,155	35,183,908	1,804,247	5%

Summary Consolidated Statements of Cash Flows

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2015	2014	2015	2014
	<i>(In Thousand Pesos)</i>		<i>(In Thousand Pesos)</i>	
Net cash flows generated from (used in):				
Operating activities	2,162,086	8,269,529	4,133,808	10,696,638
Investing activities	(2,254,474)	(1,388,018)	(6,166,624)	(2,497,720)
Financing activities	1,200,470	(519,123)	(2,671,361)	(2,258,288)
Net increase (decrease) in cash and cash equivalents	<u>1,108,082</u>	<u>6,362,388</u>	<u>(4,704,177)</u>	<u>5,940,630</u>
Cash and cash equivalents, beginning	7,749,544	9,812,578	13,561,803	10,234,336
Cash and cash equivalents, end	<u>8,857,626</u>	<u>16,174,966</u>	<u>8,857,626</u>	<u>16,174,966</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 nine months ended September 30, 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.

Nine months ended September 30, 2015 compared with nine months ended September 30, 2014

Revenues

Our total revenues were ₱13,106.7 million for the nine months ended September 30, 2015 compared to ₱21,146.0 million for the nine months ended September 30, 2014, a decrease of ₱8,039.3 million or 38%.

Sale of ore

We sold an aggregate 15,963.2 thousand wet metric tons (WMT) of nickel ore for the nine months of 2015, an increase of 12% compared to 14,256.3 thousand WMT of nickel ore for the nine months of 2014. Our sales for this period included 6,017.2 thousand WMT of saprolite ore sold to our customers in Japan, China and Australia, 4,323.0 thousand WMT of limonite ore to our customers in China and Australia and 5,623.1 thousand WMT of limonite ore to Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THNC) compared to sales of 4,789.2 thousand WMT, 4,082.6 thousand WMT and 5,384.5 thousand WMT, respectively, in the same period last year.

The direct exports of ore mainly contributed to the Group's higher shipments, increasing to 10,340.1 thousand WMT for the nine months of 2015 from 8,871.8 thousand WMT in the same period last year. Ore deliveries to the HPAL plants also rose, in particular to the Taganito HPAL facility, which is now operating at full capacity compared to 80% capacity during the same period last year. Total ore deliveries to the two HPAL plants reached 5,623.1 thousand WMT in 2015 as against 5,384.5 thousand WMT in 2014.

Due to lower prices, the estimated value of shipments for the nine months ended September 30, 2015 amounted to ₱12,294.7 million, 40% lower compared to ₱20,418.0 million reported in the same period last year.

The estimated realized nickel price on 10,340.1 thousand WMT of direct exports of ore for the nine months of the year averaged \$22.65 per WMT, considerably lower than the average of \$46.85 per WMT realized during the same period last year. It will be recalled that there was a surge in ore prices last year due to the expectation of supply tightness resulting from the effects of the Indonesian export ore ban. The tightness, however, did not materialize due to increase in supplies from other sources besides Chinese nickel pig iron coupled with the weaker than expected demand from China.

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 \$5.74 per pound of payable nickel on 5,623.1 thousand WMT sold during the nine months of the year. This compares to an average price of \$7.87 per pound of payable nickel on 5,384.5 thousand WMT sold during 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 ₱3,760.6 million for the nine months of 2015 compared to ₱5,201.1 million for the nine months of 2014, a decrease of ₱1,440.5 million or 28%. RTN sold an aggregate 5,024.9 thousand WMT of nickel ore in nine months of 2015 compared to an aggregate 4,559.8 thousand WMT of nickel ore sold in the same period last year. The volume of saprolite ore sold to Japanese customers decreased by 342.7 thousand WMT or 45%, the volume of saprolite and limonite ore sold to Chinese customers increased by 783.7 thousand WMT or 65% and the volume of limonite ore sold to CBNC decreased by 87.3 thousand WMT or 3%. Moreover, RTN managed to ship a total of 111.5 thousand WMT of saprolite ore to Australia in 2015 and there was none in 2014.

RTN's revenue from sale of limestone ore was ₱319.4 million for the nine months of 2015 compared to ₱220.6 million for the nine months of 2014, an increase of ₱98.8 million or 45%. There was an increase of 167.3 thousand WMT or 57% in limestone sales during the nine months 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 ₱4,541.7 million for the nine months of 2015 compared to ₱7,911.3 million for the nine months of 2014, a decrease of ₱3,369.6 million, or 43%. TMC sold an aggregate 6,257.7 thousand WMT of nickel ore in nine months of 2015 compared to an aggregate 5,792.5 thousand WMT of nickel ore in the same period last year. The volume of saprolite ore sold to Japanese customers decreased by 9.4 thousand WMT or 2% and the volume of saprolite and limonite ore sold to Chinese customers increased by 148.8 thousand WMT or 6%. Further, TMC was able to deliver 3,104.7 thousand WMT of limonite ore to THNC plant during the nine months of 2015 as against 2,778.8 thousand WMT of limonite ore in the same period last year.

We own 100% of CMC which owns and operates the Cagdianao mining operations. CMC's revenue from sale of nickel ore was ₱2,030.5 million for the nine months of 2015 compared to ₱3,004.0 million for the nine months of 2014, a decrease of ₱973.5 million, or 32%. Limonite shipments from the Group's Cagdianao mine rose almost three times during the nine months of

2015 to 1,332.2 thousand WMT compared to 462.0 thousand WMT in the same period last year. On the other hand, the saprolite ore sales from Cagdianao mine was 629.2 thousand WMT compared to last year's 677.6 thousand WMT.

We also own 100% of HMC which owns and operates the Taganaan mining operations. HMC's revenue from sale of nickel ore was ₱1,961.9 million for the nine months of 2015 compared to ₱4,301.7 million for the nine months of 2014, a decrease of ₱2,339.8 million, or 54%. Shipments from Taganaan mine in both periods have minimal difference, 2,719.1 thousand WMT for the nine months of 2015 and 2,764.4 thousand WMT for the nine months of 2014. A total of 541.9 thousand WMT of saprolite ore and 2,177.2 thousand WMT of limonite ore were shipped during the nine months of this year compared to 260.9 thousand WMT and 2,503.5 thousand WMT, respectively, in the same comparable period last year.

Services and Others

Our revenue from services and others was ₱492.6 million for the nine months of 2015 compared to ₱507.5 million for the same period in 2014, a decrease of ₱14.9 million, or 3%. 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 ₱8,393.5 million for the nine months of 2015 compared to ₱8,175.0 million for the nine months of 2014, an increase of ₱218.5 million, or 3%.

Cost of Sales

For the nine months of 2015, our cost of sales was ₱4,928.8 million compared to ₱4,165.2 million in the same period last year, an increase of ₱763.6 million, or 18%. The movement in cost of sales was attributable to the net effect of increase in production overhead from ₱1,950.4 million to ₱2,079.2 million and outside services from ₱893.5 million to ₱1,545.5 million. Aside from the 12% increase in volume of shipments, the weather also allowed for saprolite mining activities in TMC mine wherein in-house resources were utilized, thus limonite mining and hauling were done by contractors. RTN also hired contractors for its hauling activities.

Cost of Services

Cost of services were ₱268.2 million for the nine months of 2015 compared to ₱277.7 million for the nine months of 2014, a decrease of ₱9.5 million, or 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 ₱1,501.9 million for the nine months ended September 30, 2015 compared to ₱1,502.0 million in the same comparable period last year. As a result of the 12% increase in volume of shipments, contract fees substantially increased by ₱101.6 million due to LCT rentals as compared to the same period last year. However, the said increase was offset by the movement in fuel, oil and lubricants which decreased by ₱72.1 million as a result of the significant drop in diesel prices, and the decrease in other services and fees by ₱28.2 million.

Excise Taxes and Royalties

Our excise taxes and royalties were ₱942.9 million for the nine months of 2015 compared to ₱1,504.1 million for the nine months of 2014, a decrease of ₱561.2 million, or 37%. The decrease in excise taxes and royalties was attributable to the 38% decline in our sales revenue from sale of ore during the period.

Marketing

Marketing costs were ₱111.8 million and ₱144.5 million for the nine months ended September 30, 2015 and 2014, respectively. Basically, this pertains to the marketing fee charged by Mitsubishi Corporation to the Group and the commission paid by CMC to its claim owner which was based on a certain percentage of the latter's sales revenue.

General and Administrative

General and administrative expenses were ₱639.8 million for the nine months of 2015 compared to ₱581.5 million for the nine months of 2014, an increase of ₱58.3 million, or 10%. In 2015, personnel costs increased by ₱55.8 million as a result of the accrual of 2014 stock option plan, employee salary appraisal and accrual of retirement benefits. There was also an increase in repairs and maintenance expense due to inspection and maintenance of Learjet, and increase in transportation and travel. However, the increase was partially offset by the decrease in taxes and licenses which was lower by ₱23.0 million because of the minimal stock options exercised in 2015 compared to the same period last year, 2.6 million shares as against 8.8 million shares.

Finance Income

Our finance income were ₱192.7 million for the nine months of 2015 compared to ₱106.7 million for the nine months of 2014, an increase of ₱86.0 million, or 81%. Aside from higher interest income earned from short-term cash investments and AFS financial assets by ₱56.1 million, the Group also sold some of its AFS financial assets in 2015 at a gain of ₱23.9 million and nil in 2014.

Finance Expenses

Our finance expense were ₱112.0 million in the nine months of 2015 compared to ₱109.1 million in the nine months of 2014, an increase of ₱2.9 million, or 3%. Basically, the movement in our finance expense arises from the management fee/trust fee incurred for our managed funds which amounted to ₱10.3 million in 2015 and nil in 2014, and due to ₱2.1 million accrual of interest from loans by EPI. However, the said increase was partially offset by the decrease in our loan guarantee service fee, which moved from ₱102.9 million to ₱93.1 million, due to principal loan repayments made by THNC during the period. The guarantee service fee is related to the Taganito HPAL project.

Equity in Net Income (Loss) of Associates

Our equity in net income or loss of THNC and CBNC was ₱163.5 million loss and ₱614.6 million income for the nine months of 2015 and 2014, respectively. The result of THNC and CBNC's operations in 2015 was a net loss of US\$14.7 million and US\$3.2 million, respectively. During the same period last year, THNC and CBNC's operations resulted to a net income of US\$40.4 million and US\$72.1 million, respectively. The net loss of THNC and CBNC in 2015 was caused by the significant decline in nickel price.

Other Income - Net

Our other income - net for the nine months ended September 30, 2015 were ₱392.7 million compared to ₱466.6 million in the same period last year, a decrease of ₱73.9 million, or 16%. During the nine months ended September 30, 2015, the Group reversed an allowance for impairment losses on inventory of ₱37.8 million which was substantially lower than the reversal made in the same period last year of ₱128.8 million. Moreover, obsolete inventories were also written-off in 2015. The decrease was slightly offset by the favorable impact of changes in foreign exchange rate, with net effect of ₱44.8 million increase in other income - net.

Provision for Income Tax

The provision for income tax was ₱1,547.4 million for the nine months of 2015 compared to ₱3,829.3 million for the nine months of 2014, a decrease of ₱2,281.9 million, or 60%.

Our current provision for income tax for the nine months of 2015 was ₱1,477.2 million compared to ₱3,733.1 million for the nine months of 2014, a decrease of ₱2,255.9 million, or 60% primarily due to the decrease in our taxable income brought by lower sales revenue in 2015 as compared to 2014. Likewise, our provision for deferred income tax for the nine months of 2015 was ₱70.3 million compared to ₱96.1 million for the nine months of 2014, a decrease of ₱25.8 million, or 27%. The provision for deferred income tax in 2015 was lower due to the effect of the following: 1) the tax impact of HMC and CMC's reversal of allowance for impairment losses of ₱0.5 million and ₱10.8 million, respectively, during the nine months of 2015 was lower compared to the nine months of 2014 of ₱38.7 million and ₱4.9 million, respectively; 2) CMC's application of its excess MCIT of ₱19.8 million in the nine months of 2014 also contributed to the increase in provision from deferred income tax of that period. On the contrary, no excess MCIT was applied during the nine months of 2015; and 3) the tax effect of the unrealized foreign exchange gains in 2014 was higher compared to 2015. The decrease in the provision for deferred income tax was slightly offset by the tax impact of the Parent Company's derecognized NOLCO of ₱43.3 million.

Net Income

As a result of the foregoing, our consolidated net income was ₱3,475.6 million for the nine months of 2015 compared to ₱10,220.5 million for the nine months of 2014. Net of non-controlling interests, our net income was ₱2,492.1 million for the nine months of 2015 compared to ₱7,977.7 million for the nine months of 2014, a decrease of ₱5,485.6 million, or 69%.

Statement of Financial Position

As at September 30, 2015, total assets increased to ₱36,988.2 million from ₱35,183.9 million as of the end of 2014. Current assets decreased to ₱19,384.7 million from ₱20,611.5 million mainly because of the cash dividends paid amounting to ₱4,303.4 million, net acquisition cost and payment for the assigned advances of Geogen Corporation (Geogen) amounting to ₱694.4 million, acquisition cost of NiHAO Mineral Resources International, Inc. (NiHao) shares amounting to ₱404.0 million, and payments of the remaining balance of the convertible loan to Emerging Power Inc. (EPI) and capital infusion amounting to a total of ₱741.6 million. However, the decrease was slightly offset by the increase in trade and other receivables, inventories and prepayments and other current assets by ₱210.5 million, ₱301.1 million and ₱176.3 million, respectively, cash dividends received from CBNC amounting to ₱89.1 million, remaining balance of the proceeds from loans obtained by EPI amounting to ₱1,529.3 million, and cash generated from operations.

The increase in noncurrent assets from ₱14,572.4 million to ₱17,603.4 million arise from the acquisition of 10% ownership in NiHAO, which shares have a market value of ₱285.8 million, acquisitions of Geogen and EPI which led to the increase in property and equipment by ₱488.6 million, geothermal exploration and evaluation assets by ₱938.1 million, and project development costs pertaining to SURNECO and other projects under Jobin SQM, Inc. (Jobin) and EPI by ₱1,070.9 million and other noncurrent assets by ₱323.0 million which pertains to the mining rights acquired from the purchase of Geogen.

Total current liabilities increased to ₱2,570.0 million as at September 30, 2015 from ₱2,114.6 million as at December 31, 2014 due to trade and other payables, which increased from ₱1,482.6 million to ₱1,683.9 million, and short-term loan of EPI from Manta Equities, Inc. amounting to ₱180.0 million. Total noncurrent liabilities increased to ₱3,899.3 million as at September 30, 2015 from ₱2,167.0 million as at December 31, 2014 due to ₱1,710.0 million loans availed by EPI from Security Bank Corporation.

Our equity net of non-controlling interests as at September 30, 2015 decreased to ₱25,954.1 million from ₱27,185.6 million as of year-end 2014, due to the ₱3,795.9 million cash dividends paid in April 2015 less the Group's results of operations for the nine months of 2015.

Statement of Cash Flows

The net cash from operating activities amounted to ₱4,140.1 million for the nine months ended September 30, 2015 compared to ₱10,695.4 million for the same period last year. Basically, the decrease in cash from operations was due to lower sales revenue in the current period as a result of low nickel prices.

Net cash used in investing activities for the nine months ended September 30, 2015 and 2014 amounted to ₱6,166.6 million and ₱2,497.7 million, respectively. In 2015, the net acquisitions of additional AFS financial assets, mostly investments in managed funds, were higher by ₱2,000.0 million compared to nine months of 2014 which basically came from the cash dividends received by the Parent Company from its subsidiaries in December 2014. Moreover, in 2015, the Parent Company acquired Geogen Corporation and EPI for ₱782.4 million, net of cash acquired from these subsidiaries. Project development costs related to Jobin, SURNECO and other projects of EPI increased by ₱811.6 million in 2015. We also incurred geothermal exploration and evaluation assets of ₱103.5 million during the nine months of 2015.

For the nine months of 2015 and 2014, the net cash used in financing activities amounting to ₱2,671.4 million and ₱2,258.3 million, respectively, arises mainly from payments of cash dividends and long-term debt. However, in 2015 the payments of cash dividends and long-term debt were partially offset by the proceeds from loans availed by EPI.

As at September 30, 2015 and 2014, cash and cash equivalents amounted to ₱8,857.6 million and ₱16,175.0 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 30,000 tonnes of contained nickel over an estimated 30-year Project life.

Type and Grade of Ore that we Mine

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

For the nine months of 2015 and 2014, we sold an aggregate of 15,963.2 thousand WMT and 14,256.3 thousand WMT, respectively.

2) CASH OPERATING COST PER VOLUME SOLD

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

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

The average cash operating cost per volume sold for the nine months of 2015 was ₱442.45 per WMT on the basis of aggregate cash costs of ₱7,063.0 million and a total sales volume of 15,963.2 thousand WMT of ore. This compares to ₱477.13 per WMT during the same period in 2014 on the basis of aggregate cash costs of ₱6,802.1 million and a total sales volume of 14,256.3 thousand WMT of ore.

3) ATTRIBUTABLE NET INCOME

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements.

The net income attributable to equity holders of the Parent Company for the nine months of 2015 was ₱2,492.1 million compared to ₱7,977.7 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 nine months of 2015 and 2014, the Group has rehabilitated and reforested a total of 159.26 hectares and 83.00 hectares, respectively, with corresponding number of trees planted of about 508,359 and 151,381, 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. For the nine months of 2015 and 2014, our frequency rate was 0.04 and 0.11, respectively.

Liquidity and Capital Resources

As of September 30, 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. In addition, we also incurred long-term debt to finance the project development costs of Jobin and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC). And any revenue that will be earned by Jobin and MGPC upon start of their commercial operations will be used to pay-off the debt.

As of September 30, 2015 and December 31, 2014, our working capital, defined as the difference between our current assets and current liabilities, was ₱16.8 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 and to finance EPI's acquisition of 100% ownership in Jobin. 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

While ore prices on the average have held well in the first quarter of 2015, the nickel LME and ore prices are seen to be trending down. It appears that the constraint in ore supply following the ban on ore exports in Indonesia has not been sufficient to provide significant price support due to the current weak demand across all commodities. In addition, the supply tightness did not materialize due to increase in supplies from other sources besides Chinese nickel pig iron coupled with the weaker than expected demand from China. The slowdown in China and lackluster world economic growth has led to high metal inventories, which has in turn taken quite a toll on commodity prices in general.

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 NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<i>A. Liquidity analysis ratios</i>		
Current ratio or working capital ratio	7.54	6.22
Quick ratio	6.06	5.51
Solvency ratio	5.72	6.35
<i>B. Financial leverage ratios</i>		
Debt ratio	0.17	0.16
Debt-to-equity ratio	0.21	0.19
Asset-to-equity ratio	1.21	1.19
Interest coverage ratio	172.67	509.59
<i>C. Profitability ratios</i>		
Net profit margin	0.27	0.48
Return on assets	0.09	0.26
Return on equity	0.11	0.31
Gross profit margin	0.60	0.79
Price/earnings ratio	19.39	14.22

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

November 13, 2015



Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

November 13, 2015

NICKEL ASIA CORPORATION
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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at September 30, 2015 and
December 31, 2014

Interim Consolidated Statements of Income for the three-month period ended
September 30, 2015 and 2014

Interim Consolidated Statements of Income for the nine-month period ended
September 30, 2015 and 2014

Interim Consolidated Statements of Comprehensive Income for the nine-month period
ended September 30, 2015 and 2014

Interim Consolidated Statements of Changes in Equity for the nine-month period ended
September 30, 2015 and 2014

Interim Consolidated Statements of Cash Flows for the nine-month period ended
September 30, 2015 and 2014

Notes to Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015
(With Comparative Audited Figures as at December 31, 2014)
(Amounts in Thousands)

	September 30, 2015	December 31, 2014
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱8,857,626	₱13,561,803
Trade and other receivables (Note 5)	1,641,561	1,431,080
Inventories (Notes 6 and 10)	3,164,319	2,863,181
Available-for-sale (AFS) financial assets (Note 7)	5,071,151	2,281,632
Prepayments and other current assets	650,082	473,774
Total Current Assets	19,384,739	20,611,470
Noncurrent Assets		
AFS financial assets - net of current portion (Note 7)	815,400	522,797
Property and equipment (Note 8)	6,866,708	6,378,129
Investment properties	29,000	29,000
Investments in associates (Note 9)	5,360,675	5,304,040
Long-term stockpile inventory - net of current portion (Note 10)	648,356	812,760
Deferred income tax assets - net	131,629	207,967
Geothermal exploration and evaluation assets	938,079	-
Project development costs	1,291,777	220,864
Other noncurrent assets (Note 4)	1,521,792	1,096,881
Total Noncurrent Assets	17,603,416	14,572,438
TOTAL ASSETS	₱36,988,155	₱35,183,908
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	₱1,683,870	₱1,482,640
Income tax payable	582,470	513,598
Current portion of long-term debt (Note 12)	303,674	118,329
Total Current Liabilities	2,570,014	2,114,567
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	2,999,744	1,313,203
Deferred income tax liabilities - net	400,275	421,050
Deferred income - net of current portion	71,469	71,229
Provision for mine rehabilitation and decommissioning (Note 13)	163,810	130,175
Pension liability	264,052	231,338
Total Noncurrent Liabilities	3,899,350	2,166,995
Total Liabilities	6,469,364	4,281,562
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	3,805,670	1,272,495
Stock dividends distributable (Note 14)	-	632,648
Additional paid-in capital	8,284,767	8,273,655
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	360,496	82,154
Net valuation gain (loss) on AFS financial assets (Note 7)	(84,037)	171,322
Cost of share-based payment plan (Note 15)	83,874	47,060
Asset revaluation surplus	32,959	33,246
Retained earnings		
Unappropriated	12,470,328	15,673,051
Appropriated (Note 14)	1,000,000	1,000,000
	25,954,057	27,185,631
Non-controlling Interests	4,564,734	3,716,715
Total Equity	30,518,791	30,902,346
TOTAL LIABILITIES AND EQUITY	₱36,988,155	₱35,183,908

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Thousands, Except Earnings per Share)

	2015	2014
	(Unaudited)	
REVENUES (Note 27)		
Sale of ore	₱4,956,736	₱11,634,474
Services and others	178,540	173,268
	5,135,276	11,807,742
COSTS AND EXPENSES		
Cost of sales (Note 17)	1,745,581	1,836,684
Cost of services (Note 18)	82,302	88,808
Shipping and loading costs (Note 19)	594,752	756,430
Excise taxes and royalties (Note 20)	426,946	950,136
General and administrative (Note 21)	263,399	197,099
Marketing	59,695	89,572
	3,172,675	3,918,729
FINANCE INCOME (Note 24)	51,872	44,532
FINANCE EXPENSES (Note 25)	(45,145)	(32,928)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES (Note 9)	(223,721)	214,492
OTHER INCOME - Net (Note 26)	259,578	368,809
INCOME BEFORE INCOME TAX	2,005,185	8,483,918
PROVISION FOR INCOME TAX (Note 28)		
Current	586,563	2,175,810
Deferred	117,301	119,947
	703,864	2,295,757
NET INCOME	₱1,301,321	₱6,188,161
Net income attributable to:		
Equity holders of the parent	₱1,001,729	₱5,263,788
Non-controlling interests	299,592	924,373
	₱1,301,321	₱6,188,161
Earnings per share:		
Basic	₱0.13	₱0.66
Diluted	₱0.13	₱0.66

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Thousands, Except Earnings per Share)

	2015	2014
	(Unaudited)	
REVENUES (Note 27)		
Sale of ore	₱12,614,086	₱20,638,554
Services and others	492,591	507,478
	13,106,677	21,146,032
COSTS AND EXPENSES		
Cost of sales (Note 17)	4,928,783	4,165,197
Cost of services (Note 18)	268,239	277,723
Shipping and loading costs (Note 19)	1,501,934	1,501,963
Excise taxes and royalties (Note 20)	942,878	1,504,124
General and administrative (Note 21)	639,845	581,524
Marketing	111,779	144,493
	8,393,458	8,175,024
FINANCE INCOME (Note 24)	192,746	106,661
FINANCE EXPENSES (Note 25)	(112,046)	(109,095)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES (Note 9)	(163,544)	614,628
OTHER INCOME - Net (Note 26)	392,671	466,594
INCOME BEFORE INCOME TAX	5,023,046	14,049,796
PROVISION FOR INCOME TAX (Note 28)		
Current	1,477,151	3,733,119
Deferred	70,280	96,134
	1,547,431	3,829,253
NET INCOME	₱3,475,615	₱10,220,543
Net income attributable to:		
Equity holders of the parent	₱2,492,110	₱7,977,654
Non-controlling interests	983,505	2,242,889
	₱3,475,615	₱10,220,543
Earnings per share (Note 16):		
Basic	₱0.33	₱1.05
Diluted	₱0.33	₱1.05

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Thousands)

	2015	2014
	(Unaudited)	
NET INCOME	₱3,475,615	₱10,220,543
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	278,342	(25,695)
Net valuation gain (loss) on AFS financial assets	(255,359)	50,379
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	22,983	24,684
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(287)	(287)
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	22,696	24,397
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱3,498,311	₱10,244,940
Total comprehensive income attributable to:		
Equity holders of the parent	₱2,514,806	₱8,002,051
Non-controlling interests	983,505	2,242,889
	₱3,498,311	₱10,244,940

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 (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		
							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	-	-	-	-	-	-	-	2,492,110	-	2,492,110	983,505	3,475,615
Other comprehensive income (loss)	-	-	-	-	(255,359)	278,342	(287)	-	-	22,696	-	22,696
Total comprehensive income (loss)	-	-	-	-	(255,359)	278,342	(287)	2,492,110	-	2,514,806	983,505	3,498,311
Cost of share-based payment plan (Note 15)	-	-	-	36,814	-	-	-	-	-	36,814	-	36,814
Stock dividends (Note 14)	2,531,883	(632,648)	-	-	-	-	-	(1,899,235)	-	-	-	-
Cash dividends - ₱1.00 per common share (Note 14)	-	-	-	-	-	-	-	(3,795,885)	-	(3,795,885)	-	(3,795,885)
Exercise of stock options (Note 15)	1,292	-	11,112	-	-	-	-	-	-	12,404	-	12,404
Share of non-controlling interest in cash dividends of a subsidiary	-	-	-	-	-	-	-	-	-	-	(505,000)	(505,000)
Share of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	369,514	369,514
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	-	287	-	287	-	287
Balances at September 30, 2015 (Unaudited)	₱3,805,670	₱-	₱8,284,767	₱83,874	(₱84,037)	₱360,496	₱32,959	₱12,470,328	₱1,000,000	₱25,954,057	₱4,564,734	₱30,518,791

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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	-	-	-	-	-	-	7,977,654	-	7,977,654	2,242,889	10,220,543
Other comprehensive income (loss)	-	-	-	50,379	(25,695)	(287)	-	-	24,397	-	24,397
Total comprehensive income (loss)	-	-	-	50,379	(25,695)	(287)	7,977,654	-	8,002,051	2,242,889	10,244,940
Exercise of stock options (Note 15)	4,420	89,072	(29,845)	-	-	-	-	-	63,647	-	63,647
Cost of share-based payment (Note 15)	-	-	3,409	-	-	-	-	-	3,409	-	3,409
Cash dividends - ₱0.30 per common share (Note 14)	-	-	-	-	-	-	(757,727)	-	(757,727)	-	(757,727)
Share of non-controlling interest in cash dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(1,450,815)	(1,450,815)
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	287	-	287	-	287
Balances at September 30, 2014 (Unaudited)	₱1,271,200	₱8,240,675	₱23,088	₱149,885	₱114,506	₱33,342	₱16,969,119	₱1,000,000	₱27,801,815	₱5,513,714	₱33,315,529

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Thousands)

	2015	2014
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱5,023,046	₱14,049,796
Adjustments for:		
Depreciation, amortization and depletion (Note 23)	1,073,635	1,015,663
Equity in net loss (income) of associates (Note 9)	163,544	(614,628)
Interest income (Note 24)	(162,768)	(106,661)
Cost of share-based payment plan (Notes 15 and 22)	36,814	3,409
Interest expense (Notes 12, 18 and 25)	29,259	27,625
Movements in pension liability	28,641	(531)
Loss (gain) on transfer from equity to profit or loss of AFS financial assets (Note 24)	(23,922)	39
Unrealized foreign exchange losses (gains) - net	(16,609)	12,701
Dividend income (Note 26)	(13,997)	(5,538)
Accretion income (Note 24)	(3,933)	-
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 13 and 25)	2,316	2,177
Day 1 gain (Note 24)	(2,123)	-
Gain on sale of property and equipment (Note 26)	(2)	(7,670)
Operating income before working capital changes	6,133,901	14,376,382
Increase in:		
Trade and other receivables	(452,261)	(2,232,582)
Inventories	(136,734)	(101,098)
Prepayments and other current assets	(96,119)	(253,840)
Trade and other payables	99,615	730,352
Net cash generated from operations	5,548,402	12,519,214
Income taxes paid	(1,408,279)	(1,823,863)
Net cash flows from operating activities	4,140,123	10,695,351
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
AFS financial assets (Note 7)	(11,983,014)	(1,317,537)
Property and equipment (Note 8)	(1,222,902)	(1,126,868)
Proceeds from:		
Sale of AFS financial assets	8,696,617	31,129
Sale of property and equipment	846	68,897
Increase in:		
Project development costs	(965,633)	(154,073)
Geothermal exploration and evaluation assets	(103,489)	-
Other noncurrent assets	(66,387)	(107,238)
Acquisition of subsidiaries, net of cash acquired	(782,357)	-
Interests received	156,638	102,432
Dividends received	103,057	5,538
Net cash flows used in investing activities	(6,166,624)	(2,497,720)

(Forward)

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	2015	2014
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	(P4,303,405)	(P2,208,542)
Long-term debt	(77,053)	(78,393)
Rehabilitation cost	(670)	(9,476)
Proceeds from:		
Availment of long-term debt	1,710,000	-
Exercise of stock options	12,404	63,647
Interest paid	(12,877)	(22,381)
Increase (decrease) in deferred income	240	(3,143)
Net cash flows used in financing activities	(2,671,361)	(2,258,288)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,697,862)	5,939,343
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	(6,315)	1,287
CASH AND CASH EQUIVALENTS AT JANUARY 1	13,561,803	10,234,336
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30 (Note 4)	P8,857,626	P16,174,966

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

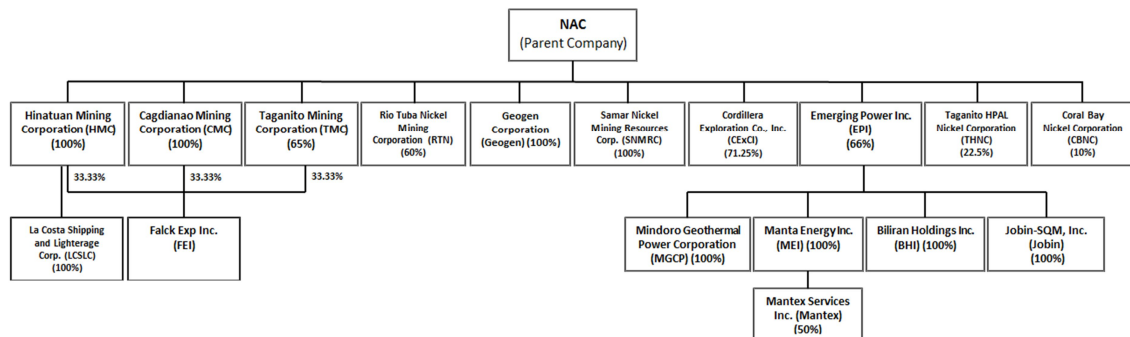
(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. Corporate Information

Nickel Asia Corporation (NAC, Parent Company, 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 ₱2.67 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) and stockholders of the Parent Company, 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). 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.

Geogen

Geogen was registered with the SEC on October 9, 1998, is a one hundred percent (100%) owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including but not limited to nickel, iron, cobalt, chromite and other associated mineral deposits and the like. The registered office address of Geogen is at 20th floor The Peak Tower, 107 L.P. Leviste Street, Salcedo Village, Makati City. Geogen was acquired by the Parent Company on August 4, 2015 (see Note 31).

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 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.

EPI

EPI (formerly Emerging Power Resource Holding Corporation) was registered with the SEC on October 16, 2007, is a sixty-six percent (66%) owned subsidiary of the Parent Company and is primarily engaged in real estate business. On September 23, 2013, the SEC approved the change in EPI's primary purpose to engage in the renewable energy business. On the same date, the SEC approved the change in EPI's name from Emerging Power Resource Holding Corporation to Emerging Power, Inc. The registered office address of EPI is at 1603-B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

MGPC

MGPC was registered with the SEC on May 7, 2014, is a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged in renewable energy business. The registered office address of MGPC is at 1603-B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

MEI

MEI was registered with the SEC on May 21, 2007, is a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business. The registered office address of MEI is at 1603-B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

BHI

BHI was registered with the SEC on July 31, 2015, is a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged to purchase, subscribe, acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description of any corporation engaged in, but not limited to, the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidences of indebtedness or securities of this or any other corporation. The registered office address of BHI is at 1603-B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

Jobin

Jobin, a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, was organized and registered with the SEC on January 6, 2010 to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural fossil or non-fossil fuel based, artificial, organic, or otherwise and of energy systems that use new renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application and promote their efficient utilization. The registered office address of Jobin, which is also its principal place of business, is at Structure 684, Waterfront Road, Subic Bay Freeport Zone, Zambales.

On October 15, 2015, in consideration for the EPC vendor providing financing to Jobin for the design, supply and installation of its solar power plant, EPI executed a pledge over its shares in Jobin in favor of the EPC vendor.

Mantex

Mantex, a thirty-three percent (33%) owned subsidiary of the Parent Company through EPI, was organized and registered with the SEC on March 26, 2012 to provide technical, financial, and public relations advisory, management, and investments services for infrastructure projects. Currently, it has not yet started its commercial operation. The registered office address of EPI is at 1603-B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

The interim consolidated financial statements as at September 30, 2015 and December 31, 2014 and for the nine-month period ended September 30, 2015 and 2014, were authorized for issuance by the Parent Company's BOD on November 9, 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 September 30, 2015 and for the nine-month period ended September 30, 2015 and 2014 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2014.

Basis of Consolidation

The interim consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred to as the Group) and 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%
Geogen	Philippines	Mining	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%
LCSLC*	Philippines	Services	100.00%	100.00%
EPI	Philippines	Renewable Energy	66.00%	-
MGPC*	Philippines	Renewable Energy	66.00%	-
MEI*	Philippines	Power	66.00%	-
BHI*	Philippines	Services	66.00%	-
Jobin*	Philippines	Renewable Energy	66.00%	-
Mantex*	Philippines	Services	33.00%	-
<i>Associates</i>				
THNC	Philippines	Manufacturing	22.50%	22.50%
CBNC	Philippines	Manufacturing	10.00%	10.00%

*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 the following amendments and improvements to existing standards and interpretations, which were effective beginning January 1, 2015.

- *PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are not applicable to the Group since the entities in the Group have defined benefit plans which do not require contributions from employees or third parties.

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.
- *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.
- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.
- *PAS 24, Related Party Disclosures - Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) 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 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).
- *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 following new standards and amendments issued by the International Accounting Standards Board (IASB) were already adopted by the Financial Reporting Standards Council (FRSC) but are still for approval of the Board of Accountancy (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 re-measured 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 other comprehensive income. 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 have no 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 applicable 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 shall consider the amendments in the preparation of its separate financial statements.

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 recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. 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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash on hand and with banks	₱3,221,908	₱1,229,212
Short-term cash investments	5,635,718	12,332,591
	₱8,857,626	₱13,561,803

Cash with banks amounting to nil and ₱45.1 million as at September 30, 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

Trade and other receivables amounting to ₱50.6 million and ₱37.8 million as at September 30, 2015 and December 31, 2014, respectively, were impaired and fully provided for with allowance for impairment losses.

The aging analysis of the Group's trade and other receivables as at September 30, 2015 and December 31, 2014 are summarized below:

September 30, 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)	₱1,045,560	₱197,178	₱37,835	₱1,280,573
Receivable from CBNC (see Note 27)	12,411	5,599	-	18,010
Interest receivable	30,853	-	-	30,853
Amounts owed by related parties (see Note 27)	11,872	-	-	11,872
Others	312,717	25,371	12,803	350,891
Total	₱1,413,413	₱228,148	₱50,638	₱1,692,199

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)	₱756,100	₱98,817	₱25,059	₱879,976
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	231,243	-	12,774	244,017
Total	₱1,323,344	₱107,736	₱37,833	₱1,468,913

6. Inventories

As at September 30, 2015 and December 31, 2014, inventories amounting to ₱115.8 million and ₱153.7 million, respectively, were assessed to be impaired and were provided for with allowance. For the nine-month period ended September 30, 2015 and 2014, provision for inventory losses amounted to nil and ₱1.2 million, respectively, and the reversal of allowance for impairment losses on beneficiated nickel ore inventory amounted to ₱37.8 million and ₱128.8 million, respectively.

The cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱2,844.8 million and ₱2,604.4 million as at September 30, 2015 and December 31, 2014, respectively, while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱435.3 million and ₱412.5 million as at September 30, 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 various debt securities.

During the nine-month period ended September 30, 2015 and 2014, the Group acquired various AFS financial assets amounting to ₱11,983.0 million and ₱1,317.5 million, respectively, and disposed AFS financial assets amounting to ₱8,676.9 million and ₱31.2 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱14.0 million and ₱5.5 million for the nine-month period ended September 30, 2015 and 2014, respectively (see Note 26).

Interest income earned from AFS financial assets amounted to ₱75.0 million and ₱12.9 million for the nine-month period ended September 30, 2015 and 2014, respectively (see Note 24).

8. Property and Equipment

During the nine-month period ended September 30, 2015 and 2014, the Group acquired assets with a cost of ₱1,222.9 million and ₱1,126.9 million, respectively, including construction in-progress.

Pier facilities (included under “Buildings and Improvements”) with a carrying value of ₱84.5 million and ₱112.7 million as at September 30, 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 nine-month period ended September 30, 2015 and 2014 amounted to ₱1,073.6 million and ₱1,015.7 million, respectively (see Note 23).

9. Investments in Associates

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
THNC	₱4,510,714	₱4,468,336
CBNC	849,961	835,704
	₱5,360,675	₱5,304,040

Movements in the investments in associates as at September 30, 2015 and December 31, 2014 are as follows:

	September 30, 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 (loss)	(149,184)	(14,360)	(163,544)	324,500	197,880	522,380
Dividends paid	-	(89,090)	(89,090)	-	-	-
	(326,624)	94,430	(232,194)	(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	191,562	117,707	309,269	31,710	(86,586)	(54,876)
	394,263	31,121	425,384	202,701	(86,586)	116,115
Balances at end of period	₱4,510,714	₱849,961	₱5,360,675	₱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. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein TMC has a Nickel Ore Supply Agreement

to supply all of the limonite ore requirements of the Taganito High Pressure Acid Leach (HPAL) facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Taganito HPAL facility and exhaustion of the limonite ore reserves at the Taganito mine.

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 HPAL facility.

The net assets of THNC and CBNC amounted to ₱19,579.3 million and ₱26,766.7 million, respectively, as at September 30, 2015 and ₱19,390.9 million and ₱26,646.7 million, respectively, as at December 31, 2014. The results of THNC and CBNC's operations were net loss of ₱663.0 million and ₱143.6 million, respectively, for the nine months ended September 30, 2015 and net income of ₱1,786.4 million and ₱3,190.5 million, respectively, for the nine months ended September 30, 2014. The Parent Company's share in cumulative translation adjustment amounted to ₱360.5 million and ₱82.2 million as at September 30, 2015 and December 31, 2014, respectively, and its equity in net income or loss of associates amounted to ₱163.5 million loss and ₱614.6 million income for the nine months ended September 30, 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 September 30, 2015 and December 31, 2014, and the cost of the inventory delivered to CBNC for the period ended September 30, 2015 and 2014 of ₱164.4 million and ₱165.1 million, respectively, was included as part of "Cost of sales" (see Note 17).

The carrying value of long-term stockpile - net of current portion amounted to ₱648.4 million and ₱812.8 million as at September 30, 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 Mines and Geosciences Bureau or other parties.

12. Long-term Debt

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
TMC	₱1,308,720	₱1,291,290
RTN	104,698	140,242
EPI	1,890,000	-
	3,303,418	1,431,532
Less noncurrent portion:		
TMC	1,226,925	1,213,030
RTN	62,819	100,173
EPI	1,710,000	-
	2,999,744	1,313,203
	₱303,674	₱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 September 30, 2015 and December 31, 2014, TMC is in compliance with the restrictions.

TMC settled ₱37.8 million (or US\$0.9 million) of long-term debt which became due in April 2015 and 2014.

Interest expense for the nine months ended September 30, 2015 and 2014 which amounted to ₱22.9 million and ₱23.6 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 September 30, 2015 and December 31, 2014, RTN is in compliance with the restrictions.

RTN settled ₱39.3 million (or US\$0.9 million) of long-term debt which became due in February and August 2015 and 2014.

Interest expense which formed part of "Finance expense" amounted to ₱2.3 million and ₱2.8 million for the nine months ended September 30, 2015 and 2014, respectively (see Note 25).

EPI Loans

Loan with Manta Equities, Inc.

On June 8, 2015, EPI executed a Loan Agreement with Manta Equities, Inc. (MEI) amounting to ₱180.0 million at 5% interest per annum. The principal and interest are payable one year after the release of the loan proceeds and shall be used to finance the project development expenses of EPI's renewable energy power projects other than the Mindoro geothermal project.

Credit Facility from Security Bank Corporation (SBC)

On July 15, 2015, EPI obtained two types of Credit Facility from SBC as follows:

- (1) Loan facility in the amount of ₱3,000.0 million at prevailing SBC lending rate and a term of up to three years from date of every drawdown. The purpose of the loan is to fund the investments in EPI's renewable energy portfolio, initially for the Subic solar and Biliran geothermal projects, and for working capital requirements. Of this loan facility, EPI has drawn a total of ₱1,710.0 million at 4.60% interest per annum. Interest is payable monthly. The loan facility is secured by a Continuing Suretyship Agreement with the Parent Company.
- (2) Settlement Risk Line for \$3.0 million to cover for risks arising from foreign exchange transactions.

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 nine months ended September 30, 2015 and 2014, accretion interest on provision for mine rehabilitation and decommissioning amounted to ₱2.3 million and ₱2.2 million, respectively (see Note 25).

14. EquityCapital Stock

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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares in 2015 and 4,265,000,000 shares in 2014		
Issued - 7,596,939,456 shares in 2015 and 2,530,590,350 shares in 2014	₱3,798,470	₱1,265,295
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	7,200	7,200
Total	₱3,805,670	₱1,272,495

As at September 30, 2015 and December 31, 2014, the Parent Company has sixty-six (66) and fifty-four (54) stockholders, respectively.

As at September 30, 2015 and December 31, 2014, a total of 1,640,567,524, or 22%, and 495,443,935, or 20%, respectively, of the outstanding common shares of the Parent Company are registered in the name of sixty-four (64) and fifty-two (52) shareholders, respectively, while the balance of 5,956,371,932 common shares, or 78%, and 2,035,146,415 common shares, or 80%, respectively, are lodged with the Philippine Depository and Trust Corporation.

Increase in Authorized Capital Stock

On March 27, 2015 and June 5, 2015, the Company's BOD and stockholders, respectively, resolved to increase the authorized capital stock from 4,265,000,000 to 19,265,000,000 common stock with par value of ₱0.50 per share. On June 24, 2015, SEC approved the increase in authorized capital stock.

Dividends

Dividends declared and/or 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 27, 2015	April 15, 2015	₱2,657,120	₱0.70	April 27, 2015
Special	March 27, 2015	April 15, 2015	1,138,765	0.30	April 27, 2015
Special	November 10, 2014	November 24, 2014	1,264,000	0.50	December 10, 2014
Regular	March 24, 2014	April 10, 2014	757,727	0.30	May 8, 2014
<i>Stock Dividends</i>					
	June 5, 2015	July 16, 2015	1,897,943	100%	August 11, 2015
	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 the officers of its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱25.52, which is equivalent to ₱8.51 after the 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 the officers of 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 ₱2.40 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	₱28.35	₱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	
	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
<i>2014 ESOP</i>		
Outstanding at end of period	17,764,849	17,764,849
Granted	2,100,595	-
Forfeited	(718,012)	-
Stock dividends	9,766,333	-
Outstanding at end of period	28,913,765	17,764,849
<i>2010 ESOP</i>		
Outstanding at beginning of period	3,719,308	15,150,313
Exercised	(2,584,213)	(11,431,005)
Stock dividends	1,859,654	-
Outstanding at end of period	2,994,749	3,719,308

On June 2, 2015, SEC approved the exemption from registration of 11,625,987 common shares which shall form part of the ESOP.

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

	September 30, 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)	36,814	43,000
Movements during the period	36,814	(2,464)
Balances at end of period	₱83,874	₱47,060

Cost of share-based payments for the nine months ended September 30, 2015 and 2014 amounted to ₱36.8 million and ₱3.4 million, respectively (see Note 22).

16. Basic Earnings Per Share

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

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	₱2,492,110	₱7,977,654
b. Weighted average number of common shares issued and outstanding (in thousands)	7,593,494	7,576,457
Basic EPS (a/b)	₱0.33	₱1.05

Diluted EPS were computed as follows:

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
c. Net income attributable to equity holders of the Parent	₱2,492,110	₱7,977,654
d. Weighted average number of common shares issued and outstanding (in thousands)	7,607,015	7,587,179
Diluted EPS (a/b)	₱0.33	₱1.05

17. Cost of Sales

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Production overhead	₱2,079,179	₱1,950,440
Outside services	1,545,500	893,483
Depreciation and depletion (see Note 23)	777,578	723,580
Personnel costs (see Note 22)	602,541	548,635
Long-term stockpile inventory sold (see Note 10)	164,404	165,113
	5,169,202	4,281,251
Net changes in beneficiated nickel ore and limestone ore	(240,419)	(116,054)
	₱4,928,783	₱4,165,197

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, maintenance, security and blasting equipment rental.

18. Cost of Services

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Depreciation and depletion (see Note 23)	₱95,433	₱95,851
Overhead	63,782	59,547
Personnel costs (see Note 22)	60,294	60,251
Equipment operating costs (see Note 12)	39,233	48,487
Outside services	9,497	13,587
	₱268,239	₱277,723

19. Shipping and Loading Costs

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Contract fees	₱1,038,912	₱937,349
Fuel, oil and lubricants	156,839	228,988
Depreciation and depletion (see Note 23)	97,500	94,061
Materials and supplies	80,937	84,196
Personnel costs (see Note 22)	52,562	54,025
Other services and fees	75,184	103,344
	₱1,501,934	₱1,501,963

20. Excise Taxes and Royalties

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Excise taxes	₱252,281	₱412,771
Royalties	690,597	1,091,353
	₱942,878	₱1,504,124

21. General and Administrative Expenses

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Personnel costs (see Note 22)	₱193,768	₱137,965
Taxes and licenses	124,462	147,437
Depreciation and depletion (see Note 23)	69,037	65,991
Professional fees	42,814	42,368
Donations	34,997	35,939
Transportation and travel	21,412	15,259
Repairs and maintenance	17,680	13,861
Outside services	15,849	13,026
Entertainment, amusement and recreation	9,093	7,479
Communications, light and water	6,704	6,453
Others	104,029	95,746
	₱639,845	₱581,524

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 nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Salaries, wages and employee benefits	₱872,351	₱797,467
Cost of share-based payment plan (see Note 15)	36,814	3,409
	₱909,165	₱800,876

The amounts of personnel costs are distributed as follows:

For the nine-month period ended September 30		
	2015	2014
	(Unaudited)	
Cost of sales (see Note 17)	₱602,541	₱548,635
General and administrative (see Note 21)	193,768	137,965
Cost of services (see Note 18)	60,294	60,251
Shipping and loading costs (see Note 19)	52,562	54,025
	₱909,165	₱800,876

23. Depreciation and Depletion

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

For the nine-month period ended September 30		
	2015	2014
	(Unaudited)	
Cost of sales (see Note 17)	₱777,578	₱723,580
Cost of services (see Note 18)	95,433	95,851
Shipping and loading costs (see Note 19)	97,500	94,061
General and administrative (see Note 21)	69,037	65,991
Others	34,087	36,180
	₱1,073,635	₱1,015,663

24. Finance Income

For the nine-month period ended September 30		
	2015	2014
	(Unaudited)	
Interest income	₱162,768	₱106,661
Gain on transfer from equity to profit or loss of AFS financial assets	23,922	-
Accretion income	3,933	-
Day 1 gain	2,123	-
	₱192,746	₱106,661

25. Finance Expenses

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Guarantee service fee	₱93,060	₱102,880
Management fee	10,336	-
Interest expense (see Note 12)	6,334	3,999
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 13)	2,316	2,177
Loss on transfer from equity to profit or loss of AFS financial assets	-	39
	₱112,046	₱109,095

26. Other Income - Net

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Foreign exchange gains - net	₱249,496	₱204,695
Despatch	38,353	33,013
Reversal of allowance for impairment losses on beneficiated nickel ore inventory	37,834	128,846
Issuance of fuel, oil and lubricants	18,820	10,480
Dividend income (see Note 7)	13,997	5,538
Rentals and accommodations	8,413	13,083
Write-off of input VAT	(2,471)	-
Other services	2,234	2,812
Gain on sale of property and equipment	2	7,670
Provision for inventory losses	-	(1,224)
Others	25,993	61,681
	₱392,671	₱466,594

27. Related Party Transactions

Set out below are the Group's transactions with related parties for the nine-month period ended September 30, 2015 and 2014, including the corresponding assets and liabilities arising from the said transactions as at September 30, 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
	September 30, 2015	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014		
	<i>Stockholders</i>											
Pacific Metals Co., Ltd.												
Sale of ore	₱2,186,528	₱3,596,939	₱191,900	₱31,717	₱-	₱-	₱-	₱-	₱-	₱-	Ninety percent (90%) upon receipt of documents and ten percent (10%) after the final dry weight and applicable assay have been determined;	Unsecured; no guarantee
Despatch income	3,294	3,569	311	-	-	-	-	-	-	-	noninterest-bearing Collectible on demand; noninterest-bearing	Unsecured; no guarantee
SMM												
Sale of ore	307,094	714,423	-	2,603	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Guarantee service fee	93,061	102,880	-	-	12,386	43,639	-	-	-	-	Every twenty first (21) of February, March, August and September	Unsecured

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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
	September 30, 2015	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014		
	<i>Stockholders</i>											
SMM												
Loan facility	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱104,698	₱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
<i>With Common Stockholders</i>												
Manta Equities, Inc.												
Short-term advances	-	5	-	-	-	-	1,623	3	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Rentals, dues and utilities	20,031	19,399	-	-	2,808	33	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	180,000	-	Principal is payable one year after drawdown, interest is at 5% per annum	Unsecured; with guarantee
Emerging Power Inc. (EPI)												
Notes receivable	-	-	-	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	
	September 30, 2015	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014			
	<i>With Common Stockholders</i>												
MEI Energy Solutions, Inc.													
Short-term advances	-	-	-	-	-	-	349	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
<i>Associates</i>													
THNC													
Sale of ore	₱861,029	₱1,022,212	₱31,559	₱121,305	₱-	₱-	₱-	₱-	₱-	₱-	₱-	30 days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	92,159	93,142	62,960	31,371	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Materials handling	197,308	181,550	35,467	28,106	-	-	-	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rendering of other service	6,221	4,299	-	2,054	-	-	-	-	-	-	-	Collectible upon end of the lease term; non-interest bearing	Unsecured; no guarantee
Rental income	8,737	9,747	673	-	-	-	-	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rental deposit	-	-	-	-	3,352	3,352	-	-	-	-	-	Collectible upon end of the lease term; non-interest bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	1,308,720	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	Unsecured; with guarantee
Short-term advances	-	-	-	-	-	-	6,242	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
	September 30, 2015	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014		
	<i>Associates</i>											
CBNC												
Sale of ore and services	₱1,234,832	₱1,639,843	₱175,972	₱203,342	₱-	₱-	₱-	₱-	₱-	₱-	₱- Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	35,778	35,844	3,628	29,418	-	-	-	-	-	-	- Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	38,545	95,619	14,382	9,944	-	-	-	-	-	-	- Collectible on demand; noninterest-bearing	Unsecured; no guarantee
<i>Affiliates</i>												
Alternative Power Resource Holdings, Inc.												
Short-term advances	-	-	-	-	-	-	2,238	-	-	-	- Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Other individuals												
Short-term advances	-	-	-	-	-	-	1,420	-	-	-	- Collectible on demand; noninterest-bearing	Unsecured; no guarantee
			₱516,852	₱736,202	₱18,546	₱49,544	₱11,872	₱4,493	₱1,593,418	₱1,431,532		

Terms and Conditions of Transactions with Related Parties

All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at September 30, 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 nine months ended September 30, 2015 and 2014 amounted to about ₱145.6 million and ₱100.1 million, respectively.

Intercompany Guarantees

As discussed in Note 12, the Parent Company has entered into a Continuing Suretyship Agreement with Security Bank Corporation covering the loan obtained by EPI.

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

28. Income Taxes

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

	For the nine-month period ended September 30	
	2015	2014
	(Unaudited)	
Current	₱1,477,151	₱3,733,119
Deferred	70,280	96,134
	₱1,547,431	₱3,829,253

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 and Trade and Other Payables

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

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

The carrying amount of cash held in escrow, restricted cash, RF and SDMP fund approximate their fair values since they are restricted cash with banks or financial institutions, 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 September 30, 2015 and December 31, 2014, the Group's AFS financial assets are classified under Level 1 and 3.

As at September 30, 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 and construction and rendering of services to CBNC and THNC.

The power segment is engaged in the energy business, including but not limited to power generation, power trading and power supply.

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

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	September 30, 2015 (Unaudited)											Total
	Mining					Power		Services			Eliminations	
	HMC	CMC	TMC	RTN	Geogen	EPI	NAC	RTN/TMC	HMC	Others		
External customers	1,961,879	2,030,546	4,541,722	4,079,939	-	-	-	492,591	-	-	-	13,106,677
Inter-segment revenues	-	-	-	-	-	28,740	-	-	2,070	440,672	(442,742)	-
Total revenues	1,961,879	2,030,546	4,541,722	4,079,939	-	28,740	-	492,591	2,070	440,672	(442,742)	13,106,677
Cost of sales	762,750	658,451	1,677,474	1,830,108	-	-	-	-	-	-	-	4,928,783
Cost of services	-	-	-	-	-	-	-	268,239	(0)	-	-	268,239
Excise taxes and royalties	137,332	319,811	363,338	122,398	-	-	-	-	-	-	-	942,878
Shipping and loading costs	370,228	349,078	485,726	296,902	-	-	-	-	-	-	-	1,501,934
Marketing	14,522	86,165	8,119	2,973	-	-	-	-	-	-	-	111,779
Segment operating earnings	677,048	617,041	2,007,065	1,827,558	-	28,740	-	224,352	2,070	440,672	(442,742)	5,353,064
General and administrative	95,394	33,403	108,243	55,634	9,327	33,851	-	-	172	303,823	-	639,845
Finance income	3,297	5,727	19,986	13,232	2	240	-	-	135	150,127	-	192,746
Finance expense	-	1,110	1,205	3,532	-	2,126	-	-	-	104,073	-	112,046
Provision for income tax	135,486	176,272	592,706	546,747	-	-	-	-	-	96,219	-	1,547,431
Net income (loss) attributable to equity holders of the parent	494,792	464,571	1,031,772	920,731	(9,325)	(23,586)	-	-	-	(386,844)	-	2,492,110
Segment assets	2,246,880	1,769,536	9,806,736	4,727,276	749,887	3,224,660	629,280	-	1,852	13,700,420	-	36,856,526
Deferred income tax assets - net	50,975	15,708	49,430	2,672	-	318	-	-	-	12,527	-	131,629
Total assets	2,297,855	1,785,243	9,856,166	4,729,948	749,887	3,225,672	629,280	-	1,852	13,712,948	-	36,988,155
Segment liabilities	568,771	480,860	2,247,788	644,984.42	39,721	1,966,630	-	-	-	120,334	-	6,069,089
Deferred income tax liabilities - net	-	-	-	308,392	157	-	-	-	26,836	64,890	-	400,275
Total liabilities	568,771	480,860	2,247,788	953,377	39,878	1,966,630	-	-	26,836	185,229	-	6,469,364
Capital expenditures	354,426	150,643	510,357	184,338	6,915	6,758	408,416	-	-	9,465	-	1,631,319
Depreciation, depletion and amortization	163,061	80,723	424,314	350,232	187	1,283	-	-	44	53,791	-	1,073,635

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	December 31, 2014 (Audited)									
	Mining				Power	Services and Others			Eliminations	Total
	HMC	CMC	TMC	RTN	NAC	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	220,864	-	172,138	17,586,810	-	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	220,864	-	172,138	17,644,593	-	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	202,214	-	3,225	11,071	-	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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	September 30, 2014 (Unaudited)									
	Mining				Power	Services and Others			Eliminations	Total
	HMC	CMC	TMC	RTN	NAC	RTN/TMC/LCSLC/ HMC	Others			
External customers	4,301,723	3,003,957	7,911,256	5,421,618	-	507,478	-	-	21,146,032	
Inter-segment revenues	-	-	-	-	-	74,850	572,672	(647,522)	-	
Total revenues	4,301,723	3,003,957	7,911,256	5,421,618	-	582,328	572,672	(647,522)	21,146,032	
Cost of sales	865,022	419,967	1,248,796	1,631,412	-	-	-	-	4,165,197	
Cost of services	-	-	-	-	-	277,723	-	-	277,723	
Excise taxes and royalties	425,844	189,164	586,830	279,106	-	21,019	-	-	1,501,963	
Shipping and loading costs	301,121	421,935	632,900	148,168	-	-	-	-	1,504,124	
Marketing	24,465	96,716	18,323	4,989	-	-	-	-	144,493	
Segment operating earnings	2,685,271	1,876,174	5,424,407	3,357,943	-	283,586	572,672	(647,522)	13,552,532	
General and administrative	123,925	19,386	114,711	60,739	-	2,007	260,755	-	581,524	
Finance income	7,418	3,334	16,485	23,461	-	19	55,945	-	106,661	
Finance expense	39	1,184	1,158	4,282	-	-	102,432	-	109,095	
Provision for income tax	687,609	484,257	1,580,806	1,002,697	-	22,721	51,164	-	3,829,253	
Net income (loss) attributable to equity holders of the parent	2,076,229	1,432,000	2,656,907	1,568,943	-	(45,711)	289,285	-	7,977,654	
Segment assets	3,940,542	2,856,922	11,401,892	7,819,845	172,723	174,767	12,999,793	-	39,366,484	
Deferred income tax assets - net	39,748	63,664	39,732	4,709	-	-	26,791	-	174,644	
Total assets	3,980,290	2,920,586	11,441,624	7,824,554	172,723	174,767	13,026,584	-	39,541,128	
Segment liabilities	1,462,045	680,005	3,255,404	999,369	-	3,757	179,163	(793,190)	5,786,553	
Deferred income tax liabilities - net	-	-	-	-	-	-	-	439,046	439,046	
Total liabilities	1,462,045	680,005	3,255,404	999,369	-	3,757	179,163	(354,144)	6,225,599	
Capital expenditures	414,299	184,425	463,100	171,575	154,073	3,225	9,570	(119,326)	1,280,941	
Depreciation, amortization and depletion	124,400	63,490	408,208	358,517	-	8,532	51,909	607	1,015,663	

The Group has revenues from external customers as follows:

For the nine-month period ended September 30		
	2015	2014
Country of Domicile	(Unaudited)	
China	₱7,809,968	₱13,670,992
Japan	2,493,622	4,311,362
Australia	271,113	199,540
Local	2,531,974	2,964,138
	₱13,106,677	₱21,146,032

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

Revenue arising from sale of ores from two key customers amounted to ₱4,902.6 million and ₱10,181.7 million for the nine months ended September 30, 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 ₱6,895.7 million and ₱6,407.1 million as at September 30, 2015 and December 31, 2014, respectively.

31. Business Combination and Acquisition of Group of Assets

Acquisition of Geogen

On August 4, 2015, the Company entered into a Deed of Absolute Sale of Shares with Wilma C. Crisostomo to purchase the shares of Geogen for a cash consideration of ₱484.8 million. On the same date, the Company and Wilma C. Crisostomo also executed a Deed of Assignment of Receivable in the amount of ₱209.2 million. Geogen is the claimowner of the Isabela Nickel Project with an aggregate area of 2,392 hectares located in Dinapigue, Isabela covered by MPSA No. 258-2007-II.

The transaction was a business combination involving purchase of a business.

The provisional fair values of Geogen's assets and liabilities at acquisition date are as follows:

	Fair value
Assets	
Cash	₱509
Receivables	402
Prepayments and other current assets	32,800
Property and equipment – net	1,144
Mining rights and development cost	333,670
Other noncurrent assets	35,533
Total Assets	₱404,058

	Fair value
Liabilities	
Trade and other payables	₱106
Deferred tax liability	157
Provision for mine rehabilitation and decommissioning cost	31,989
Advances from a stockholder	209,232
Total liabilities	241,484
Net Assets	162,574
% acquired	100%
Share on fair value of Geogen's net assets	162,574
Total consideration satisfied by cash/others	485,565
Excess of acquisition cost over share in net assets	₱322,991
Cash flow on acquisition:	
Net cash acquired with the subsidiary	₱509
Cash paid	485,565
Net cash outflow	₱485,056

From acquisition date to the reporting period, the net loss incurred by Geogen was ₱10.2 million.

Acquisition of EPI

On March 27, 2015, the Company's BOD approved the conversion of its full second tranche loan amounting to ₱446.0 million into equity of EPI corresponding to an initial ownership of fifty-five percent (55%). On August 3, 2015, after the approval by the SEC of the application for increase in authorized capital stock of EPI on July 28, 2015 and as a result of the conversion of the ₱446.0 million loan previously granted by the Company in favor of EPI, shares representing 55% of the total outstanding capital stock of EPI were issued to the Company.

The BOD also approved an additional investment of ₱474.0 million, which increased the Company's ultimate ownership in EPI to 66%.

EPI's primary purpose is to engage in the renewable energy business, including but not limited to power generation, power trading and power supply to retail customers and end-users as well as to distribution utilities and consumers directly connected to the voltage transmission network, and for this purpose to bid for and acquire power generation and other power-related assets, facilities, concessions and contracts and to enter into other transactions or agreements in relation to power, by itself or through joint ventures or partnerships, directly or through its subsidiaries and affiliates.

The transaction was accounted for as an acquisition of a group of assets.

The provisional fair values of EPI's assets and liabilities at acquisition date are as follows:

	Fair value
Assets	
Cash	₱653,638
Receivables	16,365
Prepayments and other current assets	52,897
Property and equipment – net	5,342
Geothermal exploration and evaluation assets	834,590
Project development costs	105,280
Deferred tax assets	318
Total Assets	₱1,668,430
Liabilities	
Trade and other payables	₱89,410
Loans payable	285,000
Total liabilities	374,410
Net Assets	1,294,020
Share of non-controlling interest on fair value of EPI's net assets	369,514
Share of the Parent Company on fair value of EPI's net assets	₱924,506
<u>Cash flow on acquisition:</u>	
Net cash acquired with the subsidiary	₱653,638
Cash paid	741,600
Net cash outflow	₱87,962

The Group elected to measure the non-controlling interest in EPI at the proportionate share of its interest in EPI's identifiable net assets.

Since the acquisition date, the amount of EPI's net loss included in the consolidated statement of income for the nine-month period ended September 30, 2015 amounted to ₱35.7 million.

Acquisition of Jobin

On June 30, 2015, EPI acquired substantially all of the shares of stock of Jobin from the individual shareholders at par value of the shares. EPI likewise agreed to make a \$12.0 million advance to Jobin to be used for Jobin's solar and wind projects. This transaction is accounted for as purchase of a group of assets. The determination of the provisional fair values of the assets acquired is ongoing.

32. Service Contracts

Geothermal Renewable Energy Service Contract (GSC) No. 2014-02-054

EPI and Constellation Energy Corp. (CEC) entered into a Memorandum of Agreement for the assignments of CEC's rights and obligations under GSC No. 2010-02-013. On February 14, 2014, the Department of Energy (DOE) approved EPI's application for registration as RE

Developer and as the official owner of GSC No. 2010-02-013 through a Certificate of Registration No. GSC 2014-02-054.

GSC 2014-02-054, which is the Project, covers an approximate area of 3,914 hectares in the three barangays of Montelago, Montemayor and Melgar-B in Oriental Mindoro. The Project involves the development of geothermal well clusters and a power plant. The steam extracted from the geothermal wells will power a geothermal power station with an output capacity of 40MW. Once completed, the addition of geothermal power into the present mix of Mindoro's electricity sources will have a stabilizing effect on the grid where the entire island is located.

As RE Developer, EPI undertakes to provide financial, technical, or other forms of assistance with the DOE, and agrees to furnish the necessary services, technology, and financing for the geothermal operations. EPI shall assume all financial risks such that if no geothermal resources in commercial quantity is discovered and produced, EPI shall not be entitled to reimbursement for any expenses incurred in connection with GSC.

GSC 2014-02-054 shall remain in force for the remainder of 25 years from date of effectivity if geothermal resources in commercial quantity are discovered during the pre-development stage, or any extension thereof. Moreover, if EPI has not been in default in its obligations under the GSC, the DOE may grant an additional extension of 25 years, provided that the total term is not to exceed 50 years from the date of effectivity.

Wind Energy Service Contract (WESC)

On October 31, 2013, Jobin entered into a Wind Energy Service Contract WESC No.2013-10-062 with the DOE. The WESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan. The WESC is for a period of 25 years, inclusive of a 3 year pre-development stage, and renewable for another 25 years. The government share under the WESC shall be 1% of the gross income from the sale of electricity in the wind project.

Solar Energy Service Contract (SESC)

On October 31, 2013, Jobin entered into a Solar Energy Service Contract SESC No.2013-10-039 with the DOE. The SESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan. The SESC is for a period of 25 years, inclusive of a 2 year pre-development stage, and renewable for another 25 years. The government share under the SESC shall be 1% of the gross income from the sale of electricity in the solar project.